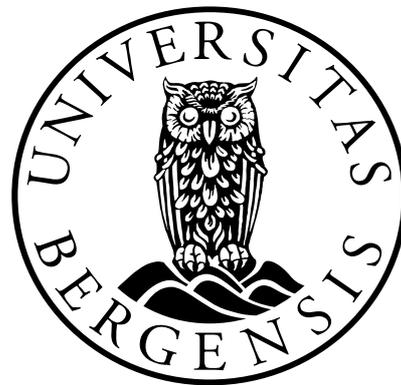


TRANSFORMATION OF NEW PUBLIC MANAGEMENT:

SHAPING A HYBRID IN NEPAL?

Chandra Kumar Ghimire



**Thesis submitted to the
Department of Administration and Organization Theory
In Partial Fulfillment for Award of**

Master of Philosophy in Public Administration

June 2008

DEDICATION

I dedicate to those who relentlessly spent their times in making thoughtful ideas of public management reforms for the betterment of all.

ACKNOWLEDGEMENT

The foremost thanks go to Professor Per Lægveid, UiB, who magnanimously groomed me up to this end. Without you this journey would have been rather difficult. Similarly I am thankful to Associate Professor Ishtiaq Jamil, UiB, for showing me a new path of learning in my life. I am deeply indebted to Associate Professor Steinar Askvik, UiB for guiding us during research design and seminar sessions.

I am indebted to two institute namely Nordic Institute of Asian Studies (NIAS) of Copenhagen and Chr. Michelsens Institute (CMI) of Bergen. The former provided me a short scholarship and the latter provided a studentship for the whole period of my thesis writing. In CMI, my contact person Dr Odd-Helge Fjeldstad fixed me well adjusted within the institute and ever inspired me for a great accomplishment. Dr Magnus Hatlebakk and Hugo Stokke are among a few names that have been supportive to my work.

Even physical distance did not matter! Some individuals went through my drafts and provided me their invaluable feedbacks. I register gratitude to Dr Mohan Pokharel of Virginia Polytechnic Institute and State University, USA; Dr Ramesh Chitrakar, CEDA, Nepal; Bishnu Sapkota, AED-NTTP, Nepal; and Thomas Mutinda Muthama, IPAR-Kenya. Furthermore, I would like to thank to Dr Srikrishna Shrestha (CDPA, TU, Nepal); Dr Bimal Koirala (former chief secretary of GoN); and Manoj Acharaya, PMO for your constant data supports.

I am equally indebted to PhD student Bishnu Regmi and Er. Anil Kumar Bottu for technical helps in the work. Likewise PhD students of UiB Gerald Karyeija and Priyantha Ilandarige, who boosted up the morale of mine, deserve my sincere thanks. Besides, I am thankful also to my CMI fellows Inga, Katrine, Frode, Torgunn, Kari, Carmeliza and other fun loving friends.

Last but not the least I take off my hat before my dearest Sarita (wife), Saurav (son), Shraddha (daughter) and respected father and mother for your sacrifices due to my study mission.

I salute you all since you all have great hearts!

Chandra Kumar Ghimire

Bergen, June 2008

ABSTRACT

This study finds evidences in support of a thesis of divergence in shaping of new public management (NPM). The underpinning of the study is that NPM gains a new hybrid shape as it goes through a complex interactive process of transformation. This study delved deeply into the shaping process of NPM in Nepal. The scope of this study includes mapping out the actors, processes and contents involved in decisions of NPM-inspired reforms and analyzing the causal factors involved in the approval decisions. Drawing upon the two cases Strategy Paper of Government of Nepal on Financial Sector Reform Program (SPGNFSRP); and Governance Reform Program Roadmap (GRPRM), a qualitative field study was conducted mainly with senior officials of relevant ministries, agencies, donor agencies and NGOs. The inquiry primarily focused on: What forms of the actors, processes and decision-contents were appeared? What factors were influential to affect the decisions? In the analysis, this study combined model of NPM transformation of Christensen and Lægreid with three perspectives of organization theory: 1) instrumental 2) cultural and 3) environmental.

This study found the evidences that the actors are exhibited central and peripheral roles and hence are classified accordingly. All central actors involved such as ministers of finance, senior bureaucrats and senior technocrats of concerned ministries and donor agencies along with other peripheral actors shown supportive roles. While a few peripheral actors shown opposition. Similarly, I learned the processes in the SPGNFSRP to be less democratic, more closed, more top-down, more consequentiality and more stable whereas the opposite was the processes of the GRPRM. The contents of the SPGNFSRP acquired high market and high management elements, thus, are referred as 'market-driven case'. Since the GRPRM obtained low market and high management elements, it is referred as 'mixed case'.

This study also found that a coalition of deliberate planned and hierarchical decision-making of superior organizations, fiscal crises and reform doctrines of donors and international agencies strongly contributed to the NPM-inspired decisions in both cases. However, domestic political opposition and insurgency partly contributed to the decisions but the elite orientation in bureaucrats had little or played no roles. Finally, this study revealed that a new hybrid emerged in the cases via the complex interactive model of NPM transformation. Looking through the theoretical lens, I observed that the instrumental and environmental perspectives circumscribed the cultural perspective in producing a new NPM hybrid.

TABLE OF CONTENTS

DEDICATION	2
ACKNOWLEDGEMENT	1
ABSTRACT	2
TABLE OF CONTENTS	3
ACRONYMS AND ABBREVIATIONS	6
CHAPTER ONE: INTRODUCTION	8
1.0 Backgrounds.....	8
1.2 Theoretical Backgrounds.....	8
1.3 Statement of the Research Problem	10
1.4 Objectives of the Study	11
1.5 Research Questions	11
1.6 Overview of the Methodology	12
1.7 Significance of the Study	12
1.8 Organization of the Study	13
1.9 Conclusion.....	14
CHAPTER TWO: THEORETICAL PERSPECTIVES	15
2.0 Introduction	15
2.1 Public Sector Reforms.....	15
2.2 ‘Hybrid’: A NPM Shape	15
2.3 ‘Transformation’: A Process to Hybrid NPM	17
2.4 Dependent Variable.....	17
2.5 Theoretical Perspectives, Independent Variables and Hypotheses	18
2.5.1 Structural/Instrumental Perspectives.....	18
2.5.1.1 Deliberate Planned and Hierarchical Decision - making of Superior Organizations – Hypothesis 1	21
2.5.2 Cultural Perspectives.....	22
2.5.2.1 Elite Orientations in Bureaucrats - Hypothesis 2.....	25
2.5.2.2 Domestic Political Opposition and Insurgency - Hypothesis 3.....	27
2.5.3 Environmental Perspectives	28
2.5.3.1 Fiscal Crises - Hypothesis 4.....	31
2.5.3.2 Reform Doctrines of Donors/ International Agencies - Hypothesis 5	32
2.6 Analytical Model.....	33
2.7 Conclusion.....	35
CHAPTER THREE: METHODOLOGY	36
3.1 Introduction	36
3.2 Research Strategies	36
3.2.1 Qualitative Method.....	36
3.2.2 Case Study.....	36
3.2.3 Selection of Case/ Unit of Analysis	38
3.2.4 Source of Evidence.....	39
3.2.4.1 Document Texts/ Written Data	40
3.2.4.2 Interviews	41

3.2.4.3	Archival Records.....	43
3.2.4.4	Personal Observation.....	43
3.3	Analysis of Data	44
3.4	Limitations, Challenges and Opportunities.....	45
3.4.1	Limitations of the Study	45
3.4.2	Delimitations of the Study.....	46
3.4.3	Challenges and Opportunities during the Study.....	46
3.5	Conclusions	47
CHAPTER FOUR: ACTORS, PROCESSES AND CONTENTS.....		48
4.0	Introduction	48
4.1	The SPGNFSRP, 1999-2000.....	48
4.1.1	Who were the actors involved?	48
4.1.1.1	Who were the central actors?	48
4.1.1.2	Who were the peripheral actors?.....	51
4.1.2	What were the processes followed?	53
4.1.2.1	Agenda Activation of the Reform	53
4.1.2.2	Formulation of the Reform.....	55
4.1.2.3	Decision-making of the Reform.....	58
4.1.3	What were the contents?	61
4.2	The GRPRM, 2001-2004	62
4.2.1	Who were the actors involved?	62
4.2.1.1	Who were the central actors?	62
4.2.1.2	Who were the peripheral actors?.....	64
4.2.2	What were the processes followed?	68
4.2.2.1	Agenda Activation of the Reform	68
4.2.2.2	Formulation of the Reform.....	70
4.2.2.3	Decision-making of the Reform.....	72
4.2.3	What were the contents?	76
4.3	Comparison of the Actors, Processes and Contents.....	77
4.3.1	Actor Comparison	77
4.3.1.1	Central Actors	77
4.3.1.2	Peripheral Actors.....	78
4.3.2	Process Comparison	79
4.3.3	Content Comparison.....	80
4.3.3.1	Contents of Contractualism.....	81
4.3.3.2	Contents of Managerialism	81
4.4	Conclusion.....	82
CHAPTER FIVE: DISCUSSION AND ANALYSIS		85
5.0	Introduction	85
5.1	The Structural/Instrumental Perspectives.....	85
5.1.1	Deliberate Planned and Hierarchical Decision-making of Superior Organizations	86
5.1.1.1	The Case of the SPGNFSRP	86
5.1.1.2	The Case of the GRPRM.....	89
5.1.1.3	Summing up	91
5.2	The Cultural Perspectives.....	92
5.2.1	Elite Orientation in Bureaucrats.....	93
5.2.1.1	The Case of the SPGNFSRP	93

5.2.1.2 The Case of the GRPRM.....	95
5.2.1.3 Summing up	98
5.2.2 Domestic Political Opposition and Insurgency	99
5.2.2.1 The Case of the SPGNFSRP	99
5.2.2.2 The Case of the GRPRM.....	101
5.2.2.3 Summing up	103
5.3 The Environmental Perspectives.....	104
5.3.1 Fiscal Crises	105
5.3.1.1 The Case of the SPGNFSRP	105
5.3.1.2 The Case of the GRPRM.....	108
5.3.1.3 Summing up	110
5.3.2 Reform Doctrines of Donors/International Agencies.....	111
5.3.2.1 The Case of the SPGNFSRP	111
5.3.2.2 The Case of the GRPRM.....	114
5.3.2.3 Summing up	117
5.4 Significance and Interplay of the Perspectives	118
5.5 Conclusion.....	119
CHAPTER SIX: SUMMARY AND CONCLUSION	121
6.1 Introduction	121
6.2 Answers to the Research Questions	121
6.3 Major Findings	125
6.4 Implications for the Theoretical Perspectives Employed.....	126
6.5 Additional Theoretical Implications.....	128
6.6 Practical Implications	130
6.6.1 Generalizations for Nepalese Policy Makers	130
6.6.2 Lesson for Other Similar Countries	131
6.7 Implication for Further Research	131
REFERENCES	133
APPENDICES	139
Appendix I: List of Interviews	139
Appendix II: Interviewees by Associations with the Reform Programs.....	139
Appendix III: Interviewees by Organizational Association.....	140
Appendix IV: Interview Guide.....	141
FIGURES	
Figure 1: Transformation of the Ideas of NPM into the Reform Decisions in Nepal	34
Figure 2: Relationship of the NPM Transformation in the Reform Decision-making.....	34
Figure 4: Comparison of the Processes between the Two Cases	79
Figure 5: Comparative Contents of NPM in the Two Reform Cases.....	80
Figure 6: Comparative Features of Contractualism in the Two Reform Cases	81
Figure 7: Comparative Features of Managerialism in the Two Reform Cases.....	82
Figure 8: Application of NPM Ideas in the Two Reforms.....	82
Figure 9: A Comparison of the Two Reform Cases as per Processes, Contents and Actors ...	83
Figure 10: Explanatory Powers of the Three Perspectives by Cases	120

ACRONYMS AND ABBREVIATIONS

ABD/N	Agricultural Bank of Nepal
ADB	Asian Development Bank
ARC	Assets Reconstruction Company
ARCMC	Administrative Reform Coordination and Monitoring Committee
BTI	Banker's Training Institute
CBPASS	Commercial Banks Problem Analysis and Strategy Study
CEO	Chief Executive Officer
CIAA	Commission for Investigation of Abuse of Authority
CIB	Credit Information Bureau
CMI	Chr. Michelsens Institute
CPN- M	Communist Party of Nepal- Maoist
CPN- UML	Communist Party of Nepal- United Marxist Leninist
CRA	Credit Rating Agency
DFID	Department of International Development
DIP	Decentralization Implementation Plan
EC	European Commission
ESP	Enabling State Program
FAO	Food and Agriculture Organization
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FY	Fiscal Year
FSR	Financial Sector Reform
GDP	Gross Domestic Product
GoN	Government of Nepal
GRP	Governance Reform Program
GRPRM	Governance Reform Program Roadmap
H	Hypothesis
ILO	International Labour Organization
IMF	International Monetary Fund
IV	Independent Variable
MoF	Ministry of Finance
MoGA	Ministry of General Administration
NA	Royal Nepal Army

NBA	Nepal Bankers' Association
NBL	Nepal Bank Limited
NC	Nepali Congress Party
NDF	Nepal Development Forum
NGO	Non-Governmental Organization
NIAS	Nordic Institute of Asian Studies
NIDC	Nepal Industrial Development Corporation
NPA	Non-Performing Assets
NPC	National Planning Commission
NPM	New Public Management
NRB	Nepal Rastra Bank (The Central Bank of Nepal)
OECD	Organization for Economic Co-operation and Development
PAC	Public Account Committee
PM	Prime Minister
PMO	Prime Minister's Office
PSC	Public Service Commission
RBB	Rastriya Banijya Bank (a public-owned bank of Nepal)
SDC	Swiss Development Corporation
SLC	School Leaving Certificate
SPGNFSRP	Strategy Paper of Government of Nepal on Financial Sector Reform Program
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	The United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNPF	United Nations Population Fund
USA	United States of America
VDC	Village Development Committee
WB	The World Bank
WB	World Bank
WFP	World Food Program
WHO	World Health Organization

CHAPTER ONE: INTRODUCTION

1.0 Backgrounds

A global wave for public sector reform swept the most parts of the world since 1980s. That reform movement is later popularly known as New Public Management (NPM). On the issue of shape of the movement, we encounter with contesting arguments. Kettl (2005, p.73) views the shape of NPM is the same regardless of wherever it travels. Moreover, McCourt (2001, p.224) asks 'why developing countries are not producing new models of their own?' Making a departure from this 'convergence' thesis, one can argue that the fundamental shape of the NPM may not be necessarily the same everywhere and may vary from country to country. Most importantly, developing countries may not be an exception in this regard. With this assumption, the study empirically examines the case of Nepal. The study covers theoretical perspectives, empirical descriptions and analytical discussions. The first part of the thesis carries a mapping on to what extent a range of actors, processes and contents are parts of decision making of some public sector reforms. The later part analyzes to what extent some factors have affected the transformative process of NPM ideas in the reforms. More specifically, approval decisions on two cases by the Cabinet of Government of Nepal (GoN) are considered to be the mainstay of the analysis. The cases include Strategy Paper of Government of Nepal on Financial Sector Reform Program (SPGNFSRP) 1999-2000; and Governance Reform Program Roadmap (GRPRM) 2001-2004.

Following sections of the chapter specify mainly the background for this study, statement of the research problem, objective of the study, research questions asked, significance of this study and, finally, the methodology employed.

1.2 Theoretical Backgrounds

Although the proliferation of NPM ideas in the past decades offers a popular reform banner, the underpinnings can be seen somewhat differently from country to country. One preliminary argument of this study is that divergent form of NPM views the shape of NPM itself is subject to alteration or transformation over time. The transformation obviously can exhibit different shapes depending upon the given contexts and actors. And the shape of the transformation can be referred as contractualism, i.e., having market elements or managerialism, i.e., having management elements, divergent or convergent, universal or indigenous, Anglo-Saxon model or non Anglo-Saxon model and so forth. In some countries there might be a strong element of

diffusion of NPM ideas from outside, whereas in others the reform process might be more a result of national or local initiatives that have subsequently acquired an NPM label (Christensen and Lægreid, 2002, p.1-2). As Christensen and Lægreid argue, many NPM-led reforms have been accumulating a 'hybrid' character in course of time. The 'hybrid' character displays new institutional forms that have resulted from interaction between local and external variants of NPM transformation. Each 'hybrid' in the NPM body, however, is likely to enrich the existing stock of ideas of NPM. Even if NPM espouses economic values and objectives, the concept is loose and multifaceted and offers a kind of 'shopping basket' of different elements for reformers of public administration (Hood, 1991; Pollitt, 1995 cited by Christensen and Lægreid, 2002, p.19).

In explaining as to how and why a transformation takes place in a given setting, an analytical theoretical tool propounded by Christensen and his colleagues provides instrumental help. The model combines three explanatory perspectives: 1) structural/ instrumental 2) cultural, and 3) environmental. The first two originate from local elements and the third can from both external and local. Structural/ instrumental perspectives view 'organizations as tools in the hands of leaders' that has 'implicit rationality' and exerts 'limitations on an individual's choice' and 'creates a capacity to realize particular goals and values' (Christensen et al, 2007, p.5). It is because organizations are formed to realize certain anticipated goals. Keeping into account these features, this study views deliberate planned and hierarchical decision-making of superior organizations as an agent of this perspective. The second perspective cultural perspective is partly a branch of institutional perspectives and assumes 'political-administrative system and public organizations develop slowly and gradually' (Christensen and Lægreid, 1999, p. 172). The perspective views 'cultural norms and values develop gradually, through adaptation to internal and external pressures' (Christensen et al, 2007, p.62). Owing to these, the concerned factors can be grappled with path-dependency of historical legacies, thus, resistant to a rapid change. Considering these assumptions, this study considers two following indicators as agents of this perspective: elite orientation in bureaucrats and domestic political opposition and & insurgency. The last is environmental perspective which views that organizations respond to surrounding environment as they live and survive in the environment given to them. The environment can be of two types: internal and external. For example, economy and ideology factors, as prescribed by a 'model of transformation' (Christensen and Lægreid, 2002, p.35) are well adjusted with this environmental argument. Learnt from the arguments, this study assumes two following

indicators as agents of this perspective: fiscal crises and reform doctrines of donors/ international agencies. By applying these lenses to any case, an understanding may develop about the transformative process as to what factors play imperative roles, how and why.

Through a complex mix of external economic and ideological factors, internal polity features and national administrative policy and national historical-institutional contexts the NPM reforms are transformed through a 'creolisation' process (Christensen and Lægheid, 2002, p.33-34). National administrative cultures are unique and distinctive, and in various ways resistant to the application of 'one best model' or blueprint (Minogue, 2001, p.35). After all, a shaped reform idea is a result of interaction between a set of internal and external determinants. They culminate in a unique result 'the result in a hybrid, whereby each country develops its own variant of NPM' (Christensen and Lægheid, 2002, p.34).

1.3 Statement of the Research Problem

Our departure point is that NPM is a set of loosely coupled ideas and the adoption of the ideas might vary from country to country. While absorbing guest ideas that come in, most likely from outside a country, country-specific cultural institutions like informal values, norms, and symbols etc.; and instrumental/structural institutions like goals, structures, and resources, may have some causal effect over the adoption of the ideas into the decisions. The transformation process functions as an incubation in which breeding of a hybrid NPM ideas and practices take place.

This research focuses on some empirical questions: How concerned decisions were made at apex level of the executive? How did they get different shapes in different cases? For what reasons, some sorts of tension happened in defining problems and solutions? What were the variants there so that the behaviour of reform designers and decision makers vary from case to case? Unless addressed these issues, ambiguity and ad-hocism are likely to continue. That will also keep on the paucity of our understanding the actors, processes and contents.

According to Fisher and his colleagues (1983:3), a problem may be construed as researchable if the following 'three conditions exist: a perceived discrepancy between what is and what should be; a question about why the discrepancy exists; and at least two possible and plausible answers to the question' (cited by Sufian, 1998, p.15-16). We also attempt to figure out the three aspects of research problem with reference to this study. Regarding the first, the

perceived discrepancy is prevalent between the ideas of NPM practiced globally and the ideas of NPM practiced locally in the Nepalese public sector reforms. Likewise, the second *why the discrepancy exists* is tantamount to what factors affected the transformation. Finally, the third *at least two possible and plausible answers to the questions* gets answer from the five actors and contexts outlined here-in-after. The three questions posed by this study states the research problem to this study.

1.4 Objectives of the Study

The first objective of this study is to map out the actors, processes and contents involved in decisions of NPM-inspired reforms. The study aims at unfolding various forms of the actors, processes and contents brought along across the design and approval times. The key points include how various actors affected the decisions; how they processed through, and what contents they concluded with.

The second objective is to analyze the reasons that passed the ideas of NPM through its transformation during the approval decisions. The main concerns insist to look into the roles of domestic and international environment, local polity and local political-administrative culture through out the decisions; and to answer why transformation of the NPM ideas cropped up while the ideas shifted from globalization to localization.

1.5 Research Questions

In view of the objectives, the central research questions employed were as follows:

1. What were the actors, processes and contents in the decision-making of the NPM-inspired reforms?
 - 1.1 What actors played the major roles in the approval decision-making of the NPM-inspired reforms?
 - 1.2 What were the processes followed in the decision-making?
 - 1.3 What were the contents of the decisions made?

2. Why did some factors affect the approval decisions of the NPM-inspired reforms?
 - 2.1 How did the polity related factors affect the decisions?
 - 2.1.1 How did the structure factor affect them?

2.2 How did the political-administrative culture related factors affect the decisions?

2.2.1 How did the historical institution factor affect them?

2.2.2 How did the style of governance factor affect them?

2.3 How did the environment related factors affect the decisions?

2.3.1 How did the economy factor affect them?

2.3.2 How did the ideology factor affect them?

1.6 Overview of the Methodology

The first method the study used in the data collection was to analyse documents such as reports, agreements, decision minutes, articles, interviews, news coverage and so on. The data from these sources mainly answered to the first, second and third questions. They were about ‘what’ actors, processes, and contents were involved while drawing the NPM ideas into the design and decision-making of two public reforms.

Similarly, I conducted open-ended interviews with key informants, i.e., central actors, for the same questions where the research needed primary data. The aims were to answer ‘why’ and ‘how’ some local actors and contexts affected the transformation process of the NPM ideas. Apart from the interviews, I mobilized supplementary data help from several sources. They include media archives in internet and personal observation. The study also benefited from email correspondence, to fill up data gap, with selected key informants.

With regard to analysis of the data, the thesis has used two analytical techniques. The first is conversational analysis and the other textual analysis. The first applied in case of interviews and the second was applied to the collected documents/ texts, internet archives, and email correspondences. In correspondence of the research questions, the study immensely benefited from these applications.

1.7 Significance of the Study

Given the backgrounds, the study expected to acquire following points of significance:

Ferlie et al (1996, p. 248) suggest ‘further work is needed to assess the extent and significance of the hybrid forms empirically occurring.’ I believe that this study adds at least one brick to

this direction. This observation adds more empirical flesh to the hybrid representing developing countries like Nepal can be understood.

The output of this study is hoped to be an eye-opening for those researchers, academics and professionals, who work for institutional reforms, policy analysis, development cooperation, and policy advocates. So far, a set tradition is that when it is a 'call' for some sort of changes in developing countries, local dynamics are most of the times undervalued. Hence, the prescribed or imposed reform attempts were failed.

As of now, most of the reforms have faced a tradition that observes any reforms as merely taken for granted. This sort of ready-made but sweeping observation tends to neglect some other parts, which are generally not exposed due to undermining down-to-earth approach to see the phenomenon. Departing from this tradition, the study comes up with some findings that render neutral pictures of both sides, i.e., taken-for-granted and owned-with-owner's judgement.

Significant to note, the bunch of NPM practices are like a 'shopping basket' of NPM (Hood, 1991; Pollitt, 1995 cited by Christensen and Lægheid, 2002, p.19). This shopping basket is contributed with different sorts of practices from different countries. A collection of ideas practiced in the Nepalese reforms can be distilled out and instilled in the open global basket so that others also can learn from this. Last but not the least, this study brings into limelight a key answer of a question whether there is a new hybrid-NPM in Nepal or not.

1.8 Organization of the Study

The thesis has altogether six chapters. The chapter one gives an introduction to basics of the thesis. The chapter two starts with a short introduction to transformation of NPM, public sector reforms, hybrid in NPM and the dependent variable of the thesis. I propose the Cabinet decision of the GoN on approval of reform as the dependent variable. Afterwards the chapter deepens into three theoretical perspectives and underlying five independent variables and concerned hypotheses. The chapter two concludes with an analytical model placed aimed at analysing the cause and effect relation of the five independent variables to the dependent variable. The chapter three highlights research strategies mainly for data collection, data analysis and limitation and challenges faced during the thesis works. Moreover, the chapter four contains in its first part details on actors, processes and contents of the first case the

SPGNFSRP. In the second part, the chapter describes the actors, processes and contents of the second case the GRPRM. Finally, the chapter concludes with a comparative analysis of the actors, processes and contents. The chapter five consists of analysis of data described in the preceding chapter on the two cases, i.e., the SPGNFSRP and the GRPRM. The vintage point of the three perspectives combined with the model of NPM transformation underpins the analysis. Also, the same chapter discusses the explanatory powers of each of the theoretical perspectives. The concluding chapter six encompasses answers to the set of research questions, major findings, and implications for the theoretical perspectives and the model of transformation. Likewise, the chapter highlights on additional theoretical implications, practical implications to Nepal and other similar countries. The chapter concludes with potential implications for further research.

1.9 Conclusion

We have elucidated some essential introductory parts of my study. They embrace highlights on such topics ranging from the background of my study, the central problem of the study, the objectives of the study, the major research questions, the significance of the study and the short overview of the methodology employed to end this study. Next chapter explains as to what methodologies are employed and how they run.

CHAPTER TWO: THEORETICAL PERSPECTIVES

2.0 Introduction

This chapter primarily focuses on the theory of transformation of NPM. First, it quickly reviews the notion of 'hybrid' in the transformation of the NPM. Second, it briefly describes the dependent variable of the study. Third, it thoroughly overviews theoretical perspectives of organization theory that are useful to explanatory part of this study. The linkages between the theory and the practice, the implementation of the NPM concepts in this case, are discussed at length using some very crucial explanatory variables and hypotheses. The basic purpose of this discussion is to develop an analytical framework that explains the issue of transformation of the NPM ideas in the context of Nepalese public sector reforms.

2.1 Public Sector Reforms

Public sector reform starts with a deliberate plan and ends with intended outcomes. It is the process of reform rather than change. Common elements of these reform processes include: 'deliberate planned change to public bureaucracies; synonymous with innovation; improvements in public service efficiency and effectiveness; and the urgency of reform is justified by the need to cope with the uncertainties and rapid changes taking place in the organizational environment' (Turner and Hulme, 1997:106 cited by Kjær, 2005, p.24).

The terms public sector reforms and public management are interchangeably used. In defining terms, 'public management reform consists of deliberate changes to the structures and processes of public sector organizations with the objectives of getting them (in some sense) to run better' (Pollitt and Bouckaert, 2004, p.8). Emphasis of the definition lies with reforming to structures and processes. These areas in public management are deemed to be a grey area, which demand constant and timely updates. Aiming at the concerns, such a reform takes place.

2.2 'Hybrid': A NPM Shape

The notion 'hybrid' with NPM denotes to a shape to be gained by NPM inspired reforms. The underpinning of the notion suggests that a country, which has introduced NPM-inspired reforms, must have the reforms with its own shape at least to some extent. When ideas come

across a country, country-specific ground reality interact with the ideas and transforms the original shape into a hybrid. It is, thus, a hybrid NPM is the result of an interaction between the national and external variables. This notion embraces the thesis of divergence in diffusion of the NPM ideas.

The notion of hybrid is also boosted also by some loosely coupled ideas of NPM. 'Indeed, sometimes the new public management seems like an empty canvass: you can paint on it whatever you like. There is no agreed definition of what the new public management actually is and not only is there controversy about what is, or what is in the process of becoming, but also what ought to be' (Ferlie et al, 1996, p.10). Given the assumption that NPM is still alive, it seems still the ideas are emergent along with discussions and practices. Such notion of 'hybrid' is also supported by the ideas of isomorphism of organization. '...organizations change essentially to become isomorphic with pressures emerging from their environment' (DiMaggio and Powell, 1983; Hannan and Freeman 1988 cited by Ferlie et al, 1996, p.246).

About the hybrid shape, most discussed features can be seen with two models of NPM reform - contractualism, i.e., solutions seeking from market; and managerialism, i.e., solutions seeking inside the organizations - has won central attention of all. The contractualism has the centralising tendencies. They emanate from 'economic organisation theory, which include public choice and principal-agent theory, and focus on primacy of representative government over the bureaucracy' (Boston et al., 1996 cited by Christensen and Lægreid, 2002, p.19). Similarly, 'the managerialism has devolutionary tendencies and set of ideas that comes from the managerialist school of thought which focuses on the need to re-establish the primacy of managerial principles in the bureaucracy' (Kettl, 1997 cited by Christensen and Lægreid, 2002, p.19-20). As a result of the hybrid process, NPM in some countries it can seem to be different from that of Anglo-Saxon countries, which are considered to be contractualism or market oriented NPM school of thought. And somewhere else it seems more closer to Scandinavian practices, which are considered to be managerialism or management oriented NPM school of thought. Whatever may be the case in a country specific reform, every new hybrid enriches to NPM diversity.

