TOWARDS AN UNDERSTANDING OF
THE IMPACT OF NEW PUBLIC MANAGEMENT REFORMS
ON THE ETHICAL/UNETHICAL BEHAVIOUR
OF CIVIL SERVANTS :
A CONCEPTUAL FRAMEWORK

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INTRODUCTION

There seems to be a growing sense among the public in western democracies that corruption among civil servants (as well as among politicians) is increasing. An increasing number of students of public administration made similar observations (Frederickson 1999; Chapman and O’Toole 1995; Chapman 1994). Others express doubts about such an increase in corruption (e.g. Gilman 1999), but overall there seems to be a consensus both in the academic public administration literature (Hondeghem 1998) and in the more practice oriented literature (OECD 2000; OECD 1996) that there is a significant shift in public service ethical standards and, subsequently, in (un)ethical behaviour. Multiple explanatory factors have been mentioned to account for this shift.

Many of these explanations make reference to one or more of the recent changes in the public sector that have come to be known as public management reform in general (maintain, modernise, marketise, minimise, cf. Bouckaert and Pollit 2000) and “New Public Management” (NPM) more specifically. Interestingly, although different observers do not agree on the nature and the scope of the impact of NPM-reforms on public service standards and behaviour, they all seem to agree on the occurrence of at least some effect. Most of these authors, following Hood (1994), view NPM as an empirical style of organising public services. As such it includes reforms like quangotization, introduction of performance management systems, more responsibility and accountability for public managers, more competition in the public sector,… (Bouckaert and Pollit 2000; Hood 1994; Hood 1991). The literature about the impact of these particular “institutional” reforms on (un)ethical behaviour of civil servants (henceforth “the NPM-ethics literature”) is very diverse. Most of the authors seem to convey similar messages, but in very different languages and traditions and in a non-cumulative way. In addition, most of the empirical claims are impressionistic and not based on systematic empirical research. At least three reasons can account for these limits of the “NPM-ethics” literature. First, a large part of these texts feature in a broader debate “for or against” NPM, which often blurs the distinction between the authors’ empirical and normative claims where they could have been separated. Second, the issue of the ethical consequences of NPM has only really surfaced once the NPM-reforms were introduced, in countries like the UK or Australia. Hence, this “area” of research is very young, which accounts for the limited systematic work that has been done yet. Similarly, in the literature on the causes of NPM, it was also only after a few years that conceptual clarity started to emerge (Barzelay 2001). Finally, possibly even more than other public administration issues, this issue really resides on the crossing points of very diverse theoretical traditions, ranging
from organisation theory (e.g. the organisation culture literature) over political science and public administration to moral philosophy. This as well, could help to account for the conceptual confusion.

Those observers that focus on NPM as the main explanation for the shift in public service ethical standards, almost invariably also discuss at least some of the instruments of a public sector ethics policy (PSEP). We would define the latter as a set of instruments aimed at improving the integrity of the public sector in general and at stimulating the ethical behaviour of individual civil servants. These policy instruments include ethics codes, ethics training, accountability mechanisms, whistle-blowing arrangements, advisory bodies, co-ordinating bodies, etc. Virtually all observers in the NPM-ethics literature discuss at least some of these instruments. Hence it is impossible to review the literature (and develop a theory) on the impact of NPM on public sector ethics, without paying attention to the assumed impact of public sector ethics policies. Hence, if NPM-reforms are considered to be one set of explanatory variables, then public sector ethics policy measures can be considered another (but linked) set. Since both sets are strongly linked in the literature, the term “NPM-ethics” literature will refer henceforth to the impact of both NPM-reforms and changes in the PSEP on the ethical standards and behaviour of employees.

The aim of the paper is to review the broad literature on the ethical consequences of NPM-reforms, extract the empirical claims, and translate them into a single conceptual framework. This should be formulated in such a way that it can be corroborated or falsified in empirical research. Before that, the first paragraph will specify what is understood in this paper under the “NPM” label and what the main positions are in the NPM-ethics literature. Then, a basic conceptual framework will be developed. The third paragraph will translate the different hypotheses from the NPM-ethics literature into the language of this framework, which will eventually evolve into the general theory (i.e. set of falsifiable hypotheses) about the impact of NPM reforms on public servants’ ethics developed in the last paragraph.
1. THE IMPACT OF NEW PUBLIC MANAGEMENT ON PUBLIC SERVANT’S ETHICS

1.1. New Public Management

New Public Management, to say the least, is a highly contested concept, which can be viewed in at least three ways (Barzelay 2001). Its heyday started with the seminal article of Christopher Hood (Hood 1991; see also Hood 1994) who conceived of it as a set of doctrinal ideas with a certain degree of coherence, which can be considered as an administrative philosophy that has come to be widely accepted. Table 1 shows the 6 doctrines that, according to Hood (1994: 130), define NPM.

Table 1: Six doctrines of NPM (Hood 1994: 130)

1. “Unbundle” the public service into corporatized units organised by product
2. More contract-based competitive provision, with internal markets and term contracts
3. Stress on private-sector styles of management practice
4. Put more emphasis on visible “hands-on” top management
5. Make performance standards and measures explicit, formal and measurable
6. Greater emphasis on output controls

A second group of authors sees NPM as valid prescriptive framework for making decisions about organising and managing the public sector. We will however, join the third view, taking NPM to be an empirical style of organising public services.

The NPM literature is full of lists of the actual changes in the style of organising public services that go under the NPM-label. In this context, it is useful to distinguish between four broad categories of empirical changes (partly based on deLeon and Denhardt 2000). These categories are not perfectly mutually exclusive, but together they cover the whole array of changes that are denoted by the NPM-label. A first main category of NPM-reforms contains all those changes that aim at introducing the market model in government. This includes changes that aim at introducing the competition mechanism within public sector organisations, such as pay-for-performance or mechanisms of transfer pricing. But it also contains those reforms that aim at introducing quasi-markets between government organisations or at contracting-out government tasks. Hood’s doctrinal counterparts for these empirical changes are his doctrines 1 and 2. A second category contains those changes that aim at introducing performance management systems, based on explicit and
measurable performance standards (doctrine 5 and 6). A third set of NPM-reforms aims at changing the role of the public manager from administrator to public entrepreneur. Fourth, NPM contains a whole set of instruments that aim at introducing quality management and a customer service focus. These latter innovations were not the initial focus of NPM reforms and have been described as constituting a second wave of NPM reforms (Pollit 1993, cf. infra).

1.2. The NPM-ethics literature

Although the NPM-ethics literature is diverse and, at least in its empirical claims, non-cumulative, it is possible to discern four threads in the literature (or positions in the debate).

A first group of authors can be described as the “NPM as panacea” group, which contains those authors who write enthusiastically about NPM and all its advantages, without really worrying about the ethical consequences of these reforms. Some of them assume that NPM-reforms will not only increase the economy, efficiency and effectiveness of the civil service, but also its ethics (“the fourth 'e'”). The majority, however, is silent on the topic and appears to assume implicitly that, if not positive, NPM will at least not have a negative impact on public servant’s ethics.

A second group could be situated at the other side of the continuum and contains those authors who, according to one observer, “throw up their hands in horror at recent trends, seeing them as marking the destruction of the public service ethos” (Greenaway 1995: 370). Both the UK and the US have prominent scholars that can be situated in this category. Greenaway himself refers to Chapman and O’Toole (Chapman 1998; Chapman and O”Toole 1995; Chapman 1994), but Frederickson (Frederickson 1999; 1997; 1993), referring to the situation in the US, has also forcefully expressed his worries about the ethical consequences of marketising, privatising, contracting-out and other typical NPM innovations in the public sector. The authors in this category argue that the best way forward consists of a “re-regulation” (Frederickson 1999: 276) or a return to the traditional civil service ethos and to the traditional concept of “public duty” (Chapman 1995: 11). Hence this group will be referred to as “the traditionalists”.

