Chapter - 6

THEORETICAL FRAMEWORK
& RESEARCH METHODOLOGY

The earlier chapters reviewed the literature on New Public Management reforms, discussed their implementation in developed and developing countries, traced the evolution of reforms both in India and Kerala and described the elements of the MGP. This chapter consists of two sections. In the first section we shall discuss the theoretical framework as well as the logical questions asked. The section gives a bird’s eye view view about the need and importance of the theoretical framework and defines the variables of the theoretical framework and research questions. In the next section we shall discuss the research methodology, and finally conclude with the limitations of the study.

6.1 The need and importance of the theoretical framework

The main aim of a theoretical framework is to define the dependent variable and independent variable and the possible relationship between the variables for the purpose of research. According to Sekaran & Bougie (2010), theoretical framework represents the beliefs on how certain phenomena (or variables or components) are related to one another (a model) and an explanation of why we believe that these variables are associated with one another (a theory). The model and the theory flow logically from the previous research in the problem area. The variables have already been identified from the literature review done in the earlier chapters. The theoretical framework helps to test the need for NPM type reforms in developing countries.

6.2 Theoretical framework

The introduction of NPM in developing countries is the topic of study in this thesis. The eight elements of NPM identified were considered as the independent variables for the study. To what extent the above elements have been adopted determines the level of introduction of the NPM to the developing countries. The moderate variables such as the political system, social and cultural systems, economic, bureaucratic systems and the donor agencies
influence the extent to which the NPM elements are implemented in developing countries.

If the elements are found to be highly acceptable, and are believed to be useful for modernization of the government services, it can be said that NPM is accepted. On the other hand, if it is believed that the above concepts will not be appropriate, the introduction of NPM will be difficult.

An independent variable influences the dependent variable either in a positive or a negative way. If an independent variable is present, the dependent variable will also be present, if an independent variable increases, dependent variable will either increase or decrease. In this study the suitability of the NPM in developing countries will be determined by the positive or negative influence of the NPM variables.

The independent variables are also related to one another. From the literature, we can see that many of the elements of the NPM are interrelated. For example, if we improve market mechanisms, customer responsiveness will increase. Cost cutting is influenced by all other elements of the NPM. Creation of agencies will only succeed if decentralization of authority is effectively implemented. Thus we can see that almost all elements of the NPM are interrelated. Hood (1991) calls this phenomenon ‘overlapping doctrines’. According to Pollitt (1995), the mutually supporting and integrative nature of the NPM elements is their real strength.

The moderating variables also have an equal influence on the success or failure of adoption of NPM elements in a particular country. The adoption of the market type mechanisms in Kerala will be influenced by the political situation (Left or Right in power), the introduction of the efficiency measures like performance management, cost cutting will be influenced by the social and economic factors prevailing in the state. The influence of the moderating factors on the relationship between the independent and dependent variables has been influenced by the inherited socio-economic, bureaucratic and political systems prevailing in the state.

6.3 Variables for the study

A concept which can take on different quantitative values is called a variable. According to Sekaran & Bougie (2010) a good theoretical framework
identifies and defines the important variables in the situation that are relevant to the problem. According to Sekaran (2000) ‘the dependent variable is the variable of primary interest to the researcher. It is the main variable that lends itself for investigation’. Can NPM be introduced in developing countries? Are the NPM type reforms applicable to the State of Kerala and other countries with similar situations? These questions will be central concerns in this research.

The degree of preparedness of the State of Kerala for the application of NPM concepts will be one of the issues of central concern in this thesis. The degree of preparedness has been determined on the basis of the attitude and beliefs of the stakeholders who are assumed to have a better understanding of the social, political and administrative systems of Kerala. The stakeholders shall be the group who have an interest in the field of the study and are affected by the decisions of the government. We shall include government employees and senior bureaucrats as the stakeholders of this particular study.

6.3.1 Dependent variable

The main focus of this research is NPM in developing countries with the help of a case study of Modernising Government Programme of Kerala. This is the dependent variable in our study.

6.3.2 Independent variables

The independent variables for the study are taken from the Pollitt’s work (1995). The eight elements of NPM described are cost cutting, capping budgets and seeking greater transparency in resource allocation, disaggregating traditional bureaucratic organizations into separate agencies, decentralization of public agencies, separating the function of providing public services from that of the purchaser, introducing market and quasi-market type mechanisms (MTMS), staff requirement to work with performance targets, indicators and output objectives, changes in the public employment from permanency and national pay and conditions towards team contracts, performance related pay and according importance to service ‘quality’ and ‘customer responsiveness’. As far as this study is concerned, following are defined as independent variables
1. Cost cutting and downsizing,
2. Introducing agencies,
3. Split of purchaser and service provider,
4. Decentralization of management authority,
5. Introducing market mechanisms,
6. Performance management,
7. New personnel system,
8. Quality and customer responsiveness.