2.3 ‘Transformation’: A Process to Hybrid NPM

As advocated by Christensen and Lægheid (2002, p.1-39), we assume that there is always a strong chance of transformation in the NPM ideas itself while actualizing the ideas into reform decisions. The shaping process of a NPM hybrid is similar to a process of taking human shape by a baby while in embryonic phase.

On NPM, a debate is going on still whether it is the NPM era or the post-NPM era. The study stands by the NPM era, however, the forms and natures are always alterable. One can argue ‘NPM is by no means over’ (Pollitt, 2003a cited by Christensen and Lægheid, 2007, p.1). The study agrees to a reassertion ‘NPM has been challenged: new types of reforms have been added to those already in place, and there have been some reversals, especially when it comes to the disaggregation components of NPM’ (Dunleavy et al. 2006 cited by Christensen and Lægheid, 2007, p.1-2). Being theoretically informed, even if there are some reversals of NPM, this study considers them as NPM transformation. The transformation in this sense can be seen as a departure from familiar forms of erstwhile NPM model. Following the departure, while drawing the cases from Nepal, we further assume that there must be a form of uniqueness with the actors, processes and contents involved with NPM reforms cropped up in the country.

2.4 Dependent Variable

This study considers the ‘Cabinet’s decision’ on approval of the two reform cases as the dependent variable – the phenomenon to be studied. The Cabinet, within the structure of the executive branch of the country, is the highest decision making authority. This signifies the impact of the phenomenon. The dependent variable consists of three indicators: 1) actors; 2) processes; and 3) contents, by which the phenomenon of shaping of the decisions are observed completely. For analytic purpose, I further divided the actors into two categories: central actors and peripheral actors. Similarly, we employed five processes ‘democratic versus non-democratic’, ‘closed versus open’, ‘appropriateness versus consequences’, ‘top-down versus bottom-up’ and stable ‘versus unstable’. Finally, we categorized the content as ‘contractualism versus managerialism’.

2.5 Theoretical Perspectives, Independent Variables and Hypotheses

NPM for some intellectuals is seen as a global reform movement as being a part of global modernity project. We, however, argue reforms are not simply a transfer of ideas. Rather it is a transformation resulting from the interaction of domestic and external circumstances. To answer the ambiguity as to how and why 'host' actors and contexts interact with 'guest' ideas and take a hybrid NPM shape, we make ourselves informed, first, about three theoretical perspectives of organization theory. Also, we attempt to assess some supplementary theoretical observations. We finally highlight on our independent variables and hypotheses that correspond to each of the three perspectives.

The three theoretical perspectives of Christensen and his colleagues facilitate to identify and analyse frequently active variants. The perspectives consist of: 1) structural/ instrumental; 2) cultural; and 3) environmental – technical and institutional. These perspectives are vantage points for describing and explaining as to what shape of NPM transformation happens and why so. Same time, one can argue that how the same independent variables can respond differently while giving different cases. Also, one more query can be how some variables have typical relations with the phenomenon observed. The study, thus, analyzes all the relations comparatively divided them into two cases.

2.5.1 Structural/Instrumental Perspectives

This perspective is made of two underlying elements: 1) structure that is created to achieve a certain objectives 2) instrumentality that is to best use of means-end rationality in regard to meet the set objectives. This perspective can be used as 'a means of analytical, hierarchically based problem-solving, and as negotiations between actors with partly conflicting interests' (Christensen et al, 2007, p.25). Regarding NPM inspired-reforms, we also consider that the perspectives hold 3 assumptions: 1) NPM is 'a collection of structural reforms' (Christensen and Læg Reid, 1999, p.171) 2) main agents of the reforms are 'the administrative leaders – entrepreneurs' and 'delegated by political leaders' (Naschold, 1996; Rouban, 1995, p.52 cited by Christensen and Læg Reid, 1999, p. 171). They are the ones with means-end rationality and special expertise to keep on control; 3) reform successes are measured against organizational problem solving and their consequences.

This perspective views organizations ‘as tools in the hands of leaders’ (Christensen et al, 2007, p.22) and emphasizes ‘the ability to exert political control and to engage in clear organizational thinking and rational calculation of causal relationships and effects’ (ibid, p.5). Highlighting this side, the authors argue ‘leaders have the ability for rational calculation and for political control, but also that there may be some limitations to these abilities’ (ibid, p.36). Instrumental rationality is centrally placed that involves ‘both the effects of organizational structure and the process whereby that structure is determined and formed’ (ibid, p.34). Often leaders exert in an organizational structure ‘definable purposes’ and view of ‘things and people as ‘resources’’ (Meyer, 1983 cited by Scott, 2001, p.72). By these, this study argues that leaders makes use of a structure as ‘*pattern variables* that sharply urge universalism, neutrality, achievement, specificity to the rise of organizations’ (Parsons, 1951 cited by Scott, 2001, p. 72). Leader’s position in a structure is a chief building block so that ‘...tried-and-tested tools leaders can use in trying to make organizations more effective’ (Christensen et al, 2007, p.129). Since this perspective is based on means-end rationality, its ‘underlying logic of action is a *logic of consequence*’ (ibid, p.5). The consequentiality refers to ‘anticipatory choice’ (March and Olsen, 1989, p. 23) that is similar to rational choice making.

When it comes to norms and values, this perspective owns formal norms. Such norms are ‘outlined in organizational charts, rules and job descriptions’ (Christensen et al, 2007, p.27). Being empowered with formal rules and terms of references, this perspective generally holds controlling approach while dealing with reform issues. In this pursuit, ‘polity’ feature acts on behalf of the perspective. The polity activates itself via ‘structure’ placed in any state mechanism.

Logic of Consequences: Under such logics one has following questions (March and Olsen, 1989, p.23): 1) what are my alternatives?; 2) what are my values?; 3) what are the consequences of my alternatives for my values?; 4) choose the alternative that has the best consequences. Alternatives, values and consequences are the central points. In this, criterion for action is consequence as that is the aim of actors with instrumental and structural perspectives.

Vertical/Structural Variant: Formal structures of organization constrain how tasks are carried out. This perspective argues ‘specialization principle may thus have a strong influence on how problems are dealt with and on the content of public policy’ (Christensen et al, 2007, p.47).

They continued arguing that this can happen ‘by different forms of coordination, vertically through hierarchy, or horizontally through structure such as coordinating committees’ (ibid, p.47). The reason why elements of hierarchy matter is ‘a superior can command and instruct subordinates’ (ibid, p.49).

Coalitions by Leaders: In instrumental view, organizations may have strategy of coalition and interest articulation. From a negotiation-based instrumental perspective, organizations are viewed as ‘coalitions, where each actor acts in an instrumentally rational way, is motivated by interests and can also enter into coalitions with actors outside the organization, who, according to their interests, act in similar ways’ (Christensen et al, 2007, p.50-51). As regard to formulating and developing goals, four different ways are suggested (ibid, p.52): 1) dominant coalition – proceeding from rational calculations, choose between relevant alternatives of action and assert its own goals and interests; 2) compromise – between different interests, which in turn provides the basis for an instrumental rational choice based on knowledge about alternatives and consequences; 3) quasi resolution of conflict – the competing goals can be addressed one at a time, so as not to come into conflict with one another; 4) local rationality – goals in different parts of an organization, or in different organization, do not always need to be reviewed vis-à-vis each other.

Leader’s Control: In this perspective, leaders are supposed to have great ability for rational calculation and for control over others. However, there are some situations when they also can lose their abilities. One can argue that ‘when leaders’ means-ends understanding is incomplete where they must negotiate with other actors who have different interests and resources’ (Christensen et al, 2007, p.58). This situation can occur when given environment is heterogeneous in which actors and interest are critical to each others. Leaders, in such backdrops, act in between hierarchically-oriented variant and negotiation-based variant, i.e., leaders in former control over situation and leaders in later have no control. They, thus, compromise and negotiate with contesting actors and interests. From these insights, we have identified the first independent variable ‘deliberate planned and hierarchical decision-making of superior organizations’.

2.5.1.1 Deliberate Planned and Hierarchical Decision - making of Superior Organizations – Hypothesis 1

As we learnt that the structural/instrumental perspective has only one feature ‘polity’. Polity is meant to be an organized body of nation, state or society. Existence of nation, state or organization is embedded with achieving to certain goals. Organizations act on behalf of polity in accordance with the means-end rationality of the polity to accomplish certain goals. This is how organization is legitimized and rational representative of structure factor that in accordance with the referred ‘transformative model’ belongs to polity feature. Because of this relational significance, influential players in this study are designated under structural/instrumental perspectives as ‘policy preferences of superior organizations’.

Different organization can have different preferences – contesting preferences. Almost all organizations in principle are instrumental for goal achievement. This underscores rational organizational perspective. In practices, however, superior ones hold greater roles in defining problems and solutions. This happens vertically through hierarchy because of the power principle. As a result, superior organizations gain greater space in choice makings. Because of power principle, superior ones are in a position of providing rewards and sanctions. An inherent element of public organizations is hierarchy which is meant ‘that a superior can command and instruct subordinates’ (Christensen and Lægheid, 2007, p.49). That can delimit capacity of analysis, capacity of decision-making and capacity of action of subordinate organizations. By using the hierarchical authority and possessing ability for rational calculation, superior organizations maintain control over other actor’s choice making behavior. But when superior has incomplete strength - finance, information, knowledge, technology - they negotiate with subordinates’ competing choices.

Nepal by polity design has been a unitary country so far. In a unitary setting, authorities are centrally located. By employing instruments such as administrative, political and financial decentralizations, superior organizations share authorities and resources with subordinate organizations. In such arrangements, superior organizations have advantage over the subordinate organizations. Compared to horizontal organizations, organizations positioned in vertical relation enjoy greater role in exerting influence to decision making. Furthermore, superior organization exercise more influences in a country having central planning system.

Given the unitary polity and centrally planned system in Nepal, I hypothesize (H1) '*reforms are a possible consequence of deliberate planned and hierarchical decision making of superior organizations*'.

2.5.2 Cultural Perspectives

Cultural perspective is different primarily because it manifests path dependency. The prevailing norms and values shape the path through informal channels. In terms of types of norms, cultural perspectives follow informal ones. 'The *informal norms and values* are found in established traditions and organizational cultures that an organization's members internalize or acquire through experience and daily interactions with their colleagues' (Christensen et al, 2007, p.27). Because it is embedded in the informal norms and values, generally this perspective has constraining or resistant approach to any guest reform ideas. Two main factors of this perspective are: 1) historical institution; and 2) styles of governance. They do carry on the established cultural traits. Owing to the factors, the factors are assumed to be less reform compatible.

This perspective 'challenges instrumental assumptions and their underlying means-ends rationality and highlights the constraints and possibilities lying within established cultures and traditions' (Christensen et al, 2007, p.22). It is connected to 'the constraints inherent in established traditions and cultures, as they have developed over time' (ibid, p.25). Cultural norms make adaptation to take place 'slowly and gradually, more through evolutionary than revolutionary' (Christensen and Læg Reid, 1999, p.172).

Logic of Appropriateness: This logic refers to 'obligatory action' (March and Olsen, 1989, p. 23) in which actors relates actions with his or her identity. Similarly actors demonstrate rules following behaviour to ensure appropriateness before making actions. Hofstede defined 'culture' as 'the collective mental programming' of a people whereby a society's members are equipped with a common set of values and beliefs (Thomas, 2003, p.187). It is the mental program that governs perception, thought and action of each individual. When one is in a choice making process, 'logic of action' as criteria is the determinant. The logic of action in this perspective is tied to 'logic of appropriate behaviour or appropriateness' that includes three questions or aspects (Christensen et al, 2007, p.68-69): 1) which type of situation am I faced with? – *recognition*; 2) which identity is most important for my institution and for me?

– *identity*; 3) what are my institution and I expected to do in a situation like this? – *rules for action*. Seen from this perspective, *identity* and *rule of action* are imperatives to decision-makings. These fit to ‘obligatory action’ (March and Olsen, 1989, p.23) in which criterion for action is appropriateness. By assessing this, one can get answer if a reform is culturally compatible.

Organization culture is visible while reform process is on. The culture shows its presence, in turn, reform attempt face opposition from path-dependency of the culture. Organization culture ‘becomes apparent when the public administration goes through reform...particularly if these processes threaten dominant informal norms and values’ (Christensen et al, 2007, p.76)’. In such occasions, culture constrains the endeavour.

Divergence by Path-dependence: This perspective views NPM inspired reform tends to yield divergent shapes. This gets supports from the view that ‘Different countries have different historical-cultural traditions and their reforms are ‘path dependent’’ (Selznick 1957; Krasner 1988; March and Olsen 1989 cited by Christensen and Lægheid, 2007, p.5). National reforms obtain unique features because in a ‘path-dependency’ countries have ‘a lot of resources are already invested...roads taken in the past heavily influence the further reform journey’ (Christensen and Lægheid, 1999, p.172). After the emergence of post-NPM reforms, presently ‘interesting question arises of whether the new reforms have a path-dependency related to the old administrative system or to NPM’ (Christensen and Lægheid, 2007, p.5-6). This idea seems to be quite fitting to idea of *tabula rasa* of ‘historical institutionalism’. It argues, ‘the initial policy and organization decisions tend to shape the history of a policy, so that once the *tabula rasa* is written on, it becomes very difficult to erase it completely’ (Peters, 1999, p.349). Owing to this nature, whenever time for a reform, cultural elements constrain such a move. A reform is ‘active and deliberate attempts by political and administrative leaders to change structural or cultural features of organizations’ (Christensen et al, 2007, p.210). However, this hardly affects a ‘change’ - that happens gradually or abruptly – which is induced by incremental changes in surroundings. Culture is bounded to be a rival of reform leaders.

Utility Maximizing and Historical Legacies: Both Resistant to Reform

Generally bureaucratic elites possess negative response to administrative reform. They began with a ‘compatibility test’ (Christensen and Lægheid, 1999, p.172) of reforms. Only if they

consider reforms are compatible then they implement it and if not they either modify or reject it. One can assert two schools for the criteria of compatibility test. The first is 'utility maximizing', which stems from instrumental perspective, is very powerful in bureaucrats. The behaviour is based on an assumption 'individuals in public office attempt to maximize their own personal utility' (Downs, 1967; Niskanen, 1971 cited by Peters, 1988, p.119). From this point of view, bureaucrats have a top concern about personal betterment or benefits rather than betterment of public services. They come down to resist reforms if they conceive reforms do not increase their personal betterment. Another school suggests that the bureaucrats have 'unique culture, identity' which is adapted from 'internal and external pressures' via 'institutionalization process' (Christensen and Lægried, 1999, p.172). This legacy of history maintains resistance to reform. Both of them, i.e., the 'maximizing behaviour' from instrumental perspective and the 'legacy of history' from cultural perspective are uniquely combined with bureaucratic elites and generally show similar resistant behaviour. I thus bring them together into my study's constituents.

Punctuated Equilibrium and Path Breaking: When it is a reform issue under historical institutionalism, existing institutions themselves are 'relatively invariant'¹ and 'relatively resilient'² to the idiosyncratic preferences and expectations of individuals and changing external circumstances'. In order to come 'out of the trap of apparent immobility' (Peters, 2001, p.68) institutions require a big changes in the setting in which they operate. In turning an inefficient history to efficient³, I also surmise that actors involved in a reform process alter rules of appropriateness of the organization, start adaptation to a new path or order of solution. For this to happen, we also assume that 'rapid bursts of institutional change followed by long periods of stasis' (Krasner, 1984, p.242 cited by Peters, 2001, p. 68). That situation is best known 'punctuated equilibrium'⁴ - a driver that breaks path dependency. This equilibrium in policy stands in contrasts with gradualism and incrementalism and switch over

¹ March and Olsen, 2005, p.4.

² Ibid, p.4.

³ An efficient historical process is one that moves rapidly to a unique solution, conditional on current environmental conditions, and is thus independent of the historical path (March and Olsen, 1989, p.8).

⁴ Steven Gould's 'punctuated equilibrium' has powerful explanation for evolutionary change. In other words, change in any system is a product of external shocks to the system (Thelen and Steinmo, 1992 cited by Steinmo, 2001, p.3). According to this concept, biological evolution has actually proceeded in fits and starts, and as gradually as Darwin originally thought. Systems seem to settle into an equilibrium for a stable equilibrium for a time, then suddenly change, then settle into a new equilibrium. There is no one stable equilibrium that these systems seek; rather, there are several possible equilibria, and systems lurch from one to another...The historical development of an issue proceeds in jumps and step-level changes, not in gradual and incremental fashion (Kingdon, 1995, p.226).

to a speedy change. As Frank Baumgartner and Bryan Jones presented this concept to policy studies in 1993, this is marked by a policy shift ‘punctuated by large, but rare, changes due to large shifts in society or government’⁵.

Schooling and NPM: Some studies about cultural traits of elites and choices to NPM exhibit typical evidences. ‘New class analysis’, as originally argued by Yeatman (1987, pp. 350-351) and Pusey (1991) cited by Hood (1995, p.102), ‘the upper echelons of the public service are increasingly being occupied by a new class “econocrats”...whose education in narrow neoclassical economics...is claimed to make them natural sympathizers with New Right ideas’’. My point of argument is that such trainings induce rational orientation and lessen the strength of cultural resistance. Alternatively, the adaptation to reform grows high.

Finally, the thesis out of this perspective identified two independent variables: ‘elite orientation in bureaucrats’ with historical institution factor and ‘political opposition and insurgency’ with the style of governance factor.

2.5.2.1 Elite Orientations in Bureaucrats - Hypothesis 2

The variable comes with ‘historical institution’, the first factor of the cultural perspective. The elites exemplify a nature of having path dependency of some cultural traits. Once such traits take their shapes, it is hard to alter. Owing to the rigidity and inflexibility, they lack adaptation to reforms. As a result, the traits of group in many occasions resist reforms. The elites, therefore, are strong carrier of cultural traits and barrier to change.

The elite group is result makers. Mills (1959, p.3-4) points ‘...they are in positions to make decisions having major consequences.’ Importantly, whenever creating such consequences their cultural traits are activated. At length this group includes ones ‘who control the key material, symbolic and political resources within a country... who occupy commanding positions within the set of institutions that are most salient to national political influence and policy-making within a country’ (Reis and Moore, 2005, p.2). They furthermore view ‘...elites are the beneficiaries – materially, culturally or psychologically – of poverty and inequality, and will therefore resist attempts to overcome them’ (2005, p.195). Plato (427-347 BC) in one of his dialogues asks: ‘do you know that governments vary as the dispositions of

⁵ http://en.wikipedia.org/wiki/Punctuated_equilibrium. 25.05.08, 12.45 hours.

men vary, and that there must be as many of the one as there are of the other? We cannot suppose that States are made of “oak and rock” and not out of the human natures which are in them’ (The Republic, Book 8, VIII cited by Helgesen and Thomsen, 2006, p. 17). Although people are the force steering public policy, elite group of a society can bend public policy to any direction. As a result, people’s choice counts less and elite’s choice counts much in reality. ‘Elite theory suggests that the people are apathetic and ill informed about public policy, that elites actually shape mass opinion on policy questions more than masses shape elite opinion’ (Dye, 2004, p. 23).

When discussing about elite and their roles in bureaucracy, administrative culture appears a pertinent issue. Culture is considered to be ‘learnt behaviour’ (Helgesen and Thomsen, 2006, p.18). ‘Public organizations reproduce social and political orders, that is, administrative behavior is a result of national cultural norms’ (Jamil, 1994, p.292). Bureaucratic elites who lead the organization act in accordance with the reflection they acquire from national cultural norms.

When it comes to the case of Nepal, political and bureaucratic leaders carry in them the values of elite culture. That goes against any changes to prevailing monopoly in social and economic power structure. ‘Although Nepal’s planning and governmental apparatuses are superficially modern in their external features and seem to be geared to the needs of development and modernization, their basic political patterns are fundamentally patrimonial in character’ (Shaha, 1982, p.15).

The Nepali system remains hierarchical, with certain elite families having special privileges and authorities. Thus, ‘in the central government, most of the high offices are held by members of elite Brahman, Chetri, and Newar families’ (Justice, 1986, p.21). Being a feudalistic society, except for a few positions, ‘the key positions in the administration have become a monopoly of the high born families’ (Bhatta, 1987, p.160). The value of ‘elite orientation’ with bureaucratic leaders is in-built as part of culture that generally opposes equity and equality. Ironically, other stakeholders in the policy making of the country are not as competent as the political and bureaucratic leaders.

In this, the variable is characterised as the culture typed of ‘what organization is’ (Jamil, 1994, p.278-280) that generally affects others rather than gets affected others. Learnt from

these, a hypothesis (H2) to this study is laid down '*elite orientation in bureaucrats as agents of the historical-institutional administrative culture and tradition constrains reform actor, process and content*'.

2.5.2.2 Domestic Political Opposition and Insurgency - Hypothesis 3

The second underlying factor of cultural perspective is 'style of governance'. The style illustrates the way or approach that the governance is practiced by major actors. Political parties, inter alia others, activated in the country are one of the chief actors. After some times of practice, the style per se becomes an established cultural 'path'. Once it is fixed, it does not alter easily. Being an inherent part of national political culture, this is embedded with the political parties in the society. Looking at the trend, this study assumes 'domestic political opposition and insurgency', which correspondence to the factor - style of governance.

While referred to reforms undertaken in the country after the advent of democracy, the most noticeable characteristic that the big political parties have shown is hostile nature of response to reform agenda of GoN. As this practice has been a tradition, a strong element of path-dependency they have maintained while responding to the GoN's reform initiatives. Since early 90s and afterwards Nepal has a history of political opposition and insurgency. During the period of the Koirala government (1991-94), the opposition parties, especially the leftists ones, organized various protest movements like transportation strikes, general strikes, *Nepal Bandha, Gherao, Dharna* causing 'increasing disruption, destruction and casualties' (Dahal, 2001, p.262). On reform issues, the longest serving major opposition party namely CPN-UML embraced largely socialist views while the longest serving ruling party namely NC embraced rightist views. As there were fundamental differences in their views, they engaged in collision on almost all agenda.

In the meantime since February 1996, Communist Party of Nepal- Maoist (CPN-M) launched an insurgent movement. It engulfed the country in a sporadic conflict for little more than one decade. 'Since 1996, the Maoist insurgency has claimed an estimated 13,000 lives and rendered thousands of people homeless and handicapped and caused enormous social and economic damage' (Karki, 2005, p.45). 'With the expansion of the arms conflict, the security situation in most of the districts worsened and as a result, and as expected the governance

system weakened...economic activities in the conflict affected area came to a standstill' (Legal, 2005, p.30).

Due to frequent political turmoil, in between 1991 to April 2006 government changed fifteen⁶ times and many times it witnessed coalition government. Whenever the country had a coalition government, the agenda of NPM inspired reforms de-accelerated. It was due to conflicting policy preferences embedded within the coalition political parties. The bleak political situation as a result of political opposition and insurgency bottlenecked reform agenda of the governments. With these understanding, this study hypothesizes (H3) *'turbulent transition situation affects reform actor, process and content and it can be seen as a by-product of concurrent domestic political opposition and insurgency'*.

2.5.3 Environmental Perspectives

This perspective views that influences come from the surrounding environment. Reform decision-makers come under its grip when the environment is overwhelming enough to exert influences. It is due to that they have myths flavours and the myths are 'socially created norms' (Christensen et al, 2007, p.98) in which organizations have to act upon and survive in. Owing to the myths flavour, environmental perspective is connected to 'dominant values and norms in the current environment, which influence the possibilities for what public organizations can do' (Christensen et al, 2007, p. 25). The environmental perspective in itself belongs to two different features: a) technical: the environment which concerns about hardcore economic performances and holds 'logic of consequences' with means-end rationality; b) institutional: the environment which originates with institutional or non-technical stream and embraces 'logic of appropriateness'.

The *technical* environment comes in effect with 'economy' factor while the later with 'ideology'. Neoinstitutional theory and universalization of the theory are underpinnings of the technical environment. For this, a set of international institutions are quite busy in transmitting ready-made and prescriptive solutions to any management ills. They apparently suggest convergent model of prescriptions and rather undermines a local context. It is because 'technicist mentality' (Ellul, 1954, 1964 cited by Scott, 2001, p.72) of organizational managers who 'attempts to devise governance structures that will economize on transactions

⁶ Based on the data collected from Secretariat of Parliament, Singhdurbar, Nepal, July 2007.

costs' (Williamson, 1975 cited by Scott, 2001, p.164). In short, economy is the ideal source for any reform solution.

The institutional environment is partly regarded as myths-oriented perspective. The reason is that this also highlights 'adjustment to existing beliefs and values in the environment in order to understand how organizational changes occur and what effects and implications they have' (Christensen et al, 2007, p.22-23). In regard to application approaches while transmitting ideas to a host or recipient country or party, we assume that both features deploy: 1) pressures from inside and outside a country and 2) mimetic attraction from other's practices. These approaches are easy carriers by which the two factors, i.e., economy and ideology, easily influence concerned actors. They come into effect with two legitimated instruments: 1) 'internationally based norms and beliefs...because these have become the prevailing doctrine' 2) 'NPM may really be seen as the optimal solution to widespread technical problems' (Christensen and Lægreid, 2007, p.4-5). In this, socially accepted norms and values are the ideal source for any reform solution. Above all, major demarcation between the technical and institutional environments is that the former draws reform ideas from economic hard-fact whereas the later draws from impressive but socially accepted ideology.

In the both technical and institutional environments, DiMaggio and Powell's views seem quite relevant. They highlight coercive, normative, and mimetic reasons for organizational isomorphism. '*Coercive* factors involved political pressures and the regulatory force of the state; *normative* factors stemmed from the influence of professions and the role of education; and *mimetic* factors drew on habitual, taken-for-granted responses to uncertainty' (Powell, 2007, p. 2). The role of uncertainty is immensely high for *mimetic* behaviour and action. 'Uncertainty has been shown to drive imitation (DiMaggio and Powell, 1983); more specifically, when organisations are uncertain about their own experiences, or when their earlier development and activities are questioned, they turn to others for experiences and models to imitate' (Sahlin-Anderson, 1996; Sevon 1996 cited by Sahlin-Anderson, 2002, p.48). Likewise, 'habit as well as perceived similarities play a role in the process of imitation' (Sahlin-Anderson, 2002, p.49).

Myths, Recipes and Diffusions: Myths perspectives stress on impact of socially created norms, that is, roles of institutional environment. Because of this, 'organizations must try to incorporate and reflect these norms outwardly, even if they do not necessarily make the

organization's activities more effective' (Christensen et al, 2007, p.98). We see, as an outcome, 'organizations become more similar to one another' (ibid, p.98). But this contrasts cultural perspectives in which organizations are assumed to be different due to cultural variant. This also collides with technical environment perspective in which environment is the ground rule. Genesis of myths, however, is technical rather than cultural elements.

Myths basically carry on recipes 'for how to design an organization' (Christensen et al, 2007, p.102). The difference between the recipe in technical environment and the recipe in myths can be distinguished by a fact that the latter has socially legitimated recipe while technical environment may not necessarily avail the legitimacy. Despite the fact, myths perspective has an image of twin of both cultural and technical environment. It is 'stemming from natural and cultural perspectives or as a category of the institutional perspective' (Christensen et al, 2007, p.101). On the issue of myths diffusion, Christensen et al (2007, p.111) acknowledge the role of 'higher education' particularly in business schools from the West.

Fashion Communities: This perspective argues 'the world's management systems will end up more or less the same, irrespective of current cultural differences among countries; management systems around the world should display increasing homogeneity' (Thomas, 2003, p.185). This asserts convergence thesis to any management problem. That's why they buy and sell best practices which are tested successfully in one place. In the transmission or replication of such practices in the form of dominant administrative doctrines, fashion-setting communities come in with vibrant marketing skills. The communities include (Abrahamson, 1996, 123-124): 1) fashion leaders or fashion setters – actors who make new fashion and legitimate; 2) fashion followers – actors who translate the fashionable techniques into practice when the legitimating discourse becomes fashionable. Despite the sound logic, I like to argue that the Abrahamson's concept seems missing one more actor that is what 'fashion merchant' – who trades fashionable ideas from one part to another. In doing so, they offer to potential buyers both pressures as well as imitating impression. Donors or consultant firms or international organizations can be the merchants. Abrahamson furthermore notes that two sides of parties participate in the fashion market of reform ideas (ibid, p.123-135): 1) demand and 2) supply. To this note, I relate a proposition 'tremendous supply of popular organizational ideas and recipes' (Christensen et al (2007, p.105) is outcome of symbol of efficiency, modernism, and legitimated administrative doctrines.

