

**Innovation in Public Management:  
The role and function of community knowledge**

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## **Innovation in Public Management: the role and function of community knowledge**

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### **Abstract**

The New Public Management (NPM) revolution is being challenged by ideas and practices (re)establishing a focus on social factors in public administration. This paper presents some Australian experience of the move to balance the market instruments of NPM by bringing community oriented instruments and community based knowledge upon which these depend into public policy and management.

**Key Words:** innovation, community, locality, knowledge, public management

In the day-to-day world of public management there always has been and there remains a contest over the types of knowledge that are relevant to decision making. For example the NPM focus of the past 20 years essentially privileged expertise from market sources as the dominant knowledge source. This was reflected in almost all aspects of the public sector from recruitment focus (towards managers and accountants and economists), through the types of strategies deemed relevant to address problems (user choice/user pays), to the instruments of implementation and service delivery (contracts and competitive tendering). Such ideas and instruments achieved normative status under NPM and, despite their relatively narrow knowledge base, were applied across the board to areas as varied as economic, social and environmental policy.

The ideas and practice of the NPM produced increased efficiency and during the period of their dominance overall increases in productivity ‘externalities’ were significant. New forms of disadvantage arose, however, and many discourses were excluded from the policy and management arena. In this article we concentrate on the exclusion and revival of ideas and practices from community knowledge. This knowledge is re-emerging not just in the public administration literature but also in economics’ ‘cluster theory’ (Porter, 2000; Florida, 2003) and in geography’s new regionalism (Cooke and Morgan, 1998). Essentially these theories all have a focus on the significance of local area networks and their dynamic contribution to innovation, wellbeing and prosperity. The key factors at play include local leadership; institutional capacity; trust relations; the significance of history and narratives; local area data; network relations and a recognition of interdependence between the worlds of social, economic, natural and human

capital. These changes are not sweeping away the NPM nor are they likely to. Instead they are being grafted onto the NPM ideas and instruments. A straightforward example of this grafting is seen in the shift from contracts to Public Private Partnerships where the shell of NPM is seen in the use of the contract but the elements of social value may also be factored in.

While these ideas and practices now entering public management lack the unity of previous waves of reform and do not, for instance, have a single catchy title to reflect a coherent dogma, they are having a profound impact on the practice of government. Our argument for regarding this, tentatively at least, as a fundamental change is twofold. First the underpinning concepts, which are legitimising the changes, are so different from those they are superseding. The implication of this is that the current changes go beyond incremental reform. They involve the establishment of a new set of meanings in public sector activity and the way in which it fits into society. This ontological change is underpinned by a series of epistemological changes. Not only is new knowledge being used in contemporary public administration but it is being created outside the positivist knowledge framework shared by previous waves of bureaucratic reform. It is this change in what is being seen as appropriate knowledge, in how that knowledge is being given value and in how that knowledge is being framed which indicates just how profound a change the new trends may represent.

The second element indicative of a fundamental shift in contemporary public administration has a more familiar quality. It is that the new concepts are proving powerful in illuminating intractable issues of public policy and management which have proven impervious to orthodox understandings and instruments. This is a more familiar type of change because it is a response to problems arising in the implementation of policy. Just as NPM was a response to perceptions of the increasing inefficiency of traditional bureaucracy so the contemporary efforts to (re-)include social factors may be seen as a response to deficits in NPM outcomes. Where the contemporary developments go beyond such reactive dynamics is in the way they reflect the increasing complexity of modernity such as footloose capital creating uncertainty for many communities and indeed nation states. Here the combination of economic and social considerations emerging in public policy reveal attempts to simultaneously focus on the global and the local in ways which go beyond the concept of public administration as policy implementation by agencies of the nation state.

