

# **Reform as Policy Theory: The Case of Public Management Reform in the Philippines**

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*Public management reforms are important changes desired in a government structure. In the Philippines, bureaucratic reforms are introduced nearly every time there is a change of administration. This article focuses on the last two systemwide reforms—the Integrated Reorganization Plan, implemented in 1971 under Marcos' administration and the Presidential Commission on Government Reorganization of Corazon Aquino in 1986. Janet Weiss' policy theory was adopted in analyzing the development of administrative reforms over the years. It consists of three interrelated policy components, namely: theory of the problem, of desired outcome and of intervention. The theories make for an understanding of how the role of government is envisioned and how they should work.*

Public management reform ranks among the most important concerns of many contemporary governments in the world. In the United States, it was noted that the origins of the study of administration in the country lay in a victorious reform movement (Arnold 1974). In the Philippines, the reform of bureaucratic institutions has been a prominent and recurring tradition of public administration practice (Reyes 1997). The formal study of public administration in the country was, in fact, an offshoot of reform recommendations (Endriga 1994). Indeed, the reform of governments has been an enduring concern of many administrations, though the reasons and motivations for reform may vary from country to country and from one historical context to another.

This article will revisit public management reform initiatives in the Philippines within the framework of reform as a policy theory. Such an attempt could lead to a better understanding of reform and its underpinnings. The article first discusses the framework to be used, which is largely based on the discussion on policy design and modeling by Janet Weiss (1999). The cases of the two most recent system wide administrative reforms in the country—in 1971 and in 1986—are examined using the framework. In the next section, the proposal for reform as outlined in the Department of Budget report of 1995 is

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also discussed within the framework. Although the proposal was not legislated into law, the arguments and thinking that pervade the report provide insight on how contemporary public reform is visualized, framed and assessed.

### **A Framework for Understanding Public Management Reform**

Public management reform, in its essence, is a theory of change. Reform proposals and initiatives are linked to desired changes in governmental structure, operations, and even role in society. The desirable situation or the desired changes are often based on what are perceived as inadequacies of current governmental structure and operations.

Weiss, using Graham Allison's account of the Cuban missile crisis as an illustration, emphasized that policy deliberation, decisionmaking, and argument are grounded in policymakers' model of the world, which frames what is happening and points toward alternative courses of action that may make sense (Weiss 1999: 37). Following Weiss's argument, public management reform proposals can arise from reformers' particular model theory of government or administration. Such model or theory could focus on the operations, structure, and values of government, particularly the bureaucracy.

Weiss (1999: 38) further emphasized that public policies "must be grounded, explicitly or implicitly, in not one but three interrelated theories: theory of the problem, of desired outcomes, and of intervention." These "theories" are distinct, yet interdependent. They suggest a way of understanding a phenomenon, the outcomes that are sought, and the means of intervention to be employed. The theories are also causal, behavioral and contested. They are causal in the sense that separate and together, they suggest a mechanism linking cause and effect. They are behavioral—they explain or predict changes in behavior or actions of citizens, firms, governments and communities. They are contested in the sense that the ideas they suggest may not enjoy general or widespread acceptance by other groups (Weiss 1999).

Indeed, Weiss examined the policy theories underlying the National Performance Review (NPR), which was commissioned by then President William Clinton to reinvent the United States federal government. She found, for example, that the theory of the problem implicit in the NPR report identifies two major sources of performance constraints: administrative and political. As she summarized, the policy problem has been caused by "(1) the lack of positive incentives for good performance and (2) political risk aversion that leads to excessive procedural controls" (Weiss 1999: 40). However, the theory of desired outcome concentrates on the administrative sources of better

outcomes and less on how to address the role of political risk aversion. Thus, she observed that the theory of the desired outcome is more focused on the administrative rather than on the political, and was less complex than the theory of the problem. The theory of intervention is "even more streamlined" than the theory of desired outcome, but the preferred intervention appears, to Weiss, as not responsive to either of the factors highlighted in the theory of the problem (1999: 41-43). The theory of intervention has failed to link adequately the problem and the desired outcomes because it did not pay enough attention to political factors (Weiss 1999).

### **Theories of the Problem, Desired Outcome and Intervention**

The structure of policy theory as enunciated by Weiss consists of three interrelated policy theories or components, namely: theory of the problem, theory of desired outcome, and theory of intervention. The theory of the problem is also understood in policy studies and policy analysis as the process of problem definition and articulation. It suggests how the policy problem could be characterized, how it evolved, and how it could lead to certain consequences. The theory of desired outcome answers the question of what desired state is being envisioned. According to Weiss, it includes two critical elements: a description of reality that is preferred over the current unsatisfactory condition, and the identification of the actors involved or responsible for bringing about the preferred social condition. The theory of intervention addresses the question of how could the desired outcome be achieved based on the understanding of the policy problem. It focuses on the targets and agents of the intervention and the mechanisms for intervention (Weiss 1999).

