

Performance Measurement in the French Public Services : New Public Management and Republican Centralism

Nathalie Halgand*

Abstract

The article analyses the structural and technical aspects of Performance Measurement as part of New Public Management in the French context, at both central and local levels. The centralist influence is analysed through concrete features of the system. Some biases are highlighted in the control structure. The accounting system is described as focused on limited political purposes to the benefit of the Executive, and the recent organisational decentralisation revival in central state public services proves to be due to a strong top political support. An in-depth view of the impediments to performance measurement developments then shows that centralism is deeply rooted in cultural republican values, which shape the foundations of both the public service system and the political one, the former being influenced by the latter, through the concentration of managerial and political powers in the hands of a small elite clan. Finally, some emerging reflections are reported, which propose guidelines to reform the whole system.

Key Words

Performance Measurement, New Public Management, Public Accounting, Public Control

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* Senior Lecturer in Management Science (Accounting), CREGO (Centre de Recherche en Gestion des Organisations ; Research Centre for Management), University of Montpellier II, Place E. Bataillon, 34095 Montpellier cedex 5, FRANCE - fax : +33-4-67 14 42 42 - E-mail : halgand@iae.univ-montp2.fr

1. Introduction

The New Public Management (NPM) has been characterized by Hood [8] by first, a reduced difference between the public and the private sectors, and second a greater emphasis placed on result oriented management. Performance measurement is hence a central concept in this context, and accounting is held as a key element of NPM.

This article aims at first describing and analyzing the performance measurement system (i.e. structures and techniques) of the French public service and second examining the impediments towards this process development, in a context which is strongly influenced by republican centralism. After an overview of the French context and the politico-administrative framework (2.), the structures of the performance measurement system (3.) and techniques (4.) are examined. The accountability patterns and the cultural values are then analyzed as obstacles to performance measurement developments (5.), and a means of restructuring the public service is presented (6.).

2. Context and Politico-administrative Structures :

The institutional context is strongly influenced by a tradition of written law. According to Hofstede's model [7], the French cultural values include a small power distance, which is highlighted by the people's attachment to the republican value of equality, and results in a high degree of uniformity in terms of accounting system features (Gray & Radebaugh [6]). Centralism and secrecy are also prevalent features of the politico-administrative system. The republican central state is entrusted with safeguarding the general interest and the public services are considered as the operational means of shaping action on French society, including both social and economic aspects.

2.1 Political Structures and the Role of Central State

The political structure is semicentralized, with a powerful center and a three level periphery, which has become independent since the early eighties, through the decentralization laws. The three local authorities include the municipalities¹ (about 36,000), the departments (i.e. general councils) and the regions (i.e. regional councils). They are responsible for specific public service missions, which have been transferred from the central level, and which border their competence scope. Hence, there is no hierarchical relationship between the three territorial authority types.

At both levels (i.e. local and central), the power pattern is strongly rooted in centralism to the benefit of the executive body. At the central level, the fifth republic constitution gives little attention to the opposition rights, and has aimed at providing the

¹ 'municipality' is used in the paper to translate the French word 'commune' .

executive with political stability. The weakness of the Parliament stems from the electoral system, which was originally designed in order to guarantee the government a legislative support through an over-represented majority. On another hand, some procedures (e.g. the decree) enable the Executive to make decisions without requiring the support of the two chambers (i.e. the Parliament and the Senate). On financial matters, the control of Parliament is widely denounced and similarly ineffective (Muzellec [14]). At the local level, in order to resist against the centralist pressures, the decentralization laws have entrusted the territorial authority executives with huge powers, placed in the hands of a notable class, at the expense of the opposition rights. As a result, the power pattern is strongly personalized, as though the government model had been imitated at the local level, with a similar reluctance towards transparency (Mény [11]).