## **Changing the Way Government Works**

By the end of the 1980s most governments in market-oriented democracies had moved to restructure the way they did business. The rhetoric was about cutting through the red tape to make bureaucracy more efficient and effective by embracing market values and instruments in a business-like way. In Thatcherite Britain this was characterised as ‘the de-Sir Humphreying of the Westminster model’ (Hood and Jackson, 1991, p. 105). Internationally three aims were identifiable. First this New Public Management (NPM) attempted to diminish the role of the state and make the bureaucracy more responsive to political leaders. Second, it aimed for greater efficiency through the use of private sector management techniques. Third, it focused on the citizen as a customer and service recipient (Aucoin, 1990, p. 16). The underpinning theoretical concept was public choice and the new practices revolved around market orientation (Self, 1995; Argy, 1998). Commercialisation, corporatisation, privatisation, competitive tendering, contracting out, benchmarking, output-based budgeting, accrual accounting and strategic asset management, became the new language of public sector activity. In the late 1980s, Australian governments began embracing the NPM with the politically conservative Government of Victoria taking the most radical approach to NPM which gained it textbook status as ‘the contract state’ (Alford and O’Neill, 1994).

A key to understanding the fault lines which later emerged in the implementation of NPM was its failure at a theoretical level to make space for orders of necessity other than those captured in neo-liberal economics. In Australia nationally the capstone of NPM was the National Competition Policy (NCP) which saw efficiency and contestability achieve unrivalled status in policy making and implementation processes. This effectively demoted non-economic concerns such as co-ordination, equity, representation, political accountability and consultation to at best secondary, and at worst window-dressing, roles. Along with the positive results came a series of policy deficits particularly in areas requiring a balance of economic and other ideas. Elsewhere we have considered the impact of this on the policy process through a focus on the demise of the idea of public interest (Hess and Adams, 2003). While ‘*the public interest*’ was always present in NCP processes, it usually appeared as the rhetoric of a penultimate paragraph in formal documentation and disappeared in practice because, unlike other factors in NPM decision-making, it could not readily be measured. Our argument on this issue has been that the loss of an overarching concept capturing non-partisan interests has made it very difficult for public managers to address contemporary dilemmas. Internationally, this is clearest in respect to the area of the so-called ‘wicked problems’, which require responses across a range of policy areas.

It is also, however, becoming an issue in areas in which NPM instruments resulted in concentrating policy influence around narrow ranges of expertise. In practice this is seen in the cult of the expert which has had the ironic effect, given the rhetoric of smaller government, of centralising public sector activities and undermining the checks and balances of traditional bureaucracy. Even as NPM trumpeted the virtues of small government, central departments, such as Prime Ministers, Cabinet, Premiers, Treasury, and Finance, have been growing in size and influence because they have owned the expertise needed for ‘best practice’ in their members of staff, contractors or consultants. This has had the effect of co-locating power and knowledge in such a way as to make consideration of alternative policy and implementation approaches difficult.

We have previously argued that in the late 1990s in Australia policy and economic advantages converged in the (re-) emergence of the concept of community as a powerful public idea (Adams and Hess, 2001). This was not a new idea internationally or in Australian public policy and echoed the 1972-75 Labor Government’s Australian Assistance Plan which had proposed community involvement as a means of positioning government activity in local environments. The difference in the late 1990s was that with political conservatism dominant the use of community in policy reflected a new set of priorities. The previous focus on redistributive activity had been shifted to (in Prime Minister Howard’s words) ‘a mix ... which combines liberalism in economic policy and .... “modern conservatism” in social policy’ as ‘mutually reinforcing’ elements (Howard, 1999). In practice, however, governments have found the balance hard to strike with critics pointing to a tendency to emphasise budget relief and the façade of consultation rather than genuine community engagement (Public Policy Forum, 1997; ACOSS, 1998). As the century ended, the struggle to make community a practical part of policy processes continued. We had argued that an uncritical rush to community-based practices ran the danger of ‘becoming another policy fad’ with little actual benefit (Adams and Hess, 2002, p. 21). The solution, we felt, was in a more thoughtful approach, which assumed a sharp learning curve in which quick-fix solutions were rejected in favour of careful consideration of ideas and how they might be made to work.