A third strand in the literature has recently been denoted “the new public service” (Denhardt and Denhardt 2000). Skidmore (1995), referring to MacIntyre, describes a similar approach as the “classical” or “Aristotelian” mode of organising. Denhardt and Denhardt
(2000) present the new public service approach as a viable third alternative for the observed dichotomy between “the old public administration” and “the new public management” and pay considerable attention to the development of a new ethic for public servants. The new public service approach has its roots in critical and postmodernist theory, theories of democratic citizenship, as well as in the models of community and civil society that have come to be the central focus of contemporary social science, with Putnam as one of their most famous sponsors. The new public service authors largely join the traditionalist group in their negative assessment of the ethical consequences of NPM-reforms, but do not agree on the solution. Rather than traditional bureaucracies that are controlled from the top down and largely closed for citizens, they propose new mechanisms in which “the primary role of the public servant is to help citizens articulate and meet their shared interests rather than to attempt to control or steer society.” (Ibidem: 549)

The fourth group does not really propose an alternative for NPM-reforms, but rather stresses the importance of a well-developed Public Sector Ethics Policy (PSEP) as a necessary complement. Obviously, the two other groups that are critical also consider instruments of a PSEP, but they conceive of these only as elements of resp. the larger “traditionalist” and “new public service” alternatives to the NPM reforms. The “ethics management” group considers PSEP as an important and evolving field of public management, of which the importance will increase in proportion to the intensity of NPM-reforms. The Public Management (PUMA) department of the OECD (OECD 2000; 1996) has been among the most prominent promoters of this “ethics management orientation.”

2. A BASIC CONCEPTUAL FRAMEWORK

2.1. The model

In order to integrate those very diverse positions in the NPM-ethics literature into one conceptual framework, a basic model is necessary that has concepts that are sufficiently delineated to keep a consistent framework, but at the same time broad enough to translate the different concepts that have been used by the authors of the NPM-ethics literature. The broader literature on public administration ethics has recently seen significant progress, esp. in the normative field and the field of case studies, but systematic explanatory empirical studies and models for conceptualising empirical claims have still been scarce. Since those empirical studies that exist (Menzel 1996; Menzel and Benton 1991; Menzel and Carson 1999; Menzel 1993; Wittmer and Coursey 1996; Jurkiewicz and Thompson 1999; Brewer and Selden 1998) are mostly based on earlier empirical and conceptual work in business ethics, it is useful to pool the empirical studies of both the private and the public sector
together and review that broader literature of “organisation ethics.” That literature provides a useful operationalisation of both the dependent and the independent variable (or rather set of variables)\(^1\) that are mentioned in the NPM-ethics literature, leading to the model presented in figure 1.

As for the dependent variable, one strand in the empirical literature of organisation ethics is particularly useful: the elaborate amount of work done on ethical decision making and (un)ethical behaviour. Ethical decision making of individuals is one of the main issues of interest in the empirical study of ethics (e.g. Kohlberg, Gilligan). Following seminal articles of Fritzsch and Becker (1984), Trevino (1986), and others, it has also been one of the most important dependent variables in organisation ethics, typically measured by presenting the respondent with short dilemmas and asking him/her to make a decision and provide some reasons for it. “Ethical behaviour” is also increasingly being used as a dependent variable, sometimes considered as the output of the ethical decision making process, sometimes considered as a category sui generis, typically measured by presenting the respondent with a list of potential (un)ethical behaviours and asking him/her to report how much they have done or observed that type of behaviour in the organisation. Both “ethical decision making” and “(un)ethical behaviour” are the most important dependent variables in all four strands of the NPM-ethics literature and are therefore obvious ways of operationalising the dependent variable in the model that is here proposed. More specifically, the model takes them together as one “variable”, operationalised in two “subvariables.” The first one is ethical decision making and contains two elements: “the ethical dilemmas that occur in the organisation”, i.e.

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\(^1\) Since it is a basic model, this model still presents arrows that go in two directions. However, for reasons to be explained later, the actual theory will assume one way causality with “organisational
the input to the ethical decision making process, and “ethical reasoning,” which essentially refers to the most important “reason” (notably an ethical standard) that people provide for their ethical decisions.² “The second subvariable is “unethical behaviour.” Both subvariables will be conceptualised using essentially a similar typology.

As for the explanatory variable, this obviously needed to refer to “NPM” and “PSEP” since all the authors in the NPM-ethics literature agree that these have a significant impact on public servant’s ethics. However, “NPM” and “PSEP” are quite vague and broad categories that seem to mean quite different things in different countries or regions. Hence they are not really appropriate building blocks for a robust conceptual framework and it is better to conceive of “organisational processes” (Vidaver-Cohen 1998) in a more general way and take NPM and PSEP to be particular examples of these organisational processes, not as the central defining explanatory variables. This model conceives of organisational processes as organisational stimuli that “signal” managerial expectations for ethical decision making and behaviour. The form and the content of these processes provide the cues that let employees know what is expected from them. Ethical decision making and unethical behaviour are a response to these stimuli (Vidaver-Cohen, 1998: 1215).

The environment and individual variables are not the main focus of interest, since they are usually not considered in the NPM-ethics literature. They have to be included as control variables in the model however, since it aims to provide a descriptive picture of reality that can guide actual empirical research. The individual variables are the traditional demographic control variables (sex, age), as well as some additional variables that have proven to be relevant in the ethical decision making research (e.g. tenure). The environment, by definition, contains an infinite number of potentially relevant factors. Comparative empirical research to test the impact of organisational processes should be designed in such a way that the between-case variance in the environment is minimised. Potential sources of between-case variance include constitutional characteristics, “defining moments” such as highly publicised scandals, public opinion and national culture.

² Hence, in our conceptual framework, “ethical reasoning” has a much narrower definition than “ethical decision making,” while in other publications they are sometimes used as synonyms.
2.2. Specifying the components

In spite of its roots in business ethics, the model concerns public servants, and explicitly excludes private sector employees. Hence it is biased in favour of the position that there is a basic distinction between public and private sector ethics. In the model “public servants” are those people who work for an organisation that is fully or largely publicly-owned. This includes agencies and quangos, but excludes companies in which government is only a shareholder without any substantial impact on the company’s policies as well as fully privatised organisations. This paragraph will develop each of the three main components of the basic model.

2.2.1. Organisational processes

As mentioned above, this model assumes that the organisational processes express the managerial expectations about the type of conduct that is expected from members of the organisation. Hence, describing (“measuring”) organisational processes actually means measuring the strategy or the intentions of the management of the organisation as can be read from its processes. An important implication of this is that managerial behaviour (and particularly ethical and unethical behaviour of the manager) is not considered as a dependent variable that requires explanation for example by referring to NPM-type changes to organisational processes. Instead, managerial behaviour actually constitutes those (NPM changes to) organisational processes and is therefore part of the explanatory variable that is hypothesised to account for the ethics of the co-workers of that manager.

Vidaver-Cohen, referring to the classic framework of Tichy (1983) for “managing strategic change,” identifies three types of organisational processes:

- Political processes include power distribution and strategy formulation. Technical processes include producing goods or services and structuring organisational activities. Cultural processes include formal socialisation practices and informal rituals, role models and language. (Vidaver-Cohen, 1998: 1215)

These three types of processes can be organised in 6 different “ways” (see Table 2), depending on two dimensions. The first dimension refers to three mechanisms of control and the typical motivator that goes with resp. each of the mechanisms. This typology refers to three classical ways of organising relationships between people and is based on other typologies such as Ouchi (1980)’s, Etzione’s, Hirshman’s and the typology of grid-group theory (cf. infra). Considine and Lewis (1999) empirically observed a similar classification in
an Australian public sector organisation. This first dimension is the classical (and main) discriminator. The second dimension specifies whether the indicated mechanism of control describes the relationship between people and units within the organisation or whether it describes the relationship between (people within) the organisation on the one hand and organisations (public or private) or individuals outside the organisation on the other. The latter can be customers, competitors, other governmental organisations that perform similar tasks in another region, etc. Together, the two dimensions produce six ways of organising the technical, cultural and political processes, as shown in Table 2.