2.2 Overview of the French Public Service System

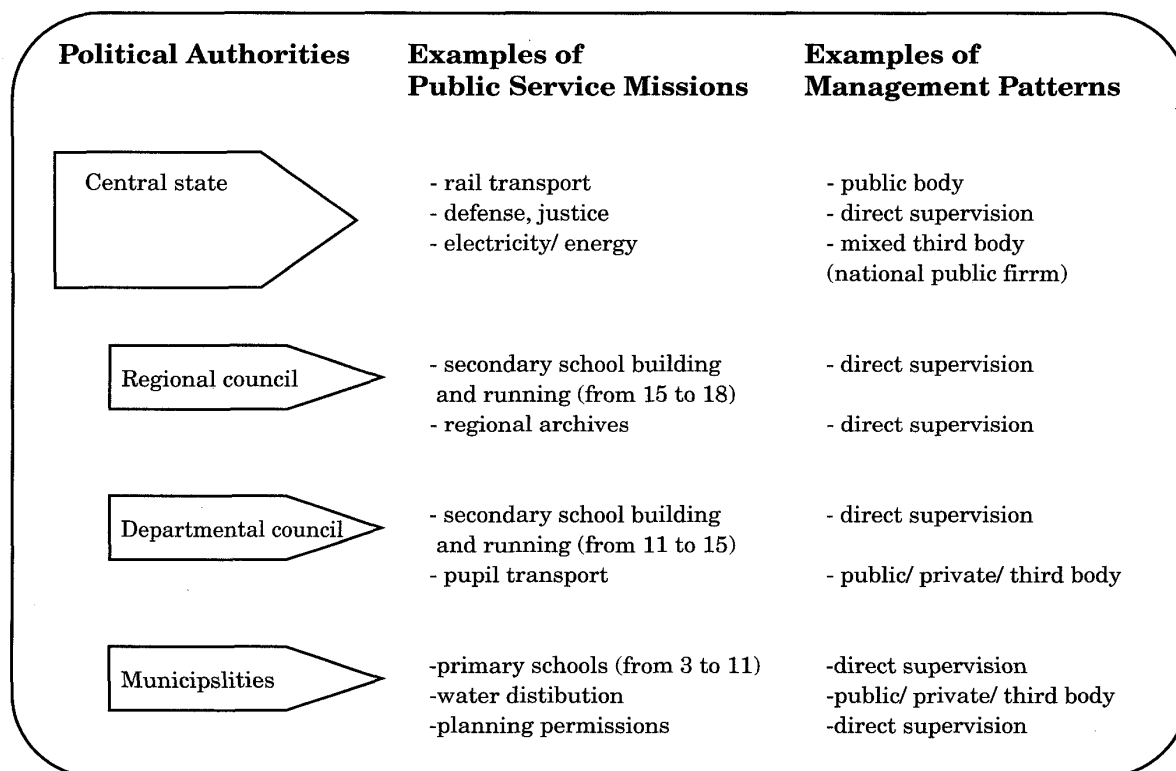


Figure 1. Description of the French politico-administrative system

Every state authority, which is elected by the people and hence represents the will of the people (i.e. the nation), either at the central or local level, is entrusted with a specific range of public service missions. For many of them, it is empowered to choose their management pattern. It can run them directly, in which case it concentrates both political and managerial powers. An alternative solution would involve delegating the management to a third party, which can be either public (e.g. a public estab-

lishment like a university), private or mixed (i.e. a firm with mixed private / public shares). The decentralization laws have widened the local authority scope, inducing the rise of the delegated management model to the benefit of the private sector, especially at the municipal level.

3. Structures of the Performance Measurement System

The structures of the system do not prevent centralist pressures, which induce biases in the control and controller capture situations.

3.1. The Internal Control Structure

The basic principle in public accounting (introduced in 1822) consists of sharing the managerial power between two persons : the first one is the decision maker (e.g. the minister, at the central level, or the elected chief executive of the territorial authority, at the local level), the second one is a public accountant (i.e. a civil servant), who executes the order (Labie [9]). This dissociation into the administrative and accounting phases stems from the need to control frauds (Muzellec [14]). Hence, the public accountant, playing the role of a cashier, is in charge of the day-to-day control of the regularity of the order (i.e. procedure control) that is given to him, and is responsible on his personal funds (i.e. he has to reimburse a payment that he has done without having controlled its legality) for the payment operations that he executes.

The public accountant is hierarchically depending upon the 'General Payer Treasurer', at the departmental level, and can be controlled by the 'Finance General Inspection', which is the internal auditing body of the Minister of Finance. On the other side, the order giver (e.g. a Secretary) is controlled and advised by a financial controller, nominated by the Minister of Finance.

The case of public national firms (e.g. SNCF for railways) is specific. They are managed along the private sector rules, but are controlled by the central state through the tutelage system. The technical tutelage is under the responsibility of the relevant minister, while the financial one is in charge of one state controller.

3.2. The State Account Auditing

Public service auditing distinguishes between two situations. When the public service mission is under the central state scope, the auditing body is the Account Court. Symmetrically, the Account Regional Chambers are in charge of the auditing task, at the local level. This apparatus guarantees that the entire public sector, including the public firms, is externally controlled by an independent body. The structure and missions of the local and central sub-systems are basically similar, since the regional

chambers have been created in 1982, as part of the decentralization process, by central imitation.

At the central level, the Account Court aims at controlling the account conformity to the Law of Finance, which is the annual financial expression of the intended government action. An annual auditing program is defined in order to control each public service every fourth or fifth year, on average. The object of the auditing process has gone beyond the regularity control of the public fund use (i.e. comparing it with the Law of Finance), to assess managerial performance of public units, embracing the order givers and public accountants' actions. But the task division between regional and central bodies has shown some limitations when faced with global object assessment. For example, investigations concerning the decentralization process consequences have required the cooperation of both levels. Moreover, the effects of this control have highlighted some weaknesses and meant reducing it to an information tool. For example, the problems identified in a minister by the Court result in mailing a letter to the concerned secretary, but cannot lead to any sanction. The Court can audit an institution (i.e. a public firm) at the government request. It also enlightens the Parliament control through a feed-back control report on the executive action, and contributes to detecting financial scandals. The weaknesses of the Court control resources, faced by the huge amount of operations to be controlled is also worth noting (Muzellec [14]). In any case, the Account Court power is limited to a moral judgment and has no compulsory means of imposing its recommendations.