Consideration of the changing knowledge base of good policy would be a central aspect of this effort (Hess and Adams, 2002). Economic knowledge had become so dominant under NPM as to be self-referential and therefore functionally unchallengeable. The difficulties this created were of two kinds. The first were those, which arose from the exclusion of consideration of

other knowledge frames. The second had to do with the positivist basis of economic knowledge. Our epistemological argument has been that historically public administration applied ideas and used instruments arising from frameworks of knowledge and meaning which were relatively stable (Hess and Adams, 2002). They changed quite slowly over time and were closely linked to socially normative concepts underpinning and legitimising administrative action. In the 1990s NPM privileged functional knowledge drawn primarily from economics and management, pushing other knowledge frames into the background. This was consistent with earlier changes in so far as it continued the reliance on knowledge provided by experts. In this period, however, the expertise was drawn increasingly from outside the administration itself with private sector models and companies providing many of the new ideas and ways of doing things. Nonetheless, knowledge was still assumed to be something to be sought and, once found, applied by the experts who were in, or were contracted by, central departments.

The contrast with the new practices described below is that appropriate public knowledge is no longer seen as a given to which administrations will have privileged access through expertise, authority and familiarity. This involves an understanding of the nature of relevant knowledge and of the issue of how to make it useful for solving a problem or taking an opportunity at the level of action. Even relatively recent innovations such as ‘stakeholder management’ and ‘consultation’ miss the point where they assume that knowledge is a given to be accessed by expertise, with the role of such new and apparently inclusive instruments being simply to explain the correct path to those affected by it. The alternative available through a constructivist approach, on the other hand, starts from the assumption that knowledge needs to be constructed and mediated through a co-operative process of discovery with those affected by it. The level of certainty about the meaning and utility of knowledge is itself the central purpose of inquiry.

### **Contemporary Australian Practice: Victoria as a case study**

What does this mean in practice? This article looks at how knowledge change is leading contemporary public management reform in the Australian State of Victoria. In the 1990s Victorian governments went further than any other Australian public administrations in implementing NPM. Since 2000 they have led the way in seeking to build on the financial benefits of those reforms, while balancing them with social considerations. In many ways these developments parallel those in other market-oriented democracies as governments seek to balance economic and social orders of necessity in their management of public policy and

service delivery. We have identified these changes in terms of the insertion of social knowledge and community oriented instruments into the policy making and implementation processes and have been concerned to illuminate both their theoretical underpinnings and practical implications.

The immediate background to the implementation of new practices in the State of Victoria was the 1999 election loss by the conservatives, after holding a seemingly unassailable opinion poll lead a few months beforehand. The election was lost in rural, regional and outer metropolitan areas. Voter perceptions were that the NPM-driven policies had reduced the services available to them to unacceptable levels. The incoming Labor Government determined that one area in which it would differentiate itself from its predecessor was in its approach to public management. Under the rubric of 'innovative state, caring community' it developed a whole of government policy which bracketed NPM efficiency objectives with human and social capital areas identifying place and community as the loci for these new elements (Victoria, 2001).

The development of the policy was based on a broad appreciation of international practice. The actual implementation has, however, proven to require orientation to local circumstances in which the international models have proven less useful. The major structural innovation has been the creation of a new Department, the Department for Victorian Communities, in 2002. The preposition, *for* rather than *of*, was intended to be significant. This new Department was not to be a vehicle for delivering policy in the particular location of communities - of doing something *to* communities. Rather it was to be an advocate for an approach to the development and delivery of policies focusing on communities of interest and places, through the medium of communities of location. It was to do something *in* and *with* communities (Hess, 2003). The ambition was to achieve an integrated, whole of government approach to areas of need for which the fragmented approaches of competing policy silos, working on narrowly focused expertise, had proven to have no answer.