The totality of the above factors in Public Management is defined as NPM. Each variable is defined as the element of NPM. These are the elements on which the desirability of the NPM is measured. The relationship between dependent and independent variables is also influenced by the presence of the other factors.

6.3.3 Moderating variables of NPM

According to Ferdousi & Qiu (2012), the political system, party politics, macroeconomic considerations and state traditions are the four factors influencing NPM reforms in western countries. Lee & Haque, (2006) have added two more factors to the above list, namely, the role of IDAs (International Development Agencies) and the state of civil society while analyzing the case of South and Southeast Asia. The policy process of reform, political situation of the country, path dependency characteristics and bureaucratic behavior are the four factors affecting the application of NPM in the context of Nepal (Gautam, 2008). The critical factors identified for success of NPM by Sarker (2006) are the existence of a formal market economy, advance level of administrative infrastructure and economic development, and state efficiency. Thus we can see the applicability of NPM in developing countries being influenced by the socio economic and political administrative factors. For the purpose the study we can term these factors as the moderating variables.

We shall also examine how the moderating variables (environmental characteristics) like socio-cultural system, bureaucratic systems, the economy, political systems and the donor agencies influence the acceptance of NPM in developing countries.
6.3.3.1 Socio-Cultural factors and NPM

Culture is nothing but the inherited beliefs, values and perceptions found in the society (Schein, 1992). According to Schedler & Proeller (2007), the notion of culture represents shared values, norms, appropriate behavior and routines, rules and cognitive scripts and symbols of a specific social group. Scholars have distinguished between two (for example Schedler & Proeller, 2007) three (for example Peters, 2001) or more interconnected layers of culture (for example Bouckert, 2007). According to Peters (2001), Public Administration is influenced by three partially interconnected spheres of culture: societal culture, political culture, and administrative culture. Bovaird (2007) refers also to sectoral and occupational cultures, besides the national and organizational cultures in order to explain reforms in UK public sector organizations.

The reform experiences show that, for any reforms to be successful, should take into consideration the socio-cultural, economic, administrative and political environment of a country. As Max Weber said, “If we learn anything from the history of economic development, it is that culture makes almost all the difference” (Landes, 1998).

The state of Kerala has a high Human Development index compared to other states in India. Decentralization of governance was highly successful in Kerala. There were several people who contributed to make Kerala culture a composite and cosmopolitan culture. This led to the emergence of a spirit of tolerance and catholicity of outlook. In response to challenges, Kerala has demonstrated through the ages its genius for adaptation and fusion of old traditions and new values in every sphere of human thought and endeavour (Menon, 2008).

6.3.3.2 Bureaucratic environment and NPM

The mechanisms in the government to carry out its administrative activities are known as bureaucratic systems. The strong linkage between the bureaucratic systems and acceptability of New Public Management is argued by many authors (Klinger & Compos, 2001). The second ARC report explains the importance of the bureaucratic environment such as accountability,
transparency, decentralization of management authority as prerequisites for good governance. The bureaucratic environment which supports transparency, accountability, decentralization and professionalism in the administrative systems provide the environment in which the NPM concept can foster success.

6.3.3.3 Economy and NPM

Economic crisis was the one of the major factors influencing the reforms in the public sector. Developing countries are characterised by resource constraints. The World Bank (1995) points out that fiscal crisis is one of the important motivating factors for reforms in the developing countries. The fiscal crisis was a cause for the reforms implemented in Australia and New Zealand.

Resource constraints in developing countries like India often force them to depend upon the donor agencies to finance the reforms. The Asian Development Bank loan, which was accepted by the state of Kerala, emerged because of the severe financial crisis that prevailed in the state at that time.