These theories or components, taken together, should form a coherent policy package. Nonetheless, it is possible for the theories to be congruent, to overlap, or to be altogether unrelated. For example, the interventions thought of might pertain to a different outcome other than what was explicitly enunciated in the theory of desired outcome. The theory of intervention may not address squarely the policy problem as defined, or it might fail to link both the problem and desired outcomes. As a framework, the theories enable those interested to come into grips with the conceptual, political and administrative dimensions underlying particular policy proposals.

How would the interrelated theories of the problem, desired outcome and intervention explain the case of public management reform in the Philippines? Weiss's analysis of the NPR report as a policy theory shows how the theories could help illuminate the understanding of reform in the public sector. This study will attempt to apply the policy theories to Philippine efforts at management reform.

## Public Management Reform in the Philippines

Public management reform in the Philippines has been carried out primarily through governmental reorganization of the Executive branch. Cola (1993) noted that various attempts to reorganize the administrative system occurred once in a while until the Philippines became politically independent. Since 1946, there had been five major system wide reorganizations of the government (Cola 1993; De Vera 1997). The most recent reorganization took place during the Aquino administration.

It has been observed that administrative reforms in the past were conditioned by the various stages of the country's political evolution (PCR 1984). During the Spanish and American periods, reforms focused on achieving greater Filipino participation in public administration. In the Commonwealth period, reforms were geared towards providing more autonomy.

The first two major reorganizations undertaken after independence, during the terms of Presidents Manuel Roxas and Elpidio Quirino, were directed at supporting postwar rehabilitation efforts and nation building requirements. During President Ramon Magsaysay's term, reorganization was prompted by a desire "for more effective management of the government, and a more economical and efficient administration of public business" (PCR 1984: 4-5).

These previous reorganization efforts, according to the Presidential Commission on Reorganization (PCR), were mainly driven by the perceived goals of simplicity, economy and efficiency in governmental operations (PCR 1984: 5). While the theory underpinning the reforms was not explicit, it could be surmised that they were driven by classic public administration ideas, in which the governmental bureaucracy is seen as a structure of interrelated parts and processes. Bureaucracy's processes, rules and regulations, structure and linkages need to be streamlined and improved, to attain the desired efficiency and effectiveness of the organization.

The last two system wide undertakings of reform of government were implemented in 1971, under the administration of President Marcos, and after he was overthrown and replaced by President Aquino in 1986. Understanding the theory of the problem for both reorganization programs would show how the paradigmatic thinking about public management reform has shifted over the years. Both theories of the problem are presented in the following table.

**Table 1. Theory of the Problem Necessitating Reform: Integrated Reorganization Plan (IRP) and Presidential Commission on Government Reorganization (PCGR)**

<i>IRP (1971)</i>	<i>PCGR (1986)</i>
<ul style="list-style-type: none"> <li>• Government's capacity for economic development needs to be strengthened (e.g., economic planning).</li> <li>• Government suffers from a need for greater policy and program coordination.</li> <li>• The structure and processes of government must be improved to achieve economy, efficiency and simplicity.</li> <li>• The bureaucracy must be reorganized and reoriented towards development administration.</li> </ul>	<ul style="list-style-type: none"> <li>• Government corporations increased from 75 in 1970 to around 250 in 1985.</li> <li>• Decisionmaking has been centralized in the President.</li> <li>• Government has intervened too deeply in the private sector, bringing industries under government-controlled monopolies.</li> </ul>

### **Theory of the Problem: Why Was Reform Needed?**

The usefulness of the framework is readily illustrated by an analysis of the theory of the problem that necessitated reform in both reorganization efforts. In the IRP case, reform was considered necessary to capacitate the government in undertaking development administration, particularly in meeting the requirements of industrialization. In particular, government capacity was to be improved in terms of economic planning as well as policy and program coordination. Reorganization was seen as a "deliberate means by which government administration adjusts itself and keeps pace with the times" (PCR 1984: 1). It was a means "to make the governmental system viable and responsive to the requirements of development" (PCR 1984: 1). The IRP case viewed government as an instrument to bring about services and change. Government was not merely a dispenser of services, but also an organization capable of creating, hastening, or reacting to change (PCR 1984: 1).

On the other hand, the public management reform undertaken in 1986 viewed the policy problem in terms of bureaucratic gigantism, overcentralization of authority, and the presence of interventionist structure, policies and programs (PCGR 1986). It was observed that the number of government corporations increased from 75 in 1970 to around 250 in 1985. Years of authoritarian rule have left much of the decisionmaking in the hands of the president. The result was a government that has intervened deeply and

has extended itself into the domain of local government and also into the private sector, bringing industries under government-controlled monopolies (Rebullida 1988).