Significant opposition was expected with many senior decision makers in politics and administration remaining unconvinced that this is the best way forward. There has also been remarkable progress, with the idea of community gaining ground in policy making and implementation in areas as diverse as human services, education, policing, transport, regional development, primary industry and local government. Current emphasis is on community strengthening through the creation of sustainable networks with 'local level partnerships

involving key stakeholders and community representatives to achieve agreed policy and service delivery outcomes for their communities' (DVC, 2004a, p. 5). The collaborative relationships developed within these networks are seen as the key to the linking up of government, business and community organisations needed to address the complexity of contemporary problems.

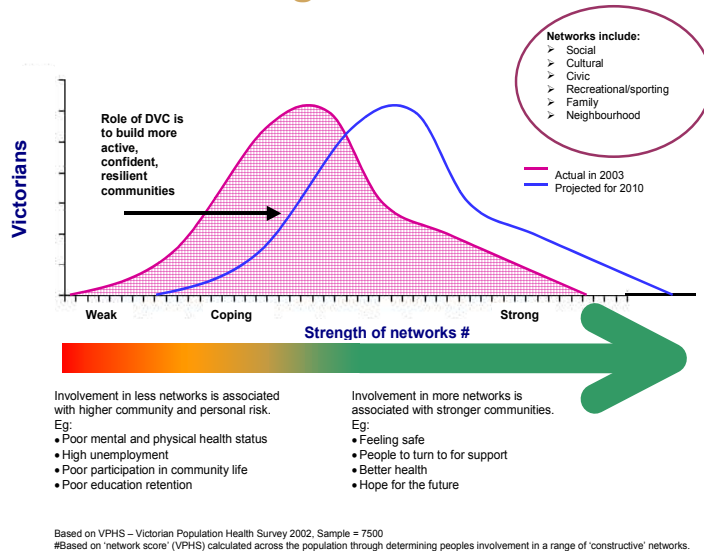
The rhetoric is likely to be familiar to those following public administration developments in other market-oriented democracies. The role of the Department for Victorian Communities (DVC) as a separate Department promoting such a program may not be. The DVC, in its short life, has sought to develop new ways of working which tap into local knowledge and learn from local ideas. Its *modus operandi* is captured in Figure 1. It begins from a conviction that community strength matters for both policy outcomes and social well-being. It also accepts that while there is a government role in building community strength the best outcomes are achieved where government, business and community are all taking actions, which build partnerships and networks in local areas. These may be quite simple activities, such as volunteering, or complex interactions around planning futures. The subtlety required of public managers involved in supporting such activities has introduced quite new elements into how our public managers are called upon to conduct themselves. So the DVC has had a role both in strengthening the communities and in strengthening the capacity of government to successfully interact with them. This has in turn brought the DVC into areas traditionally managed by well-established line agencies and that has created a further set of challenges calling for networking among the public agencies on issues of place.

The underpinning theoretical concept in the DVC's *modus operandi* then is that knowledge relevant to addressing contemporary public administration issues arises within social relations within communities and between communities and government. Here localised networks are seen as providing individuals with security and ways of understanding their lives. Among the innovative roles of the DVC is a focus on fostering, strengthening and working with those networks most likely to generate sustainable and positive social interactions. The importance of this conceptualisation is that it does not begin with the usual architecture of public management (departments/programs/plans etc) but with a focus on the possible causal mechanism of wellbeing and prosperity, network formation and its agency. The simple logic is that strong networks can create the conditions for improved health, wellbeing and prosperity by tapping into the dynamic of local capability. That is, by investing in the preconditions of community strength there is a greater probability that communities will move in directions that increase wellbeing.



Figure 1: The Role of the Department for Victorian Communities

## Networks matter - adult Victorians with weak to strong networks



These preconditions include for example:

- Local leadership capacity
- Diversity of engagement in civic life (eg strategies to include indigenous people in local government)
- Active participation in eg recreational cultural life
- The sustainability of local institutions ( eg creating community enterprises that use the 'back of house' infrastructure of local businesses)
- 'agoras' for conflict resolution etc
- identification and utilisation of local area data
- network formation between government, community agencies and business\
- mentoring

Not surprisingly these preconditions also appear regularly in the innovation literature where commentators are trying to identify the drivers of innovative practice in public and private sector organisations (Bann, 2004; Smith, 2005).