Garbage Can Model: We assume that this perspective seemingly fits to garbage can model of decision-making. The model in which notion of ‘solutions seek problems rather than the opposite’ (Christensen et al, 2007, p.99) is a feature. In this light, being NPM ‘a family of business-inspired recipes’ (Christensen et al, 2007, p.105), NPM carries on the elements of garbage can model. As the recipes are ‘tried-and-tested tools and ready for use’ (ibid, p.123), such recipes supposedly run with efficient, legitimated and modern doctrines. The thesis finally draws two independent variables: ‘fiscal crises’, a context of technical environment from the ‘economy’ factor; and ‘reform doctrines of donors/ international agencies’, a context of institutional/ myths environment from the ‘ideology’ factor.

2.5.3.1 Fiscal Crises - Hypothesis 4

Economy, the first stream of environment perspective, bestows fiscal stress. This is a phenomenon to be seen in management of national fiscal policy and caused by imbalance between income and expenditure. Under such a stress, decision makers of ministry of finance and others are challenged for making prudent choices. ‘NPM is often interpreted as a response to fiscal stress and resistance to extra taxes’ (Hood, 1995, p.102-103).

In Nepal, such a crisis has deterministic role in many issues. During eighties and nineties, maintaining fiscal-balance has been a big problem. During the eighties (FY 81-FY90), expenditures rose by an average of 0.73 percent of GDP a year, compared to 0.14 percent for revenue; second, expenditures are overextended. Regular expenditures, reflecting mainly (i) increased debt service; and (ii) employee compensation, have expanded rapidly (The WB, 1994, pp ii). This pressure later grew up steadily. On the one hand, later security costs exceeded its limits because of internal conflict; on the other, public revenue seen its lowest growth rate due to continued slackness in almost all spheres of the economy.

The dismal relation between the income and the expenditure has left deep impact on the capability of the government’s policy making, planning and programming. As a result, the MoF along with other ministerial officials became keen for alternate ways – the ways that help them to manage the budgetary deficits and fiscal imbalances. This means a government really trapped in fiscal deficit is likely to imitate reforms ideas from others’ experiences. The experiences which are tested ones and are easy to use into practice entice the policy makers in such difficult times. ‘A core assumption was that public administration had to adapt to a

globalized economy in order to serve the economy better, improve international competitiveness, arrest national decline, and reduce fiscal stress, budget deficits and public debt' (OECD report 1991 cited by Olsen, 2003, p.8). By these accounts, the study assumes the abovementioned hypothesis to describe and analyse the relation of the fiscal stress with the Cabinet's decision. Being informed by these general observations, this study holds a hypothesis (H4) '*reforms are likely to be seen as a necessary response to pressure from fiscal crises*'.

2.5.3.2 Reform Doctrines of Donors/ International Agencies - Hypothesis 5

This is a representative of ideology stream that pertains to institutional or non-technical environment. Here the ideology refers to the panacea sort of contents, which are for reforms and often comes in from outside. In this process, inter alia, donors and international agencies stationed in the country have very efficient roles in disseminating them to local consumers, users and recipients. It is because they generally couple with aid and ideas together. Such ideologies generally promise efficiency, which the recipient country seems to lack. As the ideologies sound attractive and easy to implement, they succeed to get attention of reform designers and decision makers.

Aid organizations play key role by carrying both aid and ideas for reforms. 'Common (1998) argues that major aid donors have played an important role with the direct sponsorship of NPM-type reforms through their aid programmes, and related conditionalities' (cited by Minogue, 2001, p.34). Major multilateral and bilateral agencies are engaged in such businesses. For example, 'the OECD and the World Bank are important institutions for diffusing administrative reform idea' (John Halligan, 1996, p. 297 cited by Olsen, 2003, p.8). In the experience of Nepal, aid conditions significantly act as a carrier of ideas. The country encountered with a huge size of loan conditions, for example, 'from 1995 to 2000, every IMF loan had an average of 41 conditions' (CPWF and Action Aid, 2004, p.37).

'Foreign aid has become an integral, and a highly visible, part of Nepal's political, economic and social landscape for the last 50 years' (Sharma et al, 2004, p.1). In a review findings, GoN feels 'donors tend to have their own agendas as well as commercial interests...some of them are "pushy"' (2002, p.3)⁷. Multilateral parties involved in Nepal aid include ADB, EC,

⁷ Review of Development Partnerships in Nepal, 2002, <http://www.ndf2002.gov.np/consult.html>

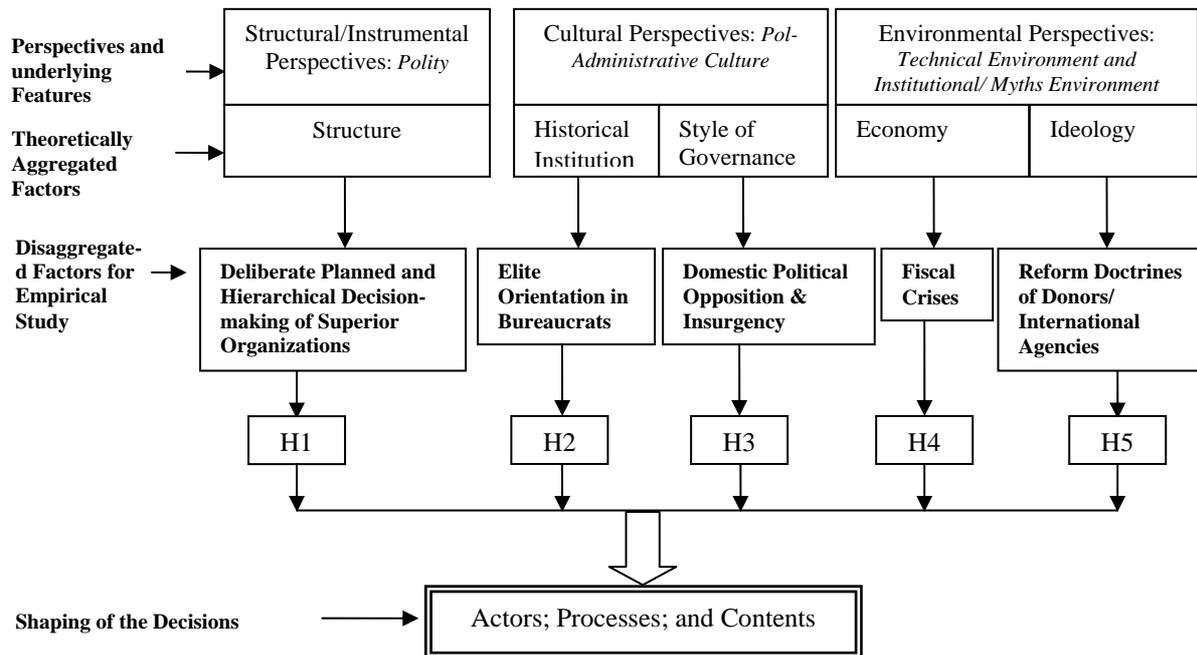
FAO, ILO, IMF, UNICEF, UNDP, UNESCO, UNHCR, UNIDO, UNPF, WB, WFP, and WHO (MoF and UNDP, 2000). Similarly, bilateral side includes Australia, Canada, China, Denmark, Finland, France, Germany, India, Japan, The Netherlands, Norway, Switzerland, United Kingdom, and United States of America (MoF and UNDP, 2000). Compared to the bilateral, the multilateral donors hold significant position in terms the aid size and influence they exert. Among them, mainly the WB/IMF and ADB has greater roles. When it comes to the donors' roles in influx of ideas into national reform agenda, it is worthy to note '...donors have responded to a greater extent to the development priorities of the government mainly because Nepal is changing its plan and policies as recommended in the mainstream development theory or in the policy reform package of IMF and the WB (Khadka, 1991, p.426).

Not only is the conditionality supposed to be carrier of the ideas that are popular elsewhere. Other carrier might be expatriates, exchanges programs, and publications that transfer the doctrine of modernity to countries like Nepal. Assuming that these guest organizations offers dominant doctrines to the country's reform context, this study hypothesizes (H5) *'reforms are seen as legitimate, modern and in line with dominant reform doctrines of donors/ international agencies'*.

2.6 Analytical Model

On the issue of how reform ideas or recipe comes into praxis, as Christensen et al (2007, p.123-125) argue, I expect three kinds of responses from the identified independent variables (IVs): 1) quick coupling – popular idea or recipe – tried and tested tools, ready for use and relatively easy to implement - can be implemented relatively quickly; 2) rejection – complex, value-based institutions generally able to successfully resist reforms; and 3) decoupling – modern organizations experience from the institutional environment to incorporate them because they are seen as up-to-date and legitimate ideas and recipes. From the above three perspectives, the instrumental owns the quick coupling, the cultural owns the rejection, and the institutional/ myths owns the decoupling. By assuming responses of the variables, we have proposed below an analytical model for this study which combines the three perspectives of organization theory with the 'model of transformation' (Christensen and Lægheid, 2002, p. 35).

Figure 1: Transformation of the Ideas of NPM into the Reform Decisions in Nepal



Hypotheses as strategy for analysis:

H1 – Reforms are a result of deliberate planned and hierarchical decision-making of superior organizations.

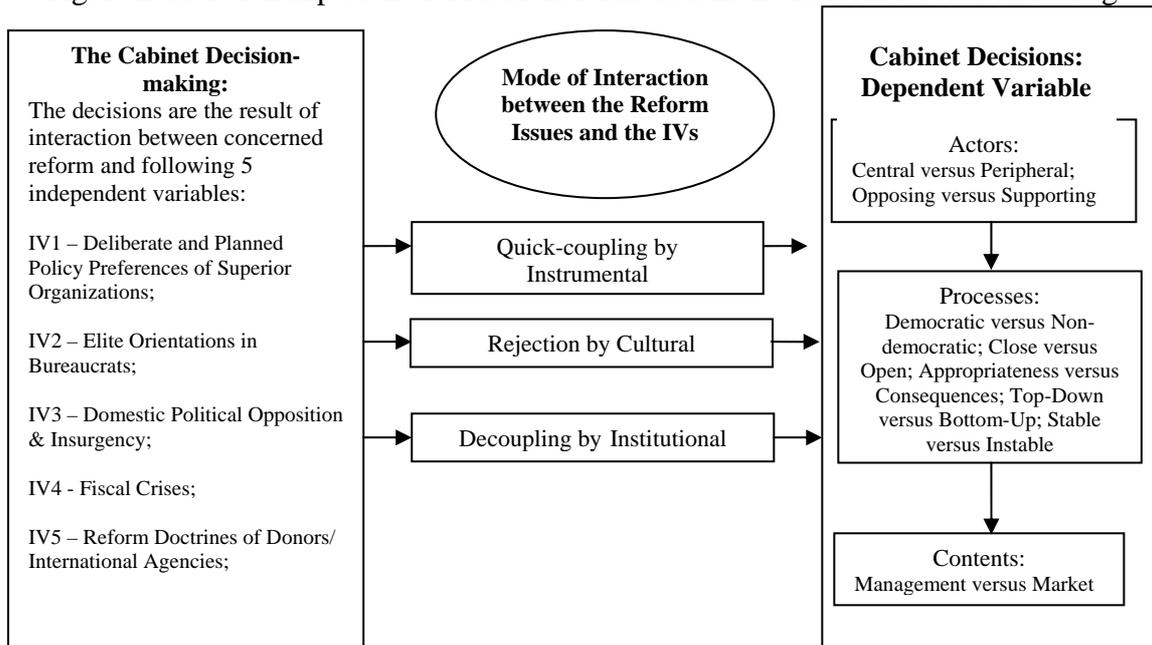
H2 – Elite orientation in bureaucrats as agents of historical-institutional administrative culture and tradition constrains reform actor, process and content.

H3 – Turbulent transition situation affects reform actor, process and content and it can be seen as a by-product of concurrent domestic political opposition and insurgency.

H4 – Reforms are seen as necessary response to pressure from fiscal crises.

H5 – Reforms are seen legitimate, modern and in line with dominant reform doctrines of donors/ international agencies.

Figure 2: Relationship of the NPM Transformation in the Reform Decision-making



2.7 Conclusion

We define terms for this study that a new shape of NPM is a ‘hybrid’ and the process of gaining a hybrid is ‘transformation’. The three perspectives of organization theory tender bedrock to this study. Combining the transformative model of NPM with the three perspectives of organization theory along with a few more supplementary theories, we distilled five hypotheses. The hypotheses are espoused with the theoretical evaluation plus empirical observations. However, the five variables are grounded into the reality of Nepal. While the reforms in design and decision-making, as viewed by Christensen et al (2007, p.123-125), we also hold that the variables do interact with the NPM recipes generally in three modes: 1) quick coupling; 2) rejection; and 3) decoupling. Furthermore, the modes presumably affect the actors involved, the processes followed, and the contents acquired. In following chapter we discuss about research methodology employed to this study.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

This chapter mainly discusses the methodological choices that I have employed for the study. The discussion starts with a description of what kind of research strategies I have placed in. Also, I shed light on some potential queries on what are my unit of analysis, what methodological techniques I have used for evidence collection, and how I organized analyses in the study with their respective justifications. Finally, highlights on what practical challenge and experience I got through are also part of subsequent discussions in the chapter.

3.2 Research Strategies

Four issues arise when you decide that strategy, i.e., making an early decision about which methods to use; understanding the link between methods, methodologies and society; appreciating how models shape the meaning and use of different methods; choosing method(s) appropriate to your research topic (Silverman, 2005, p.109-110). Having learned from this, my tacit strategies are as follows:

3.2.1 Qualitative Method

Qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry. ‘They seek answers to questions that stress *how* social experience is created and given meaning’ (Denzin and Lincoln, 2000, p.8 cited by Silverman, 2005, p.10). Unlike quantitative method, any conclusion in a qualitative inquiry requires immensely rich data supports. ‘The reporting of qualitative research relies on rich, descriptive language’ (Schultz, 2006, p.361). My study rests upon explanatory as well as descriptive inquiries because of nature of research questions. They sought answers tremendously dealing with rich descriptive and analytical stuffs. I thus opted for qualitative rather than quantitative method.

3.2.2 Case Study

Within qualitative premise, I have grounded case study for this study. The first advantage the qualitative strategy offered was sufficient rooms for meaning construction since it is by nature interpretative. ‘In general, interpretative approach is the systematic analysis of socially

meaningful action through the direct detailed observation of people in natural settings in order to arrive at understandings and interpretations of how people create and maintain their social worlds' (Neuman, 1997, p.68). In the two cases SPGNFSRP and the GRPRM, a challenge was there while constructing meaning on what and why decisions in the reforms took place. To this end, the required data were possible only from those who had been involved in the decision-making processes. Taking a few people and getting long hours in-depth interviews was truly fitting more than any others.

Secondly, 'research questions have both *substance* (e.g. what is my study about?) and *form* (e.g., am I asking a "who", "what", "where", "why", or "how" questions?)' (Yin, 2003, p.7). On the *substance* part, my study has sought to understand the transformation of NPM ideas in the Nepalese public sector reforms. The core of the sought understanding included both descriptive and analytical interests. A basic assumption about possibility of a hybrid shape in the implementation of NPM ideas underpinned the appetite for the substance. On the part of *forms* of my questions, the research questions that the thesis came up with included 'what', 'how' and 'why' concerns. Among them, the first, second and third questions posed 'what' concerns whereas the fourth question posed 'why' and 'how' concerns. Yin affirms that basically five research strategies are applied in social science (COSMOS Corporation cited by Yin, 2003, p.5): experiment, survey, archival analysis, history and case study. Among them, case study is utterly closer to the *form* of this study. Because 'how' and 'why' questions are more explanatory that appeal case study.

Thirdly, there are three conditions for the case study: '(a) the type of research question posed, (b) the extent of control an investigator has over actual behavioural events, and (c) the degree of focus on contemporary as opposed to historical events' (Yin, 2003, p.5). As we discussed above, the first condition was so much prevalent in this case. However, the second and third conditions also seemed relevant as I have no manipulative influence at all over the behaviours of the events. The unit of analysis, that is, two reform cases took place in the contemporary world as implemented by the GoN. Similarly, this study has a feature – possessing recently held decisions as unit of analysis. Yin views '...the case study's unique strength is its ability to deal with a full variety of evidence-documents, artefacts, interviews, and observations...' (2003, p.7-8). Owing to meeting these conditions, I prefer case strategy for this study.

Finally, my study illustrates its five independent variables representing wide array of causal factors. Similarly, various tasks of the study, i.e., data collection, data analysis and their validity were relied upon different means. Finally, like most of the studies benefit from well-heeled theoretical framework, this study also had prior theoretical assumptions. In such backdrops, Yin suggests case study again when: ‘...there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis’ (2003, p.13-14). For these very reasons, my thesis has sufficiently benefited from case study.

3.2.3 Selection of Case/ Unit of Analysis

Stepping into the research design, the two cases chosen namely the SPGNFSRP and the GRPRM are the unit of analysis of this study. By placing them in the study the study has sought answers about the set research questions. Several reasons drove me to picking up these cases. In fact, two-prong criteria were used in the selection, i.e., institution-based criterion and case-based criterion. In the institution-based criterion, first, I did a rapid assessment on which institutions were the most relevant to look into on the issue. After having consultation with some concerned persons, I found three ministries as the most relevant: Prime Minister’s Office (PMO), Ministry of Finance (MOF) and Ministry of General Administration (MOGA). Since the PMO is directly led by the PM, the executive chief of the country, it has tremendous roles in the reforms. Similarly, MOF is very much pivotal as it deals with revenue and expenditure in the country. Moreover, when it is issue of administrative reforms MOGA is the focal point as per the ‘The Government of Nepal (Business Allocation) Rules, 2007’. On these grounds, the three ministries were taken up. As soon as the institutional criterion concluded, I attempted to watch out by using the case-based criterion in order to select one case from each of the institutions.

The SPGNFSRP, the second case, I chose from the domain of MOF. The first advantage of this case is it represents the most debatable and contested reform of the contemporary Nepal. From its start up, the program was mostly welcome despite certain resistances from different corners of the society mainly from business community and opposition political parties. These plots are enough to regard it as a ‘contested case’. On the other extreme, it was a ‘darling’

reform of some donors especially of the WB/IMF. Besides, by gravity the reform case is regarded to have a big impact.

The GRPRM represents the domain of administrative and governance reforms. Inherently, it has a say about another big donor of the country ADB as pushing agency. Since theoretically a major part of the public sector reform is the changes within government apparatus, this case upholds that concern. By taking this case and the other case, I attempted to design a balanced strategy having cases from different domains and with different supporting institutions.

In the design process, I was engrossed with concerns of validity. For this, I opted for two-case as a part of multiple case approaches. My idea was to gain cross case synthesis which can be well-validated due to comparativeness and representativeness in analysis. ‘The evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust’ (Herriott & Firesone, 1983 cited by Yin, 2003, p.46). There are some prejudices against the case study strategy. Social researchers do have high concern of generalization. One of the greatest common concerns about case studies is that they provide little basis for scientific generalization. ‘How can you generalize from a single case?’ is a frequently heard question. The answer is not simple’ (Kennedy, 1976 cited by Yin, 2003, p.10). To address this shortfall of single case study, I employed ‘multiple-case approach’. Inside the two cases, I narrowed down my zoom to decisions made by the Cabinet of GoN. However, the decisions concern only to the approval of the reform programs.

3.2.4 Source of Evidence

As my study is built with strategy of case study, the source of my data consisted of documents, interviews, archival records and policy observation. By this, the study is based on both secondary and primary forms of data. Out of six sources of evidence to be used in case studies, i.e., ‘documents, archival records, interviews, direct observation, participant-observation, and physical artifacts’ (Yin, 2003, p.83), this study benefits almost from the four sources. By these facts, the thesis stands by the ‘principle of multiple source of evidence’ (ibid). My idea of absorbing data from multiple sources was to assure of triangulation, e.g. multiple sources of evidence. This helped me in constructing validity and reliability to a considerable amount in this case study. In the construction phase, my design remains so much

impressed with an idea ‘major strength of case study data collection is the opportunity to use many different sources of evidence’ (Yin, 2003, p.97).

3.2.4.1 Document Texts/ Written Data

With regard to the third research question, document texts have been very instrumental. As a matter of fact, the question about contents part of the reform remained my point of reference for rest of the journey. Two more supplemental sub-questions, i.e., contents of market elements and contents of management elements, underpinned this question.

Firstly, I collected copies of relevant decision minutes of the Cabinet of GoN. The decision contents of the SPGNFSRP were obtained from NRB whereas the contents of the GRPRM were collected from MOGA. Upon the collection, I developed a matrix that exhibits a case-wise comparison of the contents brought in from NPM ideas (*see Figure 4*).

The data collected from this source rested upon several forms of texts. Most of them were in printed forms like books, reports, papers and so on. I received them mostly from PMO, ADB, and the WB. Similarly, another form of source I rested upon was web pages of some concerned agencies. This category includes web pages of ADB, the WB and other governmental agencies of GoN.

Apparently, there were several reasons why I utilized the document/text method. *First*, it allowed authentic and reliable documents. *Second*, the method was believed to shorten time and to economize other resources involved. Since the study had time-constraint and other resource deficiency, a ‘quick solution’ like document method was a great assistance. *Third*, this method could be always helpful for descriptive data. Most importantly, data from the documents gave me a sound basis of searching further data. For instance, by the help of the documents, I analyzed and came up with a comparative-list of the NPM ideas universally practiced and the NPM ideas locally practiced. That paved the way for interviews and other sources in pursuit of answer to the second questions.

On the issue of response, I have a bit of a unique experience compared to commonly heard experiences. Generally social researchers complain of bureaucrats’ poor response in data collection. Contrary to this, I enjoyed pretty warm responses since I myself professionally

belong to Nepalese administrative system. On my request, some provided me with electronic documents by email and some did so with even hard copies.

3.2.4.2 Interviews

As for the fourth question ‘what factors affected the decisions?’ the data I needed was of explanatory nature. They were to acquire ‘why’ and ‘how’ aspects of the decision processes happened to all the cases. ‘The primary aim is to gather an authentic understanding of people’s experiences and it is believed that open-ended questions are the most effective route towards this end’ (Silverman, 2004, p.13). For the interview, altogether twenty respondents were meticulously taken up. As the interviewee-size in terms of number was not so large, the study focused on their professional observation about the process of each of the decision-making. Of the 15 interviewees, two from NRB, one from PMO, one from ADB, one from the WB, one from DFID, one from NPC, five from MOGA, one from Parliamentary Committee on administrative reforms, one from MoF, and one from Pro-Public, a leading NGO of Nepalese civil society. They were interviewed on the basis of their significant involvement in the decision-making processes of their respective organizations. By the case-wise number of the interviewees, the SPGNFSRP and the GRPRM held 10 and five interviewees, respectively. Most of them are fairly from very senior position of bureaucracy such as Secretary, Joint Secretary and so on (*see Appendix I, II and III*).

Some interviewees were picked up also from non-governmental agencies such as donors and civil society. Mainly they are from the background of senior technocrats serving the respective agencies. The logic adhered to that the more the senior level the more the direct observation in the decision-making. It is because senior-most bureaucrats and technocrats do have interface with the Cabinet that is the highest political body of decision making.

On top of all the preparations, each name of the interviewees was well assessed before they were approached. It was to minimize unequal competency of the interviewees and also to maximize richness of the data. In the assessment process, I benefited from ‘snowball or chain’ technique. In this, the person I interviewed last time was requested for pointing out who could be the next appropriate person for the next interview.

The action of interview had a support of semi-structured interview-guide (*see Appendix IV*). Although I developed the guide before I marched to field work, I continued to refine it even

during the field with practical observations. Despite all, I paid maximum attention to consistency in the questioning of interview so as to maintain reliability. During the interview, I used the guide merely as an indicative framework to let the flow of in-depth talk. Through this approach, I let maximum chance to happen ecological validity in which interviewees commonly feel quite comfortable with the environment they live in.

The in-depth interview has tremendous significance to this study. *First*, this provided with opportunity of face-to-face interview along with sufficient control. I could ‘excel’ on my own pace and ‘control’ over the questioning-answering processes. *Second*, it enriched the study with variety of sequential pattern of information. It allowed data to emerge in its own way. That opened many avenues which were never assumed before. *Third* is about accessibility. As I am still a part of senior level bureaucracy of Nepal, this conferred me a comparative advantage of having access to high level bureaucrats and technocrats. Taking this advantage, I designed the interview as a key pillar of data collection. To my surprise, many of my informants presented themselves very openly. This fairly contrasts a generalization that researchers often trouble with bureaucrats. *Finally*, I saw the area of the study by nature is ‘process studies’ rather than ‘result studies’. In this regard, observation of those who could say ‘how’ and ‘why’ aspects of the process are likely to shed light on the phenomenon. In view of making the people replay their observations openly, interview remained undoubtedly the best convenient technique.

I tried to record almost all of the interviews on voice tracker. The moment I did request for prior permission, a few of the interviewees felt little bit hesitant. However, the good thing was the uneasy feeling went off as soon as they stepped into real parts of the discussion. In such a time, personally I was so concerned about the feeling, behaviour and response of the interviewees towards the setting around. In order to ease the environment, I used a small MP3 recording instrument. Due to the size it remained user-friendly and also interviewees-friendly. By these, I tried to assure of ecological validity.

With regard to the level of response, overall impressions were very encouraging. None said ‘no’. The best thing I noticed was many of them encouragingly participated and in some cases presented themselves in self-confessing way, too. Likewise, many of them expressed at the end a feeling of joy with the way we involved in the game of interviewee-interviewer.

3.2.4.3 Archival Records

I found some data useful to all research questions available in archives of some web-pages. For this secondary form of data, I mainly used the archive of 'The Kathmandu Post', an English national daily newspaper. The data were mainly supportive to descriptive as well as explanatory parts. I used the archives, however, of only one year on after the decision date.

Literally, this study benefited in various ways from the source. The archival documents do have sound stock of reliable data. That carried powerful explanations. For instance, news did have coverage on which actors and processes demonstrated what behavior and why. Since the news is generally patterned in sequential order each day this is helpful in meaning construction going through their history. *Second*, this specific newspaper is the largest in terms of its circulation, and name and fame. These are quite significant while on the issue of validity and reliability. *Third*, comparing with others this particular newspaper stands quite ahead with regard to coverage of reform issues. The broad and in-depth coverage remained a great help to this study. *Fourth*, it was a coincidence that I needed a few supplementary supports after my field work. Wherever it was data gaps the gap was so nicely filled up with the data from archives. *Fifth* and the most importantly, it was the only source which I found fairly possible with computer research without any constraints and additional costs. In brief, this has been a true friend of mine while dealing with my empirical chapter but in the form supplementary supports.

3.2.4.4 Personal Observation

My own observation being as a participant observer in some policy-making businesses remains an additional help to this study. For almost more than one decade I worked for PMO of the Nepal. The agency is one which has been a central actor in the GRPRM. I participated in many reform policy task groups. Enriched with the rich observations earned during the times, this study garnered tremendous benefits. Chapter five and six obtained ample supports from the observation compared to all other chapters.

Data from the personal observation seem to be rich since they have less-distortions. They carry the values of first-hand real fact. The long year observation covered a range of time that provided comprehensive picture of the reform processes. This minimized a chance of misleading 'peep sight' in which only one part of picture is understood and rest of the others go mislead. However, I used the data from observation basically for supplemental supports to

other data. Furthermore, the observation helped me in verification of validity and reliability of other data collected from other sources. Due to this, sorting out unnecessary data has been easy.

3.3 Analysis of Data

To be very practical, I analysed the data in seven steps. *First*, I transcribed all the recorded interviews. Altogether 20 interviews taken with concerned high-placed officials were keys to open my data treasury. In view of grasping all relevant parts of the interviews, I managed transcription of all the recorded interviews in the written forms.

Second, I made a tabulation in which all data are tabulated under three different headings: independent variables, hypotheses and obtained data. Data obtained from all four sources were stated one by one under the headings. While doing this, only the data are included which exhibited relation between the independent variables and hypotheses. In the meantime I used my own observation where it was inadequate data in the tabulated form of data for analysis. At the end of the day, I obtained a clear picture about the relationship between the IVs and the hypotheses linked with the data. This strategy granted me an easy way to analyse how far the data supported the hypotheses.

In the *third* step, I applied the vintage points of the three perspectives (*see 2.5*) of organization theory. They provided us at least four broad theoretical propositions, however, one hypothesis I formulated myself taking the empirical context into account. Apart from the three perspectives, the thesis took help of some supplemental theories. By using the data, the study examined the set five hypotheses whether they are supported or not. In this course, a comparative view analyzed the data keeping at centre the five hypotheses (*see Figure 1 and 2*).

In the *fourth* step, the study applied cross-case synthesis. The two cases picked-up rendered me a sound basis for this kind of synthesis. Specially in summing up of all the analyses conducted, I used the synthesis and attempted to reach a synthesised conclusion.