<table>
<thead>
<tr>
<th>Inside/outside the organisation → Mechanism of control and main motivator</th>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition &amp; motivated by prices and costs</td>
<td>Internal competition way</td>
<td>External competition way</td>
</tr>
<tr>
<td></td>
<td>Competition between individuals or groups within the organisation</td>
<td>Competition of the organisation with other entities (organisations or individuals)</td>
</tr>
<tr>
<td>Mutuality &amp; motivated by trust and good contacts</td>
<td>Internal mutuality way</td>
<td>External mutuality way</td>
</tr>
<tr>
<td></td>
<td>Mutuality within the organisation</td>
<td>Mutuality between the organisation and other entities (customers, other public or private organisations, etc.)</td>
</tr>
<tr>
<td>Oversight &amp; motivated by rules and procedures</td>
<td>Internal oversight way</td>
<td>External oversight way</td>
</tr>
<tr>
<td></td>
<td>Oversight within the organisation</td>
<td>Relationship with other entities (individuals, public or private sector organisation) is dominated by oversight</td>
</tr>
</tbody>
</table>

Table 2: Six ways of organising

* When oversight is the dominant mechanism of control, the relationships between people are guided by rules and procedures and in those situations where rules do not apply people refer to their supervisor. Oversight could be the dominant mechanism within the organisation, making it one that is organised in the **internal oversight way**, which is essentially the ideal-typical classical Weberian way of bureaucratic organisation. The

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3 They actually observed three different “repertoires” that are followed by frontline staff in an Australian public sector organisation. In our model we consider them not so much as repertoires, but as distinct ways of organising organisational processes.

4 It excludes, however, the relationship between a governmental agency and its overseeing ministerial department. The way the overseeing department exercises its supervision is so defining for the way the agency is organised internally that we consider the mechanism of control and main motivator that are used by the overseeing department with regard to an agency to be part of the internal way of organising that agency.
**external oversight way** is typical for organisations that perform classical government tasks (tax-control, policing, inspection,...) and have a typical hierarchical relationship with their “clients” or with other governmental agencies.

* When *competition* is the dominant mechanism of control, people are mainly guided in their decisions by prices and costs. It is particularly this way of organising that has been promoted in the NPM-rhetoric. Typical examples of the *internal competition way* include pay-for-performance schemes, but also the traditional competitive exams for public servants. The *external competition way* refers for example to competitive tendering procedures in which public organisations have to compete with private sector organisations.

* When the processes are organised in the *mutuality way*, relationships tend to be based on trust and guided by the *mutuality* mechanism. The *internal mutuality way* refers to all those organisational processes that include a participatory element and ensure trust and good contacts within the organisation. The *external mutuality way* refers to the broad array of approaches that range from customer service orientation and quality management to co-production and interactive policy making measures. It can also refer to *mutuality* relationships between the organisation and other governmental organisations that e.g. perform the same task in another region.

To avoid confusion that could arise from the fact that this model has both diverse origins as well as some new features, two further points of clarification are necessary.

First, the fact that there is a leader of some sort in the organisation does by itself not imply that we identify this as a *oversight way* of organising. A public sector organisation always requires a form of leadership of some form or another because there is always, however limited, an accountability of a manager towards politicians and, ultimately, towards the electorate. That kind of leadership, however, can take the form of any of the three ways of organising. One can imagine the manager as an entrepreneur that works in a competitive environment and stimulates *competition* within his organisation, e.g. by pay for performance systems. One can also imagine a manager who prefers to treat his “clients” and his colleagues from other government agencies on a *mutuality* basis (*external mutuality way*), while applying the *internal mutuality way* within his organisation, e.g. with techniques that increase participation. Finally, there is, indeed, the classical bureaucratic leader, applying *oversight* both within and outside the organisation.

Second, this conceptualisation of the independent variable as organisational processes and particularly the distinction between the “internal” and “external” way of organising indicate that the model is centred around the organisational focus. This enhances the testability of the future hypotheses in two ways. First, the fact that an organisation is by
definition clearly defined, makes it a controllable and comprehensible unit of analysis for possible future case research. Second, the organisational focus forces us to formulate more specific empirical claims, which make them easier to be falsified. For example, the claim “competitive tendering procedures have been introduced in this case” would be senseless in this model without any further specification. Two meanings are possible, depending on the organisation that is of interest to us. First, the claim might mean that the organisation of interest needs to compete with other organisations in providing goods or services to, say, a government ministry. In that case, the claim means that in that organisation the processes are organised in the external competition way. Second, it might also mean that the organisation of interest, say a ministry, decided to purchase certain goods and/or services with the mechanism of competitive tendering. What this implies for the way the organisational processes are conceptualised, will depend on the dominant mechanism of control that is used by the ministry in its dealings with the supplying companies. Those dealings can be typified by the classic external oversight way in which suppliers have to follow extensive procedures and many rules. The ministry can deal with the suppliers in the external mutuality way, which means that the relationships with suppliers are motivated by trust and good contacts. Finally, the ministry can deal with the suppliers in a dominantly external competition way, e.g. because the ministry actually produces similar products itself.

This operationalisation of the independent variable does not assume that the six types cover the full richness of the way processes in public organisations can be organised. Its descriptive power is limited, as one can imagine other elements that could define organisational processes (e.g. degree of public ownership or whether a process has to do with resp. personnel, financial or organisational management) but that are not caught by the model’s conceptualisation of this variable. However, it is the central hypothesis of the theory that, whatever other descriptive elements exist, organisations that fit in a category will have the hypothesised concomitant ethical standard(s) dominating their ethical decision making processes.

Combining the possible organisational processes with the 6 possible ways of organising these processes, Table 3 shows how both dimensions make it possible to codify the organisational processes that are empirically observed. Each of the processes can be scored on each of the ways of organising. This instrument can be used at any level of analysis: it can be used to codify an organisation, a subdivision of an organisation or a well-defined “workgroup” within an organisation (i.e. a group of people that interact frequently). It
can, however, also be used in a more dynamic way to codify a particular change in organisational processes. It is in this latter way that we will use it to develop and test hypotheses about the impact of specific NPM and PSEP changes in organisational processes. Table 3 shows the codification of a traditional government agency, that is dominated by the internal and external oversight way.

<table>
<thead>
<tr>
<th></th>
<th>Internal competition way</th>
<th>External competition way</th>
<th>Internal mutuality way</th>
<th>External mutuality way</th>
<th>Internal oversight way</th>
<th>External oversight way</th>
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<tbody>
<tr>
<td>Political</td>
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<tr>
<td>processes</td>
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<td>+++</td>
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<tr>
<td>Cultural</td>
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<td>processes</td>
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<td>+++</td>
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</table>

Table 3: Scoring the organisational processes

2.2.2. Ethical decision making

The conceptualisation of ethical decision making is based on the typology that was developed by Victor and Cullen (1987, 1988) to describe different “ethical climates.” This model does not use it to classify ethical climate, but to classify “ethical standards,” i.e. prescriptions about the way people should reason in ethical situations.6

The theoretical typology of Victor and Cullen has two dimensions, each with three positions. The dimension “ethical criterion” refers to three major classes of ethical theory that can also be found in Kohlberg’s theory of moral development7: egoism, benevolence and

5 There is one exception to this that will be discussed below: the number of contact points with the private sector.
6 An ethical climate type, on the other hand, is a specific type of ethical climate in which people perceive that it is expected from them to follow one of these nine specific ethical standards.
7 We agree with Victor and Cullen (1988: 105) however, when they argue that “types of ethical climates are classifications of groups or organizations only and are not assumed to follow the developmental sequence that is hypothesized for individuals. Moreover (...)”
principle. The dimension “locus of analysis” refers to the main referent group that identifies “the source of moral reasoning used for applying ethical criteria to organisational decisions and/or the limits on what would be considered in ethical analyses of organisational decisions” (ibid.: 105). The individual locus of analysis identifies the sources of ethical reasoning within the individual. The local locus of analysis identifies sources of ethical reasoning at the level of the organisation. The cosmopolitan locus locates the referent for ethical reasoning outside the organisation. Together, the ethical criterion dimension and the locus of analysis dimension identify nine ethical standards. The nine types in Table 4 are largely based on the typology of Victor and Cullen, but their understanding is somewhat adapted to the public sector and to the purposes of this model. Particularly the labels and the meaning of the three types with the cosmopolitan referent have been significantly altered.