Given its mandate of strengthening communities and joining up services across the State, an immediate research task facing the DVC has been to discover how community strengthening can

be measured and monitored. The first round of this research is now complete with some preliminary published findings (DVC, 2004b). This describes trends over three years in which the new community based policies have been in operation. The research used a CATI (telephone based) survey instrument with a sample of some 12,000 adult Victorians. This provided reliability to the level of local government areas of which there are 79 in Victoria. Initially respondents were asked 12 questions:

- Can you get help from friends and neighbours when you need it?
- Do you feel safe walking alone down your street after dark?
- Do you feel valued by society?
- Do you feel there are opportunities to have a real say on issues that are important to you?
- Do you help out as a volunteer?
- Are you a member of an organised group, such as a sports or church group or another community or professional organisation?
- Have any of these groups you are involved with taken any local action on behalf of your community in the last two years?
- Do you have school-aged children?
  - If yes, are you actively involved with activities at their school?
- Have you attended a local community event in the last six months, such as a fete (a fair usually held by a community-based organisation or local school, hospital etc.), festival or school concert?
- Do you think that multi-culturalism makes life in your area better?
- Could you raise \$2000 within two days in an emergency?

The initial report identifies two significant findings. One is that in those areas in which the Victorian government has undertaken community strengthening projects, respondents reported an improved sense of wellbeing. In particular the initial report was able to point to significant improvements in individual's perceptions of safety, opportunity and how they are valued in society. It was also able to establish that diversity and volunteering were valued by respondents and seen as improving their communities. The most direct message, however, was that people who are participating in their communities and those who can get help within their communities when they need it are healthier and happier. Importantly these impacts were more pronounced in areas of higher socio economic disadvantage. This suggests that community strengthening investments can buffer the effects of disadvantage. The second set of developments relates to the relationship between these communities and government. This finding was that the nature of

local governance itself was a key factor in understanding levels of community strength. Where there were active local councils there were higher levels of community strength. The finding can be interpreted in two basic ways. Firstly, that strong communities drive the emergence of strong local councils. Secondly, it can be interpreted as strong local councils driving stronger communities. Either way the findings highlight the significance of sustainable local institutions to community strengthening. This is a key argument emerging in the latest 'third way' literature. (Lewis and Surender, 2004; Browne and Diamond, 2003.)

A second round of this research has been completed but is not yet published. It sought to further develop the focus on participation to differentiate between the impacts for those taking part in sporting or recreational activities, activities related to their own children's schooling, and decision-making roles in community-based boards or committees. Importantly but not surprisingly this research is establishing some important correlations, for example between parental participation in schools and the participation retention and completion rates of their children. The significance of the research is not simply in the correlation, which is well known, but the local knowledge of areas of low participation, including the types of barriers to participation and the types of strategies that work to increase parental participation. The evidence suggests that community infrastructure, from whether schools have a decent car park to whether parents can access the homework curriculum on line, is a much more significant determinant of educational outcomes than previously understood. The important implication for public policy is that we are gaining new knowledge about how the 'social investment state' (Giddens, 1998) might differ from its predecessor the welfare state. A key point of differentiation becomes the focus of the social investment state on building the social capital that underwrites growth in human capital. This is a major shift from the 'provision of services' focus of the welfare state.

The statistical research, however, tells only part and perhaps the less interesting aspects of the DVC policy story. The actual cases of specific activities show how community strengthening is contributing in practice to the realisation of a range of policy aims.

### ***Neighbourhood Renewal***

An example of this, which will be familiar to public administrators internationally, is the Neighbourhood Renewal program. In Victoria, the policy program targets disadvantaged localities. In doing this the policy is seeking to bring together the resources and ideas of

residents, governments, businesses and community groups, and focussing them on problems identified in the communities. It was launched in 2001 and three years later was claiming measurable improvements in six areas which in themselves provide an insight into the balance of social and economic outcomes being pursued (Klein, 2004). They are

- Pride and participation;
- Housing and the environment;
- Employment, learning and enterprise;
- Crime and safety;
- Health and well-being; and
- Government responsiveness.