In the *fifth* step, in relation to capture causal relation of each of the independent variable with the dependent variable, I made a close look into the latter's three indicators. They include actors, processes and contents. However this relation is assumed to be strong only in

instrumental. And in cultural and environmental it is believed to be loosely coupled. For this reason, I brought into the analysis the relation among and between the actors, processes and contents (*see Figure 1 and 2*) in instrumental more closely and in the rest to possible extent.

The *seventh* step has been the most significant to the result of this study. In this pursuit, my study sought supports that each of the hypotheses received from data analysis in reference to the three indicators of the dependent variable: actors, processes and contents. The benchmark I placed for 'support' to a hypothesis if the relation of a variable is above weak in any of the indicators plus provided at least weak in the rest. The other way round if the relation is equivalent or lesser than weak the result is regarded as 'no support' or 'rejection'.

Finally, in view of adding quality in the analysis, I applied a wide array of consultations on my drafts as well as on the data. For example, I several times sought feedback on my drafts from some key interviewees. This helped me significantly in fixing cross verification with the drafts and triangulation about the data as such. Similarly, on top of my department seminars I presented the drafts in a workshop before senior researchers of 'public sector reform group' in CMI, Bergen. I in return got rich feedback from the researchers. Also, I obtained feedback from several other researchers working in CMI and elsewhere in the world.

3.4 Limitations, Challenges and Opportunities

3.4.1 Limitations of the Study

The first limitation was the face-to-face interview itself. The technique in itself has some inherent drawbacks despite its all other plus points. By methodological flaws, this kind of open-ended interview is likely to be prone to a researcher's bias in the process and thereby in the output. In order to not to let such bias, personally I was so alert. Even in a case when great caution is maintained, there still might have a level of risk of "insider's bias". Being a human-being, I am not one hundred percent free from my own 'values'. Similarly, all data were not equally valuable since all interviewees I found not equally competent and perceptive. *Second*, the archives though full of data were difficult to handle. The reason was the pile of data from which soaking relevant data was a challenging task. *Finally*, the issue of time remained all the time daunting. The study could have been even more vigorous if the time had permitted.

3.4.2 Delimitations of the Study

The task of sorting out unit of analysis underwent absorbing of approval decisions taken by the GoN on the three reform cases. The study, however, did not go beyond the implementation of the NPM ideas into the decisions. Within the boundary of decisions, the study confined itself. The premises ultimately visited included actors, processes and contents of the three decisions. As all the research questions rotate around the three aspects of the decisions, the study remained within that scope. That part is the most visible delimitation.

3.4.3 Challenges and Opportunities during the Study

My field research in Nepal remained highly exciting and stimulating. However, sometimes it also had mixed impressions, too. In the beginning, I started my work with sorting out a long list of potential individuals to consult with. Finally, a list of 24 people was sorted out to be interviewed. During the period except the last week, I accomplished twenty interviews together in given time frame. Suddenly, I fell sick and was hospitalized. As a result, I was forced to leave those remaining interviews. Moreover, I got to drop one case from the study due to time constraint. Finally the accomplished two cases utilized 15 interviews out of the 20 interviews.

With respect to the SPGNFSRP, I got to knock the door of NRB. Contrary to my all expectation, an odd environment I encountered with. During the time, mass-media was full of news about arrest of Governor of NRB of Nepal and also of some high level officials of the bank. There was reportedly a charge laid by CIAA of the country in a case of international contract bidding with regard to Financial Sector Reform (FSR). Meantime, being a research student I dropped by the officials in the same bank. Embarrassingly, whoever I visited I was soon taken as an unwanted guest. On the suspect of mine being an investigative journalist, none was ready to co-operate with me. As soon as I found one of my former students working for the same department, he managed the situation and onwards I enjoyed very supportive responses.

There were a few interviewees who claimed themselves as either architect or true ally of the reform moves. During their interviewees, I faced some bizarre feelings. For example: two interviewees were so defending about what they did. Instead of my areas of interest, they seemed so illuminative that it was all in favour of the people at large what they did. Likewise,

there was one attempted interviewee, one former Governor of NRB currently in education business. His assistant always would ask to leave a message but he never called back. It was the only reluctant person I encountered with. I marked others' cooperation so much significant.

When I kicked off writing the thesis, first NIAS a Copenhagen-based institute offered me a two-week research scholarship. That provided me with huge library resources on Nepal as well as an outstanding research environment. Second, CMI, a high name of reputation in social research, provided me with a studentship support that lasted till submission of the thesis. Having been awarded with the support, I spent rest of the study period being a part of the institute. The fascinating group of researchers especially in public sector reform group inspired me significantly to end of my work. My thesis benefited immensely from the researchers' comments, rich library and logistic supports available in the institute. Apart from this, I found some scholarly figures working in NPM all the seasons supportive to my works with rich inputs.

3.5 Conclusions

In this chapter, I threw light over a rapid look on the qualitative research and case study. Afterwards, I rounded up various parts such as the case study and unit of analysis, the three sources of evidence, and the data analysis. Finally the chapter concluded with the challenges, limitations and delimitations faced during the study. In the following chapter four, case-wise empirical observations are central parts of our discussions.

CHAPTER FOUR: ACTORS, PROCESSES AND CONTENTS

4.0 Introduction

This chapter describes empirical evidences about a) actors b) processes and c) contents that are the major indicators of the reform shapes. Firstly, so long as identification of the actors is involved, the study sought the roles of broadly two actors, i.e., central and peripheral. Secondly, this chapter highlights the processes that are followed in three stages, i.e., agenda setting, formulation and decision-making. Finally, this chapter describes the contents of NPM-inspired elements in the cases. The contents are divided into two trajectories: contractualism, i.e., market elements and managerialism, i.e., management elements (*see chapter 2.2*). Based on the content accounts, this study attempts to conclude as to where the three cases stand by about the two contesting forms of NPM.

4.1 The SPGNFSRP, 1999-2000

4.1.1 Who were the actors involved?

4.1.1.1 Who were the central actors?

Senior NRB Officials

The pre-dominant role of NRB officials sustained mainly during the formulation time. When KPMG Barents Report came into public in the dawn of the NDF 2000 in Paris, it gave enormity of challenges to policy actors. In the NDF, donors' urged a strong response from the GoN on the issue highlighted by the report. In response, GoN proposed 10-point reform which later began to be called 'financial sector reform'.

Following the NDF, we observe subsequent impetus into the Financial Sector Reform (FSR) paper. From agenda setting via formulation process to decision-making, the shadow of the NDF 2000 seemed to be the main driving force which could be noticed even in round-table-discussions. One very senior NRB official who led once the whole FSR process expressed "Some times we heard that ministers already signed the things in Paris...no point to discuss other than to accept them". Then we observe the officials to have taken the time-bound points of NDF 2000, which is officially called 'Priority Reform Actions', as point of references.

Ministers of Finance

We observe ministers of finance seemed to be quite assertive to the strategy paper. Looked into past, 13 government were formed during the period of February 1990 till February 2005. During the period, six ministers served the ministry. Among them, two served during the most turbulent times of the reform. By academic background, they had schooling of economics and also teaching and other engagement in the same field in spite of politics. In Nepalese politics, the fundamentals of NC, the longest serving political party introducing many turbulent reforms, is known for liberal policy in social and economic constituents. One of them named Mahesh Acharya, minister of finance, reaffirmed⁸ his emphasis to market based solutions for reforms.

The economic liberalization policies and programs of the past decade have been important in greater private sector participation and improving the resource allocative efficiency of the economy. The gains from liberalization are further strengthened by deregulating and decontrolling several state controlled entities (Acharya, Mahesh, Statement to Boards of Governors, 2000, p.2).

Later, the same minister expressed his dissatisfaction over the functioning of the banks in the country. He is unhappy not only with fully or partially government owned banks but also with joint venture and private sector banks (Kathmandu Post, 2000)⁹.

One remarkable development was that the same minister one day changed governor of NRB and appointed one of his close aids to the position. The newly appointed one had been a career bureaucrat for several years. Although a huge resentment was observed within the ruling party over the change of the governor, the minister remained unabated to his decision.

It is worthy to note legal capacities of minister of finance and the ministry with NRB. Nepal Rastra Bank Act, 2002 article (2) reads “The Bank shall, without any prejudice to the objectives referred to in subsection (1), extend co-operation in the implementation of the economic policies of Government of Nepal.” Similarly, article 5 (g) of the act reads the NRB is “to act as a banker, advisor and financial agent of Government of Nepal.” Highlighting the relation between the GoN and NRB, article 9 of the same act provisions “Any contact by Government of Nepal with the Bank and by the Bank with Government of Nepal under this Act,

⁸ Mr Mahesh Acharya addressed a meeting of Boards of Governors IMF/ The WB Group held in Prague, Czech Republic, September 26–28, 2000 <http://imf.org/external/am/2000/speeches/pr62npe.pdf>. 9th March, 2008.

⁹ ‘Banking reforms, are they possible?’, Kathmandu Post, May 30, 2000, <http://www.nepalnews.com.np/contents/englishdaily/ktmpost/2000/may/may30/editorial.htm#4>

shall be made through the Ministry of Finance.’’ Also, in accordance to article 93 of the same act NRB has to submit some important reports to MoF. They include: (a) Auditing Report, (b) Report on its activities, (c) Report on economic and financial position. Through these, the minister of finance and the MoF exert vertical-hierarchical relations to the bank.

Senior Bureaucrats of MoF

When the country began the liberalization journey after political change in early 1990s, bureaucrats in most of the cases remained an enchanted force with regard to public sector reforms. One former chief secretary viewed ‘‘since 1990 onwards, a small number of bureaucrats were quite active in reform agenda. Although they were in the number not that big, they were committed reformists.’’

Among the reformist bureaucrats, some have been trained in USA and other universities abroad. The study observes that they had good reputation in the circle of development partners of the country.

Finally, the same chief secretary made an important note ‘‘Bureaucracy is never a reform leader. They only can construct working space to the politicians. In which politicians act and some reforms may happen as a result of the conducive space’’. This defends the roles of political leaders in the process. That time, the ministry was led by one young central leader, who was an economist by academic background, of Nepali Congress. He acted quite assertive roles.

Senior Technocrats of NPC

A team leading NPC demonstrated sporadic commitment onto the reform. Highly trained abroad especially in the area of economics and influenced with neo-liberalism, the team members played vital roles. This study observes donors like the WB and ADB lauded them for their roles. Similarly, wavelength of the technocrats of NPC and some reform minded senior bureaucrats converged and afterwards developed a synergic effect. They designed and presented to Cabinet ministers on what could be appropriate measures against the bleak situation in financial sector of the country. This led the decision makers into the reform.

4.1.1.2 Who were the peripheral actors?

Parliamentary Committee – Public Account Committee (PAC)

Although no decision needed from parliament, the PAC held some discussions on the issue of reform. In parliamentary practices of the country, usually the PAC is under the control of opposition party. Long tradition shows that the committee is considered to be a wrestling-court being used by opposition parties to attack the government. The attack generally concentrates in the area of policy and program related to national financial management.

The committee debated on it and applauded the tours-onto-the reforms. The study learns from one former chief secretary that the donors' side, i.e., the WB/IMF, in view of getting all-party consensus, was willing to win support from the parliamentary committee. Finally, this also happened by getting the agenda discussed in the committee.

International Consultants – KPMG Barents Group

In retrospective view, the KPMG/Barents¹⁰ report 2000 prompted a big explosion in banking sector of Nepal.

At the request of the government, a diagnostic review of the RBB and NBL was carried out by KPMG/Barents in 1999/2000. This study's major findings confirm that (a) the banks' management is basically dysfunctional; (b) there are no reliable data available on the loan portfolio; (c) financial accounting is primitive and not according to international standards (accounts are virtually all manual and annual statements have not been produced for over six years); (d) business strategies are not in place; (e) human resource policy is weak and counterproductive (f) management information systems and record keeping are very basic; and (g) governance and management are highly politically driven and lacking a commercial focus(The World Bank, 2002, p.5).

Donors

The WB and ADB in their country assistance strategies set low case and high case as criteria for lending the country. They tied up performances in reforms with borrowing capacity of the country. “The base case envisions an average annual lending of about US\$190 million...If the reform process stalls (low case), the lending support will be curtailed sharply to a range of US\$0-50 million (The WB, 2003, p.ii)”. By doing so, the donors claimed they developed the ideas for the reforms and offered the country's decision-makers joining hands in development

¹⁰ KPMG is the global professional advisory firm with more than 100,000 people collaborating worldwide, the firm provides consulting, tax and legal, financial advisory and assurance services from more than 820 cities in 159 countries (Spotlight, June 16-22, 2000, ‘What is KPMG?’, vol 19, No 48, <http://www.nepalnews.com.np/contents/englishweekly/spotlight/2000/jun/jun16/coverstory.htm>).

efforts. They showed their readiness for joint endeavour, that is, development assistance in return for reforms.

Business Community

On behalf of business community, FNCCI, an umbrella organization of businessmen, played its role. But that was blamed to be a double standard. They had a desire to be observed as reformists but never been ready to pay price in return. They themselves planted many protests against the reform-steps to the extent of holding mass-procession in the street. The protest had been ranging from agenda setting to implementation. The study observes in regard to this reform, the community was a nagging actor. One leading figure, by background a technocrat served NPC, characterised “views of business community mainly of FNCCI seemed very shaky and confusing. They said ‘yes’ to the reform but tried to save the face of the culprits who were target of the reform. This was evident that they have been middle-ranged”.

Banking Community

Private sector banks in gross remained supportive from surface. They assumed that they would be benefiting from it. If supervisory roles of NRB strengthened and financial infrastructure developed well, they would get favor in regard to their banking business. Also, they assumed that they could trace out bad-borrower and get rid of them. It is because some of the banks worried about multiple-bank problem of some bad-borrowers. A corrupt practice has been common that a single borrower borrowed from multiple banks and for the same part of a project. In such a way they borrowed 10/10 billions from different banks with the same collateral for the same part. And many of such borrowers later became big-defaulters. At the end of the day, all those trapped banks would have to share the same collateral being partner-in-loss. A senior WB financial analyst who also served the reform speculated that as an outcome of the supports of the private banks, NBA also seemed supportive. In his words “otherwise I wouldn’t see happening it without their involvement”. It is because they had also some skepticism about the consequences of the reform. The risk they smelled was about loosing the freedom once a strong regulatory system in placed.

Mass-Media

Mass-media especially printed national newspapers possessed a significant role. They effectively kept people informed about Asian Crisis, the KPMG Report and their possible

consequences against Nepalese economy. In the media, among others, 'The Kantipur'¹¹ and 'The Kathmandu Post' that have largest circulation in the country played a vital role. Financial and economic columns of the newspapers brought the issues into the public attention. One senior Kathmandu based WB official openly praised their roles and said the newspapers had been instrumental, prior to the decision, in creating and strengthening reform demand from mass people. By doing this, the reform scored acceptance from the mass people and also won legitimacy.

4.1.2 What were the processes followed?

4.1.2.1 Agenda Activation of the Reform

Definition of Problem

First, two huge publicly owned banks namely RBB and NBL had an increasing tendency of NPA and capital error. "Public ownership has distorted and politicised these institutions...Loans are not repaid yet deposits continue to be made (The WB, 2002, p.114)." One former vice-chairman of NPC remarked "Asian Crisis hit countries upheld a short capacity of absorbing external shocks whereas the Nepalese banks lacked even the capacity of absorbing internal shocks." Low management efficiency and less professionalization were parts of human resource management. One NRB official said the learning with the failures concluded with "too big too failed". "In addition, the financial sector operates in a murky milieu of bad accounting, weak regulation, a poor banking culture, lack of transparency, a fragile legal environment, and a deficit of readily available information of virtually all issues that are required for a banking system to operate effectively (ibid)".

Second, NRB itself seemed to be incapable to guarantee that all banks operate within a set norms. Its supervisory capacity is far below than required level.

Third, when the reform was in its embryonic stage, the KPMG Barents Report 2000 stripped⁷ ailing spots. It was a big jolt that the country's financial sector had ever faced. Subsequently, the concerns of KPMG overshadowed also upon NDF 2000 Paris. The NDF meeting provided ample agenda for the reform. Prior to the NDF meeting, GoN had organized a consultative meeting during 13-15 March¹², 2000 with various stakeholders on the agenda of NDF. Later

¹¹ <http://www.kantipuronline.com/>

¹² See <http://www.ndf2004.gov.np/ndf2000/summary.php>

in the Paris meeting the grey areas pointed out by the KPMG Barents report had been hot-cake.

Fourth, then the minister of finance was unhappy with banking functioning because of their increasing volume of non-performing assets, untimely credit policies and traditional mentality persistent with the banks. The minister charged the banks as saying "some groups of people with vested interests open these banks and would like to deal with some selected clients without serving governments expectation (The Kathmandu Post, 2000)¹³".

Amid the growing realization that NRB had been unable to cope with banking and financial sector, the WB conducted a study on implementation of Basel Principles in Nepal. That pointed out that Nepal was in most cases out of the state of Basel Core Principles 1988. As a matter of fact, the Basel Principles¹⁴ are the universal 25 coercive standards to be followed by all signatory countries. One senior respondent from NRB admitted the principles not being complied. The non-compliance to the principles worked as a pressing factor. "Until 2001, two third of the Basel Core Principles for effective banking supervision out of 25 were not implemented in the financial system. A study by the World Bank (2002) pinpointed weaknesses on the part of NRB to carryout the regulatory functions effectively (Adhikary, Pant and Dhungana, 2007, p.29)." Despite these all, pointing the role of 'fiscal stress' one former secretary of finance mentioned "we would hardly go for this reform, if there was no sustained fiscal stress".

Definition of Solution

This study observes, first, almost all actors, as described in chapter 4.3.1, had a powerful learning from the Asian Crisis 1997. Some of the major reasons of the crisis and subsequent measures employed by some successful countries taught some useful recipes to the actors. One senior NRB respondent described it was a big demonstration effect of the success stories of other countries which had gone through the fatal Asian Crisis of 1997. One very senior NPC technocrat extended:

"Realizing the hard-fact, the WB and also ADB headquarters by themselves initiated this process of reform although officially we initiated it. Behind the screen, a WB team did all the homework. It was after

¹³ 'Banking reforms: are they possible?'. Tuesday May 30, 2000.

<http://www.nepalnews.com.np/contents/englishdaily/ktmpost/2000/may/may30/editorial.htm#4>

¹⁴ See the 25 principles <http://www.bis.org/publ/bcbs129.pdf>. 03.04.08

all a part of global financial sector reform. It was a coincidence that our ground reality and their global program converged somewhere and marched together.”

Second, when then minister of finance publicly showed his anger at the functioning of private and joint venture banks, this study observes, the minister was of a view of placing some regulatory rules and regulations. This particular idea private owned and joint venture banks could not digest. And they had a counter logic that instead of going ahead with implementation of new rules and regulations, that he may claim will economically revamp of the country, he should take them into confidence and make them more competitive in their products and services and ask government owned banks to do the same (Kathmandu Post, 2000)¹⁵. This was what their reactions to the minister’s ideas.

In the NDF 2000 Paris meeting and also coming into the stress of the KPMG Barents report, the GoN proposed a list of priorities for reforms. This included: a) amendment to NRB Act and Foreign Exchange Regulation Act, legislation on merger, and acquisition, bankruptcy and business closure to be introduced; b) restructuring RBB and NBL, with improved management, branch rationalization, and improved supervision mechanisms; c) improvement in prudential regulation, accounting and auditing practices; d) strengthening of regulatory and monitoring functions of the central bank; e) improving the operations of non-banking financial institutions; f) promoting insurance markets; g) gradually formalizing the rural informal credit markets; h) strengthening micro credits to improve production and employment opportunities in rural areas; i) privatization of government owned banks and non-bank financial institutions; j) creating framework for establishment of branches of reputed international banks. In the dawn of the Paris meeting, developers of the strategy had no choice except to include them in the strategy.

4.1.2.2 Formulation of the Reform

Definition of Problem

The study observes, first, a special team working within NRB day and night. In the backdrop of disclosure of the KPMG Barents report, they developed a draft paper for the FSR strategy. The team basically consisted of NRB officials. However, donors such as the WB, DFID and ADB supported with technical and financial help. A technical team led by Simon Bell, the WB/IMF provided the back-up support to the team.

¹⁵ See ‘Banking reforms: are they possible?’. Tuesday May 30, 2000.
<http://www.nepalnews.com.np/contents/englishdaily/ktmpost/2000/may/may30/editorial.htm#4>

The study observes that the strategy paper was a joint product of NRB, NPC and MoF. It was presented later in a seminar in Kathmandu in June 2000. The paper described loan recovery as the main problem of RBB and NBL. “...political intervention, weak management, poor financial information system and ever growing bad loans have tremendously impacted on RBB to the very worse financial shape. Both RBB and NBL suffer from negative net worth, weak internal control and information system and poor financial management, said the paper (Spotlight, 2000).”¹⁶

Poor management of financial resources at the RBB and NBL has been one of the most important ways by which the powerful elite has been able to abuse the public institutions (The WB, 2002, p.3).

However, it was noticed that participation of private sector especially private banks in the formulation process remained meagre. There were some resistances made against the process from NBL shareholders since very early. However, senior officials of NRB and GoN caught on so cautious approach that vested interest groups did not get any chance to spoil the formulation. Because the officials and some external reports also viewed that some shareholders that had borrowed loan have been in the list of big defaulters.

The study observes poor banking culture as an impeding factor. One Kathmandu-based World Bank official revealed “when borrower got loan approved, they used to celebrate it as if it is a wind-fall lottery. Loans should have been like a burden.” A corrupt culture inside lending was deeply rooted. The same person in some instances used to be ironically both shareholder and borrower. “Fraud, self-dealing, insider dealing, and improper evaluation of collateral have been among the reported abuses (The World Bank, 2002, p.iii).”

On institutional front, old-fashioned set up incapacitated the banking sector. “Outdated and inappropriate laws similarly lead to weakness throughout the Nepalese financial system” (The World Bank, 2002, p.ii). Serious lacking of corporate governance barred the sector from becoming a thriving tool of the economy. A World Bank study notes:

¹⁶ See *Sick and Battered*. June 16-22, vol 19, No 48.
<http://www.nepalnews.com.np/contents/englishweekly/spotlight/2000/jun/jun16/coverstory.htm>

“Many banks cannot provide financial statements, and at times the accounts that banks do provide are un-audited – even though banks and finance companies are required to be audited annually by external auditors selected at general assemblies (2002, p.ii).”

The widely quoted report of the KPMG Barents Group on the two giant public banks disclosed that they were technically bankrupt: (a) the banks' management is basically dysfunctional; (b) there are no reliable data available on the loan portfolio; (c) financial accounting is primitive and not according to international standards (accounts are virtually all manual and annual statements have not been produced for over six years); (d) business strategies are not in place; (e) human resource policy is weak and counterproductive; (f) management information systems and record keeping are very basic; and (g) governance and management are highly politically driven and lacking a commercial focus (Adhikari, Pant and Dhungana, 2007, p.2).

Definition of Solution

Worthy to note about NBL, owners/shareholders lobbied against the strategy so as not to happen any solution against their interest. They claimed that they themselves could manage the reforms. However, RBB and MoF ignored outrightly them reaffirming that they had given them previously 10 years time to fix the banks. “As early as in 1988, the Commercial Banks Problem Analysis and Strategy Study (CBPASS) recommended that in order to upgrade the competitive ability and efficiency of the government-owned banks...(Spotlight, 2000)”. Some serious missing was there with its compliance. This time when the same owners came up with the similar claims, the authorities of NRB and MoF did not heed them. And they rushed for outer solution. The solution sought from foreigner management team to be taken over the management of the two banks and the full privatization in the long run.

Presenting draft of the strategy paper in a seminar in Kathmandu, Ram Babu Pant, deputy governor of NRB said, "There is an urgent need to initiate an appropriate plan to improve loan recovery and reduce non performing loans of these two banks (Spotlight, 2000)”¹⁷.

The private sector leaders also agreed to the GoN's promptness to the steps. But this study observes they had a reservation about loan recovery measure. "The NRB has to play a pro-

¹⁷ June 16-22, vol 19, No 48, *Sick and Battered*.
<http://www.nepalnews.com.np/contents/englishweekly/spotlight/2000/jun/jun16/coverstory.htm>

active and effective role as a guardian of the financial institutions," said Narendra K. Basnyat, President of Nepal-USA Chamber of Commerce and Industry. As for loan recovery, he continued "The banks should come up with rehabilitation schemes if a project is due to reasonable cause (Spotlight, 2000)".

When minister of finance in NDF 2000 Paris presented a priority list for 'reform actions', it consisted of, inter alia, restructuring of RBB and NBL with improved management, branch rationalization, improved supervision mechanisms, and privatization of the government-owned banks and non-bank financial institutions in the medium term. It also included creating 'Asset Reconstruction Company' with joint venture between NRB and private sector to raise bad debt, enacting Debt Recovery Act and amendment in RBB Act, and strengthening the monitoring and supervisory capability of the central bank through necessary amendment in the NRB Act (Spotlight, 2000)¹⁸. We observe that the menu was cooked already in Paris few months back and it was rather formalization for ownership and commitments.

4.1.2.3 Decision-making of the Reform

Definition of Problem

It was whatever conceived by technocrats and donors, but one group of Nepalese side observed it from quite different angle. "Some experts insist that banking sector reform is something that should be the government's agenda, not a bitter pill to be swallowed under pressure from the donors (Spotlight, 2000, *ibid*)".

Chairman of board of directors of NBL countered the KPMG's idea of overhauling the banks as suggesting "The chairman has got no power in the Board. So, the government should think of appointing an executive director or executive chairman to head the Board (Spotlight, 2000, *ibid*)."

This statement shows the problem of authority.

As per the KPMG Barents report, the performance of the banks is far below the 'international norms'. However Bhavanath Upadhyaya, acting general manager of NBL, said that the parameters cannot be compared with international practice. "We have our own norms, according to which the situation is not so alarming (The Rising Nepal, 2000)."¹⁹. Views of

¹⁸ June 16-22, vol 19, No 48, *Sick and Battered*.

<http://www.nepalnews.com.np/contents/englishweekly/spotlight/2000/jun/jun16/coverstory.htm>

¹⁹ 'RBB, NBL are still doing fine', July 10, 2000,

<http://www.nepalnews.com.np/contents/englishdaily/trn/2000/jul/jul10/index.htm#5>

one former chairman also supported the argument. As he said, it had been conducted according to the KPMG standard. If the same standard were applied, almost all the banks in Nepal would be termed as technically insolvent (Spotlight, 2000, *ibid*).

Shankar Kumar Rayamajhi, president of employees association at RBB, pointed out political pressure and corruption as main problem of the two banks (The Rising Nepal, 2000, *ibid*).

While Gopal Chintan Shivakoti of National Concern Society smells a rat in the aberrations in those banks. He alleges that there is “a conspiracy to weaken the RBB and NBL” (The Rising Nepal, 2000, *ibid*).

Definition of Solution

The study observes a heated debate and conflicting ideas surfaced on the issue when it was crucial time for decision. The most talked KPMG report imposed the reform designers and decision makers “If no tangible action is taken, key donors are likely to interpret this as a lack of Government commitment and resolve to deal with some of the most fundamental problems in Nepal - with potential consequences for future assistance and aid commitments. (Spotlight, 2000, *ibid*).”

Chairman of NBL suggested that the government should have honest and professionally capable people as members of the Board instead of the government employees. Finally, he urged the GoN to take action against rampant corruption and irregularities as they are responsible for present state of affairs of the Bank (Spotlight, 2000).

Reacting to the KPMG’s explosive findings and the grave concerns of GoN, CEO of RBB, the other bank post-mortem conducted by the KPMG’s report, told that a priority had to be given to efficiency of their manpower. Similarly, maintaining transparency and taking the bank toward profitability were to be followed. Improving quality of the services and maintaining good project appraisal and credit audit were additional tips (Spotlight, 2000, *ibid*).

One leader of employee organization urged to strengthen the monitoring mechanism of NRB (The Rising Nepal, 2000, *ibid*). Similarly, Prakash Chandra Mukhiya, President of RBB Employees leader expressed “handing over the management of these banks to foreign

companies is no solution to existing problems...In any case, we will not support the move to fire the employees or restrict the rights of the trade unions (Spotlight, 2000)²⁰.’’

A chartered accountant Ratna Sansar Shrestha urged for market based solution as saying that the government-owned banks like RBB and NBL should take strict measures for improvement. Economists are of the view that RBB and NBL (owned 41% by the government) are urgently in need of massive changes. They rule out collapse of these banks since they cover more than 85 per cent of the total banking transactions in the country (The Rising Nepal, 2000, *ibid*).

On issue of contracting out of the two big banks, this study observes some contesting opinions even from NRB side. Satyendra Pyara Shrestha, former Governor of NRB, said that Nepal did have the professionals who could manage banks well (Sunday Despatch, 2000)²¹.