6.3.3.4 Donor agencies and NPM

The international donor agencies like World Bank, IMF and Asian Development Bank have taken upon themselves the role of bringing the so-called NPM practices to the developing world. As a part of financial aid, most of them put conditionality on the recipient countries in the form of reforms in the Public Sector. They provide financial assistance as well as technical knowledge to modernize the public sector in the developing countries. According to World Bank (1995), if the countries are not ready to accept the reforms, the aid to the countries will be counterproductive. If the recipient countries are not willing to accept the reform package, they will try to maintain the status quo, which will further deteriorate their performance. Some governments rushed into bad bargains to meet deadlines set by external agencies, and poor results could tarnish the reputation of reform as well as the foreign assistance. In general, we can see a strong relationship between donor agencies and public reforms like NPM in the developing countries.
6.3.3.5 Political system and NPM.

Acceptance of NPM reform in a particular country depends on the prevailing political environment in the state. The most common factors which influence public sector reforms are political neutrality, commitment interest and stability. All these factors are interrelated. It is only when political neutrality is established that the NPM mechanisms like performance–pay systems, performance management etc., can be freely established in the administration of the state. Political stability helps the countries to develop long term strategies. Positive approach of the political leadership can have a decisive influence on reform activities. The above arguments are true particularly in the developing countries. If we examine the case of MGP in Kerala, the instability of the government (every five years the government changes) as well as the coalition character of governance affect development activities. This was also true in the case of reform packages like Modernising Government Program. The political commitment for change was less; reforms were always directed towards short-term political mileage. Most of the reform movements in the state have no continuity and are left behind when the political leadership is changed.

From the above discussion we can clearly see that factors like political neutrality, commitment and interest are the most important factors that should be present in a state for the success of any reform package especially NPM type reforms. In addition, political continuity is also very critical.

We have discussed the dependent, independent and moderating variables for the study. The researcher, in this study, only attempts to explore the influence of political and bureaucratic systems on acceptability of NPM in Kerala.
Figure 6.1 Theoretical framework

Source: Atreya, 2002.

The above framework is used to test the introduction of NPM in Kerala (adapted from Atreya, 2002).

6.4 Research questions
The study is focused on the following questions

1. Is downsizing acceptable to public servants in Kerala?

2. Is there acceptability for the concept of agency in Kerala among the public servants?

3. Is the principle of separation of policy and operations acceptable in Kerala Public service?
4. Does performance of the public services improve with decentralization of the management authority?

5. Are market type mechanisms acceptable to public servants in Kerala?

6. Is performance management possible in Kerala public sector?

7. Is change in personal systems like performance based pay and introduction of executive service for Kerala acceptable to public servants?

8. Is it feasible to introduce standards in the quality of services in the public sector?

9. Is there a relationship between NPM elements in the context of Kerala?

10. Are the moderating variables (political system and bureaucratic environment) influencing the NPM type reforms?

Answers to the above questions will provide us a general understanding of the level of acceptability of NPM in Kerala. From this understanding the following two questions can be answered.

1. What are the conclusions that can be drawn about the factors that encourage or inhibit the acceptability of NPM type reforms in developing countries with reference to MGP - Kerala.

2. What are the recommendations for future research on reforms in the state of Kerala based on the MGP experience.

**6.5 Research Methodology.**

This section describes the methodology used for study. The section starts by explaining the overall methodology of this research. It explains the questionnaire used for the survey, the issues dealt with under each question as well as the schedule used for institutional and focused interview. It also describes the sampling methods used, data collection instruments, procedures and the tools used for analysis of data.
6.5.1 Overall research methodology

The overall research methodology adopted in this study is descriptive and analytical. Both primary data and secondary data are used in this study. The primary study was collected from three sources using three different data collection method. First, the data was collected from the employees of the randomly selected institutions belong to the departments where MGP was implemented. A questionnaire survey was conducted for collecting data from the government employees serving in those institutions.

Second type of data was collected from the institutions themselves, mainly through the use of observation technique of data collection. The researcher visited the selected institutions to observe and collect data on the changes (if any) made after implementation of MGP project. Many pieces of information were verified with the Head of the institutions.

The third approach in collecting primary data was from depth interviews of senior officials and key informants of the MGP project. This was mainly done through open ended questions being used for the interview questionairre.

The secondary data for this study were collected from the various reports on the implementation of MGP, previous studies carried out by researchers and the literature on NPM, both conceptual and empirical, available from books, journals, and internet sources as well as from government documents. There were hardly a couple of cursory studies conducted on MGP; hence the literature survey was very limited. Most of the staff associated with the project were scattered in different departments due to departmental transfers and promotions. The website created for the MGP is inactive and no important document is available in the site. There is no proper statement of accounts, no files etc. available. Due to this peculiar situation, the secondary data on MGP were often collected from the unpublished documents (private notes) available with officials who had associated with MGP.
6.5.2 Data collection instruments

a. Questionnaire for employees in the selected institutions.