The Victorian neighbourhood renewal projects typically employ a project manager, project staff, community development workers and employment and learning co-ordinators. The projects link up housing, education, employment, policing, health and community services in ways which make sense at local level. Public housing and its maintenance is often used as a catalyst, but the community oriented approach privileging local knowledge and involvement means that each project has the flexibility to follow and address a wide variety of needs at a local level.

One example, which has now been running since 2002, is the Wendouree West project in the Victorian regional centre of Ballarat. For years, the 2,500 people of the area were regarded with derision by other citizens as ‘westies’ and a residential address of ‘Wendouree West’ was almost a guarantee of failure in job seeking. Welfare dependence was common and the Department of Housing found the maintenance of publicly provided housing extremely costly, complaining that many tenants contributed little to the improvement and much to the deterioration of their properties. Initial community meetings set up a Project Steering Committee and a Residents’ Group but most importantly established a shared understanding of the disadvantage which the community felt had long been ignored. One member of the Residents’ Group recalled that “a resident’s view of public servants was they were people we have to battle to gain access to services.” In this situation even the development of an action plan embodying community aspirations was a considerable step forward. By the end of that process the same resident was reporting that “residents now feel they [the public servants] are people who can talk to us”.

A physical expression of this was the relocation of some of the public servants directly involved with this community from the Ballarat city centre to the once run-down Wendouree West shopping centre, while the neighbourhood renewal project itself was located in a house in the area. The championing of the project by some local decision makers was also significant in the face of opposition from those in government who felt that the community focus was a 'feel good' activity departing from the hard nosed approach and core business of their NPM modelled agencies. The housing maintenance issue, which was the origin of the focus of agency concern, has itself been the subject of a community-based solution. The system of contracting out maintenance to outside private sector operators has been replaced by a system of local co-ordinators, resident training in transferable job skills and a tool pool on which trained residents may draw for their own needs.

By the end of the Neighbourhood Renewal project's initial period of operation residents had realised that, in the words of one of the Residents' Group members, 'it's not the typical notion of public service', while public servants were finding that 'once people believed that genuine power was being given to residents they were prepared to join in.' The strategy of starting slowly to get people on board and then getting some relatively simple things done to show that residents were being listened to and to establish co-operative activity on an achievable scale allayed some of the fears of the public servants and drew previously uncooperative residents into community activity. By the end of its third year of operation over 60% of residents had been directly involved. The real success of the project was not just in the increasing resources delivered into the community but in the redefining of relationships between the community and government. The relationships have strengthened with each successful action and agencies with direct responsibility for services (health, housing, education, welfare, policing) are now much closer to a community, which was a site of serious problems for them in the past.

### **A New Paradigm?**

Do such narratives of new concepts and practices in public administration provide evidence for the emergence of a new paradigm? We're not sure and certainly much more comparative and international work is needed to determine the extent to which this might be the case. At the very least, however, our experience in Victoria of the move to balance the NPM ideas and instruments shows social factors coming strongly back into public policy and management.

In Table 1 we present characteristics of traditional bureaucracy, NPM and the emerging ideas and practices which we have loosely labelled ‘community governance’. Our purpose is to highlight the contrasts at simple but specific levels at which the new practices we have been observing offer fundamentally different approaches to those they are challenging. It may be that these newly significant elements in how the Government of Victoria is going about its business is part of a model of behaviour emerging internationally. At least the contrasts with bureaucracy and NPM at various levels help illustrate the extent of contemporary change and its relationship to the knowledge base of public administration.