<table>
<thead>
<tr>
<th>Locus of analysis/ Ethical criterion</th>
<th>Individual</th>
<th>Local</th>
<th>Cosmopolitan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egoism</td>
<td>Self-interest (1)</td>
<td>Organisational interest (2)</td>
<td>Efficiency (3)</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Friendship (4)</td>
<td>Team interest (5)</td>
<td>Customer orientation (6)</td>
</tr>
<tr>
<td>Principle</td>
<td>Personal morality (7)</td>
<td>Organisational rules (8)</td>
<td>Public duty (9)</td>
</tr>
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</table>

Table 4: Nine ethical standards

The egoism criterion is focused on maximising self-interest, which is defined in a narrow, instrumental and economic sense of immediate interest. The loci of analysis identify the particular “self” of which the interests are maximised. Somebody applying the self-interest standard (the individual locus of analysis), focuses on maximising his/her personal interests. The local locus of analysis constitutes the ethical standard that is aimed at maximising the immediate, economic interests of the organisation. Finally, the cosmopolitan locus defines the egoism criterion as considerations of the economic and immediate interests of “the public sector” or “the society”. This standard is labelled “efficiency.” Each of the three ethical standards considers resp. the individual, the organisation and the society as “a reified, indivisible unit that can be understood to have needs and preferences” (ibid.: 106-107).
Those who apply the **benevolence criterion** on the other hand, typically make teleological considerations of the consequences of their actions. People applying this criterion do not think as being part of a single, reified self of which the interests should be maximised, but they make a distinction between the subject and the object of ethical behaviour and consider the consequences of their behaviour for the well-being of others. The locus of analysis identifies the relevant subject and object of these considerations. When applying the “friendship” standard people consider other people without any reference to organisational membership. At the local level, the benevolence criterion is defined as “consideration of the organisational collective (e.g. esprits de corps, team play)” (ibid.: 107): the team interest standard. At the cosmopolitan level people consider the consequences of their actions for stakeholders outside the organisation. These include individuals and organisations outside the public sector with whom the organisation deals (its “clients”), but also “internal clients” within the public sector. This ethical standard is labelled “customer orientation,” because public servants applying this standard in moral reasoning consider the consequences of their actions for their clients as far as they can conceive of these. They will not consider the consequences of their actions for inconceivable and “intangible” groups as “the electorate,” “the taxpayers” or “the wider public.”

People applying the **principle criterion** make a deontological consideration of laws, rules and principles when dealing with ethical issues. The loci of analysis then identify the sources from which the principles can be derived. At the individual level, the personal integrity standard, prescribes that people in an organisation follow their own principles and rules when they are confronted with an ethical problem. At the local level, the source of the principles lies within the organisation. This is the typical rule-following standard that is often assumed to dominate in classical bureaucratic organisations. At the cosmopolitan locus, the source of the principles is outside the immediate organisation. This standard, in the conceptualisation of this model, “supports the pursuit of public interests publicly defined through a deliberative process” (deLeon and Denhardt 2000: 91). It is labelled “public duty” because it prescribes that people take up the role of public servant and assume the responsibilities that go with it. In other words, they should feel a “sense of duty” to the public interest rather than to efficiency or the immediate interest of the customer. They should reason on the basis of the traditional public sector values, such as justice, equity, neutrality, etc.
This brief overview shows that the ethical standard typology (like the “ways of organising” typology) does not cover the full richness of possible ethical criteria that can be used. Saying, e.g., that a public servant follows the “public duty” standard does not clarify which one of the traditional public sector values tends to dominate in his/her ethical reasoning. This paper argues however that the typology covers enough diversity to distinguish usefully and significantly between public servants (and between public service organisations).

As for the operationalisation, “Ethical decision making” is usually conceived of as a process consisting of several steps (see e.g. Trevino 1986; Wyld and Jones 1997). The here presented model focuses on two separate steps: ethical dilemmas and ethical reasoning.

**Specifying “ethical dilemmas”**

“Ethical dilemmas” or “ethical decision making situations” have been defined as situations in which ethical standards\(^8\) “are relevant and deserve consideration in making some choice that will have significant impact on others” (Wittmer 1994: 352). This model will define an ethical dilemma as a situation in which two or more of the nine ethical standards are relevant and in conflict with each other.

Both the type and the number of ethical dilemmas will be considered. **“Type of ethical dilemma”** refers to the actual standards that are relevant in an ethical dilemma. Below, it will be hypothesised e.g. that the types of ethical dilemmas change because of NPM-type reforms in the organisational processes. The typical NPM focus on efficiency, for example, leads to potential conflicts with the more traditional public duty standards of public servants. The model also considers the number of ethical dilemmas: the frequency with which they occur. This is something substantially different, since it is possible to conceive of a situation where the number of dilemmas increases, while there are no qualitative changes to the type of ethical dilemmas. It is possible to imagine, for example, an agency that works in an ethically complex environment and that is often confronted with a particular kind of ethical dilemma when dealing with its clients. When, for some reason, the jurisdiction of the agency expands and its number of clients doubles, we can expect a significant increase in the number of times agency staff is confronted with ethical dilemmas while the type of ethical dilemmas will remain the same.

\(^8\) Wittmer uses the term “ethical dimensions” instead of “ethical standards,” and, following Rest, defines those “ethical dimensions” as those standards that “provide the basic guidelines for determining how conflicts in human interests are to be settled and for optimizing mutual benefit of people living together in groups.” (Rest, cited in Wittmer, 1994, p.352)
**Specifying “ethical reasoning”**

“Ethical reasoning” refers to the actual way people deal with ethical dilemmas once they have observed them. It considers the next steps of their ethical decision making process and indeed focuses on the “reasons” people provide in this reasoning process. In this model, this reason is operationalised as the ethical standard that dominates the ethical reasoning of a particular individual and guides him/her to his/her final decision. In spite of what the term “reasoning” might suggest, this model does not imply that the ethical standard(s) are chosen on a purely rational reasoning process. “Reasoning” refers to the reasons people provide for their ethical choices, and these can be motivated in a highly emotional way, e.g. using Cooper (1998)’s “anticipatory self-appraisal.”

Like ethical dilemmas, ethical reasoning also has a qualitative and a quantitative aspect. The qualitative aspect refers to the type of ethical standard that is considered in decision making, while the quantitative aspect refers to the relative importance of this standard, which can range from being the only standard considered in ethical decision making to being just one of the many standards that are considered.

**2.2.3. Unethical behaviour**

The second dependent subvariable to be considered is “unethical behaviour.” The model operationalises this subvariable quite narrowly as the unethical behaviour of organisational staff. Obviously, “unethical behaviour” is a very ambiguous term that leaves a lot of scope for bias. Rather than trying to completely avoid bias (a notoriously impossible task in social science), this model makes the bias explicit by defining “unethical behaviour” as the excessive use of one of the nine ethical standards. In other words, it refers to a too radical (and therefore misunderstood) application of this standard. Table 5 provides descriptions of the excessive use of the corresponding standards of Table 4.