A structured questionnaire was the main instrument used in this research to collect data from the employees. It is the best method in a survey when the researcher is familiar with the variables needed to be measured and sample size is relatively large and the respondents dispersed. A pre-test of the questionnaire was done with 20 selected members from a government department (Revenue) and their suggestions were incorporated in the final content of the questionnaire. The questionnaire has been so prepared as to take account of the variables under study. The key areas to be measured were identified and grouped under each heading. The table below shows the variables under the study, key issues covered to explain the variables, and the item used to measure the variables.

Table 6.1 Variables, main issues and measures

<table>
<thead>
<tr>
<th>Variables</th>
<th>Main Issues</th>
<th>Measures</th>
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<tbody>
<tr>
<td>Independent Variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost cutting and downsizing</td>
<td>Overstaffing, size of the government, reducing the scope of operations.</td>
<td>Q.9, 10, 28</td>
</tr>
<tr>
<td>Introducing of agencies</td>
<td>Usefulness of single window service and applicability of agency concepts.</td>
<td>Q. 11, 12</td>
</tr>
<tr>
<td>Split of purchaser and provider</td>
<td>Co-ordination</td>
<td>Q. 13</td>
</tr>
<tr>
<td>Decentralisation</td>
<td>Devolution increases efficiency, performance improvement</td>
<td>Q. 18, 19</td>
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</table>
## Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Main Issues</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of market based mechanisms</td>
<td>Role of Government, capacity of the private sector, need for privatization, and feasibility.</td>
<td>Q.6,7,8,38, 39, 40</td>
</tr>
<tr>
<td>Performance management</td>
<td>Law for performance management, clarity of mission applicability and difficulties.</td>
<td>Q. 31,32</td>
</tr>
<tr>
<td>New Personnel System</td>
<td>Senior Executive Service, empowerment, quality improvement plans.</td>
<td>Q. 24, 26, 27</td>
</tr>
<tr>
<td>Quality and Customer responsiveness</td>
<td>Service standards empowerment devolution to the lower levels quality improvement problems</td>
<td>Q.41,42,43, 46, 47</td>
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</table>

### Moderating variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Main Issues</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political System</td>
<td>Political commitment, interest, influence in the public service and the levels of confidence towards the government.</td>
<td>Q.01,02,03, 04,49,50,51</td>
</tr>
<tr>
<td>Bureaucratic Environment</td>
<td>Accountability, transparency, ethics and corruption, financial management system, reform implementation.</td>
<td>Q.05,14,44, 45,15,16,17, 20, 21, 22, 23, 29,30,33,34, 35,36,37,48</td>
</tr>
</tbody>
</table>

In the questionnaire, items of a categorical nature (questions) 24,27, 28, 31 and 34 are so formulated as to elicit ‘Yes’ or ‘No’ answers. To evaluate the opinion of the respondents, questions were scored on a five point Likert scale for quantitative analysis.

### b. Schedule for Institutional Facilities mapping

A schedule was prepared to map the facilities created by MGP in seventy (70) institutions selected at random from four departments. The schedule was based on the standard reference manual prepared by MGP for each institution.
c. Interview Schedule

A schedule with open ended questions was used for in depth interviews of senior officials and key informants.

6.5.3. Universe of the study

The universe selected for this study is government departments of Kerala, where MGP was introduced (list attached in the annexure). The survey was conducted on the civil service employees of the randomly selected institutions under each department. The eight departments selected under MGP were revenue, education, LSG, social welfare, home, civil supplies and health. In this study the sample is drawn from revenue, health, LSG and social welfare as well as, to a lesser extent, police and education. The departments which have the highest level of salience in terms of contact with the public are selected for sampling. The study was conducted in the district of Ernakulam in the central part of Kerala.