**Table 1: Characteristics of changing public management paradigms**

	Bureaucracy	NPM	Community Interface
Theory	legal rational authority	public choice	deliberative democracy
Orientation	procedures	market	society
Organisational Structure	silo	hub and spokes	networks
Aim	status quo	efficiency	co-production
Knowledge Type	centralised authoritative	expert positivist	local constructivist
Language	rules	numbers	histories
Capital	political	economic	social
People	taxpayers	consumers customers	participants in communities

At the level of theory and orientation the contrasts are easily identified. Bureaucracy, as Weber noted, rested on political and legal foundations of ‘legal rational authority’, and was oriented towards procedures which sought to eliminate personal prejudice and whimsy from public administration (Weber, 1968). NPM relied on public choice theory (Aucoin, 1990) and took its cues from markets. Community governance has its roots in deliberative democracy and is oriented to the achievement of social outcomes. This recognises the value of participation by those with interests in particular policy areas. It is this element of interest which enables the

participation to be deliberate because it brings with it the local knowledge and focus on local outcomes which are vital to making the participation effective and sustainable. So under community governance, processes are promoted which facilitate careful and knowledgeable consideration through iterative events involving the individuals and groups of particular communities of location and interest.

At an organisational level the most illustrative contrast focuses on structure. The traditional bureaucratic departmental structures of graded formal hierarchy resemble silos in which there are limited points of input and output and processes are kept insulated from outside interference. NPM modelled agencies, with their core business and contracting out activities are more like a hub with spokes, in which the dynamic force come from the centre. The organisational structures of community governance are more like networks in which complex interactions throw up new ideas and create processes by which these are moderated across varied interests. Political scientists have noted and mapped the significance of policy networks for some time (Rhodes, 1997), while organisational theorists focusing on the private sector have located strategic alliances as a significant factor in business success (Doz and Hamel, 1998). In the community governance model we see networks becoming not only webs of influence and trust but also structures within which new knowledge regarding real world situations is created and shared with its value becoming agreed through processes of mediation.

The aims of government activity under the three approaches reveal another aspect of the movement away from central control to participation and shared responsibility for outcomes. For bureaucracy the focus on rules, procedures and records served well in maintaining a *status quo*. Where governments changed, policy direction altered but was generally easily accommodated within existing processes. Under NPM, agencies have striven for increased efficiency at all levels. Everything that can be counted (and perhaps some things that can't) are enumerated with monitoring and evaluation becoming an industry in itself. This activity 'proves' the attainment of greater efficiency and it is assumed that this will have society-wide benefits. Community governance approaches with the participative focus aim, not at the enforcement of rules or the achievement of narrow technical efficiencies, but at the co-production of policy and its joint implementation. On one hand this implies a shared responsibility between government and various communities of location and interest. On the other it allows a sharing of costs. This duality can be problematic particularly where political ideology leads to a focus on the former by those on the political left and on the latter by those on

the political right. In fact for community governance to work both are vital. A sharing of costs may make community based processes affordable and gives governments with budget constraints a vested interest in their success. A sharing of responsibility can give communities a real interest in participation.

The knowledge types upon which the different models rely and which give them empirical legitimacy make the contrasts between them clearer at both theoretical and practical levels. Bureaucracy relies upon the centralised authoritative knowledge of professional public servants. To operate most effectively under this system of administration the bureaucrats needed to be well trained, fulltime professionals who were able to give undivided attention to understanding and implementing legalistic procedures. Under NPM the best knowledge for public administration changes to a focus on economics but remains the positivist and hence the province of experts. While some of these are now contractors rather than professional public servants they are no less, and arguably in some senses more, beholden to the centralised power structure of government. Under community governance, however, both the nature and location of knowledge undergo a fundamental shift. In particular, knowledge becomes constructivist in nature and is located within both geographic and interest-based communities.