To take an example, excessive use of the “public duty” standard in a tax agency could refer to excessively rude behaviour towards taxpayers who made mistakes in their tax declaration, based on a misunderstood and too radical interpretation of the classical principle of “justice.” Excessive use of the self-interest standard in a tax agency, on the other hand, could take the form of individual corruption by tax inspectors. Hence, the actual meaning of each of the forms of unethical behaviour will differ depending upon the actual organisation one studies.
<table>
<thead>
<tr>
<th>Locus of analysis/ Ethical criterion</th>
<th>Individual</th>
<th>Local</th>
<th>Cosmopolitan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Egoism</strong></td>
<td>Selfishness</td>
<td>Protecting the organisation’s interest at all costs</td>
<td>Efficiency fetishism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1)</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Benevolence</strong></td>
<td>Nepotism</td>
<td>Protecting the team’s interest at all costs</td>
<td>Partiality, preferential treatment of citizens</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Principle</strong></td>
<td>Anarchy</td>
<td>Rule fetishism</td>
<td>Authoritarian treatment of citizens</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(7)</td>
<td>(8)</td>
</tr>
</tbody>
</table>

Table 5: Nine types of unethical behaviour

Similarly to ethical decision making, it is possible to consider both the type and the frequency of unethical behaviour (Bovens 1996: 163-168). “Type” of unethical behaviour refers to the actual standard that is excessively applied by public servants. “Frequency” refers to the number of times this excessive use of standards occurs.

2.3. Putting dynamics into the model: a basic hypothesis

One final step needs to be taken before the empirical claims of the NPM-ethics literature can be developed into the language of this conceptual model: making the basic hypothesis explicit. The empirical claims in the NPM-ethics literature are not only diverse in their concepts, but they also rest on very diverse and usually implicit theoretical assumptions about the relationship between organisational processes and public servants’ ethics. Hence, before turning to that literature, it is important to first formulate a basic hypothesis that is robust enough to carry a general theory and at the same time general enough to be consistent with the diverse claims in the NPM-ethics literature. The basic assumption of grid-group theory proved to be appropriate for this task. “Grid-group theory” has been developed in anthropology by Mary Douglas, applied to political science by Thompson, Ellis, and Wildavsky (1990) and adapted to public management and the NPM-rhetoric by Christopher Hood (1998). The theory that is proposed here shares its fundamental hypothesis with grid-group theory, but also significantly departs from it. This paragraph briefly addresses the similarities and differences between our theory and grid-group theory, which will enable us to clarify our own basic assumptions and hypotheses.

The here proposed theory follows grid-group theory in its basic hypothesis that in any organisational setting, there is always a mutually supportive relationship between the structure of the organisation and the dominant values and beliefs (Thompson et al.
A certain type of structure (or set of social relations) will tend to go together with a certain set of values and beliefs (or bias). Grid-group theorists call this “the compatibility condition”. “Relations and biases are reciprocal, interacting and mutually reinforcing: Adherence to a certain pattern of social relationships generates a distinctive way of looking at the world; adherence to a certain worldview legitimises a corresponding type of social relations” (Thompson et al. 1990: 1). “Shared values and beliefs are thus not free to come together in any which way; they are always closely tied to the social relations they help legitimate” (Thompson et al. 1990: 2). Only a certain combination of types of values and social relations provides a real “robust” and reasonably stable organisation. In the words of grid-group theory, only a certain combination of structure and values is “viable.” The theory that is proposed in this paper is based on the same fundamental hypothesis. “Organisational processes” can be considered equivalent to grid-group theory’s “social relations” and “ethical decision making standard” and “unethical behaviour” can be considered equivalent to grid-group theory’s “bias.” Hence a similar mutually supportive relationship between both can be assumed. Obviously this hypothesis is not unique for grid-group theory. Indeed it is probably one of the most assumed hypotheses in the organisational ethics literature.

The present theory also converges with grid-group theory’s assumption that the different types of organising (and hence the concomitant decision making standards) are in constant competition with each other for dominance, while at the same time they also depend upon each other to make up for their deficiencies (Thompson et al. 1990:3). Indeed, as Hood (1998) has elaborately shown, each of the types leads to a typical set of deficiencies. The here presented theory, defines “deficient consequence of a way of organising” as the unethical behaviour that is hypothesised to be linked to it. According to grid-group theory, this can only be dealt with by reducing the dominance of that way of organising by applying one of the other ways.

The presented theory departs from grid-group theory, however, in the actual types that are hypothesised. Grid-group theory contains four (or in some versions five) types, which are assumed to be descriptive of both social relations and bias. For our purposes, we found an adapted version of the Victor and Cullen typology much more appropriate to describe ethical decision making and unethical behaviour than the one of grid-group theory. Since the Victor and Cullen typology was not found appropriate to describe “organisational processes,” we had to find another typology to codify this independent variable. Again the grid-group typology was not found to be fully satisfying. Our typology departs from it, because we add
the “internal” and “external” ways and omitted two types ("fatalist"\(^9\) and "hermit"\(^{10}\)) that we did not consider necessary for our purposes. These departures from the grid-group typology do not prevent us, however, from still sharing the same basic hypothesis about a mutually supportive relationship between social relations and bias.

Finally, the proposed theory follows grid-group theory when it does not give causal priority to any of the two crucial factors (structure and values). However, the more specific hypotheses (cf. table 6) will assume a rather one-directional causality from organisational processes to public servants’ ethics. This will be done for two reasons. First, the NPM-ethics literature is full of hypotheses that assume such a one-directional way and it is these hypotheses that need to be integrated in the general theory. Second, hypothesising one-directional causality is more ambitious, and makes potential later falsification of the theory easier. It also ensures that future empirical research will actually consider the direction of causality. Indeed, when starting from hypotheses that do not identify a causal priority, there is much less need to consider the causal direction.

In sum, the proposed theory has its roots in grid-group theory but, considering its departure from the grid-group typology, it would be misleading to talk of the present theory as part of grid-group theory. Instead, it is better to conceive of it as a theory *sui generis* on public servants’ ethics.

\(^9\) What “fatalist” means in grid-group theory is similar, in our theory, to hybrids between the *oversight* way and resp. the two other ways. Therefore we did not consider it necessary to consider this fourth mechanism of control.

\(^{10}\) The hermit is an interesting theoretical and logical possibility, but is not really descriptive for public sector organisations. That is why Hood (1998) does not consider this type neither.
3. EMPIRICAL CLAIMS IN THE NPM-ETHICS LITERATURE

This paragraph translates the empirical claims from the four threads in the NPM-ethics literature into the language of the above presented model. It will become apparent that the respective advocates of each of the four “rival theories” point at the advantages of their own approach and the disadvantages of the other. They notably focus on the unethical behaviour that is caused by the other approaches and the desirable ethical decision making that is a consequence of their own preferred approach. Since the proposed basic model includes both unethical behaviour and ethical decision making, all these claims can be integrated into the general theory and the “rival theories” will turn out to be surprisingly complementary. Indeed, the four groups will turn out to be “rival” in their normative preference for one outcome rather than the other, not in their empirical claims about the causes of that outcome.

The “NPM as panacea” group

The “NPM as panacea” group can be divided into two subgroups, congruent with the two phases that have been observed by Pollit (1993) and others in the reform movement (at least in the UK and the US). In a first phase the NPM-reforms were focused on neo-Taylorian changes aimed at cost-cutting and the introduction of the internal and external competition way of organising in government. This part of NPM includes the first three categories of NPM-reforms that have been mentioned above: the introduction of market mechanisms and of performance management systems and a change in the role of the public servant from administrator to public entrepreneur. The proponents of these changes stress the positive impact these innovations have on the ethical decision making. One of the most important intellectual sources of this NPM discourse is the public choice school, that borrowed the core assumption from economic theory that people (including civil servants) are self-interested utility maximisers. The challenge then is to organise the organisational processes in such a way that this self-interested behaviour still leads to a well-performing government that “works better and costs less”(Gore 1996). The only way of organising that is really capable of doing this is, according the NPM-proponents, the competition way. More specifically, introducing the internal competition way of organising in a public sector organisation, for example by launching a competitive pay for performance scheme, leads to the domination of the self-interest standard (cell 1) in ethical decision making. This is assumed to have a positive effect on government performance on the condition that the public servants under the scheme compete on the basis of “the right” performance
indicators. Similarly, when a public sector organisation competes with other (private or public sector) organisations (the external competition way of organising), this will lead to the efficiency standard dominating ethical decision making (cell 3) or in some cases the organisational interest standard (cell 2).