At the local level, the Account Regional Chambers audit the territorial authorities (i.e. municipalities, departments and regions) and the institutions included in their scope. To the account auditing have been added some management control recommendations. Although the decentralization laws have tried to provide the Chambers with a comprehensive control power over the public fund utilization, the 1982 text was refined in 1988 under the pressure of local elected people, and the utilization review was restricted to a 'regular use of funds' (Labie [9]). Once again, the Chamber has not been empowered to impose its management recommendations. It also stresses that this institution has no jurisdictional power on the local order giver, by contrast with the public accountant. Furthermore, some analysts stress the weakness of an ex-post control which can only state the critical situations, instead of preventing them. Some attempts to improve the financial information provision have resulted in the 1992 laws, setting first, that the prefect can request Regional Chamber audit of any financial commitment of the local authority, and second, that the prefect or the decentralized authority can order an investigation on any private institution which benefits from public funds. Nevertheless much remains to do in terms of preventive control (Mignot [13]). Moreover, the Regional Chambers are not allowed to get access to the relevant real time information, if no claim has been referred to them (Froment-Meurice & al. [5]), which tends to demonstrate the need for an external systematic

audit of the territorial authorities' accounts (Ohnet [15]).

3.3. Systemic Level : program and policy evaluation

Recognizing that the regularity control had priority over management control (Vidal in Muzellec [14]), a public policy evaluation system was introduced in 1990, as part of the state modernization process. The purpose of the reform was to provide the state action with an effective performance measurement tool, which took into account the specificity of the public activities (i.e. global). Because of their wide scope, the public policies and the public programs (the latter being used to implement the former) require a systemic approach. The evaluation system has a two body structure. The Evaluation Inter-ministerial Committee has focused on public policies and the Evaluation Scientific Committee (ESC) has aimed at assessing public programs. While the former belongs to the Executive itself and can hence be considered as part of a self-controlling process, the latter has been defined as an independent body. The evaluation object, displayed as policies, are actually restricted to methodological aspects of public programs. In 1994, an independent audit (TECNED International), ordered by the committee, highlighted the procedure biases resulting in the progressive transformation of the role of the ESC into a project design adviser (Conseil Scientifique de l'Evaluation [3]). First, the evaluation process is partial and never systematic, since the committee only works at the project authors' request. Second, the evaluation system structure has been put into question by the absence of any superior authority (e.g. a high court) regulating controversies between the requester (i.e. the executive) and the committee, and guaranteeing the independence of the latter. Furthermore, the committee power is limited to the issuing of advisory conclusions. Finally, the opacity of the projects submitted by the executive has led the consultants to analyze it either as purposeful, the authors keeping some core details for them, or as a proof of their inability to properly define a project.

4. Performance Measurement Techniques

The performance measurement techniques are examined in terms of their accounting and managerial aspects.

4.1 Public Accounting at both Central and Local Levels

The double entry bookkeeping principle was introduced in 1808 in the state accounting system and has fostered the identification of the public accountants' frauds, consisting of their appropriation of some of the tax revenues, that they were in charge of recovering (Berthier [1]).

- Budgetary and Financial Accounting Systems

The French public finance distinguishes between two parts : 'budgetary accounting' which is specific to the public services and 'financial accounting', which is close to the private French accounting system. These two parts can either build separate systems, which are articulated (i.e. at the central state level), or constitute an integrated system (i.e. at the local authority level). They pursue different goals and are ruled by specific procedures. The budgetary system first provides the order givers and the public accountants with a basis of the execution of the Budget, which results from the annual Law of Finance voted by the Parliament, and second, constitutes the reporting system used to review the public fund utilization. The Law of Finance has a special importance, since it a priori restricts the public fund allocation to the government for a given year, and is the main means in the hands of the Parliament and the Account Court to control the action of the Executive, a posteriori. By contrast, 'financial accounting' is the usual bookkeeping system, the principles of which evolve towards an accrual basis, although this has not been reached yet. Indeed, the tangible assets acquired in the year are no longer considered as charges, but the tangible assets bought before 1981 are not included in the balance sheet account. Furthermore, the inventories are not described, since the constitutional yearly budgeting principle doesn't allow to forecast expenses over the year. This means that the goods bought during the year should be consumed at the end of the same year. No allowance for doubtful accounts is either recorded, because it would imply that the state is not able to impose the payment of taxes on individuals.