Lok Bhakta Rana, an advocate and former chairman of NBL termed the idea of contracting out the two banks illegal as saying ‘‘the NRB's act of inviting foreign management at the banks is likely to land in a legal tangle as there is no legal basis for awarding the management contract to a foreign company/companies (Spotlight, 2000)²²,’’

Notwithstanding, approval decision on the strategy paper taken by Cabinet of GoN remained unexpected to many concerned ones. The study observes the designers and decision-makers involved from NRB and MoF to be determined to its contents. One senior official of NRB argued that as debate could have a spoiling effect, they deliberately avoided direct participation of stakeholders in the process.

One senior chartered accountant of NBL supports of prudent use of the Basel Principles as saying ‘‘The accounting standard and disclosure rule should be strengthened to meet the international standard (The Kathmandu Post, 2000)’’,²³.

²⁰ Spotlight, Vol20, No17, Nov 10-16 2000.

<http://www.nepalnews.com.np/contents/englishweekly/spotlight/2000/nov/nov10/national8.htm>

²¹ Sunday Despatch, Vol.XI No.24, Oct 1-7, 2000,

<http://www.nepalnews.com.np/contents/englishweekly/sundaydespatch/2000/oct/oct01/index.htm#2>

²² Spotlight, Vol 20, No 17, Nov 10-16, 2000.

<http://www.nepalnews.com.np/contents/englishweekly/spotlight/2000/nov/nov10/national8.htm>

²³ <http://www.nepalnews.com.np/contents/englishdaily/ktmpost/2000/aug/aug19/economy.htm#4>

A former chief secretary recalled one typical process that they got to follow in one case. Following the shocking KPMG report, they were in pursuit of bringing multi-prong reforms. They were willing to invite a good management with good banking practices from abroad and the expectation by doing so was that no petty interest of Nepalese could have messed it. In his own words “if it was Nepalese, political vested interest wouldn’t allow it to work. But foreigners work by even squeezing the defaulters’’. In the mean time, the trade unions of the bank employees revoked back with mass opposition. He continued.

“We - steering committee - one day were discussing on the issue of contracting out the management. Trade unions came there and pressured not to take any decision to contracting out. After the surmountable pressure, we used political influence and paved the way to invite a foreigner team. This was by making the decision by Cabinet. Afterwards trade unions somehow calmed down due to the political will in the decision.

4.1.3 What were the contents?

This study observes the trajectory of contractualism implying privatization and hired management on contracts, and competition/commercialization. The observed first feature includes contracting out of RBB and NBL first. The second is to privatize them after making improvement in their performance. The feature includes restructuring of ADB/N and NIDC. Similarly, sales/divestiture of rural development banks and development of rural development banks via private sector is also one more part of the feature.

The observed feature competition/commercialization includes enactment of some laws such as Debt Recovery Act, Bankruptcy Act and Merger and Acquisition Act. On banking front, the same feature brings in provisions such as criteria for new banks at par with international standards and promoting the operation of international banks in Nepal. Similarly, actions of streamlining of ownership structure conventionally run under control of one family or person and promoting sectoral financing by industrial, housing and other finances at competitive cost are also included. The feature finally embraces promotion of international accounting firms in the country, and sales of rural development banks to private sector.

In regard to the managerial trajectory, I observe three out of the six features. They include accountability/ transparency/ participation, divisionalized organization and agencification, and cost-cutting/ down sizing. The first feature accountability/ transparency/ participation attribute

to promoting international accounting firms to come in. Similarly, establishing a Credit Information Bureau (CIB) for more transparency is another element observed.

The second feature divisionalized organization and agencification undertakes elements such as establishing a Banker's Training Institute (BTI), initiating Assets Reconstruction Company (ARC), and establishing development banks at local level. Likewise, the elements also include establishing two new agencies, i.e., Credit Rating Agency (CRA), and CIB for more transparency.

The third observed feature cost-cutting/ down sizing undertake strengthening of supervisory capabilities of NRB for efficiency, and revamping strength of the NRB. The capacity enhancement aimed at monitoring and research of financial sector.

4.2 The GRPRM, 2001-2004

4.2.1 Who were the actors involved?

4.2.1.1 Who were the central actors?

Ministers-in-MoGA and MoF

A common phenomenon observed after the 1990s political change characterizes almost all ministers of finance as champion of reform. As a fact of reason, a few people repeatedly run the ministry despite frequent government changes. As the ministry seemed to be main-entrance for reform issues, their positions on reform agenda have been imperative. This happened in both of the cases regardless of degree of differences.

In all the three NDF meetings held as of now, three ministers of finance in their tenure showed vigorous reform commitments, inter alia, in the area of governance and public administration.

Senior Bureaucrats of MoGA, MoF and PMO

Bureaucrats working for MoGA, MoF, and PMO were at driving seat across the time. Also, NPC secretary held a key role along with them. This study observed that a team serving those central agencies had both zeal and driving power onto the reform process. One PMO secretary, who had been an architect of GRP, expressed "likeminded bureaucrats worked as

‘critical-mass’. They were not leading rather pushing the reform process’. His point exhibited that bureaucrats acted as a back up support to the politicians enthusiastic to the reform.

Prior to and concurrent the program, some donors organized some study visits in view of showing them how similar reform work in elsewhere. Such visits were made especially in some Asian, African and even South American countries. The programs mainly targeted high-placed bureaucrats and technocrats.

Highlighting the background of the bureaucrats, one former bureaucrat and currently serving a donor agency pointed out that it was very experienced elite bureaucrats who mattered a lot. ‘‘The intellectual community includes academically oriented bureaucrats, who show up half academic and half bureaucrat. They themselves were either incumbent civil servant or retired ones’’.

The thesis observes motivation of bureaucrats in the roadmap was accredited to a growing realization about self-existence and role-display during the crisis. That time the country was crippled by violent political conflict. In the conflict-ridden environment, civil administration had been losing its validation. As a consequence, civil administration was gradually overlapped with police and army administration. One respondent revealed that the then chief secretary Dr Bimal Koirala urged ‘‘what role of the bureaucracy in conflict management is most likely?’’. Dr Koirala argued that as the bureaucracy was not assertive enough, others, e.g., Nepal Army (NA), Nepal Police and so on, were substituting it. He further told that this was a living example what would happen if civil administration does not perform well. This deep realization in the bureaucratic leadership led them to a solution of the roadmap.

One day secretary of finance sounded so vocal in a Cabinet related meeting. As one MOGA official revealed, pointing to sectoral ministries the secretary mentioned that he could not provide budget resources to the ministries if the reform was not put in place. He related the money with urgency of the reforms.

One senior official from ADB praised the roles of senior team of MoGA, PMO and MoF saying ‘‘they are the champion of the program’’. However, he didn’t spare to note ‘old habit die hard’. It is because, as he argued, people hate change because of getting into uncertainty from certainty. He continued response of many bureaucrats remained very slow owing to

absence of incentives in return of the reforms, in-sufficient critical-mass within the bureaucrats; and some other contextual factors.

As the leaders of the bureaucracy to have led aggressively the reform, a top layer of MoGA's officials seemed to be a united-force all the times. Ironically, even within MoGA a small group of middle-class officials kept themselves out from the process and remained indifferent. The proportion of the involved participant and the indifferent was 80 and 20 percent respectively. However, line ministries appeared in the rank of most passive actor. In reality, they clapped their hands but not made real and meaningful participation. The study observes that many officials from line ministries misconceived it as the agenda of only MoGA. This made them passive in the reform processes. One former secretary of MoGA acknowledged that one section of senior bureaucrats also remained passive. He stated that some politicians with vested interest went against of it due to some ideological differences.

4.2.1.2 Who were the peripheral actors?

Donors: ADB

We observe that the interest of the both parties, i.e., the GoN and the ADB, merged in a roadmap. As the GoN was trapped in fiscal deficit, it was seeking additional resources. The bank, however, had its own lending interest. Both interests epitomized at a point, as a result, the roadmap cropped up to satiate the appetite of the both sides. One MoGA official's statement supports this fact.

“ADB was to lend us; the Government was to grasp money. Meantime the GRPRM, 2004 appeared as a ‘super-glue’ to the interests of either parties.”

Many observe the GRPRM as a by-product of Governance Reform Program (GRP). The seven year program (December 2001-June 2007) had been in place with cooperation of ADB. The program had mainly four components.

The objective or scope of the program are to (i) develop an internal capacity within the Government to lead and undertake the governance reform agenda, (ii) improve efficiency of the civil service, (iii) improve governance and reduce corruption in the Government, (iv) enhance competence and motivation of civil servants, and (v) establish processes for improving performance in the key ministries²⁴.

The program equated to US dollar 30 million to be disbursed in three tranche/ installments, i.e., first 12 million US dollar, second Nine million and third the final Nine million. Each

²⁴ <http://www.adb.org/Documents/PIDs/32238013.asp>

tranche had a range of conditions or covenants to be fulfilled by the GoN in advance. Unfortunately after disbursing the first tranche, the GoN failed to fulfill many of the set conditions for second tranche. It was an irony that when GoN was in quagmire of fiscal deficit, the money got unreleased. In bid of fulfilling the ADB's concerns, GoN put some serious efforts. They culminated in disbursement of the tranche. Respondent from ADB described "the second tranche (equivalent to \$ 10.58 m) was disbursed in December 2006 - this is more than the original \$ 9 m because the exchange value of SDR has increased".

In making possible the second tranche, MoGA paid sober efforts by bringing all concerned ministries together. Minister for MoGA himself, who headed a reform committee, organized a series of meetings. Senior MoGA officials also met with Prime Minister (PM) on this issue. Finally, the GoN came up with a distinct product called GRPMP 2004. As a matter of fact, this was elaboration of the 19 conditions of the GRP program loan that remained unattained before. Furthermore, the GoN has gone a bit farther than the conditions and extended the reform activities to a significant extent. In this whole process, chief secretary of GoN, senior bureaucrats from MoGA and some other ministries played vital roles in making the success. "This was an example how responsibly bureaucrats in a country can lead a reform design process. They could be seen anywhere... from spirit to contents of the roadmap (one MoGA official)."

But the heart of the reform was engrossed by money concerns. One respondent revealed "In Nepal, it is worthy to note that if there is no reforms no money is coming in from outside". Money and reforms often arrive together. One official of MoGA visualizes "Donors are more active and government is less. This roadmap is a living example". The respondent viewed that over-activation on donors' part obviously implies reflection of the donor's ideas in reform agenda.

Rebel (former) Political Party (CPN-M)

CPN-M which sponsored insurgency in the country put the state of governance in question. So many governance issues hidden till the preceding day came into limelight one-by-one. For example, question of inclusiveness and representative public administration sustained less talked and then turned into a long-standing debate. Concerns of citizens' rights on public services raised question about relationship between public servants and service-holders. Issues of corruption and ethics raised issue of value changes in the society. All these underscored

enormous space in the agenda of governance reform that gone beyond conventional scope of administrative reform.

One MoGA official highlighted “the party-in-insurgency namely CPN-M was conceived as a ‘fear factor’. This forced all kind of policy workers to think twice about casuals of the conflict before getting into any policy agenda.

Civil Society

Following the advent of multi-party democracy in the country in the early 90s, civil society witnessed its wider expansion. Governance, among many others, has been one of the areas the society actively worked in. Some segments of the society aggressively attacked the distortions being popped up in public goods and services. This made a mounting pressure against the state to curve the anomalies. By acting so, they began to enjoy space in state affairs.

The institutions of accountability, such as Public Account Committee of the Parliament, Auditor-General’s Office, Commission for Investigation of Abuse of Authority and even Special Police Department, have often called for the support of civil societies in order to beef up the national security system of the state and the financial integrity system of the government, political parties and public institutions (Dahal, 2001, p.31).

In that bid, the civil society was not alone. Rather it was boosted by some donors so as to assertively fight against the anomalies pertaining to the public administration and governance. Pro-Public, a part of the society, for example, was supported for Good Governance Project, Civil Society Anti-Corruption Project by SDC²⁵. Also, DFID ESP²⁶ had such ample supports. The civil society, as a consequence, strongly began to put leaders of public administration in question and imbued that only changes had the answer to the issues. This intensified pressures resulted the decision-makers to march for overhauling the system.

Rights Groups

Organizations working for the issue of rights had been an irrefutable pressure group. In this respect, the role of some advocacy groups working for the rights of women, *Janjati* (indigenous), and *Dalit* (untouchable) are worthy to note. Compared to total number of officers in Nepalese civil service 10,648, only 560 (5.26 percent) are from women. Only 3.8

²⁵http://www.sdc.org.np/en/Home/Swiss_Cooperation_Strategy_for_Nepal_2005_2008/Meaningful_Dialogue_and_Conflict_Transformation/Good_Governance_Project_GGP_Phase_3. 2008 March 4.

²⁶ ESP during 2001 to 2006 mainly focused on anti-corruption, social inclusion, service delivery, access to justice, political governance. So many organizations from civil society obtained supports from ESP. http://www.esp-nepal.org.np/downloads/ESP_brochure_2007.pdf. 2008 March 4.

percent women represent in the highest 'special' position (ADB, 1999, p.122)²⁷. Likewise, the representation of Dalits and Janjatis are dismal. One finding supports this pity situation 'Dalits and other groups (such as the Rai/Kirat, Gurung, Tharu, Magar, Tamang, Muslim, and Lama) are extremely underrepresented in the bureaucracy compared to their percentage of the population. The situation is worst for Dalits, who comprise only 1% of the civil service even though they make up 13% of the total population of Nepal' (Jamil and Dungal, 2007, forthcoming).

Various groups and organizations floated and sustained the agenda of less-representation in public debate. By means of lobbying, demonstration and public debate they succeeded to attract attention of policy-makers and donors. The voices raised by them reached its certain height. The policy demand for changes finally resulted in some positive steps into affirmative actions and reservations for deprived ones.

Association of Civil Servants

Different association of civil servants had also the same role. Nepalese civil servants are divided into various associations, e.g., Civil Servant Association, Civil Servant Union, and so on. But we observe that this had only peripheral roles.

When a two day workshop was held in Godawari for formulating the roadmap, these associations actively participated in the workshop. Some central committee leaders of the two civil servants associations represented in the discussion held. The demand of the organizations chiefly upheld introduction of level-system instead of present position-system in civil service structure. But it was not included.

ADDCN

The advent of new constitution in 1991 triggered a new episode of decentralization in the country. The constitution has recognized the decentralization of authority as a means to provide maximum opportunity to people in their governance and hence enjoy the benefits of democracy and development (http://www.addcn.org.np/about_addcn.htm, March 10, 2008). ADDCN²⁸, in line with its objectives, had been a vocal advocate of decentralization. They

²⁷ http://www.adb.org/Documents/Books/Country_Briefing_Papers/Women_in_Nepal/women_nepal.pdf. 2008 March 4.

²⁸ The ADDCN is an umbrella organisation of district level local governments – District Development Committees (DDCs) - of Nepal. It was founded by the DDCs themselves in 1995. Since then it has been working

utterly urged further stepping up in the constituents of administrative, political and financial decentralization. As a consequence of the pressure, GoN included some measures for devolution of administrative and other functions.

4.2.2 What were the processes followed?

4.2.2.1 Agenda Activation of the Reform

Definition of Problems

We observe that one dozen year long Maoist conflict and finally *Hapure* dialogue²⁹ underscored the issues of the governance reform in peace agenda. In the peace dialogue, GoN presented a reform paper. The paper officially stated that public institutions, i.e., political and administrative, were low represented by women, ethnic and other marginalized groups. For example only five per cent women are holding officer level posts in the service while only four women are holding policy level posts as joint secretaries (The Kathmandu Post, 2003)³⁰.

The bureaucracy of Nepal is largely represented by three higher castes Brahmins, Khetries and Newars. The oppressed, downtrodden, weaker section of the society and Teraians have not been able to gain position in the power structure of the country. Reshaping the bureaucracy in line with true representative bureaucracy was overlooked in the reform measures (Jha, 2003)³¹.

Likewise, the paper made a noble acknowledgement of the fact that over-centralization of power in Kathmandu and little power in local authorities prevailed in the country. Although the country already moved on to the path of self-governance, Kathmandu has been holding on the power. Here a popular stanza of one relevant poem carries some feelings:

“...Now Kathmandu alone can no longer carry Kathmandu
From now on
Kathmandu can no longer mean the whole of Nepal...(Bal, Krishna Bhusan, 1999)”

Second, people’s dissatisfaction to service delivery system was another source of the agenda. Newspapers and popular public hearings programs organized in many parts of the country demanded the policy workers for sweeping changes against corrupt mind-set. One respondent

in the area, inter alia, deepening and strengthening decentralization and self-governance in the country (http://www.addcn.org.np/about_addcn.htm, March 10, 2008).

²⁹ The historic 3rd peace dialogue was held in the Maoist stronghold area (Hapure Village of Dang district) in 17-19 August, 2003 between rebellion party CPN (Maoist) and GoN negotiation team. In the dialogue, GoN negotiator team leader Dr Prakash Chandra Lohani had presented a roadmap for forward looking reforms (Upreti and Dungana, 2004, p.3-9).

³⁰ <http://www.kantipuronline.com/nwcollection.php?id=3&pubdates=2003-12-11>

³¹ See <http://www.nepalnews.com.np/contents/englishdaily/trn/2003/feb/feb21/features.htm#2>. 31.03.08

from MoGA unveiled “In almost all public debate or public hearings civil servants were the subject to be criticized”. This was basically for the reason of rent-seeking behavior of them. More than 98% perceived corruption in Nepal (Media Services International Poll Survey on Corruption cited by Manandhar, 2005, p.30).

Third, this thesis learns that the then PM Surya B. Thapa had a deep concern about low trust amongst people at large about Nepalese bureaucracy. It was the authoritarian regime of former King Gyanendra who by himself had appointed the PM. The country was severely handicapped due to more than a decade long conflict. One respondent from civil society views “the authoritarian regime generally wants to keep people in favor of them”. One day the PM directed to act upon the issue of poor trust that culminated in the process of GRP roadmap.

Fourth, the ADB’s conditions emerged as a force while setting the agenda. It was when ADB stopped the release of second tranche to GoN by the fact that GoN did not meet the 19 covenants of GRP. The country that time was in financial trouble. Regular expenditure was steadily increasing due to bloody conflict intensified in the country. Due to the conflict, health of the economy was getting down. The problem of the second tranche revoked GoN at a hard time when it was underway of credit crunch. As a part of humble solution for the acute expenditure stress, high level bureaucrats sought a *fast track* approach to speed up the meeting of the conditionality. The 19 conditions had been pre-dominant across the processes. One ADB senior official uttered “For that reason, the major five components in the roadmap were solely picked up from the 19 conditions set for the second tranche.”

Definition of Solutions

The 10-point forward looking roadmap, as an outcome of the *Hapure* dialogue, catered to the roadmap 2004 a newer agenda unlike conventional reforms. The roadmap consisted of revamping political and administrative institutions by provisioning reservations for less represented groups of the society and making true self-governance and so on. First time in the country’s history any government proposal accommodated reservation issue into public offices. That issue was later extended into the GRP Roadmap 2004. One MoGA official recalled “the *Hapure* Dialogue and presented *Aagragami Sudhar Yojana* (the forward-looking reforms) as precursors for change in the then pre-dominant mind set”. Despite this fact, some segments of the bureaucracy attempted to view the ideas of reform as unnecessary.

The potential erosion of meritocracy to be resulted from the inclusionary provision, as they argued, was the main reason for their skepticism.

One group of people stressed on self-governance and devolution to local authorities. For this, they demanded effective implementation of DIP (Decentralization Implementation Plan), a GoN's roadmap for decentralization, with some timely changes.

4.2.2.2 Formulation of the Reform

Definition of Problems

In the final attempt of the roadmap formulation, MoGA organized a participatory workshop in Kathmandu. Although various participants associated with different associations and backgrounds had participated in the workshop, majority of them represented from Nepalese civil service. They ranged from the senior-most secretary level to mid-career level. The workshop ended up with an output later famously called as 'GRP Roadmap'. One former secretary of MoGA claimed "most components of the roadmap were based on home-grown, but external knowledge and experiences helped us in identification and definition of problem." In his own words "shopping ideas from elsewhere definitely took place".

Almost all seemed to have agreed to the point that the Nepalese public administration is not representative to a satisfactory level. Many raised this issue during the formulation period. Even the mother program of the roadmap has accepted this hard fact but confined only within gender issue. The civil service also suffers from a significant gender imbalance (ADB, 2001, p.iii). As the time progressed, the concerns raised also about ethnic/indigenous and *Dalit* (untouchables). It shows that as the time passed the definition of problem also widened on the issue of representative public administration. This study observes that this was one of the most debated issues during the time.

Issue of corrupt practices in public service related offices got significant space around the discussion table. The mother program of the roadmap had third objective that reads 'improve governance and reduce corruption in the Government (ADB, 2001, p.iii)'. In the backdrop coupled with voices aroused from media and mass people against rampant corruption, it was a pressing environment around for curving corruption.

Definition of Solution

When the WB set forth country assistance strategy in 2003 for FY 04-07, WB appealed for some far reaching reforms. Two of them included social inclusion and improvement in social services. “Nepal also needs to address fundamental issues related to social exclusion and redress the widespread perception that the state has been failing to deliver basic public services (The World Bank, 2003, p.1)”. We witnessed a cozy relation between some GoN technocrats and the major donors. Due to the relation, those technocrats were buying the ideas stemmed from some donors. “An uncommonly strong partnership has developed between these leaders and the bank, with a strongly shared vision for the reforms that Nepal needs (The World Bank, 2003, p.ii)”.

“The government officials have said that the roadmap will propose time-bound reservations for the said communities. The GoN’s chief secretary Dr. Bimal Koirala hinted that initially it would be in place for five years (Spotlight, 2004)”.³²

In response to representative issue, initially perceived solution only included the affirmative action, e.g., coaching, tuition and education. Later these measures seemed to be scanty and some sections of the society began to urge for reservation. But on the issue of whether or not there should be, for whom there should be the reservation, the bureaucracy per se went divided. Some section of the bureaucracy argued for affirmative action whereas some elite figures in the bureaucracy espoused both positive affirmation and reservation. Broadly, a segment of middle-level bureaucrats especially from dominant groups such as Brahmin and Chhetri worried about merit system. As a matter of fact, they were so concerned about the career they possessed in the civil service.

Contrary to middle-level bureaucrats, this thesis observes a few senior bureaucratic leaders from the dominant background espoused the idea of reservation. Unlike their previous track records supporting meritocracy, they shifted to this idea amazingly. As a matter of fact, they had been so concerned about the question of existence. As one respondent told, surviving also was winning sometimes. This was indeed a question of beyond the career opportunity that had

³² Spotlight, vol. 23, No.22, Dec 26-Jan 1, 2004.
<http://www.nepalnews.com.np/contents/englishweekly/spotlight/2003/dec/dec26/national3.htm>

grossly entrapped the mid-career bureaucrats. In short, the changing position to reservation was a big twist to rest of the fellows-in-the service.

The paper finally proposed 35 percent reservation. The government has formulated the roadmap proposing 20 percent reservation for women, 10 percent for Dalit (untouchables) and 5 percent for indigenous people beginning April next year (Spotlight, 2004, *ibid*). We learn that the then PM himself also was keen in the idea of proposing reservation to women, *dalit* and indigenous people.

Apart from the proposals for reservations, the roadmap also recommended that all the government ministries should have at least one woman joint secretary and an under secretary at their respective ministries by mid-July, 2004 (Spotlight, 2004, *ibid*).

On the issue of positive affirmation, the paper included some activities. It also aims to make the curriculum of the Public Service Commission (PSC), the constitutional body authorized to recruit bureaucrats, gender friendly, and coaching classes will be conducted at local levels to encourage women candidates to apply for the civil service posts (Spotlight, 2004, *ibid*)³³.

In response to the concerns of curbing down corruption, some segments urged preventive measures. For a couple of years, the country has curative measures. However, it is seriously lacking preventive measures. As part and parcel of the preventive measures, some ideas floated in the discussions. One side urged launching citizen charters via all service delivery agencies. Another idea embraced promoting to transparency in service procedures. One most aggressive view came out from one corner that maintained idea of public hearing. According to them, conducting public hearing in regular basis is instrumental. This was assumed at local level where all commoners and officials participate and listen to each others' critical views. It was for a sort of retrospection to back and learning for future.

4.2.2.3 Decision-making of the Reform

Definition of Problems

The Administrative Reform Coordination and Monitoring Committee (ARCMC) headed by the Prime Minister approved a Governance Reform Program Road Map in March 2004 (ADB, 2006, p.3-4). The decision was largely attributed to an output of a workshop held in

³³ See <http://www.nepalnews.com.np/contents/englishweekly/spotlight/2003/dec/dec26/national3.htm>

Kathmandu. We see no substantial changes in contents of the roadmap. But prior to that formulation, a heated debate took place.

Referring to uneven participation of ethnic and marginalized groups compared to that of dominant groups such as Brahmin, Chhetri and Newar, those involved in advocacy of rights of Dalits, women and indigenous groups termed the situation just as discrimination. One sociologist Dr. Krishna Bhattachan said “The discrimination against minorities like women, Dalits and Janajatis are extreme (Spotlight, 2004)”³⁴. Some argued “...there is a tell-tale disproportionate domination of limited caste groups particularly Brahmin, Chhetri and Newar in politics, administration and education. Occupying around 37 percent of the total population, these groups' share in the integrated national governance is 81.7 percent (Spotlight, 2003)³⁵.”

The disproportionate participation of different ethnicity in the Nepalese public administration and politics, as many people believed, was a reason of the divided society and, thereby, the conflict in the country. The thesis observes many key decision-makers having similar views in this line. One of them was Dr. Ram Sharan Mahat, former finance minister. He viewed “The country's uneven development, poverty and underdevelopment, existing social and economic deprivation of socially excluded and ethnic communities provided a congenial environment for the organizational expansion of the Maoists (Spotlight, 2003)³⁶.”

Shameful spiral wave of corruption made the image of all civil servants corrupt in public eyes. The blanket perception was hurting and humiliating to honest ones, too. Two objectives set in the mother program of the roadmap had reflections of the problems: (iii) improving governance and reducing corruption in the Government, (iv) enhancing the competence and motivation of civil servants. These reflections helped to own the problems deeply in the formulation process. Many of the participants agreed upon those factors such as low transparency, over discretionary power and monopoly in services, inadequate salary and greed for affluent life styles as causal to the problem.

Issue of efficiency put civil servants in a question mark. Demand side underpinned with people's aspiration never matched to the supply side service delivery. For this inefficiency of

³⁴ <http://www.nepalnews.com.np/contents/englishweekly/spotlight/2003/dec/dec26/national3.htm>

³⁵ <http://www.nepalnews.com.np/contents/englishweekly/spotlight/2003/dec/dec26/national3.htm>

³⁶ <http://www.nepalnews.com.np/contents/englishweekly/spotlight/2003/dec/dec26/national3.htm>

service delivery mechanism, some blamed to poor incentive, some blamed to competency and some other blamed to corrupt and negative disposition with civil servants.

Definition of Solutions

Stating about the problem, current chief secretary Bhoj Raj Ghimire expressed

“There were two alternatives before us – affirmative action and reservation. By affirmative we mean providing coaching classes and intensive tuitions to underprivileged sections of society. But we concluded that mere affirmative action would not bring in desired impact in short-term. Therefore, we also chose to go for providing time-bound reservation to women, Dalit and indigenous community” (Spotlight, 2004)³⁷.

The same bureaucratic group of actors all the time in past maintained key roles in defending meritocracy while on reform issue. But this time they changed the course of action surprisingly. They attempted to redefine the meritocracy with entirely different yardstick that did not match with education the traditionally conceived notion. One respondent of MoGA described that despite a few opposition the bureaucratic leaders changed the version as saying meritocracy is ‘delivery’ but not ‘educational qualification’. They upheld one logic that when it was time for distributing ‘allowances for senior citizens’ in rural parts of the country, a secretary of Village Development Committee, a village level local government unit, is far good who is though SLC or 10th grade failed. Despite the poor education, they speak local dialect and at the end of the day appear far better than a secretary with IA or even higher degree (intermediate) passed. This is because the former can communicate and perform better with local people. In their changed definition, the performance matters not but the educational qualification in meritocracy. He not only could deliver but also communicate well with them.

We observe a part of Nepalese bureaucracy as well that went against the idea of reservation. “Senior civil servants do not think the new roadmap will work for the country’s benefit. “Look at how the reservation policy failed in our neighbouring country India. We should have gone for better advocacy and training to make women, Dalit and Janajatis capable of fighting civil service exams on their merit” (Spotlight, 2003)³⁸. Similarly, one Public Service Commission member remarked “Today, they are asking for reservation for women, Dalit and indigenous community. Tomorrow many other minority communities may make similar

³⁷ <http://www.nepalnews.com.np/contents/englishweekly/spotlight/2004/jan/jan02/national8.htm>

³⁸ <http://www.nepalnews.com.np/contents/englishweekly/spotlight/2003/dec/dec26/national3.htm>

demands. Can we afford to open up such a dangerous Pandora's Box?" asked another senior civil servant (Spotlight, 2003).³⁹

One respondent from MoGA who witnessed a Cabinet committee meeting revealed that putting full pressure to a decisive moment, one leading ex-minister Dr Prakash Chandra Lohani strongly defended the reform. He said to his counterpart ministers and senior-most bureaucrats 'if we don't trade off this much, the situation will demolish us at once with no escape'.