In those cases where unethical behaviour still occurs in spite of extant competition mechanisms, there are, according to the NPM proponents, only two possible explanations. First, the competition mechanisms are not designed in an appropriate way. Performance management systems, for example, need to be designed in such a way that the indicators are the right ones and that the self-interested behaviour is guided in such a way that it also advances the government's goals. Second, a lot of the unethical behaviour that is assumed to follow from the introduction of competition mechanisms is caused by the actual lack of competition. To take an example of external competition: an agency might be put at arm's length and forced to compete with private companies for the product it delivers to the overseeing ministry. When it turns out that no private companies are interested in providing the product, the agency will have a monopoly position. Experience has shown that the agency might then underperform and provide low quality products to its overseeing agency. This self-interested, unethical behaviour is, according to the NPM proponents, not a consequence of the introduction of competition but of the lack of competition.11

The second phase in the reform movement has been described as “the coming of quality” (Pollit 1993), an important change that coincided with leadership changes in both the US and the UK (p.177). This was particularly obvious in the UK where John Major, when taking office in 1990, introduced a significantly different approach, away from Tatcher’s bureaucrat-bashing and with a focus on customer service orientation as exemplified by the quick launch of the Citizen’s Charter (1991). Since then, an increasing number of similar documents has been published in other countries, together with other instruments of what, by now, can be described as the quality management part of the NPM reforms. The empirical claims of the authors writing in this “quality” strand of the NPM literature can be translated in the language of the model as follows: the external mutuality way of organising leads to an ethical decision making process that is dominated by the customer orientation standard (cell 6).

As for negative judgements, the NPM proponents of both the neo-Taylorian and the quality management strands pay considerable attention to the negative impact of the oversight way of organising and cite numerous examples of the unethical behaviour that they assume to be

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11 The later proposed theory predicts that the dominant standard in both ethical decision making and unethical behaviour within the agency will then depend on the ways of organising that have come instead of the intended external market way of organising.
caused by too much oversight. Generally these examples fit into the abovementioned categories of rule fetishism (cell 8) and customer-unfriendly or even authoritarian treatment of citizens (cell 9). Interestingly, most of the alternatives that are provided by these NPM-authors also contain a considerable part of oversight. Measures for quality improvement, for example, not only have a strong external mutuality element due to the fact that they aim at better relations with clients that are based on the mutuality mechanism and motivated by trust. Quality management also includes improving and rationalising the processes in the organisation and this could include a considerable amount of formalisation and hence oversight. The NPM proponents seem to assume that, although these and other proposals include a significant degree of oversight, they will not lead to the kind of unethical behaviour that they hypothesised to be caused by traditional public administration’s oversight mechanisms.

The three groups of NPM-critics

While disagreeing on the extent of the problem and the way it should be solved, the other three groups all agree that the three ways of organising that are preferred by the NPM-proponents not only have positive effects, but can also lead to particular kinds of unethical behaviour. We first address the unethical behaviour that is hypothesised to be caused by the internal and external competition ways of organising. The three critical groups argue that these ways of organising will not only lead to a desirable application of the self-interest (cell 1), organisational interest (cell 2) and efficiency (cell 3) standards, but also to the concomitant forms of unethical behaviour: selfishness, protecting the organisation’s interests at all costs, and efficiency fetishism. They do not accept the two explanations that are provided by NPM-proponents to account for unethical behaviour in organisations with a competition way of organising (“badly organised competition” or “no real competition”). They reject these explanations because of two reasons.

The first reason is most strongly argued for by the “ethics management” group of authors. The latter doubt whether full competition is at all possible considering inherent market failures in the public sector. Hence, they argue, it is better to voluntarily design an alternative way of organising the processes that can compensate for the limits of the market mechanism in government. This alternative way could be both internal oversight or internal mutuality mechanisms of ethics management (cf. infra).

The second reason is partly supported by the “ethics management” group but most strongly formulated by the “traditionalist” and “new public service” group. According to these authors, the issue is not so much whether competition is possible or not, but whether it is basically desirable, which they seriously doubt. They argue that increasing competition also
increases the chance that the unethical behaviour of cell 1, 2 and 3 will occur, not because of a badly designed competition system or because of market failure, but because competition mechanisms change the values of public servants and hence increase the chance of a certain kind of unethical behaviour. The “traditionalist group” of authors argue this most strongly, referring to the “demise of public duty” (Chapman and O’Toole 1995) or the weakening of the “spirit of public administration” (Frederickson 1997) due to increased competition. The new public service group argues that “the public interest is the aim, not the by-product.” (Denhardt and Denhardt: 554). Hence, competition mechanisms that try to guide self-interest in such a way that it will lead to desirable behaviour as a by-product will never be sufficient.

The three groups of NPM critics are also sceptical about the impact of the changes that are associated with the second NPM-wave: the external mutuality way of organising. All three groups express concern about the fact that quality management as well as measures to build relationships with clients that are motivated by trust and good contacts, might lead to partiality and preferential treatment of certain clients to the detriment of more traditional public sector values such as justice and equity. Preferential treatment of “good customers” is basic to the customer service orientation in the private sector. In the public sector, preferential treatment is usually seen as corruption or partiality. The three groups have very different alternatives, however, for this single-minded external mutuality way of organising as well as for the internal and external market way of organising.

The “traditionalist” group

The group of NPM critics around Chapman in the UK and Frederickson in the US are most forceful in rejecting the three NPM ways of organising and expresses “a traditional view in a period of change” (Chapman and O’Toole 1995). Broadly speaking, this traditionalist group stresses the advantages of the internal and external oversight ways of organising.

As for internal oversight, Frederickson for example argues, writing from the US context, that “in their enthusiasm for cutting red tape (…), managers should remember why some of that red tape got there in the first place,” and he mentions “due process and fairness” and “compassion and protection” as “just two reasons” for that red tape (Frederickson 1999). Confronted with de-regulation, privatisation, contracting out and other typical NPM-reforms, Frederickson predicts that “in 2010 the ancient saying ‘today’s problems are yesterday’s solutions’ will have come to pass” and hence a “step-by-step process of re-regulation” with “as primary impetus (…) the issue of fairness” will be inevitable (Ibidem: 275-276). Chapman
(1995) makes a similar case when he laments the weakening of the traditional oversight mechanisms within the traditional British Civil Service. These and similar claims of the “traditionalists” can be translated as: internal oversight leads to (a desirable) domination of the organisational rules standard (cell 8). However, writing from their British background, Chapman and O’Toole also observe some positive effects of certain mutuality mechanisms within the Civil Service, particularly at the top. The British Senior Civil Service has traditionally been described as ‘a village world of old boys network.’ Control in this system is exercised through mutuality as famously described by Heclo and Wildavsky: “The number of people involved is at most a few hundred and they change but slowly. They all know or have heard of one another (…)” ((Heclo and Wildavsky 1974), cited in (Hood 1998)). Chapman and O’Toole (1995) positively evaluate these mechanisms and particularly praise the role of socialisation in communicating values and standards within the senior civil service. They hypothesise that this internal mutuality mechanism leads to a civil service where people apply the traditional civil service principles they have been socialised into, but with a considerable degree of discretion. In the language of the model: the (mainly internal) mutuality way of organising leads to the personal integrity standard dominating decision making processes.

With regard to external oversight, it is useful to distinguish between claims about external oversight towards other public sector organisations and those about external oversight towards private sector actors. To start with the former, the traditionalists make claims that are very similar to those made with regard to internal oversight, except that, where they assumed a link between internal oversight with the organisational rules standard (cell 8), they seem to link external oversight rather to the public duty standard (cell 9). Chapman, e.g. repeatedly pleas for a return to the unified Civil Service with some strong unifying institutions (such as the former “Civil Service Commission”), assuming that this will lead to a restoration of the sense of public duty. Similarly an external oversight relationship between public sector organisations and private sector actors is hypothesised to lead to a domination of the public duty standard. Frederickson, for example, argues that public sector organisations should be “smart buyers” (and hence ensure dominance of the public duty standard) by holding a close eye on the companies that deliver goods or services (i.e. by exercising a significant degree of oversight). More importantly however, the traditionalists also argue that governmental organisations needs to keep an oversight attitude towards their “clients.” This is often formulated as an antithesis against the NPM thesis that government should have a customer service orientation. The traditionalists emphasise that the private interests of the client not necessarily coincide with the public interest and that public servants have a public duty that goes far beyond the immediate stakes of the stakeholder they are dealing with. Hence they
hypothesise that external oversight leads to the public duty standard dominating the ethical decision making of civil servants.