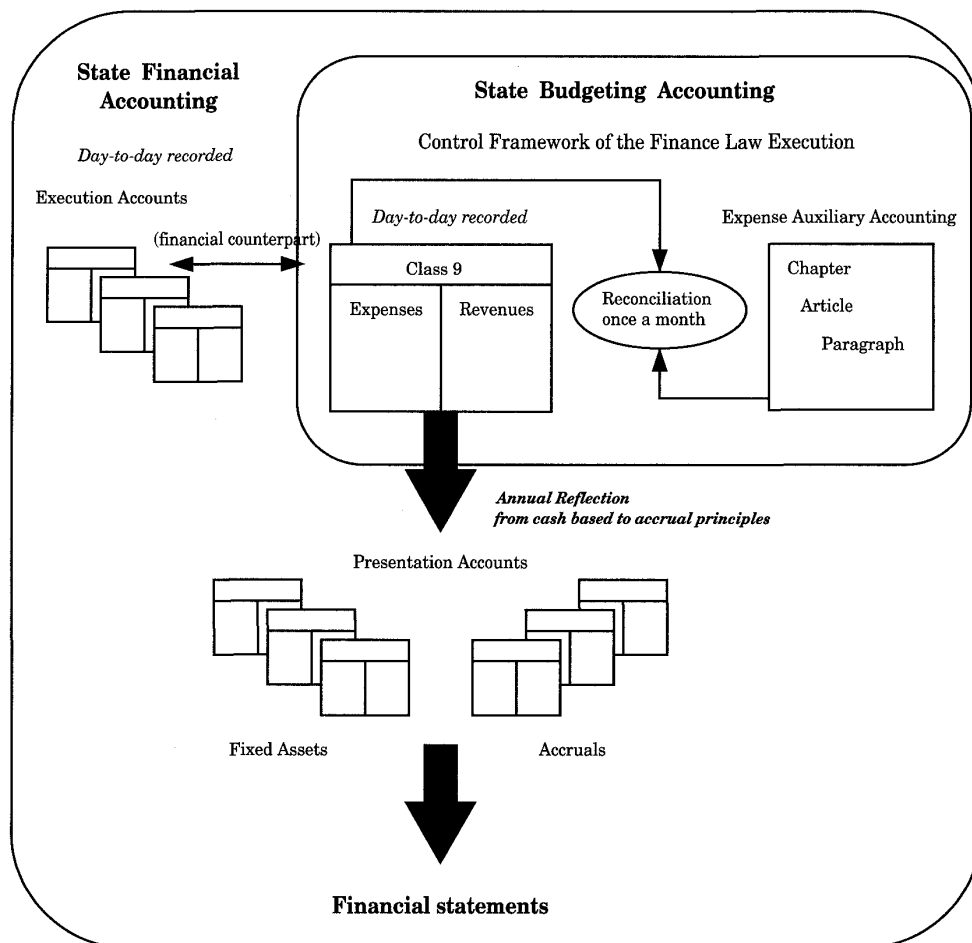


Figure 2 . The Articulation between Budgeting and Financial Accounting Systems

At the central level, the two systems have remained distinct. This can first be explained by the strong emphasis placed upon the budgetary accounting system dealing with democratic stakes, while the other part is associated with managerial purposes, considered as much less important. Furthermore the changing nature of the budgeted expense nomenclature can hardly cope with the stability of the 'General Chart of Accounts' used for financial accounting. Finally, the articulation of the two systems is done through data processing, which is not labor intensive. Then, while 'budgetary accounting' is ruled by the simple entry bookkeeping principle, an annual reflection procedure enables its articulation with financial accounting, in order to produce annual financial statements. This procedure also aims at making the budgetary accounting outputs, ruled on a cash basis, consistent with the financial accounting principles. During the year, the budget account class (i.e. class 9) is used to record the execution of the expenses and the revenues, that have been formerly authorized in the Law of Finance, with a financial counterpart in a cash financial account. An auxiliary expense accounting system is set in parallel, in order to match the highly detailed codification required by the Law of Finance. A reconciliation between the expense part of class 9 and the auxiliary system is done every month. Recording an operation in the class 9 includes the computing of a code which identifies the associated account in the financial chart, used at the end of the year.

The budgetary expense nomenclature is dominated by a resource oriented logic. This means that the credits are apportioned first between ministers and second by type of resources (e.g. personnel, traveling expenditures). An alternative solution could be to allocate public funds on a functional basis, namely on operational goals and projects. This is only effective for investment flows, the need for which enables a clear identification of the expected fund utilization. As a result, the vote of the Law of Finance is done blindly (Berthier [1]), and its financial reporting system (i.e. budgetary accounting) cannot provide a real management accounting tool.

The financial state chart of account, issued in 1988 has been inspired by the so-called 'General Chart of Accounts' used by the private sector since 1982. Nevertheless, the former has still not reached the full accrual basis of the latter : its evolution stage can be translated into English by 'stated rights accounting' ('comptabilité de droits constatés'). For example, a charge that has been incurred by the order giver, but which has still not entered the accounting phase, is not recorded. On another hand, the description of the assets remains uncompleted on several points. First, neither inventories nor bad debts are described. The fixed asset accounting has been improved, since the annual investment flow (e.g. buildings) are accounted in a fixed asset class, while they were considered as a charge until 1988. Nevertheless, the existing fixed assets, that have entered the state patrimony before 1981 are not recognized in the accounts, and hence not depreciated (Berthier [1]). The amortization question, as for inventory, has suffered from the strong influence of the budgetary accounting

system : the separability principle assumes that every charge must be attached to the current year and consumed during it ; hence, it cannot induce other charges in the future. Violating this assumption would result in weaker control of the public finance by Parliament.