On the issue of containing the corruption, some conceived public hearing as an ideal instrument. They saw that rights and control of public people can be established over public services with the help of public hearing. The idea was to keep the services under the surveillance of people. However, some other had some skeptical approach to this option. They had a logic by some experiences conducted in past that such a hearing could have embarrassing effects over the morale of civil servants. The civil servants have already been target of conflict so that no one easily gets ready to go remote parts. On top of these, if public hearing is there, it would be too much.

Citizen charters also seemed to be an effective idea in fixing service delivery system across the country. Although a guideline for similar purpose was in effect, the emerged idea aimed at deepening and widening its effectiveness all over. This thesis learns a controversy over the issue of citizen charters whether compensation provision is needed if front line service provider fails to deliver. Some criticized the idea terming it merely a fancy idea – not going to work. Some, however, defended it as saying a popularly practiced and tested elsewhere. In the latter's view, it was not wrong to learn from other's experiences. Rather such learning from others' best practices could reduce chance of failure in host countries. In one MoGA official's words "hopefully it is fine to go with measures like internationally accepted standard and universally recognized ideas they come from outside."

As for promoting transparency, almost all seem eager to promote transparency in public offices. In reference to procedural transparency, one respondent questioned to what extent the Nepalese society needs transparency. His meaning of transparency was acceptable to the extent which there is at least underwear in a person's body.

³⁹ <http://www.nepalnews.com.np/contents/englishweekly/spotlight/2003/dec/dec26/national3.htm>

With respect to promoting efficiency in civil service, some new ideas appeared. Firstly, it was a provision for an incentive fund to best performing offices and individuals. However, it invited several critical responses. A skeptical note viewed that the idea fairly fails in Nepalese context where indeed no performance evaluation benchmark and evaluation culture do exist. However, ADB was the one that pushed it as embracing that carrot approach from the incentive fund would change local work culture. Secondly, it was a successive plan for ministerial CEO position. One cautious group alerted as arguing that this would not fit to the country's context. The country has a circumstance where all decisions about CEO depend on political masters' will as opposed to any criterion based systematic mechanism. Due to absence of a systematic mechanism, the idea would remain a day dream. One respondent from MoGA was so critical to these measures that he used an analogy 'this NPM is new public mismanagement'. Finally the decision included the measures although some blamed to the role of the donor for the inclusion of the measures.

4.2.3 What were the contents?

In regard to trajectory of contractualism, the study observes only one feature of privatization and hired management on contracts prevails. But the rest two features this study did not observe. The observed feature underscores that each ministry has to review the rationale of all the underlying project, program, development committees, units, offices, and to conclude whether to fix disengagement or privatization or shifting to private sector or liquidating the entities and functions. This has adherence to disengagement.

The thesis observes four features of managerialism out of the six. The observed ones include: a) administrative decentralization b) accountability/ transparency/ participation c) cost-cutting/down sizing, d) citizen charters. The feature of the administrative decentralization encompasses revising DIP of the GoN and accordingly decentralizing powers to local governments. They also underscore revision of existing number of local governments, limiting the GoN to big projects and giving other activities to local governments, shifting government staffs to local government units, and gradually devolving district level programs to local government units.

The features of accountability/ transparency/ participation encompass placing performance improvement plan, and arranging an incentive fund for efficiency competition by provision of reward to the best service providing units. Similarly, it includes gender sensitive provisions in recruitment, compensation and facilities. Finally for maintaining transparency the features include placing a Personnel Information System, implementing anti-corruption strategy, and fixing criteria to all constitutional recruitment.

The feature of cost-cutting/ down sizing includes establishing performance change unit in four ministries, arranging voluntary retirement scheme to civil servants for downsizing, rightsizing with use of decentralization and service contract, and efficiency improvement by inclusion and affirmative action.

Finally, the feature of citizen charters focus on setting a mechanism for complains management in all ministries.

4.3 Comparison of the Actors, Processes and Contents

4.3.1 Actor Comparison

4.3.1.1 Central Actors

As for central actors, the first case SPGNFSRP has mainly five actors: ministers of finance, senior bureaucrats of MoF, senior technocrats of NPC, senior NRB officials, and donors mainly the WB/ IMF, ADB and DFID. From institutional background, they all represent three agencies: NRB, MoF and NPC. However, the second case the GRPRM has mainly three actors: ministers of MoGA and MoF, senior bureaucrats of MoGA, MoF and PMO. Largely the actors represent from three agencies MoGA, MoF and PMO. All belong to apparatus of central government of the country.

In both of the cases, there are some plausible similarities across the board. First, bureaucrats are very active from the beginning till end. Second, actors from MoF seemed to have relatively greater roles. Compared to each other, actors in the SPGNFSRP seem to be more technically oriented and less socially oriented. Whilst actors in the GRPRM seem to be more socially oriented but less technically oriented.

4.3.1.2 Peripheral Actors

In the case of SPGNFSRP, parliamentary committee (PAC), KPMG Barents group, business community, banking community and mass-media possessed the roles. Among the actors, only PAC represents government side and the rest all belong to non-government side. Broadly the actors representing government, local business community and mass-community were from domestic side and only donors from external side.

In the case of the GRPRM, mainly ADB, CPN-M, civil society, rights groups, associations of civil servants, ADDCN played the major roles. By the belongingness, they represent governmental, non-governmental and donor sides.

We note that the donors upheld in the SPGNFSRP central roles whereas in the GRPRM peripheral roles. Compared to the SPGNFSRP, the case of the GRPRM seems to have more actors from the non-governmental side. In the former case the actors seem to be highly technical and highly apolitical whereas in the later case the actors seem to be less technical and high political.

4.3.1.3 Roles of the Actors in the Reforms' Decision-makings

In both of the reform decision-makings, all central actors largely seemed to be supportive to respective reforms. The SPGNFSRP faced an opposition from business community. In this contrary, none opposed the GRPRM. However, peripheral actors seemed to be divided into the three categories. International actors remained to be supportive. But domestic actors in both cases seemed to be divided, e.g., having opposition or unclear position.

Figure 3: The Actors Roles in the Decision-makings

	The SPGNFSRP	The GRPRM
Supporting Actors	<p>Central Actors: Minister of finance; Senior Bureaucrats of MoF; Senior Technocrats of NPC; Senior NRB Officials; and Donors (the WB, IMF; ADB and DFID)</p> <p>Peripheral Actors: Parliamentary Committee- PAC; International Consultants – KPMG; Mass-media</p>	<p>All central actors are supportive: Ministers-in-MoGA & MoF; and Senior Bureaucrats of MoGA, MoF & PMO</p> <p>Peripheral Actors: Donors/ADB; ADDCN (a local governments' umbrella organization)</p>
Opposing Actors	<p>None of the central actors opposed.</p> <p>Peripheral Actors: Business Community;</p>	<p>None of the central and peripheral actors opposed.</p>
Divided Actors or unclear	<p>Peripheral Actors: Banking Community (partially supporting)</p>	<p>Peripheral Actors: Rebellion Political Party (CPN-M); Civil Society; Rights Groups; Associations of Civil Servants;</p>

Source: Personal Notes, 2007/08

4.3.2 Process Comparison

The processes followed in the case of the SPGNFSRP are characterized as being less democratic, less participatory, and less transparent. Likewise, the case seems to have more consequentiality as part of logic of action. Top-down model and stable nature in the processes are additional features.

In contrast, the GRPRM is characterized as being more democratic, more participatory and more transparent in the processes. Furthermore, the case used more appropriateness as its criteria for logic of action. The case remained more bottom-up process. Also, the processes seem being instable, that is, frequently changing the approaches and courses.

Figure 4: Comparison of the Processes between the Two Cases

Dimension	The SPGNFSRP	The GRPRM
1. Democratic versus non-democratic	Less democratic/ less participatory	More democratic/ more participatory
2. Closed versus open	More closed/ less transparent	Less closed/ more transparent
3. Logic of action	More consequentiality	More appropriateness
4. Top-down versus bottom-up	More top-down model	More bottom-up model
5. Stable versus unstable	More stable	Less stable

Source: Personal Notes, 2007/08

4.3.3 Content Comparison

The contents of the two cases are understood and divided into six major features of NPM. The features include: 1) administrative decentralization; 2) privatization/ performance contract; 3) agencification; 4) cost cutting/ down sizing/ efficiency; 5) competition/ commercialization/ transparency; and 6) citizen charters. In the SPGNFSRP, all the features are available except agencification. In this contrast, all the features can be observed except administrative decentralization and citizen charters in the GRPRM.

Figure 5: Comparative Contents of NPM in the Two Reform Cases

Regime of NPM	The SPGNFSRP	The GRPRM
Administrative decentralization		- Improving efficiency by implementing decentralization implementation plan (DIP); i.e. streamlining the number of districts, downsizing the number of VDCs, sectoral devolution & restructuring of delivery offices (clause 2 (v) sub-clause 22)
Privatization/ performance contract	- Privatizing RBB and NBL (clause 3) - Restructuring ADB/N and NIDC (clause 14) - Divestiture of Rural Development Banks and development of Rural Development Banks via private sector (clause 16)	- Employing privatization, liquidation etc. of projects, development units (clause 2 (v) sub-clause 23)
Agencification	- Establishing a Banker's Training Institute (clause 8) - Revamping Credit Information Bureau - Initiating Assets Reconstruction Company (clause 10) - Establishing development banks at local level (clause 15) Establishing Credit Rating Agency (clause 17)	
Cost cutting/ downsizing/ efficiency	- Strengthening of supervisory capabilities of NRB for efficiency (clause 2) - Revamping research and financial monitoring strength (clause 11)	- Performance change unit in 4 ministries (clause 1 (i)), - Voluntary Retirement Scheme for downsizing by Civil Service Act amendment (clause 2 (iii)), - Rightsizing by marketization, decentralization and service contract (clause 2 (iv)), - Efficiency by inclusion & affirmative action (clause 4 (xi))
Competition/commercialization / transparency	- Enactment of Debt Recovery Act, Bankruptcy Act, Merger & Acquisition Act (clause 1) - Criteria for new banks in line with international standards & practices (clause 4) - Promoting international banks to set in Nepal (clause 4)	- Performance improvement plan, incentive fund for efficiency & reward to the best service providing unit at district level (clause 5 (xvi) sub-clause 59 and 60), - Gender sensitivity in recruitment, compensation & facilities by

	<ul style="list-style-type: none"> - Phasing out directed & subsidized lending and creating broad based banking with market interest rate (clause 6) - Streamlining of controlling ownership structure by one family or person (clause 7) - Broadening & deepening the financial system (clause 12) - Promoting sectoral financing by industrial, housing & other finances at competitive cost (clause 13) - Promoting international accounting firms to come in (clause 5) - Provision of Credit Information Bureau for more transparency (clause 9) 	<ul style="list-style-type: none"> policy (clause 2 (vi), - Promoting transparency by PIS (clause 2 vii, viii), - Promoting transparency by implementing anti-corruption strategy (clause 3 (ix)) - Promoting transparency in recruitment of constitutional bodies by fixing the criteria and working procedures of Constitutional Council (clause 3 (x))
Citizens' charters		<ul style="list-style-type: none"> - Arranging a mechanism for complain management in all ministries (clause 4 (xv))

Source: 'Governance Reform Program Roadmap 2004', Government of Nepal and 'Strategy Paper of GoN on Financial Sector Reform 2000', Nepal Rastra Bank.

4.3.3.1 Contents of Contractualism

Based on the data mentioned in Figure 6, the study draws a comparison between the two cases. That depicts that the SPGNFSRP is stronger as the case has splendid features of contractualism. It embraces two of the three features termed in this study as elements of market trajectory. They include privatization and hired management on contracts, and competition/ commercialization. However, the GRPRM contains only one out of the market trajectory. That is only the privatization and hired management on contracts. The most observed feature in the both cases is privatization and hired management on contracts.

Figure 6: Comparative Features of Contractualism in the Two Reform Cases

Criterion	Privatization and hired management on contracts	Performance based compensation	Competition/commercialization
The SPGNFSRP	+	-	+
The GRPRM	+	-	-

Note: The sign + denotes to 'observed', and - denotes to 'not observed' with the cases.

Source: Personal Notes, 2007/08

4.3.3.2 Contents of Managerialism

Of the seven features deployed to overview managerialism in this study, the GRPRM seems stronger compared to the SPGNFSRP. The case has four features which include administrative decentralization, accountability/ transparency/ participation, divisionalized organization and agencification, cost-cutting/ down sizing, and citizen charters. The other case the SPGNFSRP has three features that consist of accountability/ transparency/

participation, divisionalized organization and agencification, and cost-cutting/ down sizing. The most observed features in both of the cases include accountability/ transparency/ participation, and cost-cutting/down-sizing. None of them possess one feature skills improvement of senior managers by training.

Figure 7: Comparative Features of Managerialism in the Two Reform Cases

Criterion	Administrative decentralization	Skills improvement by training	Accountability /Transparency/ Participation	Divisionalized organization and agencification	Cost-cutting/Down sizing	Citizen charters
The SPGNFSRP	-	-	+	+	+	-
The GRPRM	+	-	+	-	+	+

Note: The sign + denotes to 'observed', and - denotes to 'not observed' in the cases.

Source: Personal Notes, 2007/08

The degree of application of NPM ideas in the two cases can be comparatively observed dividing them into two categories. The first category the SPGNFSRP observes high degree of market elements and low degree of management elements. To this contrary, the GRPRM a non-financial or governance category has high degree of both market and management elements.

Figure 8: Application of NPM Ideas in the Two Reforms

Reforms\Degree	Market/ Contractualism	Management/ Managerialism
The SPGNFSRP	High	High
The GRPRM	Low	High

Source: Personal Notes, 2007/08

As regard to the processes, the SPGNFSRP seems to have moved during the processes with heavy technical debates/arguments coupled with high external elements. The GRPRM passes tremendously along with domestic political and administrative phenomenon but with little presence of external forces.

4.4 Conclusion

Following figure provides briefly the empirical observations that are explained above:

Figure 9: A Comparison of the Two Reform Cases as per Processes, Contents and Actors

Modes of the Data	Reform 1: The SPGNFSRP	Reform 2: The GRPRM
Actors	<p>Central Actors: Minister of finance; Senior Bureaucrats of MoF; Senior Technocrats of NPC; Senior NRB Officials; and Donors (the WB, IMF; ADB and DFID)</p> <p>Peripheral Actors: Parliamentary Committee- PAC; International Consultants – KPMG; Business Community; Banking Community; Mass-media</p>	<p>Central Actors: Ministers-in-MoGA & MoF; and Senior Bureaucrats of MoGA, MoF & PMO</p> <p>Peripheral Actors: Donors/ADB; Rebellion Political Party (CPN-M); Civil Society; Rights Groups; Associations of Civil Servants; ADDCN (a local governments' umbrella organization)</p>
Processes	<p>Agenda Activation: <i>Problem Definition:</i> NPA high; Distorted public ownership; Politicised banks; No repayment of loans; Weak shock absorbing capacity of banks; Management inefficiency; Poor professionalism; Poor corporate/accounting culture; Poor banking culture; Lack of transparency; NRB weak in supervision; Private banks with selected clients; Poor compliance to Basel Principles</p> <p><i>Solution Definition:</i> Success stories of Asian crisis; Commitment made to NDF 2000 Paris;</p> <p>Formulation: <i>Problem Definition:</i> Illness of 2 public banks; Abuse of the public banks; Poor banking culture; Corrupt culture; Outdated laws; Lacking of corporate governance; Technically bankrupt 2 public banks</p> <p><i>Solution Definition:</i> Foreign management on contract; Full privatization; Loan recovery; Commitment to NDF 2000 Paris</p> <p>Decision: <i>Problem Definition:</i> Misled by donors; Inadequate authority to management of the 2 public banks; National vrs international parameters KPMG's report; Political pressures; Corruption; International conspiracy against the banks</p> <p><i>Solution Definition:</i> Tangible action as assumed by KPMG; Corruption control; Strengthening M & E capacity of NRB; Market solution to ownership; Reforms by Nepalese professionals; No legal basis exists for contracting out to foreigners; Management team from abroad</p>	<p>Agenda Activation: <i>Problem Definition:</i> Low representation in the public administration; Too centralized system; Rent seeking behaviour; Low-trust of bureaucracy; ADB's conditions unattained for loan disbursement.</p> <p><i>Solution Definition:</i> Inclusionary provisions; Reservation for a few excluded groups; Affirmative actions for the excluded groups; Expediting decentralization & self-governance;</p> <p>Formulation: <i>Problem Definition:</i> Less representative public administration; Corruption</p> <p><i>Solution Definition:</i> Reservation for excluded ones; Positive affirmative actions for excluded ones; Preventive measures for corruption control</p> <p>Decision: <i>Problem Definition:</i> Less representative public administration; Corruption in civil service; Inefficiency</p> <p><i>Solution Definition:</i> Reservation to excluded ones; Affirmative actions to excluded ones; Public hearings against corruption; Citizen charters as rights approach; Transparency; Incentive fund; Successive plan</p>

	Reform 1: The SPGNFSRP	Reform 2: The GRPRM
	<p>Processes followed: Less democratic, less participatory; more close, less transparent; more consequentiality; more top-down model; more stable</p>	<p>Processes followed: More democratic, more participatory; less close, more transparent; more appropriateness; more bottom-up model; and less stable.</p>
Contents	<p>Elements of Management: Accountability, transparency, participation; divisionalized organization and agencification; and cost-cutting and down-sizing</p> <p>Components of Market: Privatization and hired management on contracts; competition and commercialization</p> <p>Result: Managerialism: High Contractualism: High</p>	<p>Elements of Management: Administrative decentralization; accountability, transparency and participation; cost-cutting and down-sizing; citizen-charters</p> <p>Components of Market: Privatization and hired management on contracts</p> <p>Result: Managerialism: High Contractualism: Low</p>

Source: Personal Notes, 2007/08

CHAPTER FIVE: DISCUSSION AND ANALYSIS

5.0 Introduction

Decision making subsystem of public policy, as it is an open system, accumulates influences from settings and people available in and out of the organization. Taking the advantage of the empiric observations made in the preceding chapter, this chapter analyzes how five independent variables shaped the actors, processes and contents of the Cabinet decisions ranging from agenda setting, formulation to decision making. To this aim, the theoretical approach employed consists of mainly three perspectives of organization theory combined with transformation model of NPM.

5.1 The Structural/Instrumental Perspectives

This perspective aims at attainment of stipulated goals. As a state runs with certain deemed goals, it translates them into practice with a range of organizations equipped with policies and programs. Some sorts of rationality are involved with them. Logic of consequences is inherent in order to meet means-end rationality of the state. Causal-effect relationship is assumed to work in a routine manner 'once-pressed-light-on'. 'Instrumental perspectives view organizations as tools in the hands of leaders. Rationality is implicit in formal organizational structure; it imposes limitations on an individual's choice of action and creates a capacity to realize particular goals and values (Christensen et al, 2007, p.5)'. Ideally, instrumental rationality involves organizational structure and organizational process. Regarding reform, instrumental perspective suggests focusing on 'structural features: 1) hierarchically responsible leaders; 2) leaders organize reform process; 3) connection between reform process, course, and outcome; and 4) organizational structure determines definition of problems and solutions (Christensen et al., 2007, p.212-213)'.

'Structure' is regarded as the most viable instrument for a reform. Structure refers to hierarchical social arrangement in which superior and subordinate layers co-exist interchangeably. In such an interactive mode, generally 'policy preferences of superior organizations' secure priority because they are empowered by hierarchical relations. This variant quite prevails within the executive apparatus of Nepal. Practice of central planning system has been in the country for more than 50 years. All development efforts are designed in a five year period plan and centrally controlled by a separate apparatus called NPC. On top

of that, on the reforms' approval was done by the Cabinet that decided over the two cases. The Cabinet constitutes a group of ministers headed by PM as well as the then King and acts with the help of officials/technocrats, who belong to different ministries and agencies. But the setting containing all of them are arranged in hierarchies in which the superiors come by superior-roles in decision making. In such an uneven exchange pattern, subordinates tend to look up to superiors for trickle down of ideas. And the superior apparatus easily impose their ideas on subordinates. Subordinates, who have no option until the superior lacks necessary strength and bends low for a negotiation. It is, therefore, H1 - 'the reforms are seen as a result of deliberate, planned and hierarchical decision-making from the central government bodies' is very relevant to this study context.

5.1.1 Deliberate Planned and Hierarchical Decision-making of Superior Organizations

5.1.1.1 The Case of the SPGNFSRP

How are the actors affected?

The activation of the actors is very much in line with what we could expect from this variable. Being superior organizations MoF and NPC enjoyed very hierarchical policy system coupled with deliberate plans. The strong relationship of the variable with the actors lasted across the agenda setting, formulation, and decision-making. The decision-making can be characterized as being: a) instrumental-rational; b) long term plan based; c) articulated with the experiences of Asian crisis 97; and d) determined and unaltered with contesting views. The major guidelines for policy decisions came from five year plans and annual plans in which MoF played a leading role. Given the advantages of a set of hierarchic-vertical relations of MoF with NRB entitled by NRB Act 2002, the minister of finance and the ministry played dominant role over NRB. As the hierarchic variant could offer both reward and sanction to subordinate NRB, the leaders of MoF kept NRB under control. The ministerial actors were empowered by top-down model of planning and hierarchical decision making. This observation agrees that 'leaders' control and analytical-rational calculations are central (Christensen et al, 2007, p. 6)'. The strong relation of the variable with the actors scores strong with instrumental perspective.

One more instance of the *actors* in vertical decision-making depicts that once trade union leaders of the two public banks opined differently. Also, some civil society members echoed in the same rhythm. Similarly, senior officials serving the banks also toned of the same line

publicly. Those opinions sharply differed from that of the GoN. Nevertheless, superior organizations unheeded those opposing views. Rather, senior officials of NRB, MoF and NPC have solely been the decisive in shaping the decision. This observation validates an inference that reform process in a strong hierarchical system is shaped by the choices of decision-makers of superior organization. 'It is quite rare for seniors to listen to what juniors suggest, and juniors hardly argue if they disagree with their superiors; and there is a strong belief that knowledge is hierarchical (Jamil and Dangal, forthcoming). The role and capacity of defining problems and solutions is determined by deliberate planned and hierarchic system. That allows only to superior actors to be central reformers and rest to be peripheral ones. It is because the superior actors enjoyed resources along with formal and informal authorizations from political masters. This supports a proposition about senior actor as reform 'entrepreneurs formally delegated by political leaders (Naschold, 1996; Rouban, 1995, p.52 cited by Christensen and Læg Reid, 1999, p. 171)'. To this reference, the strong relation of the variable to the actors seems weak with cultural perspective.

How are the processes affected?

The activation of the processes is very much in line with what we could expect from this variable. When a high-ranked GoN team returned from NDF 2000 Paris, they had in their baggage committed set of problems and solutions. Upon their arrival, they sold out the plan to NRB. Accordingly, NRB began developing the strategy paper. The draft via MoF and NPC reached the Cabinet of GoN for final approval. In this whole process, the vertical hierarchic relation downplayed the preference of subordinate organizations as the reform ideas itself was trickled down from the top. I observe it was the hierarchic decision-making that navigated the three subsets of decision making. Participation of subordinates in the processes was considered to be desirable, but not essential. One reason of this tendency is power distance embedded in the system. 'Power distance is quite high in the Nepalese public administration, which means that decisions are seldom made in consultation with subordinates; there is a big gap between seniors and juniors since they are not considered equals...(Jamil and Dangal, forthcoming).' The strong relation of the variable to the processes scores strong with instrumental perspective.

How are the contents affected?

The activation of the contents is only partially in line with what we could expect from this variable. When MoF submitted to the cabinet decision-makers a proposal for approval, it was the only apparent alternative. The draft was the outcome of the process followed in which central actors had a greater monopoly and peripheral actors had little except external actors. The decision makers assumed that the issue is of highly technical ones that political leaders have no competency to deal with. The same implied also with minister of finance compared to other cabinet counterparts. Noteworthy to mention, although the cabinet members are senior in hierarchy they came down to negotiate with the solutions persuaded by the subordinate technocrats of MoF and NRB. This is the manifestation of recognition of strength in the area of specialization of MoF and NRB. I observe that happening this also due to the political masters' conception that devising a solution with means-end rationality and long-term plan is the business of technical expertise. In the negotiation based variant, the causal relation of the variable remained weak, which led to high elements of market in the contents.

I am informed that the 'contents' attained high elements of both, i.e., managerialism and contractualism. Compared to the content elements, contractualism has stronger support vis-à-vis contractualism. I also learn that techno-minded finance minister and strategically entrenched bureaucrats induced the market elements. Through out the processes, they kept well the flow of contents under control. Before triggering the agenda, they equipped themselves with rationally calculated plans based on multi-level studies and long term plan. All these favoured market elements. Donor's conditionality for further support also hugely insulated the agenda. To this end, the hierarchic decision system served them as an effective instrument for solving problem. Getting aside, some parts of the contents targeted at behaviour and banking cultures. They were instances of instrumental attempts made to modify existing culture and practices. I thus agree with 'instrumental actions can largely influence informal norms and values (Christensen et al 2007, p. 286-287)'. The thesis considers the weak relation of the variable to the contents scores strong with instrumental and again moderate with environmental perspectives.

5.1.1.2 The Case of the GRPRM

How are the actors affected?

The activation of the actors is very much in line with what we could expect from this variable. It is because evidence observes MoGA as playing the central role. Rest two agencies, i.e., PMO and MoF, which were superior to MoGA, remained 'control-room'. On the part of PMO, mainly chief secretary had the navigational roles - getting 'green signal' from political master and transmitting to MoGA. This illustrates administrative leaders as 'main agent or entrepreneurs' who were authorised 'formally by political leaders' (Naschold, 1996; Rouban, 1995, p.52 cited by Christensen and Læg Reid, 1999, p. 171). In this role, the bureaucratic leaders injected their own rational instrumental views to influence others' preferences. The process reflected to some extent the elements of 'professional knowledge-based steering (Christensen et al, 2007, p. 159)' sustained by the senior administrative leaders. The superiors possessed the steering-plus-hierarchy elements, which persuaded the other actors with their instrumental reform goals. I also observe the leaders in aid-diplomacy so skilful for their deliberate plan. The complimentary horizontal relation with donors' community also added their effectiveness. I, thus, add that superior organizations in vertical relation owning knowledge-based steering and having aid diplomacy easily influence the capacity of subordinate organizations in a reform decision. Finally, the strong relation of the variable to the actors scores moderate instrumental and myths and weak cultural perspectives.

How are the processes affected?

The activation of the processes is very much in line with what we could expect from this variable. I learn that because of the professional-based steering, hierarchic advantages and aid diplomacy, senior bureaucrats/ technocratic leaders of PMO, MoGA, MoF and NPC held upper-hand in defining the problems and solutions. The like-minded bureaucrats came into the process with an instrumental team equipped with strategic ideas for future civil service. I observe a 'task force' approach placed in by forming technical teams. Yet, major defining processes of problems and solutions underwent control of the actors. They also consulted with concerned officials, experts and other stakeholders by organizing workshops, which ensured democratic participation and, thereby, legitimacy to the actors-led product.

Another dimension of process includes use of logic of action. Among the central governmental actors, MoF applied the criterion of consequences more whereas others applied appropriateness more. As consequences concerns about instrumental and appropriateness concerns about cultural and institutional perspectives, the employed criteria made different the actors' definition to problems and solutions. In overall, the robust relation of the variable to the processes upheld moderate with institutional and instrumental perspectives and weak with cultural perspectives.

How are the contents affected?

The activation of the contents is very much in line with what we could expect from this variable. Although MoGA was a central actor, some measures picked up were from beyond the domain of MoGA. This was by the pulling role of PMO - a superior organization. Many other measures resemble with management elements that are mainly resulted from the role of MoGA and other peripheral actors. MoGA upheld double advantages: 1) hierarchy; and 2) organizational specialization. Due to the advantages, the agency had a greater control over the contents and fixed greater support to management elements in the contents. By this, this study favours a proposition 'the choice of specialization principle may thus have a strong influence on how problems are dealt with and on the content of public policy (Christensen et al, 2007, p. 47)'. Learnt from the observation we add that hierarchy and specialization are twin-triggers in regard to the contents.

A little amount of elements are also taken up from market. In that part, MoF has the biggest share as being an agency rationally-instrumentally oriented for reforms. Also, the ministry is the front-liner with donors and international agencies. In the inclusion of the market and management elements into the decision contents, both relations mark determinant roles: 1) horizontal structural relation – the relation with MoF and other stakeholders; 2) vertical structure relation – the relation of ministries and donors.