Table 6.2 Universe of the study

<table>
<thead>
<tr>
<th>Department</th>
<th>Institutions</th>
<th>No of institutions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Collectorate</td>
<td>01</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>Taluk</td>
<td>07</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Village</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Panchayat</td>
<td>Gram panchayats</td>
<td>08</td>
<td>08</td>
</tr>
<tr>
<td>Health</td>
<td>Taluk Hospital</td>
<td>01</td>
<td>09</td>
</tr>
<tr>
<td></td>
<td>PHC</td>
<td>07</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CHC</td>
<td>01</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>VHSS</td>
<td>02</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>GHSS</td>
<td>04</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GHS</td>
<td>04</td>
<td></td>
</tr>
<tr>
<td></td>
<td>UPS</td>
<td>04</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LPS</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Home</td>
<td>Rural</td>
<td>03</td>
<td>08</td>
</tr>
<tr>
<td></td>
<td>City</td>
<td>05</td>
<td></td>
</tr>
<tr>
<td>Social welfare</td>
<td>Anganawadis</td>
<td>105</td>
<td>105</td>
</tr>
</tbody>
</table>

Total institutions selected from six departments under SDP in Ernakulam Dist 211
In the above, in Social welfare department, old age homes as well as the other welfare institutions have not been included in the universe of the study, since these institutions have limited public services. The list is taken from the list of institutions selected for SDP from Annexure to G.O (MS) NO 98/04/GAD dated 14-05-2004, Selection of the departments was taken on the basis of its ‘publicness’. i.e. the departments having frequent public service interface.

6.5.4 Sampling Procedure and sample size

A multi-stage sampling procedure was adopted for the survey. The researcher first identified six departments out of eight departments on the basis of their interface with the public and the value of their service. In the Ernakulam District, MGP was implemented in Two Hundred and Eleven (211) institutions under the above six departments. From the above six departments, 84 institutions were selected using stratified random sampling technique. In this way, roughly 40 percent of the institutions where MGP was implemented were selected. The eighty four institutions thus selected were used for employee survey as well.

Four departments, (50 percent) of MGP implemented departments - revenue, health, panchayat, social welfare were selected for institutional survey. Seventy institutions (40 percent) from the above four departments were selected on a random basis for survey of facilities.

In addition, 15 key informants and senior civil servants were selected by using the snowball method. Ernakulum district was selected because it is in the central part of Kerala and also an important business centre of the state with greater potential for receptivity to NPM type reforms.

6.5.5 Data collection procedures

After the institutions were identified, the researcher visited each institution in the sample and distributed the questionnaire for all the employees who are willing to cooperate with the survey. The researcher took appointment with the high officials of the institutions and personally administrated the questionnaire. The researcher explained each measure and noted the response from the officials. To the middle rank officers, the questionnaire was given and taken back after a stipulated period for answers/response. Main advantage
of the personally administrated questionnaire is that one can build better rapport with the respondents and clarify doubts that may arise in the course of the session. But it is time consuming because the researcher has to wait for the appointment and also sometimes visit the same organizations many times for giving and collecting the filled in questionnaire.

Schedule for institutional facilities survey were canvassed by the researcher himself (after fixing up appointments in some cases with the Head of the institution) and physically verifying the facilities when required.

Most in depth interviews of senior civil servants and key informants were carried out in Trivandrum secretariat or at their residences. They lasted up to 2 hours in some cases.

6.5.6 Data analysis method

The quantitative data collected were analysed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics such as frequency, percentage mean, standard deviation of all the variables under consideration were first calculated to get the initial reaction of the respondents.

One sample Z test, one way ANOVA and chi square test are the statistical tools used to analyse the data. All tests were conducted at 5 percent level of significance.

Correlation was used to explore the relationships among the independent variables. Sobel test were used to explore the relationship between independent and moderating factors. The Sobel test basically provides a method to determine whether the reduction in the effect of the independent variable, after including the moderator in the model, leads to a significant reduction, and therefore, whether the mediation effect is statistically significant.

6.5.7 Limitation

The main limitation of the study was knowledge gap among the respondents. Most of the employees available during the implementation of the project were either retired or transferred to other institutions. The general awareness about MGP among the respondents was low, making the return of valid filled questionnaires a problem. This led to a situation in which 24 percent of the respondents either failed to respond altogether or failed to fill in the crucial questions for want of adequate knowledge to do so. Most senior officials
(bureaucrats) either refused give appointments on the ground that they were too busy or failed to open up their minds. The researcher was able to contact only 15 bureaucrats and key informants, including the retired staff, for generating qualitative data. The number of respondents marking ‘no opinion’ was high when they have to comment on political parties, unionism and performance of government.

**Conclusions**

This chapter has provided an overall picture of the theoretical framework and methodology employed by the researcher for the study. It gives a clear picture about the universe, sampling method, sample size, data collection method, instruments used, and the analysis as well as the limitations of this research. The next chapter will discuss in detail the findings of the survey of employees and analyses based on them. The findings emerging from the institutional survey of facilities, as well as the results from the interviews with senior civil servants and key informants will be integrated in the chapter.