- The Accounting Reform at the Local Level

At the local level, the budgetary and the financial accounting systems have been integrated. The unique chart of accounts, issued in 1970 has been refined for municipalities, to evolve towards a full accrual accounting system. This reform will come into effect in 1997, and is considered as the first step on a larger process of renovating the territorial authority accounting system, which has become more acute with the growth of the local public service scope, resulting from the decentralization process. The target consists of making it consistent with private financial practices, in order to match the requirements of the lenders (Bidart & Moraud [2]). Since 1985 the deregulation of the funding system of local authorities has opened the market to private banks, which have asked for harmonizing their financial statements. In the same idea some consolidation procedures have been set by a 1992 law. Although they do not match the usual accounting requirements, they tend towards a 'fair and true view' of the local authority global financial situation (Meyssonier & Pourtier [12]).

At the central level, a project of reforming the state financial accounting system towards full accrual principles is under examination, but is not likely to come into effect (if ever it comes) before a decade. The lack of management accounting is also critical. It constitutes the only means to enhance the traceability of the public expenditure, and hence to improve both democracy, through the enlightenment of the fund apportionment by the political power, and performance measurement of public services by providing a relevant accounting basis, used in the private sector.

4.2. Structural Decentralization and Result-Oriented Management

Implementing result oriented management practices requires the public service organization to provide structural decentralization. This movement has been applied to the public services that are directly supervised by the central state, under the general label of administration / state modernization. The structural decentralization, called disconcentration, consists of transferring the organization from Paris to the province, in order to better meet the population needs. The physical transfer is then associated with a managerial power one, giving more autonomy to the peripheral unit. This trend has been required to meet the new needs of flexibility emerging from the territorial authorities, as a result of the decentralization process started in the early eighties. Experienced as a strong limitation to the deepening of the decentralization process, the low pace of disconcentration, considered by some analysts as being blocked (Mabileau [10]), has been problematic until the nineties.

On the other hand, the modernization process, consisting of introducing various management tools in the public services, has gained strength from the mid eighties, thanks to a strong political support. In 1986, the Secretary of Finance, E. Balladur fostered the spread of total quality management and his secretary in charge of consumption issues has initiated performance contracts, which included some incentives in the civil servants' wages, based on their collective productivity gains (Trosa [19]). In 1989 and 1990, two circulars about the 'renewal of Public Service' was issued by Prime Minister M. Rocard, providing the process with an integrated framework. These texts have aimed at improving the image of civil servants' action, stressing the importance of the quality of service, by legitimating the public utilities by the public interest service, and by demonstrating the agents' efficiency and effectiveness. A strong emphasis has been placed upon disconcentration, the second text providing an organizational solution through responsibility centers and project management has been encouraged. The human resource management aspects have proved to be one of the main features of the circulars, by aiming at developing responsibility at the organizational level. Hence, the reform has been based on a bottom-up approach, by contrast with the 'RCB' (rationalisation des choix budgétaires) of the seventies, known for its bureaucratic ineffectiveness (Trosa [19]), which was a transplantation of the US PPBS (Planning, Programming and Budgeting System); the logic of empowerment has been preferred to that of enforcement, through a voluntary criterion to implement the reform without any compulsory timetable. The development of responsibility centers, which can be considered as the first step towards the transformation of the bureaucratic structure into result-oriented management units, has been associated with a diplomatic thesaurus adopting the word 'evaluation' instead of 'control' which has negative connotations.

These orientations have then been confirmed by recent official texts, like the public service (March 1992) and disconcentration (July 1992) charts, one major current concern being getting greater flexibility in human resource management (e.g. assessment procedures, functional mobility) (Rouban [18]). The main directions of the state reform have been summarized in the 1995 Prime Minister circular and include to clarify the missions of state and the scope of public services, to better meet the users' requirements, to change the central state, to delegate responsibilities and modernize public management.

4.3. Contracting in Public Services

Another way to introduce performance measurement consists in focusing on effectiveness, by defining goals and setting contracts. This has been done at several levels in the French public services. First, at the central level, national planning has aimed at providing state action with long range strategic targets. Although it played a major

role during the reconstruction and the following thirty year growth (1945-75) period by fostering the economic activity and modernizing the infrastructure, its importance has much decreased for a decade. Actually, economic internationalisation, especially in the European Community context, makes it increasingly hard to control the strategic success factors at the national scale. To this must be added the ideological decline of socialist policies, fostered by the general deregulation movement. Furthermore, from a financial point of view, the annual state budget has priority over the five year national plan (Muzellec [14]).

The contracting practice is also used by the central state to keep the decentralized authorities, which are supposed to be independent on both political and managerial matters, under financial control. For example, the so-called 'state-region plans', introduced by the decentralization laws, transfer some public service missions from the center to the periphery. The local authorities can also be involved in several year specific plans (e.g. 'University 2000' plan), through a financial contribution to the execution of decisions made by the central state (Delafosse [4]). This is also the case in political crises (e.g. 1995 December troubles in universities) when urgent plans are issued at the central level (e.g. the Secretary of Education), requiring some support from the decentralized authorities.