Seen from 'logic of action', MoF's action with 'logic of consequence' induced market elements. However, MoGA's action with 'logic of appropriateness' culminated in management elements. The decision-contents, as a consequence, acquired more flavours of management vis-à-vis market. It is because of the smaller roles of MoF and the greater role of MoGA in the core processes. Heeled with this observation, I posit an organization with logic

of appropriateness yields greater management elements whereas an organization with logic of consequences yields greater market elements in a reform-content. By these, 'logic of action' with the variable seems to be a powerful determinant in regard to contents. I finally consider that the strong relation of the variable to the contents and possesses received strong value from institutional and moderate value from instrumental and weak value from cultural perspectives.

5.1.1.3 Summing up

These analyses support the hypothesis (H1) that *reforms are necessary response to deliberate and planned decision-making of superior organizations*. The hypothesis, however, acquired greater support in the SPGNFSRP compared to the GRPRM. In decision-making of the SPGNFSRP manifestation of the support can be observed first strongly with *actors*. The manifestations triggered by the variable mainly due to: 1) homogeneity of actors 2) steep vertical relation between the organizations involved 3) high concern of technical matters and specialized expertise and 4) all action to be stemmed from long term plan, e.g., five year plan and annual plan also oriented the actors. However, in the GRPRM the manifestation of the variable's relation to the *actors* seems moderate. It is due to inefficiency of the variable that brought in: 1) more horizontal consultations among the senior bureaucrats 2) less dominance of special expertise and 3) senior most administrative leaders switched to societal demands for making the public administration more representative. Similarly, the manifestation of the greater support can be seen strongly also with *processes* in the SPGNFSRP. The reason is that the variable via the central actors led the *processes* to: 1) top-down approach employed in the problems and solutions 2) limited participation 3) stable processes entertaining less interference from other stakeholders and 4) use of consequences more and appropriateness less as criteria for logic of action. However, the manifestation of the variable's relation in the GRPRM is observed moderate in terms of the processes. The variable, in this case, via the central actors led the processes to: 1) more participation 2) instable due to ever changing positions of the contesting actors 3) use of rather appropriateness than consequences and 4) top-down in the decisions but via gentle approach. Also, the manifestation of the support in the SPGNFSR 2000 can be observed as strong with *contents*. The contents seen as high market and high management elements resulted from the variable via the actors and processes. The most apparent reasons include: 1) 'consequences' applied as logic of action to the processes 2) monopoly of actors in the competency needed and 3) problem solving nature

of the reform. However, a moderate support in the GRPRM is evident since the actors and processes led the contents to high management and low market elements.

5.2 The Cultural Perspectives

Organizations are bounded to cope with informal norms and values that is societal reflection. To this reference, a thesis is noteworthy that administrative behaviour is ‘a result of national cultural norms’ (Jamil, 1994, p.292). It is because administration is a sub-system of a country. Once informal rules are shaped, it holds strongly the mindset – controlling body - of people. By virtue of this power, behavior of reform designers and decision makers come under its influence. This however rewards them with legitimacy from the environment. Talcott Parsons views ‘organizations cannot survive ‘merely’ by striving to be efficient. They also need legitimacy from the environment (cited by Christensen et al, 2007, p.99)’. Legitimacy comes broadly from 2 sources: 1) domestic legitimacy from local culture and institutions; 2) international legitimacy from external institutions. In a bid of legitimization, having congruence with local culture is a priori. It is because political-administrative culture especially in organization theory clinches great deals. Administrative culture emphasizes relationships not only within a bureaucracy but outside it as well (Jamil, 1998 cited by Jamil, 2007).

Administrative culture of Nepal ‘enhances the group values and familial norms crucial for maintaining harmony and cohesiveness in a highly hierarchic society (Jamil and Dangal, forthcoming)’. Cultural perspective focuses on ‘stability and change in cultural features (Christensen et al, 2007, p.212)’. As the Nepali society is very hierarchic, the ‘political and bureaucratic elites’, an underlying of ‘historical institution’, seem to be a representative independent variable. The views of Jamil and Dangal (forthcoming) ‘the bureaucracy in Nepal is characterized by values that are representative of the existing power structure in society...’ depicts that both kind of elites occupy in the country the deciding roles. Likewise, ‘political opposition and insurgency’ relates to ‘styles of governance’ factor since major political parties employed hostile approach to government’s agenda for reforms and NCP-M staged insurgency. Looking at the significance of such oppositions, we formulated hypotheses: H2 – ‘Political and bureaucratic elites as representatives of the historical-institutional administrative culture and tradition constrain the reform process and content’; and H3 – ‘The turbulent transition situation affects the reform process and content and it can be seen as a by-product of the contemporary domestic political situation’.

5.2.1 Elite Orientation in Bureaucrats

5.2.1.1 The Case of the SPGNFSRP

How are the actors affected?

The activation of the actors is not very much in line with what we could expect from this variable. By analyzing the relationship of the variable with the actors, I notice mainly three modes of response: 1) steering – staying at driving seat; 2) supporting – staying back but giving mass supports; and 3) constraining – sabotaging the reform measures. Notwithstanding, schooling or training of the bureaucrats/technocrats seems to have been a strong variant in shaping their response. On the whole, the bureaucrats in central actors remained in the first category whereas the bureaucrats in peripheral actors remained in the second and the third categories. Some evidences revealed that trainings, to some cases, attributed to breaking up the elites from their long historical roots – cultural paths. Almost all key bureaucratic and technocratic leaders involved in the process from MoF, NPC, and NRB seemed to be in the *first* category. Their areas of expertise were in economics and management accomplished from occidental schools. I learn that they remained quite adaptive to the reform ideas. In the *second* category, most of them were from middle and beginner levels. As they were out of the key deciding positions, they remain to be applauding the reform ideas. However, I observe of the rest bureaucrats regardless of levels and backgrounds in the *third* category. In their mindset, a conventional fear of reform was deeply rooted about possible outcomes. From them I learn that the elite orientations do not easily become ready to lose the power and resources that were at their disposal for long times. For this reason, they seemed to be roadblock to the reform ideas. Learnt from this insight, I relate the elite orientation with ‘individuals in public office attempt to maximize their own personal utility (Downs, 1967; Niskanen, 1971 cited by Peter, 1988, p. 119)’. The weak relation of the variable to the actors seems strong with instrumental, technical environment and myths perspectives and weak with cultural perspective.

How are the processes affected?

The activation of the processes is partly in line with what we could expect from this variable. Going into the weak relation, my first observation demonstrates that the elite orientation of bureaucrats led the decision-style to non-inclusive, less-participatory and less-transparent processes. Broadly, it can be termed as non-democratic. But motive behind was entirely

different that the reform could have fatal effect and ruin if the decision style was participatory. The perceived threat was from those actors, who were from private owners of the bank proposed for privatized and also from some vested interest groups. Only the central actors including the experts from the WB/IMF and a few donors interacted with each other. Outside of them, no one really knew what was happening behind the screen. This was solely developed by limited circles of technocrats and bureaucrats. I witness ‘they are formulated by leaders, and policy making largely consists of finding suitable means to achieve the goals (Christensen et al, 2007, p. 6).’ Additionally, I find the process part as ramification of partnership between the technocratic bureaucrats and politicians of MoF and NPC. The partnership kept all other stakeholders out from the processes but for the sake of their instrumental and means-ends goals. This ensured stability in the processes, e.g. less swinging.

Conventionally, bureaucratic leaders are blamed for their resistance. To the contrary, we notice several times one small bureaucratic group did politics for the sake of the reform. Firstly, they themselves asked donors for putting some specific ‘aid-conditionality’ to GoN. The dramatic request was to insulate the reform spirit from vested interests potentially coming from resistant group. Secondly, one day they were vividly pressurized by trade unions. Afterwards they lobbied with senior politicians-in-office and got the decision done by the Cabinet of GoN. This was to add legitimacy with the decision and safeguard the reform by getting the political leader committed. That ensured safe ride of the decision-making in the case. By this analysis, we learn the assumed ‘path dependency’ of bureaucrats to informal values and norms that can vary from case to case. The ‘history is not efficient’ meaning poor adaptation to changed context turned to ‘history is efficient’ meaning just the opposite. This transformation happened mainly due to leadership changes in political, key bureaucratic and technocratic positions in the mean time. We finally note that the weak relation of the variable combines cultural and instrumental perspectives. We finally note that the strong relation of the variable to the processes combines strongly the instrumental, technical environment and myths/ institutional perspectives.

How are the contents affected?

The activation of the contents is not very much in line with what we could expect from this variable. By examining the weak relation with the *contents*, I encountered with some evidences that support a logic of ‘new class analysis’ as argued originally by Yeatman (1987,

pp. 350-351) and later followed it by Hood (1995, p.102). As Hood argues, some senior public managers and technocrats, who are some sort of economics-based technocrats “econocrats” having education in neoclassical economics, generally sympathize to New Right ideas. Those technocrats tended to market elements of solutions. The first category of actors discussed in our observation of three modes of responses (*see 1st paragraph in 5.2.1*) also supports this observation. My empirical findings reveal that the case acquired high elements of both, i.e., market and management. Compared to the management elements, market elements seem stronger. The main reason I learn is due to the central actors, who strongly tended to market elements. Deepened into the reason, I observe the role of logic of consequences held by the central actors. Being very rational, they searched for plausible ‘alternatives’ one by one, defined their ‘values’ in the reform, and finally calculated and identified ‘best alternatives’ to the aspired values. The central actors based on ‘logic of consequence’ acted in instrumental-rational manner and ultimately led to the market elements in the contents. This supports to infer that actors oriented to logic of consequence become instrumental-rational, hence, lead to market elements. Finally, the weak relation of the variable to the contents has strong affinity to instrumental and environmental (technical and institutional/ myths) perspectives.

5.2.1.2 The Case of the GRPRM

How are the actors affected?

The activation of the actors is very much in line with what we could expect from this variable. Discussed about the reasons, I observe a uniquely happened turning with the strong relation of the variable with the actors. Like elsewhere, elites in Nepal are generally painted as a resistant force to reform. Just like this, bureaucratic elites are generally blamed for their resistance in administrative reform. Despite the theoretical and empirical experiences, I consider the roles they played in the decision of the GRPRM being a mile-stone. Amid a long public debate, set on whether merit or inclusionary system, run within and out of the bureaucracy, some bureaucratic leaders broke the ice. It seems that they were very much concerned about the legitimacy of bureaucracy. Brahmin and Chhetri appear to be the dominant group and rest all are out of the opportunity. The claim of Jamil and Dungal (forthcoming) looking at the recruitment period of 2002-03 “...Brahmin and Chhetri comprise 74% of the bureaucracy whereas they comprise only 29% of the total population” depicts a bleak ‘demographic representation’. Warner (2001, p.404-405) posits that public administration gains legitimacy

mainly from: 1) participation, i.e., representation; and 2) institutional, i.e., competence. Referred to the participation school, I observe that the legitimacy of Nepalese public administration had come into serious question. In this backdrop, the bureaucratic leaders aimed a giant-leap forward and finally made the reservation in line with a trade-off for legitimacy.

Having said this, I remark the relation of the elite orientation went with the leading bureaucrats weak. Owing to the weakened relation with elite orientation, the bureaucrats turned around from their conventional resistant role. Furthermore, my preceding observation seems still valid about bureaucrats' three modes of response: 1) steering – staying at driving seat; 2) supporting – staying back but giving mass supports; and 3) constraining – resisting the reform measures. The culturally less biased bureaucrats – meaning whose cultural path significantly washed out – seemed to be in the role of central actors. The two other actors held in peripheral roles. As compared to the central actors, the relation of peripheral actors with elite orientation or cultural path looks so contrast. In conclusion, I consider the strong relation of the variable to the actors coupled strongly with myths, moderately with instrumental and weakly with cultural perspectives.

How are the processes affected?

The activation of the processes is not very much in line with what we could expect from this variable. In regard to the *processes*, I observe a weak relation of the variable. Due to the weak relation, the process, to some extent, got rid of 'power distance'. The distance exists between lower and higher classes are caused by social, professional and economic powers. The wide participation in the process from different stakeholders was an achievement. Also, the participation is materialized in multiple levels and geographical areas. On the mode of 'active participation', an encouraging picture seems that lower and higher level bureaucrats sat together and participated in defining processes of problems and solutions. A distinct feature observed in the process was that first time in the country's history a NGO took part in a reform decision. The idea was to materialize partnership of government and non-government actors. Looking at the mutual exchanges conducted in participatory and democratic ways, I in this case differ with a finding 'those lower down the hierarchy would have little say in the decision-making process (Jamil and Dangal, forthcoming). Also, the logic of action employed in the defining processes seemed to have been appropriateness more and consequences less.

With respect to relation with perspectives, the weak relation of the variable to the processes is grappled strongly with myths and moderately with instrumental and weakly with cultural perspectives.

How are the contents affected?

The activation of the contents is not very much in line with what we could expect from this variable. Looking into the reasons resulting in the weak relation of the variable with contents, first we learn that element of the management is greater than that of the market. The element of management resulted from the overarching issue of ‘socialization’ of reform. The ‘socialization’ of reform stresses in the social justice and equity. In the background of a heightened demand for justice and equity, actors set out objective of creating a representative and dynamic public administration. To this end, they considered a robust inclusionary approach over meritocracy to be the best answer to the issue. I observe during the time the cultural path of gradual incrementalism is punctuated. This punctuation suddenly advanced to inclusionary system with reservation choice for excluded ones. At this point of time, process underscored application of ‘appropriateness’ as logic of action. The appropriateness as action led to the greater amount of management elements in the contents. I thus add to logic of appropriateness that the appropriateness tends to lead reform contents to management elements.

In reference to historical institutionalism, the discussed transformation can be seen as being hastened to ‘history is efficient’ from ‘history is inefficient’. Behind this, a rapid but rare shift culminated in as a by-product of NCP-M’s agenda and rapid empowerment of marginalized sections. In the face of the big jolt, some top-level bureaucratic leaders put off their conventional affinity to meritocracy and shifted to inclusionary choice. This shift caused the greater elements of management in the contents. By these accounts, I learn that the elite orientation departed from conventional role, i.e., constraining administrative reforms. Rather, a few top leaders of the bureaucracy became prophet of the reform and acted effectively till the contents. Finally, I underscore that the weak relation of the variable to the contents is combined strongly with myths and weakly with instrumental and cultural perspectives.

5.2.1.3 Summing up

The analyses largely reject the hypothesis (H2) that *elite orientation in bureaucrats as agents of historical-institutional administrative culture and tradition constrains reform actor, process and content*. It is because the elites in both cases, unlike conventional argument, took off the constraining role and put on the driving role except a few instances of opposition. However, the SPGNFSRP observed higher degree of the rejection compared to the GRPRM. This is manifested first with the *actors*, whereby senior bureaucratic and technocratic leaders propelled the reform concept instead of conventional reform resistances. The reasons behind this phenomenon largely include: 1) the leaders in SPGNFSRP appeared to be reform like-minded 2) the leaders in the GRPRM also turned around from their conventional reform positions and joined hands with popular demand arising from the Nepalese society for representative public administration and 3) high motivation in the bureaucratic leaders in both cases for addressing upcoming issues. However, the rejection is manifested also with the *processes* but only partly. It is partly because in the SPGNFSRP the actors led the processes to less participatory, less democratic, more close and more top-down processes. In order to get through the reform, the actors deliberately skipped the democratic, open and participatory processes and employed rather top-down and less participatory process. However, actors in the GRPRM led to rather open participation of all concerned. The chief reason was that all actors in the country after a long political conflict were willing to resolve any issues through negotiation rather than confrontation. Despite the employed opposing processes, one commonality existed that the leaders in both cases mindful of reform. Finally, the rejection is manifested also with the *contents* of the both reforms. The actors and processes triggered the contents in the GRPRM 2000 to high management and low market elements. The actors and processes culminated in the contents of the SPGNFSRP high market and high management elements. The major reasons included: 1) in the GRPRM ‘socialization’ of the reform held in respond to demand for social justice and equity for all in the public administration; 2) in both cases, a high regard is seen for partnership between government and non-government actors in reforms.

5.2.2 Domestic Political Opposition and Insurgency

5.2.2.1 The Case of the SPGNFSRP

How are the actors affected?

The activation of the actors is moderate in line with what we could expect from this variable. Delved into the variable's moderate relation with the *actors*, I came across two levels of influences that the turbulent domestic politics exerted: 1) To domestic actors – moderate influences; and 2) To guest actors – weak influences. With none of them I observe any evidences of strong influences. The domestic actors ranging from central to peripheral seemed to have moderate influences from the politics. The most apparent reason shows that almost all the domestic actors had a consensus about the reform. The central actors among the domestic typology seem to have instrumental and rational modes of response to problems emerging in the fragile financial sector of the country. Also, the guest actors in the reforms like donors and consultants had a set of readymade prescriptive lists for actions drawn from dominant international administrative doctrines. Only the section of business and banking community had resistances via domestic politics. That was due to some vested petty interests of a section of politics. In conclusion, the weak relation of the variable to the actors is coupled strongly with instrumental and environmental/institutional (myths) but weakly with cultural perspectives.

How are the processes affected?

The activation of the processes is not very much in line with what we could expect from this variable. Problem definition and solution definition at all stages remain less affected from the domestic turbulent politics. The central actors proceeded rationally and instrumentally at all steps with well-defined objectives of the reform. They managed to keep control over the processes across the agenda setting, formulation and decision-making. They remain champion to gain support from non-government actors such as mass media that is all-time-critical to any reform endeavors. Also, external actors like donors and international agencies extended them close back-up supports both technical and non-technical.

One typical picture I observe was a coalition of bureaucratic reform leaders and external donors. The coalition was so concerned about threats from vested interest groups. To insulate the embryo of the reform from the perceived threat especially from the politics of vested interest groups, the processes avoided democratic and participatory approaches in this case.

From this instance, I consider the process followed was rather skeptical not to get contaminated with political resistant elements. In spite of all these, little amount of opposition happened mainly from trade unions and opposition parties. But they could not or did not mobilize big mass support to deter the reform from happening. I view the processes to be moderately affected from the domestic political opposition and insurgency. By these, I conclude that the weak relation of the variable to the processes is combined instrumental and myths/ institutional perspectives strongly and cultural perspective weakly.

How are the contents affected?

The activation of the contents is not very much in line with what we could expect from this variable. Gone back into the causal, I observe minimal presence of domestic politics in the contents. Rather than political influences, the contents obtained heavy dose of rational instrumental and means-end induced elements. Through these means, it was quite obvious to attain high elements of market. However, it also acquired high elements of management though it was relatively less than the market element. The management elements are mainly targeted at the reform of NRB itself and market elements are for other banking and financial institutions.

During the period, the country witnessed frequent changes in the governments. The main opposition party in the country mostly tended to oppose reform policy preferences of ruling government. This has been a cultural path since a long. The path has become a *tabula rasa* in which once a particular trend is set, it is difficult to get rid of. Owing to this opposition, I observe some contents of the reform being sharply attacked. This set of cultural path mainly held back market elements of the contents. During the same time, one decade long insurgency staged by NCP-M demanded to overthrow the monarchy along with existing structures and policies. These denials followed by bloody conflicts crippled almost all spectrums of the country including politics, economy and so on. The bleak policy environment coupled with hostile political landscapes circumscribed behavior and choice-making of the reform actors. I observe the 'historical path' followed by the parties in-opposition and the parties-in-insurgency to some extent attributed to the elements of management in the contents. This observation supports one finding of Christensen and Læg Reid (1999, p.185) 'established practices do not disappear but are gradually modified by the reforms'. As part of gradual modification we observe the market elements which were largely caused by the rational and

instrumental coalition of bureaucrats and donors. Finally, the minimal presence of the variable in the contents combines strong environmental (institutional myths) and instrumental with weak cultural perspectives.

5.2.2.2 The Case of the GRPRM

How are the actors affected?

The activation of the actors is moderately in line with what we could expect from this variable. Picking out contributories to the moderate relation of the variable to the actors, domestic political opposition and insurgency seems to have exerted strong influences. However, the degree of influences varies with the types of the actors, for example, they are: 1) domestic actors – high influences; and 2) guest actors – moderate influences. Since the domestic actors survive in the same society, they remained too much susceptible to the turbulent political culture. Similarly, there was a good informal club of reform-minded bureaucrats who took the challenges given by turbulent politics as opportunity for action. While the guest actors, who are part of external world, accepted little amount of local culture due to turbulent local politics. This aspect depicts that international actor involved in local reform also learned from local condition especially the local myths. They modified their logic of action and, thereby, instrumental reform ideas. The domestic/ local actors and the guest actors have been learning partners. Having learnt this, I add (to myths in confrontation) actors do modify instrumental reform doctrines when myths – local and international myths - are in conflict. Finally, the moderate relation of the variable is combined with strong instrumental and environmental (institutional myths) perspectives and they overlapped the cultural perspective. The major reason that I observe was three fold: the strength from cultural perspective was weakened whereas that was strengthened moderately from instrumental and strongly from myths perspectives.

How are the processes affected?

The activation of the processes is rather in line with what we could expect from this variable. Analyzing the strong relation of the variable with the processes, I observe across the times domestic political opposition and insurgency culminated in a turning point. A long tradition of meritocracy emerged since Nepal's modern era of public administration suddenly took a back gear. Amid NCP-M sponsored people's war, a realization deepened that a large section of society was out of the public administration. For happening this, a long path to merit system was blamed. Across the agenda setting, formulation and decision-making, on the issue of

merit versus inclusive, actors engaged in the discussions. Through a democratic process finally the in-fighting actors opted for inclusiveness, i.e., positive affirmative action as well as reservation. I notice the leap forward occurred after a big jolt produced by a climax of conflictual politics. Politics apparently was an external force to administrative reform, nevertheless, that stroke the decision-makers when conflict reached at its peak. It is because the domestic actors redefined the logic of action and adapted to logic of appropriateness from logic of consequences.

I observe the shocking turbulent politics led the three processes to breaking the long 'policy legacy' with a punctuated equilibrium. My observation also supports 'change in any system is a product of external shocks to the system (Thelen and Steinmo, 1992 cited by Steinmo, 2001, p.3)'. I agree also with '...substantial institutional change takes place thereby creating a 'branching point' from which historical development moves into a new path (Gourevitch, 1986; Collier and Collier; Krasner; 1984 cited by Hall and Taylor, 1996, p.942)'. In the whole process, the key is the roles of the environmental changes and the charismatic leadership. Through these analyses, it can be concluded that the strong relation of the variable couples with myths (environmental/ institutional) and instrumental perspectives. In fact, in this case, the cultural perspective is overlapped by the cultural perspective. The major reason was three fold: the weakened the cultural perspective, moderately strengthened the instrumental perspective and strongly strengthened the environmental/ myths perspective.

How are the contents affected?

The activation of the contents is somewhat in line with what we could expect from this variable. Looking into the contents, the contents acquired high degree of management and low degree of market elements. Seemingly, the variant brought in tremendous elements from management via the breaking of 'policy legacy' – an element of cultural path. The variant induced such a big amount of management elements because of some factors that supplemented them: 1) high sense of responsibility with the central actors to act in that critical juncture; 2) survival motive of the central actors; 3) readiness for showing heroism in the critical time. Other way round, the contents obtained low elements of market because of overwhelming anti-wave of market. One unusual thing we notice that in the whole episode culture remained very weak and finally overlapped by the rest two perspectives. By this observation I also confirm Christensen and Lægread's finding 'those whose values are more

controversial undergo broad modification or are rejected (1999, p.184-185)'. Finally, the strong relation of the variable to the contents is coupled with moderate cultural, moderate instrumental and strong environmental/ myths perspectives.

5.2.2.3 Summing up

My analyses only partly support the hypothesis (H3) that *turbulent transition affects reform actor, process and content and it is a by-product of concurrent domestic political opposition and insurgency*. The reason is that this hypothesis received equal supports in both cases though the degree was very slim. The variable's support to the *actors* is observed to be weak with the GRPRM and moderate with the SPGNFSRP. The actors posed heavy pressures from the variable for the reform, resulting to the central actors: 1) morale pressures of responding to the issues catered to the public administration by the turbulent politics; 2) adaptability to the demands for the reform; 3) a team with similar reform-minded bureaucrats. Hence, it resulted in mounting pressures against the central actors also in the SPGNFSRP and the degree was higher compared to the other case. Forms of the pressures made are for: 1) managing the fiscal deficit steadily growing along with then prevalent political conflict and 2) managing the anomalies surfaced on banking and financial sector. The relative support can be seen also with *processes* in the two cases. In the GRPRM the central actors led the processes to more participatory and consensus based process. The major reasons were: 1) the situation was ripped enough for breaking the long 'policy legacy' from merit to inclusiveness 2) demand side increasingly became stronger and 3) willingness for orientation towards consensus rather than confrontations. However, in the SPGNFSRP central actors led to less open process. Also, logic of consequences was laid down to rationalize the public expenditures which exponentially increased during the insurgency. Finally, the moderate support in the GRPRM can be observed also with *contents*. The actors and processes contributed to the contents though moderately. The contents acquired high management and low market elements from the variable by: 1) raising questions about the country's less representative public administration; 2) raising concerns of issue of socialization due to the conflict prevalent in the country. Also, the actors and processes in the pressure of the variable resulted in a very few elements in the contents of SPGNFSRP.

Comparative Overview of the Summing up

Looking at the results of the two hypotheses related to the cultural perspective, this study found that the H2 'elite orientation in bureaucrats' is rejected, whereas the H3 'domestic

political opposition and insurgency' is partly accepted in the both cases. It is mainly because in the meantime the traditional 'orientation' of the elites is changed due to changes happened in the backdrop of a decade long conflict in the country. As a result, contrary to their traditional resistant roles, the elites led the reform processes. This was a paradox in which the elite-orientation could not survive although the roles of the bureaucrats remained reform-maker rather than reform spoiler. In the result of the second hypothesis, this study came across that the conflict-ridden situation of the country affected basically the actors and contents in both cases, hence, affected the decision-making.

5.3 The Environmental Perspectives

Having recognized organization as an open system after the Second World War, concurrent body of studies view organizations in a given environment from two schools as: 1) a subject to influence others; 2) an object to be influenced from others. Among the two features of environmental perspective, i.e. 'technical environment' and 'institutional environment' both imply the second school. Technical environment mainly concerns about efficiency in economy and urges preventive and curative remedy to economic ills. Similarly, the second institutional environment concerns of ideology that urges recipes for fixing public organizational anomalies. As for logic of action, the first typology holds logic of consequences whilst the second prefers logic of appropriateness. The second perspective, also alternatively termed as 'myths', is considered to be different than cultural perspective on the ground that cultural and myths view reforms as divergent and technical views convergent. In both typologies, solutions often visit from outside an organization. For example, as Christensen and Lægreid (2002, p. 24) suggest, 'international reform entrepreneurs' carry around 'international administrative doctrines' which are manifestation of institutional environment. In the process, generally national leaders, e.g., politicians and bureaucrats, take the initiatives to absorb them. One can suggest 'adoption of international myths of modernity (ibid, p.26)' from national and international practices can satiate reformers' appetite for legitimacy and scarce resources.

Environment is a variant of both 'change' as well as 'reforms'. Change refers to 'gradual adaptation to external pressure' and reform refers to 'active and deliberate attempts by political and administrative leaders to change structural or cultural features' (Christensen et al, 2007, p. 210-211). Keeping in mind this classification, the two environmental factors, i.e., economy; and ideology; this thesis hereinafter attempts to analyze the empirical evidences

stated in chapter four. To this end, the first independent variable ‘fiscal stress’ embraces H4 - ‘the reforms are seen as a necessary response to pressure from fiscal crises’. The second variable ‘donors/international agencies’, as international reform entrepreneurs, underscores H5 - ‘the reforms are seen as legitimate, modern and in line with dominating administrative doctrines in donors/international organizations’. It is because I assume that the variable is fast vehicle by which international modernity project travels a national reform project.

5.3.1 Fiscal Crises

5.3.1.1 The Case of the SPGNFSRP

How are the actors affected?

The activation of the contents is very much in line with what we could expect from this variable. It is because the fiscal stress released tremendous pressures to key managers of the national account. The growing pressures rendered them two challenges: 1) how to cut down the soaring expenditure and budget-deficit? and 2) how to mobilize additional resources to meet the resource gap? In the meantime, a number of catalyst news came into public debate that put the ability of the GoN in question. For both of the challenges and also for the issues upcoming into public, technocrats of NRB and MoF finally devised a solution – a proposal for the SPGNFSRP.

The influences of variant are as follows in accordance with the actor classifications: 1) domestic actors – the fiscal stress generated two kinds of pressures for their responses. The first pressure provoked the actors to come into action against the stress. However, the actors were bounded for the action as parts of their organization’s instrumental objectives. This held more formal way of response accompanied with certain structural means-ends rationality. The second pressure provoked those actors who can be targeted by the reform’s measures. Employees and business community fall in this category. This held more informal rules for response accompanied with cultural paths. Seen from this perspective, the variable combines high instrumental perspective.