The policy problem in the reform initiated by the Aquino administration was altogether different. It hints at public failure. Government itself had become a problem, requiring reform. Governmental activities had not resulted in improved efficiency and effectiveness, or simplicity of operations. The administrative system was found not only inefficient and ineffective, but also with a weak sense of public accountability (Cola 1993).

### Theory of Desired Outcome: What Was Envisioned?

Given the contrasting formulation of the policy problem, what were the desired outcomes envisioned in the two reform initiatives? Table 2 presents the different desired states of government for each reform initiative.

**Table 2. Theory of the Desired Outcome: IRP and PCGR**

<i>IRP (1971)</i>	<i>PCGR (1986)</i>
<ul style="list-style-type: none"> <li>• A government that promotes simplicity, economy and efficiency, with an increased capacity to implement programs, administratively decentralized, and departmentally organized.</li> <li>• A development-oriented administrative system</li> </ul>	<ul style="list-style-type: none"> <li>• A restructured government whose efficiency and effectiveness are seen visibly in terms of improved frontline services.</li> <li>• A "restrained," market-oriented government that intervenes only in those areas and on those occasions where market forces alone are not sufficient to satisfy the demands of equity and social justice.</li> </ul>

In terms of administrative values, both reform efforts sought to achieve economy and efficiency in operations. The IRP added simplicity, whereas the PCGR emphasized effectiveness in frontline services. IRP reiterated in its desired outcome the notion of a capable, development-oriented government that is administratively decentralized and structured along departmental lines. In the PCGR, what was envisioned was a market-oriented, enabling government. The desired outcome looks at the market as a main actor in society's development. Government's role is restrained and becomes prominent only in situations where market mechanisms fail. This was not

surprising; at the time the reform proposals were enunciated in 1986, the emerging view of government was influenced largely by the neoconservative stance of the governments of Margaret Thatcher and Ronald Reagan, which were anchored on privatization of state enterprises and a healthy dose of bureaucracy-bashing.

### **Theory of Intervention: How to Reach the Desired Outcome**

Table 3 shows the theory of intervention for both reform efforts. In both instances, the government was the target of intervention. IRP targeted offices under the executive branch and government corporations, while the PCGR included the national government agencies, local governments, as well as government-owned and controlled corporations. Both reform processes were led and facilitated by a presidential commission.

**Table 3. Theory of Intervention: IRP and PCGR**

<i>IRP (1971)</i>	<i>PCGR (1986)</i>
<ul style="list-style-type: none"> <li>• Targets the offices under executive branch, government corporations</li> <li>• Implemented by a Presidential Commission on Reorganization</li> <li>• Mechanisms involved restructuring (creation, abolition, merger, consolidation), departmentalization, regionalization</li> </ul>	<ul style="list-style-type: none"> <li>• Targets the national government, local governments, government agencies and instrumentalities and government-owned and controlled corporations</li> <li>• Implemented by a Presidential Commission on Government Reorganization.</li> <li>• Mechanisms involved promotion of private initiative (privatization, deregulation, self-regulation, community self-help), decentralization</li> </ul>

In the IRP, the mechanisms for reform involved mainly restructuring, the formation of a new departmental structure (departmentalization) and the clustering of geographic areas and the creation of regional offices in those areas (regionalization). The focus of intervention was still the internal structure and organizational arrangement of the government. Whereas, the PCGR recommended privatization, deregulation, self-regulation, community self-help and decentralization. In essence, the mechanisms of intervention in the 1986 reorganization involved a greater degree of redistribution of power and authority from the government to its subsidiary levels, and to market and nongovernmental institutions.

### **Assessing the Policy Theories**

The theory of the problem suggests that the performance constraints of the government are due to administrative factors (in the IRP) and to a combination of both political and administrative factors (in the PCGR). The 1986 reform effort in fact emphasizes that government itself has become part of the problem. The theory of desired outcomes consistently highlights the values of efficiency and effectiveness. However, the logic of intervention to achieve the desired outcomes suggests that for the 1986 reorganization, efficiency and effectiveness could be optimally achieved through the retreat of government from its interventionist stance in societal affairs. Already, there were shades of new public management approaches in the PCGR proposals. The size of government was already identified as a problem.

What was evident also was the shift of perspective in terms of the role of government. In the IRP, government had a responsibility, if not a leading role, in bringing about development. PCGR argued that the leading role should be played by the market; hence, policy interventions should as much as possible explore the mechanisms of the market.

This transformation in thinking about the proper role of government came at a time when state-led development was being questioned particularly in the developed countries. Such questions and attempts to develop a new perspective on public administration culminated in what is now known as the new public management.