On the other hand, contracting-out can also be seen as a regulation means used by the state authorities over third parties in charge of running public services. At the central level, this practice is implemented in national big firms (e.g. Electricity and Gas of France), through objective plans set with the state tutelage (i.e. the concerned Secretary). Nevertheless, this practice is criticized as being an illustrative case of the regulator capture, rooted in an economic and social power deal benefiting the huge national firms, which would tend to bias control. This phenomenon has also spread at the local level, especially in municipalities. The horizontal concentration movement of private firms, which have widened the range of services that they offer to match the local public requirements, has worsened the state authorities' negotiating position. Moreover, despite some attempts to improve the transparency of the local public commitments (see Sapin's law, 1992), the decentralization process does not prevent corrupt practices.

Finally, contracting can be considered as an organizational management tool, trying to develop a supplier-provider approach between internal units, aiming at making employees aware of their responsibilities. This has started to develop in network national firms (e.g. railways since 1991). It constitutes one way to bridge the gap between their current public monopoly situation and the competitive future one, towards which the Maastricht Treaty urges them to evolve for the service part of their activity (the infrastructure level remaining a state monopoly) in the next future (see the disintegration of the SNCF, for railways).

5. Cultural Values and Accountability Patterns as Impediments to Performance Measurement Developments

The resistance met by the performance measurement techniques can be explained in the light of cultural values which are reflected in management patterns.

5.1. Equity and Opacity : the Jacobinic Vision of Unitary Central State

Centralism can be considered as a major French society feature. Indeed it is rooted in cultural republican values which are linked to the Revolution. The Jacobins' vision of an unitary central state aimed at suppressing the privileges of the nobles, and hence at guaranteeing equal treatment to every citizen. In this philosophy, the representative democracy has been perceived as a means to empower some lobbying groups defending particular interests, that is to say, as a threat to general interest safeguard, and has been accepted in the 19th century as a stop-gap. Nowadays, this conception of the republican central state is still prevalent in the French political life, and does not match the traditional left vs. right wing party division. Indeed, it has proponents on both sides and the opposed philosophy (e.g. Valéry Giscard d'Estaing for the right, Rocard or Delors for the left) has always found less support in the public opinion. As a result, the legitimacy of public action is deeply anchored in the sole election of the state authority executive chief, which can be considered as its citizens' validation. This implies that the opposition expression is interpreted as resisting forces towards general interest safeguard, for which the elected persons are responsible. Hence, the Jacobinic vision of central state hindered the development of pluralism in public life during the mandate periods, and so limiting the democracy game to the electoral periods. This has also consequences on accountability patterns and transparency. For example, the Budgetary and Financial Disciplinary Court, created to compensate for the weaknesses of the Account Court towards the order givers (i.e. public decision makers), has not put an end to their hierarchical top's legal irresponsible situation, which allows politicians to remain beyond any control, if the government does not change (Muzellec [14]). In fact, the opacity is part of the Jacobinic philosophy, since the ability of the people to take part in the public decision is questioned. Rather than a vision where the people chooses its representatives, these elected are viewed as letting themselves be elected by the people (Hermet, cited by Ohnet [15]).

5.2. Consequences for Performance Measurement : Game Playing

This conception of central state, along with the cultural values that it carries, have provided the French public service with its solid foundations, which induce resistance to any attempted change such as the introduction of New Public Management. The bureaucratic structure can be considered as the organizational realm of equality

through uniformity. By contrast, the divisional structure based on responsibility centers and result-oriented management techniques lead to individualize performances, which is inconsistent with the public service culture, according to which every agent is assumed to be good, since he or she has passed the civil servant entry examinations. Any assessment practice implicitly puts this statement into question, by admitting some eventual bad performances. Basing wages or service budgets upon performances is also highly problematic, since profits are then locally run, which means that they escape the general interest logic, which requires a central management. For example, financial commitments linked to the implementation of reforms, can be escaped by the central state, when the political agenda sets other priorities than modernization (i.e. reducing the public deficit), which result in cuts in funds at the expense of the services implementing modernization. In other cases, when responsibility centers have been created, autonomy is perceived by the central level as a grant, rather than a sound management mode (Trosa [19]), and the efficiency gains can be withdrawn from the following year budget, since the units have proved to be able to work with reduced resources. Furthermore, the lack of incentives and sanctions if reforms have not been implemented not only limit the modernization process to motivating agents but also confirm the strength of these cultural barriers.

5.3. The Reluctance to Reform the Whole Fiscal System

On financial matters, the centralist forces result in a steady reluctance to reform the fiscal system, even though all political parties agreed on the need for it. The financial situation of decentralized authorities is worsening with the rise of public service mission transfers, while the resources are strongly feeding the center level. An increasing number of financial support types brought by local authorities to the central state are reducing the territorial authorities' room for maneuver in a scarce resource context. This phenomenon, which can be interpreted as financial central control preventing the decentralization process being pursued, is associated with the opacity of the funding system. A recent report ordered by the Prime Minister stressed the incapacity to display a reliable statement of the global amount of financial transfers between the central state and the decentralized authorities. First, the multiplicity of fund origins, does not allow a complete consolidation, were it ex-post ; second, there is no integrated reporting framework about the allocation of cash flows. Moreover, some transfers are calculated ex-post, on fluctuating economic and environmental factors (Delafose [4]), which prevent the local decision maker from getting a relevant estimation of the available public funds, that he has to manage.