The “new public service” group

The “new public service” is intended as a “viable alternative to both the traditional and the now-dominant managerialist models” (Denhardt and Denhardt 2000: 557). According to this approach, public sector organisations should be organised in such a way that public servants are not responsive to “constituents and clients” (traditional public administration), nor to “customers” (NPM), but to “citizens.” Citizens are described as those people who “demonstrate their concern for the larger community, their commitment to matters that go beyond short-term interests and their willingness to assume personal responsibility for what happens in their neighbourhoods and the community” (Ibidem: 555). To make public servants capable of being responsive to these kinds of citizens, the processes in the public service organisation need to be organised in the external and internal mutuality way. First, the processes of a public sector organisation need to be designed in such a way that the public servant can “focus on building relationships of trust and collaboration with and among citizens” (Ibidem). The authors then hypothesise that this external mutuality way of organising will lead to the customer orientation (cell 6) dominating ethical decision making: public servants will consider the consequences of their actions for the stakeholders they are confronted with, i.e. they will “attend to (...) citizen interests” (Ibidem: 554). This is not sufficient, however, since this might lead to partiality and preferential treatment of those customers (cell 6 of types of unethical behaviour). Therefore, this external mutuality should be complemented by a considerable amount of internal mutuality, e.g. in the form of shared leadership, collaboration or empowerment. This internal mutuality way of organising is hypothesised to have two effects on the ethics of public servants. First, and most importantly, it will lead to the dominance of the personal integrity standard in the organisation (cell 7), because “leadership exercised by working through and with people transforms the participants and shifts their focus to higher level values” (Ibidem: 556). When the personal integrity standard dominates, people will follow their own principles and the continuing dialogue and exchange of views both within and outside the organisations will then ensure that these “personal principles” will in fact be those principles that are desired by all parties. In any case, this personal morality climate will help to ensure that public servants look beyond the immediate interests of the stakeholders they are dealing with, and will as such reduce the potential dangers of a too strong application of the customer service standard. A second and less important implication of the internal mutuality way of organising will be
“mutual respect” among members of the organisation, i.e. the team interest ethical standard (cell 5).

The “ethics management” group

The “ethics management” group of authors agrees with the NPM-proponents that NPM-reforms can have a desirable effect on ethical decision making, but differ from them to the extent that they are also conscious of the undesirable effects of NPM (notably unethical behaviour). However, in contrast with the traditionalists and the new public service authors, the ethics management group does not see the solution in doing away with NPM innovations, but in complementing them with a well-developed public sector ethics policy that is adapted to the reforms. They see two possible approaches to such an ethics policy (or “ethics management”): the compliance and the integrity approach. The former approach “focuses on strict compliance with descriptive administrative procedures, control mechanisms and detailed rules (…)” (OECD 2000: 25). Translated in the model, this would be conceptualised as the *internal oversight way* of organising. The hypothesis is that this way of organising will lead to the organisational rules standard (cell 8) dominating ethical decision making. The “ethics management” authors argue, however, that this approach does not fit the NPM-style results-based managerial approach. Instead, NPM-type changes need to be complemented by an “integrity” based approach to ethics management that is “based on aspirations, relies on incentives and encourages good behaviour rather than policing and punishing errors and wrongdoing” (Ibid.). This claim is warranted on the ground that the increased discretion that goes with the reduction of *oversight* in NPM-reforms needs to be paralleled by a similar change in the ethics management system. According to the model, increasing discretion (i.e. less *oversight*) can go in two directions: more *competition* or more *mutuality*. When it concerns instruments of a public sector ethics policy, the ethics management authors seem to prefer the latter approach. They hypothesise that more *internal mutuality* will lead to an organisation that is dominated by the personal integrity ethical standard (cell 7), which they consider to be a desirable complement for the self-interest, organisational interest and efficiency standards (resp. cells 1, 2 and 3), that follow from NPM-type *competition* ways of organising. However, according to the “ethics management” authors, this integrity-style ethics management by itself will not do. There is still need for a basic set of compliance-based arrangements or, in the words of Uhr (1999), the “values set” of integrity institutions needs to balanced with the “verification set” of institutions. Hence it is better to conceive of both approaches to ethics management as two ideal types at the ends of a continuum, rather than as mutually exclusive categories (Gilman
The ethics management group prefers a position that is closer to the integrity approach but still has some significant compliance elements.

Taken together, we can conclude that, from all four groups, this “ethics management” group of authors seems to prefer the broadest combination of ways of organising. They want to keep the NPM-type internal and external competition and external mutuality ways of organising and want to complement these with the internal and external mutuality way of organising that typifies the integrity approach to ethics. Finally they also argue that a basic set of oversight (compliance) mechanisms is necessary.

4. A GENERAL THEORY

Paragraph 3 translated the empirical claims from the NPM-ethics literature into hypotheses in the language of the basic model. This paragraph aims at integrating these different hypotheses into a general falsifiable theory that encompasses the four “rival theories” that are advocated by the four groups of authors. This theory is explicitly formulated as a general theory about the impact of organisational processes on public servants’ ethics, not as a specific theory about the impact of NPM and PSEP on ethics. This latter formulation was thought to be inappropriate because both “NPM” and “PSEP” are quite vague, controversial and broad categories. Both terms seem to mean quite different things in different countries, regions or even organisations. Building a theory on these basic concepts would lead to ad hoc hypotheses, depending upon the ad hoc definition of NPM and PSEP. Instead, codifying NPM-reforms and PSEP-measures into the six-fold typology of organisational processes ensures a common theoretical basis for all hypotheses.

The theory can be summarised as follows. Each of the three control mechanisms is associated with one of the three ethical criteria (competition with egoism, mutuality with benevolence and oversight with principle), while the qualification “internal” or “external” helps

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12 Although essentially based on the NPM-ethics literature, the hypotheses have also been inspired by two other sources. First, grid-group theory did not only provide the basic assumption about the link between social relations and bias, but its typology also provides some clues about the ethical decision standard we can expect when we observe one of the six ways of organising. Second, the literature on ethical climate that provided the basic structure of the nine types of ethical standards also suggested which standards (in their literature “climates”) are linked to organisational processes. Victor and Cullen (1988: 120) themselves hypothesized “organisational form” as a major determinant of ethical climate, suggesting that Ouchi (1980)’s classification could be used as way to conceptualise “organisational form” and hypothesising some particular relationships between resp. Ouchi’s three ideal-typical transaction forms and each of the climate types. (Wimbush et al. 1997a) have found partial empirical support for these hypothesized relationships.
to predict the dominant locus of analysis within each criterion. The only exception to this general rule is the personal morality standard, that is defined by the principle criterion, but associated with the *internal mutuality way* of organising.

As such, this theory makes it possible to predict the dominant ethical standard within an organisation on the basis of a description of its organisational processes. For an organisation to have a particular dominant ethical standard means two things. First, the **ethical decision making** process by the individual public servants within that organisation will be dominated by that ethical standard or, more specifically, the ethical dilemmas that occur will always tend to involve that standard and people will tend to prefer that standard in reasoning about those dilemmas. Second, to the extent that the way of organising is really dominant, its concomitant ethical standard will tend to be applied excessively leading to a large occurrence of that particular kind of **unethical behaviour**. The hypotheses of this theory can now be formulated and are summarised in Table 6.