### **NPM and the PCSB Proposals**

New Public Management (NPM) thinking has been largely influential in the reform of contemporary governments. Many developed countries have initiated public management reforms, partly as a response to new opportunities and possibilities brought about by developments in information and communication technologies and globalization. They are partly a response to the flat, if not poor, economic performance worldwide and rising government expenditure. The demise of centrally-planned states and authoritarian governments has increased the ideological pressure to improve reform and reduce the state. The driving force has been "managerialism" (Kettle 1997: 447), which posits that traditional bureaucratic hierarchy has become unresponsive and needs to be transformed through market-style competition (Kettle 1997).

In the Philippines, the spirit of new public management is evident in the reform proposals that were put forth by the Presidential Committee on Streamlining the Bureaucracy (PCSB) under the Ramos administration. The

proposals were packaged in a document entitled "Re-engineering the Bureaucracy for Better Governance: Principles and Parameters" (PCSB 1995). While these proposals were not enacted into law during Ramos's term, they nevertheless provide a glimpse of contemporary thinking on what ails Philippine public administration and what needs to be done. Table 4 summarizes, using Weiss's policy theory framework, the theories of the problem, desired outcome, and intervention of the PCSB proposals.

**Table 4. Theories of the Problem, Desired Outcome and Intervention: PCSB Proposals**

<i>Problem</i>	<i>Desired Outcome</i>	<i>Intervention</i>
<ul style="list-style-type: none"> <li>• National government has expanded its role in and control of societal activities to the point of stifling the private sector.</li> <li>• The national government is ineffective in its basic governance functions and sectoral operations.</li> </ul>	<ul style="list-style-type: none"> <li>• A government that steers, that indirectly intervenes in society through market mechanisms, and whose primary responsibility is the exercise of its fundamental functions.</li> <li>• A government that exercises frugality and prioritization, steering, and compartmentalization, including decentralization.</li> </ul>	<ul style="list-style-type: none"> <li>• Targets executive branch offices and government corporations.</li> <li>• Mechanisms include greater private sector participation, devolution, restructuring and reorganizing of offices, and creation of new departmental model.</li> </ul>

PCSB's theory of the problem echoes the diagnosis earlier made by PCGR. In the committee's explanation, the indicators of overexpansion and intrusion in societal activities include extensive direct production activities, pervasive regulation in the various sectors, overcentralized government operations, weak basic governance functions, and inefficient bureaucracy. Government functions are largely duplicated among agencies. Government incurs a large overhead, yet delivers poor services. Past reform efforts were not enough, according to the committee. A new paradigm of governance is needed based on fundamental principles that will guide the proper scope, level, focus and structures of government intervention in society (PCSB 1995).

Indeed, the proposals rely on the assumptions of the new public management model. However, while saying that old approaches were unsuccessful, PCSB's theory of intervention also includes those that were applied by earlier reforms such as departmental restructuring and

rearrangement. PCSB's theory of desired outcome retains the values of traditional public administration as goals. Yet, its idea of governance is not clearly outlined, beyond putting heavy emphasis on private sector participation.

### **Conclusion**

What could be learned from the exercise of looking at reform as a policy theory, in the mold of Weiss's interrelating theories of problem definition, desired outcome, and intervention?

Sorting out the assumptions of the reform proposals in terms of these theories allows understanding of how the role of government is envisioned, and how the proposed interventions are supposed to work. Given this exercise, it seems that while the reforms undertaken in 1986 and the proposals in 1995 recognize the problematic nature of the bureaucracy, the interventions indicate that the reforms still recognize bureaucracy's continuing importance; hence, the enduring mechanism of restructuring and reorganization. The perdurability of the bureaucracy as an organization is implicitly recognized, despite the rhetoric towards its dismantling and dissolution.

The policy theories also tell the gaps in theorizing. While they help clarify the logic of reform as a policy initiative, they also draw one's attention to the inability of the reform initiatives to factor in the politics of reform. It must be noted that the Chief Executive, dealing with the Executive branch, had initiated almost all of the reform initiatives. Public management reform has always been considered a managerialist exercise, where the Executive branch is considered as one big organization. Arnold (1974) considered this view as an enduring legacy of traditional public administration, but which also partly explains why many reforms have not achieved much of what they intended. Arnold argued that what is necessary is to redraw the theoretical universe of public administration, by understanding that administration is a political process, and that the administrative acts of government are policy outputs of a political process. What is needed is a macro-perspective of reform (Reyes 1997), where the political environment and reform's political dimensions are considered as significant variables.

### **Endnote**

<sup>1</sup> Weiss used theory not its rigid form. As she explained, a policy helps organize and focus thinking about a problem at hand. It helps people "to develop positions and to take action on complex, uncertain and difficult matters" (1999: 37-38).

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