5.4. The Concentration of Powers in the Hands of an Elite

An in-depth analysis shows that the centralist model, which characterizes the politi-

cal life at both central and local levels, benefits a small elite clan. This concentration has been fostered by the legal system which enables cumulating electoral mandates : for example, a mayor can be a member of Parliament. The attempt to restrict the mandate number to two, which has been introduced in a 1985 law, has resulted in setting a two mandate cumulating rule (Mény [11]). This closure of the political system is enhanced by a socialization phenomenon induced by the qualification standardization. Indeed, both top civil servants and politicians have been trained in the same selective state high schools, the most prestigious of which is the National School of Administration ('ENA', Ecole Nationale d'Administration). The staff transfers between political life and public sector top management tends to reinforce the interweaving of both spheres, and to strengthen the elite values. As a result, the centralism culture, which prevails in the political field, can be transmitted to the public service sphere, and contributes to strengthening a reluctance towards reform processes.

6. A Restructuring Project of the Public Service System

Some reflections have recently emerged, aiming at identifying the eventual corrective actions which would help solve these deeply anchored problems.

6.1. Searching for the Relevant Local Authority Level

One of the main problems raised by the conception of a control system lies in the definition of the right detail degree of modeling : which are the levels of analysis that highlight the correction levers of the identified critical problems ? For example, the absence of hierarchy in the local authority structure induces some inefficiencies through the emergence of competition between the different levels. The disconnected territorial elections, added to the independence of the authorities, result in a global inconsistent utilization of public funds, especially between departmental and regional levels. Indeed, university building, cultural life or healthcare are good electoral marketing themes (Fréville, in Puech & al. [17]). The hospital building plan, developed in the seventies, illustrates the public resource waste, through the over-equipment induced by the lack of coordination of the various territorial authorities. Because of the subsequent low site activity, the high skill level of specialized professional staff, and hence the quality of care can no longer be guaranteed. On another hand, the municipality atomization (36,000 municipalities, among which 32,000 have less than 2,000 inhabitants), partly due to the rural nature of the country, along with its history, stresses the need for a more global control. One solution stems from a complete change in the local authority structure, focused on the 'local country' concept, rooted in both historical and socio-economic grounds. Indeed it corresponds to an employment basin (i.e. bigger than a municipality), which would be substituted for the municipal level (Ohnet [15]). Some experiments have been started and are supposed to foster the

grouping process of municipalities. The local country concept has strong historical roots, since it was already used twenty centuries ago, when France was called 'Gaul'. More recently the ecologist school of thought has highlighted the benefit from its use, calling for a comeback to the country. Actually the objective is to improve the coordination of the various levels of economic activity support (including professional ones) by identifying a relevant space territory. The local country concept is aimed at better meeting the solidarity need between populations by containing a urban part (i.e. more wealthy) and a wide rural periphery. Yet, although the recent 1995 reform state orientations recognize the existence of the local country, they do not institutionalize it. Indeed, if the relevant spatial level to develop economic action efficiently is the local country, it means that it should become the basic local government level, with both administrative missions and democratic political power. Given the intermediate size of the local country, when compared to the municipality and the department, such an institutional recognition process puts into question the role and the legitimacy of the actual local government levels. Going further in this direction could imply the suppression of the departmental level in favor of the empowerment of the regional or inter-regional level, in order to reach a global government level, which would be consistent with other European country local authority maps, and could hence best benefit from the Community's aid. In other words such a restructuration would induce a profound change in the local government map and in the relationships of its parts. Moreover it would break with the decentralization principle of total independence of the various authorities for the sake of coordination and public action efficiency. Finally, this restructuration would be at the expense of the actual chief executives of departments, which helps explain why the 1995 law remains unfinished on this point.

6.2. Restructuring the Central State and Creating Local Matrix Structures

The state missions would also need to be reformed, in order to match the actual liberal context, which reduces them. The decentralization process, which would be deepened, should be associated with a parallel mission delegation process from the center to the peripheral public service units, which would be organized in autonomous agencies, following the British 'Next Steps' (Picq [16]). The central state level would focus on the sole critical global missions, while some strategic activities should be transferred to the regional / inter-regional authorities, the center intervention being ruled by the subsidiary principle.

At the local level, the problem lies in the multiplication of public units meeting the same needs. In order to fulfill the requirements of the local state authorities, the central state has devolved some local administrative units at both departmental and regional levels without any global frame of sharing responsibilities. In order to cope with this confusing situation a restructuring proposition consists of decoupling the

devolution map from the decentralized authority one. This would imply to put together the actual departmental and regional administrative units depending from the central level (i.e. ministers) into a few territorial directions, the action of which would be led by the prefects, but which would still depend from the central state level for budgets. These territorial directions would be created at the 'relevant level', meaning ad hoc territories, like big cities or a group of municipalities or a region.