This change towards more participative and deliberative practices is also reflected at the level of the language through which conversations are conducted under the different approaches to public administration. Under traditional bureaucracy the language is that of rules. These are often spelt out in procedures manuals and discussion of their application is likely to revolve around the interpretation of such procedures. Any contest in this discussion will be resolved by appeal to precedent which will clarify correct procedure. Under NPM numbers entered public administration in new ways. This applied both to external and internal indicators with prices, costs and performance all being subject to the most minute measurement possible. One impact of this was to move areas of argument about the knowledge required for proper practice away from rules and procedures towards the collection and analysis of econometric data. The technical nature of any conversation involving contested views of these data and their significance made it very much the province of specific forms of expertise. By contrast the language of community governance focuses on histories. So the narratives of particular policies and the lived experience of those affected by and implementing the policies become significant. This provides another indication of the people oriented nature of the new practices but also



shows just how difficult they might be for agencies used to operating within more clearly defined discussions focused on rules and/or numbers.

This sort of difference can also be conceptualised at the level of the capital upon which the three approaches draw. The legitimacy and power of traditional bureaucracy derive from the political capital of the government of the day, gained in a democratic system through election, and on the accumulated political capital of the specific national state, established in its historical record. NPM added a focus on economic capital with asset management, accrual accounting and financial budgeting becoming central activities. It is hardly surprising to find the fundamental test of good government shifting towards its capacity to balance the books. For community governance, however, the capital required for successful operation is social. So the test of good government and the means of its implementation become caught up with social relations. In particular the type of engagement between government and community becomes crucial.

Finally, and from the viewpoint of democratic governance most crucially, a contrast is possible at that most fundamental level, the people. Under bureaucracy citizens are fundamentally taxpayers, with rights to services and processes defined by their legal standing. NPM, with its basis in public choice, shifts this significantly in regarding citizens primarily as customers and consumers. For community governance approaches the citizen becomes an active participant in their particular communities (be they place; interest; faith etc) and the knowledge they invent and create is 'privileged' in the policy process. This aligns with much of the thinking of the communitarians (Etzioni, 1998).

## **Conclusion**

In practice the experience of moving to some of these new practices in the Australian State of Victoria has had both radical and conservative aspects. In terms of the latter much of the new practice has been an overlay of gains built up during the period of NPM. In this vein it may be seen as a rebalancing of the sources of knowledge relevant to public management. The 'resistant discourse' of community re-entering a domain dominated by market and bureaucratic discourses.

A more radical interpretation would focus on the implications this rebalancing has had for our understanding of how policy happens and therefore for the skills and instruments it requires. Some of those involved in particular aspects of the move towards the new practices we have

called ‘community governance’ report that it ‘introduces conflict, heterogeneity and unpredictability into decision-making processes and challenges government and its agencies to be less rigid and more adaptive’ (Klein, 2004, p. 22). Our own view, and the point of this article, is that the new practices are based on types of knowledge which have not historically been part of public administration and for this reason it is driving forms of public management innovation which may prove to constitute a new administrative paradigm.

This paradigm is already visible in many areas in which new institutions are emerging - for example where tourism clusters are formed to regenerate a local area. Here the economic, social and human capital objectives are entwined; distributive leadership is seen to be at work; local knowledge comes to the fore to co-produce social and economic benefits simultaneously; networks are the agency for action; and the reciprocal relations between participants create bonds that foster creativity and competitive advantage. In short the endowments from all forms of capital become interdependent instruments of policy making and implementation.

Understanding the relations between these factors and the implications they have for public management - its knowledge frames, structures, instruments and skills - is the challenge.

### **About the authors**

Professors Michael Hess and David Adams have a decade long research partnership looking at the way in which new ideas and instruments are being taken up in public policy and management. Michael came to the University of Tasmania, School of Management in 2004 after ten years at the Australian National University teaching graduate students and working on issues of public policy in economic development. He was a founding member of the Australian Innovation Research Centre. David came to the University of Tasmania School of Management and the Australian Innovation Research Centre in 2006. He has been a senior public servant in Tasmania and Victoria most recently holding the position of Executive Director Policy of the newly established Department for Victorian Communities. Together their research articulates the theoretical underpinnings of the Victorian Government’s strategy of social innovation.

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