The theory predicts that in organisations with a **competition way of organising** the decision making processes tend to be dominated by the egoism criterion. More specifically, the theory predicts that the *internal competition way* is associated with the self-interest ethical standard (cell 1), while the *external competition way* is associated with the organisational interest (cell 2) and the efficiency standard (cell 3). The theory does not, however, unambiguously predict which one of the latter two standards will be dominant in an *external competition way* of organising, but it can tentatively be assumed that this has to do with the intensity of the competition. When the competition is very hard, people will probably tend to pay less attention to the cosmopolitan focus on efficiency and only refer to the immediate short-term interests of the organisation that are not necessarily congruent with efficiency.

The theory predicts that the **mutuality way of organising** is associated with standards that refer to the benevolence criterion. The *internal mutuality way* of organising (e.g. participation by staff members) leads people in the organisation to the friendship (cell 4) or team interest (cell 5) standard. Again the theory is not able to predict which one of those two it will become, but we can tentatively hypothesise that it has to do with the particular way the *internal mutuality way* actually took its form. As mentioned above, the *internal mutuality way* of organising also predicts dominance of the personal morality (cell 7) standard. This is an assumption made by authors in both the new public service group and in the ethics management group. The *external mutuality way* of organising (e.g. quality management)
predicts that the customer orientation standard will dominate both ethical decision making and potential unethical behaviour (cell 6).

An oversight way of organising will lead to one or both of the two remaining ethical standards that are associated with the principle criterion. The internal oversight way is hypothesised to lead to a domination of the organisational rules standard (cell 8), while the external oversight way is expected to lead to people to the public duty standard (cell 9). This last hypothesis is likely to become the most controversial one. It asserts that the dominance of the public duty standard in ethical decision making is only possible when there is a significant degree of oversight in the relationship between the organisation and its environment (other governmental organisations, private sector organisations, clients,…). It is, however, firmly grounded in claims made by the traditionalists (cf. infra). In addition, the claim that too much oversight leads to the unethical behaviour that is associated with the public duty standard (i.e. authoritarian treatment of citizens, cell 9) has wide support among the NPM proponents, the new public service authors and the ethics management authors. These hypotheses can be linked into one theory, which is summarised in Table 6.

<table>
<thead>
<tr>
<th>Organisational Processes</th>
<th>Dominant Standard in Ethical Decision Making</th>
<th>Dominant Type of Unethical Behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal competition way</td>
<td>Self-interest</td>
<td>Selfishness</td>
</tr>
<tr>
<td>External competition way</td>
<td>Organisational interest/ Efficiency</td>
<td>Protecting the organisation’s Interest at all costs/ Efficiency fetishism</td>
</tr>
<tr>
<td>Internal mutuality way</td>
<td>Friendship/ Team interest</td>
<td>Nepotism/ Protecting the team’s interest at all costs</td>
</tr>
<tr>
<td></td>
<td>Personal morality</td>
<td>Anarchy</td>
</tr>
<tr>
<td>External mutuality way</td>
<td>Customer orientation</td>
<td>Preferential treatment</td>
</tr>
<tr>
<td>Internal hierarchy</td>
<td>Organisational rules</td>
<td>Rule fetishism</td>
</tr>
<tr>
<td>External hierarchy</td>
<td>Public duty</td>
<td>Authoritarian treatment of Citizens</td>
</tr>
</tbody>
</table>

Table 6: Hypotheses
One final point of clarification needs to be born in mind when reading and interpreting these hypotheses. Above it was mentioned that ethical decision making and unethical behaviour have both a qualitative (type) and a quantitative (frequency of occurrence) aspect. A similar distinction can be made for the organisational processes. There are six different ways of organising (qualitative) and such a way of organising can be applied in different degrees of intensity (quantitative). Hence, Table 6 actually refers to two sets of hypotheses, H1 and H2:

- **H1. The qualitative hypotheses:**
The X way of organising processes leads to the ethical standard Y dominating the ethical decision making and unethical behaviour.

- **H2. The quantitative hypotheses:**
The relative intensity of the X way of organising processes (i.e. its dominance) leads to a similar degree of domination of ethical standard Y in the ethical decision making and a similar frequency of occurrence of the unethical behaviour associated with standard Y.

The importance of this distinction can be demonstrated by focusing on unethical behaviour as the dependent variable. The theory predicts that the type of unethical behaviour (e.g. theft) will depend on the actual way the processes are organised (i.e. internal competition way), while the number of instances of individual corruption will depend on the intensity of that internal competition way of organising.

The second set of hypotheses (H2) is congruent with the abovementioned grid-group hypothesis that each of the types of organising leads to typical deficiencies (i.e. unethical behaviour), but that these can be partly avoided by adding other ways of organising, i.e. by reducing the dominance (or the intensity) of that way of organising. In other words, H2 hypotheses are congruent with grid-group theory’s basic assumption that “each way of life depends upon each of the (...) rival ways of life for survival,” referred to as the “requisite variety condition” (Thompson et al. 1990: 4). The different ways of organising can be seen as different perspectives that each have their own advocates who are in a constant battle for dominance with each other. The prescriptive bias of both grid-group theory and the theory that is developed in this paper is that this battle should never be won by any of the sides, since each of the ways of organising has its potential deficiencies (i.e. unethical behaviour) that can be compensated for by reducing the dominance of that way of organising. Although this is a bias, it is possible to falsify the hypothesis on which it is based: the dominance of a way of organising leads to a higher frequency of the unethical behaviour associated with that way of organising. If it turns out that the frequency of unethical behaviour is unrelated to the
intensity of the associated mechanism of control, then this would not only falsify the H2 set of hypotheses, but would also seriously challenge grid-group theory’s requisite variety condition.

CONCLUSION

The main goal of the paper was to bring conceptual clarity into the field of diverse and non-cumulative claims about the impact of New Public Management reforms (and of measures of a Public Sector Ethics Policy) on the ethics of civil servants. This was done on the basis of a conceptual framework (a basic model) and the basic grid-group hypothesis about the relationship between social structure and values. The basic argument of the paper then was that it is possible to translate the four rival sets of empirical claims into the language of that basic model and hence develop a general and falsifiable theory about public servants’ ethics. The four groups in the literature were each advocates of particular ways of organising who stress the advantages of their own approach (the impact on ethical decision making) and indicate the dangers (unethical behaviour) of the approach advocated by the “rival theories.” As such, the debate in the literature is about which way(s) of organising should be dominant. The present theory tries to reframe the debate into a discussion, not about the dominant way of organising, but about the appropriate balance between the ways of organising. Two further steps are necessary before it will be possible to answer the question what that appropriate balance would be in a particular organisation.

First, the empirical claims in the presented theory need to be tested and, if necessary, adapted or refined. In order to do that both design and measurement issues will have to be dealt with. As for the design of the empirical research, two basic case study (Yin 1994) designs deserve consideration: a comparison of one case (i.e. organisation) at different points in time (e.g. comparing “before” and “after” NPM-type changes in the way of organising) or a comparison between different organisations (differing in their ways of organising). In any case, the main challenge will be to select cases in such a way that the between-case variance of both environmental and individual variables is kept as low as possible in order to be sure that one measures the impact of organisational processes on ethics not the impact of variables like national culture or gender. As for measurement, particularly measuring the dependent variables “ethical decision making” and “unethical behaviour” is notoriously difficult, not only because these are simply difficult concepts to grasp empirically, but mainly because of the many sources of potential bias (particularly
interviewer bias and social desirability bias). The large experience with empirical research in business ethics (e.g. Collins 2000; Robertson 1993; Randall and Fernandes 1991) and (to a lesser extent) in public administration ethics (e.g. Menzel and Carson 1999) can provide significant help to deal with these issues.

Second, if the theory (be it in an adapted version) turns out to be corroborated, the second step will consist of a normative choice about the desirable outcome. Which kind of ethical standard(s) should dominate the ethical decision making in the organisation and which kind of unethical behaviour is the least desirable? The answers to these questions, together with the empirical claims of the theory, will guide the public manager to the appropriate way of organising that is hypothesised to be associated with these kinds of outcomes.
Reference List