This administrative map would be expected to be progressively imitated by the decentralized authority one, leading to a similar restructuration. The region prefect would then be at the core of a coordinating process of units of both structures, meaning those depending upon decentralized authorities and central state. This important task would imply to control public services from different kind and would entrust the prefect with some transversal responsibilities, like a project manager in a matrix structure. The functional division corresponds to the hierarchical lines between either the administrative units of the territorial directions and the concerned minister or the local administrative units and the decentralized authority ; the prefect would then be in charge of a group of these various units from both hierarchical lines. Some of the recent orientations tend to be consistent with this proposition through reinforcing his power. Nevertheless, some analysts interpret this evolution as a means used by the central level to develop its control over the local public life, since the prefects are state representatives.

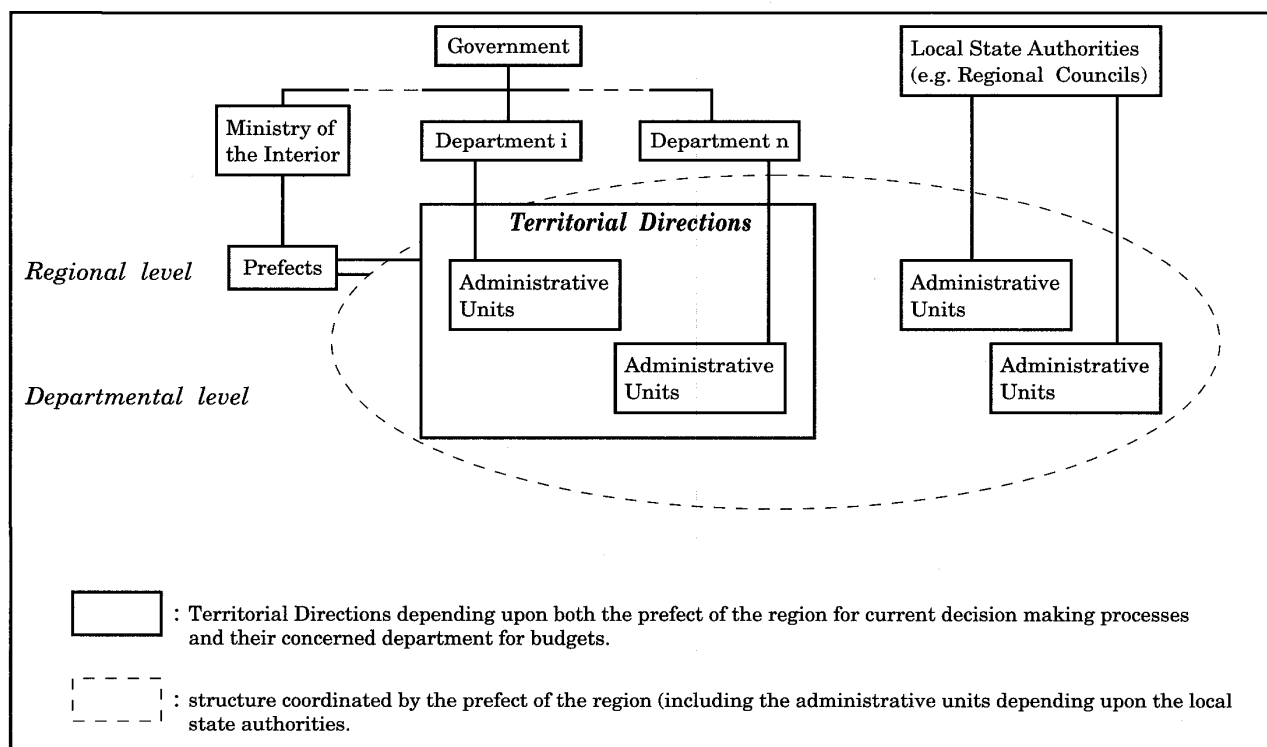


Figure 3 . The Local Matrix Structure Proposition

6.3. *Managerial Freedom vs. Democratic Control*

Giving the interweaving of managerial and political powers, one can suggest the decentralization process as a favorable context for New Public Management developments. But one can wonder whether a direct democracy can cope with the resulting managerial autonomy. Once again, this stresses the need for first improving the opposition rights in a representative democratic model, second spreading and widening the concept of accountability on both political and organizational levels, which is consistent with result-oriented practices.

7. *Conclusion*

Performance measurement is central to New Public Management. Despite the progress that has been experienced at the local level, especially through the rise of the delegated management model to the benefit of the private sector, much remains to be done at the central level, in terms of financial transparency and public fund utilization review. One of the most critical points is the need for a management accounting system, which would help to identify the link between the inputs (i.e. public resources) and the outputs (e.g. the results of a program). This first requires a budgetary framework implying a finalization (i.e. the expected objectives) of the fund allocations, through a functional budgetary structure. This evolution has been hindered by the French cultural values, the first of which is centralism, as the structures of control and the resistance facing the organizational decentralization prove its shaping influence. The primacy of political matters in public life, reinforced by the interweaving of the political and managerial powers, stresses the symmetry between the governance patterns. This would hence lead to a political reform focused on the empowerment of the opposition forces as a pre-requisite to NPM developments.

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