An informal group of reformist actively came into the scene. They consisted though a small number, from minister of finance to senior techno-bureaucrats serving MoF, NPC and NRB. By ideology of political-economy, they advocated for neo-liberalism. Their criteria for problem and solution definition contained means-ends rationality and logic of

consequentiality. Also, they had been carriers of local contexts. By virtues of special skills for policy lobbying with horizontal and vertical actors such as political masters, mass media and donors, they quickly succeeded in pushing up the ideas for getting a reform-shape. The strong relation of the variable to the actors is finally fixed with strong instrumental, moderate environmental and weak cultural perspectives.

How are the processes affected?

The activation of the contents is very much in line with what we could expect from this variable. In the case, I observe that the variable kept the decision-making in its grips. Being pressurized by fiscal stress, in plea for big aid supports, GoN held a NDF 2000 meeting in Paris. On the eve of the Paris meeting, KPMG/Barents unfolded 2 public banks' explosive audit reports. Moreover, WB study stripped the banking system of the country as revealing that the country had been less obedient to Basel's 25 Principles. At the end of the day, they returned from the Paris meeting with assurance of 'aid', in return, a long list of commitment for reform – the price for the aid. The Nepalese leaders upon arrival pressurized NRB officials and the Cabinet decision-makers as well so as to act in tune with the commitments. They had a dilemma 'a beggar has no choice'. The fiscal stress and the subsequent two triggers, i.e., NDF 2000 Paris; and Basel's 25 Principles; had such coercive powers that the GoN could not ignore. They left with the decision-makers no choices other than actualizing the made commitment made, meaning going for the reform.

In post-KPMG phase, a mass demand for such a reform grew up and the whole environment ripped for action. The change took places in fact in two ways: 1) gradual – by irking the actors due to the deteriorating fiscal stress for a couple of years; 2) abrupt and explosive – by exploding the KPMG/Barents audit report. I view the following reforms as response to the changes occurred in the given environment, for example, the fiscal stress to the economy and the KPMG/Barents report and others to the banking management. The erupted changes created again two kinds of pressures to the national financial managers: 1) internal; i.e., the pressures and demand from internal actors; 2) external; i.e., the pressure and demand from external actors like donors and international agencies. By this observation, I support propositions of Christensen et al (2007, p.210) about reforms as 'active and deliberate attempts by political and administrative leaders' and change as 'a gradual process in organization...can take the form of abrupt and powerful upheavals'.

When the reform agenda set off, during the problem and solution defining times all actors seemed to be caretaker of their own rational interests. Consequently, three kinds of relations emerged and continued till the decision: 1) adversarial relationship between the actors with conflicting interests; 2) coalition relationship between the actors with matching interest; 3) ambivalent relationship between the actors with unclear interest. The outputs of agenda setting, formulation and decision taking were the consequence of the exchange between the relationships. The modes of process remain less participative and democratic. Also, the processes can be characterized as less transparent. Across the boards, technocrats-bureaucrats and techno-leaders were dominant. On the whole, the strong relation of the variable to the processes is coupled with strong instrumental, environmental/ myths and weak cultural perspectives.

How are the contents affected?

The activation of the contents is very much in line with what we could expect from this variable. In regard to the *contents*, the fiscal stress remains very efficient in the sense that the variable exerted tremendous effect. The major sources of the contents: 1) Fiscal stress - The nature of the variant 'fiscal stress' itself is very much susceptible to instrumental rational solutions. For this reason largely the contents attained high elements of market. 2) Demand of the changed environment: in the post-KPMG phase, the changed environment demanded for deliberate reform to banking structure and culture. This caused attainment of high elements of market and management as both streams. 3) The commitment of GoN with NDF 2000: This has been the reference point to the reform. All major guidelines were derived from the commitment-list and later extended into the formulation. As a result, I observe the contents acquired high elements in both streams: market and management. Worthy to note, the contents combines high instrumental and low cultural perspectives.

Being shattered by the fiscal stress and subsequent irks, I observe the contents tended to have a safer reform-path. They seemed to be contained with a three fold concern: 1) What contents could refrain negative implications of the reforms? 2) What contents could win aid-supports? 3) What contents could get legitimacy? These concerns led them to 'dominant administrative doctrines'. They were tested elsewhere and user-friendly. Additionally, this remained helpful in making financial aid, which was the prime agenda of the reformers. The observation

supports my initial argument that ‘the adoption of international myths of modernity (Christensen and Lægheid, 2002, p.26)’ from national and international practices can satiate the reformers’ appetite for legitimacy and scarce resources. The same observation also supports the uncertainty conceived as a source of imitation DiMaggio and Powell (1983, 150). Extending the supports, I affirm an argument that imitation happens when ‘organisations are uncertain about their own experiences, or when their earlier development and activities are questioned (Sahlin-Anderson, 1996; Sevón 1996 cited by Sahlin-Anderson, 2002, p.48). In such times, reformers ‘turn to others for experiences and models to imitate (ibid, p.48).’ Having said this, I note that the reform contents, to a greater extent, are resulted from the fiscal stress via imitation. The observations about imitation are reflection of how myths and technical environment go and act together. Finally, the strong relation of the variable to contents is woven with strong instrumental and environmental/ myths) and weak cultural perspectives.

5.3.1.2 The Case of the GRPRM

How are the actors affected?

The activation of the actors is very much in line with what we could expect from this variable. In quest for triggering factors, we are confronted with evidences that fiscal stress had tremendous relation with various kinds of actors: 1) Aid seeking actors –ministers and senior bureaucrats of MoF fall in this category. It is because they were the front-liners in the business related to national revenue and expenditure. Instrumental perspective remained their guidelines to act. 2) Reform seeking actors – Although they had nothing to deal with national revenue and expenditure, they urged reform in the system they served in. This included the actors from governmental and non-governmental sides. MoGA and civil society, for example, came under this group. Instrumental, cultural and environmental perspectives remained their guidelines for action. 3) Aid and reform donor actors – those who provided the first and second actors with both aid and reform came under this category. They are external actors having money and ideas or popular doctrines for reform. Structural/instrumental and environmental perspective happened to be the criteria for their action. 4) Threat actors – CPN-M as a big threat to the establishments fell under this category. They, to some extent, created threat to all other actors. The criteria for action of this group made of structural perspective. Among them, the actors from first and second categories scored central roles and rest peripheral roles. Finally, the variable’s strong relation to the actors combines strong instrumental and institutional/ myths with weak cultural perspectives.

How are the processes affected?

The activation of the processes is very much in line with what we could expect from this variable. The 'fiscal crises' happened to be a strong variant to the processes. The agenda speeded, for example, when aid money stopped due to the country's failure to fulfill some aid conditionality. Defining processes of problems and solutions rested upon two logics of action: 1) logic of consequences; 2) logic of appropriateness (March and Olsen, 1989, p.23-26). The ones, who had the logic of consequences, were keen about 'fixing the problems and the aid'. That is in line with the consequences. The users of this logic include bureaucrats/technocrats and minister of MoF as they had strong relations with the variant. In contrary, the opposite ones were keen about 'maintaining local identity, local values and locally suited actions'. That is in line with the appropriateness or process. The users of this logic include bureaucrats of MoGA and other domestic actors.

Nevertheless, the major processes underwent more democratic and participatory styles. It is because the central actors, who in controlling position of the processes, held the logic of 'appropriateness' and cultural perspectives. Those bureaucrats represented MoGA and PMO which had structurally and instrumentally little to do with fiscal issues. Those actors, thus, held looser relation with the fiscal stress. The learning implies two relationships: 1) the actors responsible for fiscal issues are concerned about fixing resource crisis by aid and; 2) the actors not responsible for fiscal issues were concerned about local values, norms and culture. Finally, the strong relation of the variable to the processes is combined with strong instrumental, strong environmental/ myths and weak cultural perspectives.

How are the contents affected?

The activation of the contents is not very much in line with what we could expect from this variable. The weak relation of the variable to the contents after all led to low degree of market and high degree of management elements. The central actors of MoF as being firmly associated with the variant argued for the reform with their counterparts. Citing the resource crisis, they applied both suggestive and threatening modes. Their efforts to some extent impacted the contents especially on the part of elements of market. I view rest other central and domestic actors maintained stronger relation with the variant. The robust relation culminated in high elements of management into the contents. Also, I observe that their logic

of action – ‘appropriateness’ undermined the relation with the variant ‘fiscal stress’. Above all, ADB factor also have strong relationship with the combined form of contents that illustrate market and management elements together. It is because of the bank’s concern about the conditionality that was continuation of the first version of ADB assisted GRP. The version, an output of wide and multi-level consultations with Nepalese bureaucrats and experts, implied the larger part from management and the smaller part from market. The thesis considers the ADB’s conditionality to be a strong coercive force. The observation supports an argument of DiMaggio and Powell (1983) that illustrates coercive isomorphism as a result of ‘formal and informal pressures exerted on organizations by other organizations upon which they are dependent’.

In a bid of fulfilling the conditionality of ADB, I notice that the situation led the contents to the bank’s reform ideas but with some editing after heated local debates. The decontextualization brought in ‘editing’ into the previously conceived ideas, that is, the ADB’s conditionality for the tranche 2. The ‘editing’ attempted to fulfill the gap that took place in the local contexts over the time. The editing also resulted in some elements from ‘meantime ecology’ of the country. This insight supports ‘the distance between the supposed source of the model and the imitating actors (Sahlin-Andersson, 2002, p.54)’. The editing happened due to two reasons: 1) the former elements did not cope with emerging overarching issues of local environment; 2) the former elements did not match with new myths about inclusionary public administration. In the backdrop, the editing was inevitable in order to have the fine-tuning accordingly. This also supports the conception of Christensen et al. about myths perspective ‘public organization are becoming increasingly expressive organizations...concerned about their image and reputation in the environment (2007, p. 98)’. Finally the weak relation of the variable to the contents combines strong instrumental, strong institutional (myths) with weak cultural perspectives.

5.3.1.3 Summing up

These analyses support the hypothesis (H4) that *reforms are necessary response to pressure from fiscal crises*. However, the degree of support varies in the two cases. This has stronger support to the SPGNFSRP compared to the GRPRM. The varied support can be seen with *actors*. The stronger support in the SPGNFSRP is outcome of less contesting relationship between the actors – more or less they were unanimous about the reform. The principal reasons of this include the growing deficit in national accounts, the financial sector remained

affected with series of crises, and relative monopoly of reform minded bureaucrats and technocrats. Similarly, other reasons include homogeneity of actors involved and tendency of taken for granted, the reform ideas imposed by superior authorities like MoF and NPC. However, in the GRPRM the *actors* remained overly contestants; hence, the relation of the variable seems rather weaker. It is because the social issue and political conflict became rather powerful than the fiscal issue. The manifestation of the greater support in the SPGNFSRP can also be seen with *processes*. The main reason for the greater support in the case includes, undergoing back-up support of international agencies and experts and use of technical analysis, rather than open consultation with stakeholders. However, in the GRPRM, those elements seemed less preferred. Rather, open consultation and dominance of social issues remained more preferred modes. Also, the manifestation of greater support in the SPGNFSRP is observed also with the reform *contents*. The greater support in the contents was resulted from overwhelming success stories from Asian crisis countries to the central actors. Similarly, the reform leaders agreed rather with internationally dominant doctrines of reform. However, the variable's relation remained lesser supportive in the GRPRM as the actors and processes accommodated rather locally perceived problems and solutions than internationally perceived-ones.

5.3.2 Reform Doctrines of Donors/International Agencies

5.3.2.1 The Case of the SPGNFSRP

How are the actors affected?

The activation of the actors is very much in line with what we could expect from this variable. From the cause and effect relationship, the variable developed three kinds of actors: 1) Problem/ solving oriented – this category is hugely concerned about solution of the problem they encountered with. These were mostly bureaucrats, technocrats and minister of finance. Most of them belonged to MoF, NPC and NRB. Apart from the domestic, some external actors also fell in this category. The role features confirm their central position. They maintained a good relationship with donors and international agencies. These actors held high structural/ instrumental and environmental (institutional myths) perspectives and low cultural perspective. 2) Resistant to donors/ international agencies – ones who were skeptical to the variant referring some potential negative implications thereof. The variant faced opposition from them and the relation of them with the donors and international agencies remained hostile. This category included all domestic actors. Their roles always limited in peripheral

rather than central. On the whole, the variable's relation to the actors combines strong instrumental, moderate institutional and weak cultural perspectives.

How are the processes affected?

The activation of the processes is not very much in line with what we could expect from this variable. The variable exerted big influence to the contents all across. When the KPMG/Barents audit report galvanized the agenda, all the actors divided into two groups began a wrangling. However, the dominant actors of MoF, RBB and NPC maintained their upper-hand across the phases of defining problems and solutions. To this regard, a less participatory approach barred other actors from participation. Only external actors like consultants as legitimate representative of donors remained in back up supports. The other actors expressed themselves only via mass-media rather than round-table discussion. From this insight I learn that the processes expected 'legitimacy' only from the reform doctrines rather than the participation of domestic stakeholders.

As part of criteria for logic of action, actors of the 'problem/ solving' category seemed to have both consequentiality and appropriateness. This largely depended upon the issue of discussion and the actor's identity. This is a puzzle to be answered why such actors time and again do swing and what are the incentives and motivation for them making such frequent wings. However, actors of the 'resistant' category employed appropriateness to the criteria for logic of action. They related their own identity to action and concluded with resistant option. We finally note that the observed strong relation of the variable to the processes combines moderate instrumental and strong environmental/ myths with weak cultural perspectives.

How are the contents affected?

The activation of the contents is very much in line with what we could expect from this variable. The variant's close ties with the contents have three aspects. The *first aspect* exemplifies affinities to donors and international agencies. This happened after two triggers: 1) the KPMG/Barents audit report; and 2) the WB report on Basel Principles. That welcomed a WB/IMF technical team coupled with ADB and DFID in view of fixing the ill-system. I learn that the solutions the team and other international agencies offered were picked up from the experiences of *South-East Asian countries*. For those agencies, the success stories of Asian Crisis countries were not less than a victor's story. Literally, those practically tested

and successful-rated ideas were sponsored by those agencies. ‘The IMF created a series of bailouts ("rescue") packages... the IMF's support was conditional on a series of drastic economic reforms influenced by neoliberal economic principles called a "structural adjustment package"⁴⁰. Over the time, the agencies marketed the tested ideas in the form of dominant doctrines for reforms and started them injecting to other countries. One high-placed NPC technocrats said ‘it was likely that Nepal was on the verge of similar crisis like Asian-crisis. Realizing the threat, the WB headquarter by themselves initiated this process of reform although we owned it officially’. These accounts exhibit reform dominant doctrines of the WB were copied in the contents. And also the accounts support ‘‘models that are ‘packaged’ so that they can be transported’ are more easily imitated’’ (Røvik, 1998, forthcoming Strang and Meyer, 1993 cited by Sahlin-Andersson, 2002, p.50).

The *second aspect* reflects glamorous part of the reform ideas. The dominant reform doctrines from the donors and international agencies remained impressive just as an international fashion. The ideas were out there knocking the door of the decision-makers. Just as March and Olsen’s ‘garbage can model’ in which ‘solutions seek problems rather than the opposite (Christensen et al, 2007, p.99)’, Nepalese reform leaders/actors found the solutions ‘out’ there seeking a deal. This happened, as I learn, owing to the ‘international myths of modernity’, which was there along with a set of solutions. The solutions seemed to be sex appealing because of: 1) Stamps of legitimacy as having back-up of giant donors and international agencies. Also they were from time and again getting updated with technical analysis. 2) The ideas were tested and hand-picked from someone’s success stories. 3) The value they carried on was parts of international modernity project. 4) They had been popular elsewhere. Having so attracted with the doctrines that resemble the NPM ‘generated through the prism of rational choice theory (Gregory, 2007, p.236)’, a big part the contents swayed with market elements. In all this, we witness the contents grappled with internationally popular reform doctrines. This is in fact a part of ‘the sweeping reform processes have made central banks more alike (Marcussen, 2007, p. 152).’ Learnt that popular recipes underpinned to a greater extent the concepts for contents, we approve ‘the concepts are often inspired by the international organizations and by those who certify them (Christensen et al, 2007, p.110)’.

Finally, the strong relation of the variable to the contents is combined the strong instrumental and moderate myths with the weak cultural perspectives.

⁴⁰ http://en.wikipedia.org/wiki/Asian_financial_crisis#IMF_role. 20.05.08, 8.30 pm.

The *third aspect* of the ties depicts the doctrines coming out from donors and international agencies as fashion. Organizations as an open system get affected not only from surrounding institutions but also from upcoming technical fashion of management. As Abrahamson (1996, p.117) argues, the fashionable techniques are considered to be both ‘rational’ and ‘progressive’. In the aftermath of the KPMG/Barents audit explosion, the WB, DFID and ADB came up with offers of standard prescriptions. This is the point where this study considers, a management fashion-setting community exists as supplier of the reform ideas as suggested by Abrahamson (ibid, p.123). He points out two kinds of actors in the community: 1) fashion leaders or fashion setters; 2) fashion followers. It is obvious that the actors – the WB, DFID, and ADB - involved in such businesses were professional, legitimate and modern. As the actors regarded the ideas offered from dominant reform doctrines ‘smart look’, the contents incorporated major parts of the ideas. By this, I add that popular doctrines from international agencies possess guarantee of smartness, hence, a strong relation to the contents. This relational aspect upheld strong environmental/ myths perspective.

While these are the imported ideas, the actors were aware that that might spring off public cry in the country. Resulted from the delicacy, we observe the reformers being divided into two groups: a) loyal reformists - a few key decision-makers seemed to be fan of the ideas coming in from outside; b) skeptical reformists - some others kept on with some reservations hand-in-hand pushing up the reforms. The former tended to have quick coupling with the recipes from the reform doctrines and the later tended to have decoupling. This observation quite matches with two out of four classifications of reformers in OECD countries ‘the hesitant reformer’ and ‘the comprehensive reformer’ (Halligan, 2002, p. 75). The interaction held between the reformers and the variant remained significant, hence, the contents obtained some parts of market and rest management elements. Finally, the strong relation of the variable to the contents combines strong instrumental, strong myths with weak cultural perspectives.

5.3.2.2 The Case of the GRPRM

How are the actors affected?

The activation of the actors is very much in line with what we could expect from this variable. By analyzing the strong relation of the variable to the actors, I observe that the degree of relation varied according to actors’ classification. The central actors had closer relation

whereas the domestic peripheral actors had lesser. As part of the effect, I observe reform doctrines of donors and international agencies increased the appetite of the central reform leaders. This was for looking 'modern' with the aid of the doctrines. To this reference, I notice three roles of the reform leaders: 1) reform leaders were in constant touch of donors and international organizations; 2) donors and international organizations made space for reforms; 3) administrative and political leader acted upon the offered spaces. They kept on a dual role - respecting the local informal values and upcoming environmental elements in the surroundings and adjusting themselves with the concepts of the doctrines. On the one hand, they have to be 'sensitive to cultural traditions and guarding historical paths' and on the other hand they have to make adaptation 'to a new and changed environment and context' (Christensen and Læg Reid, 2007, p. 5).

Due to the variant, the peripheral actors underwent broadly three types of roles: 1) Actor adhering with traditional measures of reforms. This category included mainly high and middle level bureaucrats. They seemed to be less flexible to the environment and high demanding of the traditional ideas of administrative reform. 2) Actors taking up with new measures of reforms consisted of some high-ranked bureaucrats, rights/pressure groups, and donors. 3) Invisible but exerting threat to all. A rebellion political force NCP-M and concerned associations played this role. They were by that time distant actors – never participated but remained very powerful. Based on these, I learn the strong relation of the variable embraces strong environmental/ myths, moderate instrumental and weak cultural perspectives.

How are the processes affected?

The activation of the processes is very much in line with what we could expect from this variable. The strong relation of the variable with the processes has ample manifestations. The processes, for example, underwent participatory style. 'Participation' has been a popular notion in the dominant doctrines for administrative reforms. While designing the way forward, the actors grappled with the participatory approach, namely round-table discussion and public debate. In the face of turbulent political era, the leading actors considered the participation to be the best means for assuring the legitimacy of the reforms.

From the point of top or down, the processes, especially agenda-setting benefited from high top-down. The top leaders were conceived as 'easy deal', 'quick responsive' and 'effective

instrument' for the dominant reform doctrines. Reforms may be based on initiatives from the top (Christensen et al, 2007, p. 211). Once the doctrines had affairs with the agenda, it trickled down to subordinate levels of actors for formulation where I witnessed a wider participation. Again when the formulated draft reached the top leaders for approval, they managed the chance to fine-tune with the internationally standardized doctrines. Here the top leaders seemed to have an additional 'gatekeeper' role – screening for what to let or what to deny. Learnt from the insights, I suggest in reference to 'the individual agencies have their own 'gatekeepers' (Christensen and Læg Reid, 1999, p. 185)' accepting a dual role of the top leaders – cultural gatekeeper and instrumental gatekeeper.

I discern that employed logic of action by actors varied from time to time and case to case. In that process, the variant had certain roles. Social issues like gender, excluded groups or marginalized sections of the society, for example, got significant priority in the doctrine. Just as the 'priority', the doctrines altered over the time, logic of action of some actors also changed accordingly. In this transformation I notice some actors modified their logic of action and some shifted to opposite logic. Bureaucratic leaders who used to define meritocracy till yesterday as panacea of all problems began to blame it and put on a mantra of representativeness. This happened largely due to the modification and shift in logic. In shifting the logic of action, donors also did so. They also got infected by the reform doctrines that they came along. On the whole, the strong relation of the variable to the processes holds strong environmental/ myths), moderate instrumental and weak cultural perspectives.

How are the contents affected?

The activation of the contents is very much in line with what we could expect from this variable. Evidences show that the reform concepts of the contents largely rested upon the dominant administrative doctrines. This happened mainly for two reasons. First, I observe that a few donors and international agencies organized study tours to some reform leaders. That aimed at making a demonstration effect over them as to how the doctrines have successfully worked elsewhere. The indoctrination tempted them in implanting the ideas in the reforms. Secondly, the guest ideas observed with the ADB conditionality for tranche 2. The aid conditionality served as a carrier of the reform doctrines. Having squeezed with the conditionality, concerned decision-makers seemed to enjoy the leverage available. The implied motive depicts guarantee of 'certification or accreditation (Dowling and Pfeffer 1975;

Ruef and Scott 1998 cited by Scott, 2001, p.60)' for legitimacy. By doing so, the GoN had 'two birds with one stone' meaning legitimacy and aid both. On the contents part, both of the reasons led to a mixed composition, that is, high management and low market elements. In spite of the presence of the dominant doctrines, the decision acquired some edited elements additionally incorporated in later days. That happened because of de-contextualization processes with the country's social, economic and political spectrums.

As I discussed above, since the donors- ADB - also infected with own reform doctrines, they also tended to 'inclusionary' from 'merit' school. From that point, some elements of post-NPM surfaced in the contents. It is intriguing to observe that the donors, a transmitter of modern and internationally 'instrumental super standard (Christensen and Læg Reid, 1999 p.171)' of NPM ideas, also grappled with changing fashion. This was mainly due to multiple but contesting popular ideas coming together out of the doctrines. This situation of 'myths in confrontation (Christensen et al, 2007, p. 292) resulted in the very contrasting elements to the contents. On the whole, the strong relation of the variable to the contents upholds strong environmental/ myths, weak instrumental and weak cultural perspectives.

5.3.2.3 Summing up

The analyses support the hypothesis (H5) that *reforms are legitimate, modern and in line with dominant administrative doctrines of donors/international agencies*. Going into case-wise support, the degree of support seems stronger in the SPGNFSRP compared to the GRPRM. The later observed manifestations of the weaker support with *actors* by the fact that the relation between the actors and this variable was hurdled with unique nature of local externalities compounded with poor governance, poor service delivery and conflict in the society. Also, in the meantime political situation turned to the King's authoritarian regime from elected government. Since international community went against the King's move, the changes as its fallout effect weakened the commitment, authorization and legitimacy of the administrative reform leaders. However, the former observed the manifestation of stronger support with the *actors* since there was a strong coalition formed between the reform leaders and the donors. That coalition was firmly determined to bring the reform into effect. Similarly, the manifestation of weaker support in the GRPRM can be observed with *processes*. In this case, political chaos prevalent then in the country and uncertainty about the future of the reform, forced the variable to be rather out of the processes. However, the manifestation of stronger support seems in the SPGNFSR 2000 with the *processes*. In that

regard, the variable seemed pretty vigorous. It is because of the fiscal stress and the anomalies exposed in the financial sector of the country. As a result, the coalition was formed between the reform leaders from MoF, NPC and NRB and the donors. The last manifestation of the support was with *contents*. The stronger support in the SPGNFSRP and the weaker support in the GRPRM resulted mainly from three variants: 1) 'the area of reform', financial and banking sector as compared to administrative sector, is more susceptible to market elements; 2) donors' intensity is high in the SPGNFSR 2000 as it was part of global financial reform project and that supports market elements; and 3) 'issue of socialization' is high in the GRPRM and that rather led to management elements.

Comparative Overview of the Summing up

While examining the results of the two hypotheses drawn from the environmental perspectives, this study came to a conclusion that both hypotheses received strong supports. Comparatively, the H4 of the 'fiscal crises', has greater supports than the H5 of the 'reform doctrines of donors/ international agencies'. The backdrop of fiscal stress and anomalies prevalent in the country's financial and banking sector remained triggering factors. As the bureaucrats and technocrats were front-liners dealing the issues, they possessed pivotal roles across the decision-makings. On top of them, the close proximity of donors and international agencies with the bureaucrats and technocrats also rendered additional points. In fact, the two environmental variables forged a coalition, which efficiently controlled the cultural variables.

5.4 Significance and Interplay of the Perspectives

Environmental/ institutional perspective has the strongest explanatory power. The study has coupled them together with an assumption that myths and institutional environment have some common features. The environmental/ myths perspective is overwhelming over the rest two instrumental and cultural perspectives. The myths being 'socially created norms in institutional environments (Christensen et al, 2007, p. 98)' entices attention of reformers easily. Owing to these reasons in both cases, the myths remains the most powerful in keeping the decision-makings under control (*see Figure 10*).

Instrumental perspective seems to have moderate degree of explanatory power but still quite powerful. The instrumental carries largely means-ends rationality and the structural carries vertical relationship. In a developing country like Nepal, power and resources are centrally located. Polity is designed and functioned as per the possession of power and resources.

Having combined polity with transformative approach, the perspective embraces significant explanatory power in both of the cases (*see Figure 10*).

Cultural perspective is limited with the weakest power. Furthermore, the perspective is displaced from two cultural related independent variables. As environmental/ myths and instrumental perspectives absorbed the most powers, cultural perspective seemed to be helpless. The attraction of new myths – dominant international reform doctrines - and distraction of traditional reform doctrines have weakened (*see Figure 10*) the cultural perspectives in the cases.

From case-specific comparison, in the SPGNFSRP, instrumental owns the strongest power, while cultural and environmental/ myths perspectives have the weakest and moderate explanatory powers, respectively. Furthermore, in the GRPRM, environmental/ myths has the strongest explanatory power, with instrumental and cultural perspectives having moderate and weakest power, respectively.

My observation suggests recognizing ‘coalition of instrumental and myths can largely influence informal norms and values’. However, in this process I affirm that this happens when ‘organization’s culture is minimally influenced by its members’ social background (Christensen et al, p. 287)’.

5.5 Conclusion

We observe several evidence of coupling in the cases. In the SPGNFSRP, instrumental and environmental/ myths perspectives have a coalition made in various independent variables. I discern the partnership of the two perspectives to be the most successful as they successfully neutralized the strength of ‘cultural traditions and path dependency’ (Christensen et al, 2007, p. 286). Also, in the GRPRM, the same two perspectives maintained the long-standing coalitions.

Cultural perspective in both of the cases decoupled with instrumental and environmental/ institutional perspectives. Being decoupled with the rest of the perspectives, cultural perspective in the transformative process remained less-efficient, reflected failures to perform certain roles, for example, ‘compatibility test’ (Brunsson and Olsen, 1993) and cultural ‘gate-keepers’ (Christensen and Lægheid, 1999, p. 185). Because of the erosion in the cultural

strength, the reform leaders could ‘deliberately attempt to design their organizational culture’ (ibid, p. 287).

As for overlapping, two shining evidences emerge in which cultural perspective is displaced due to overwhelming powers of the two perspectives. In both of the cases, such phenomena are evident. In the SPGNFSRP, cultural perspectives from three independent variables were overlapped and displaced, and was substituted by the coalition of the other two perspectives. The displacement is even more severe in the GRPRM. In this case, cultural perspective was displaced from its two independent variables namely elite orientation in bureaucrats and domestic political opposition and insurgency. The substitution was made with the same coalition of the rest three variables from other two perspectives. In short, the cultural perspective is a loser and the rest are winner in the interplay happened in the decision-making.

Figure 10: Explanatory Powers of the Three Perspectives by Cases

Explanatory Powers	Instrumental	Cultural		Environmental: Technical & Myths	
	IV1	IV2	IV3	IV4	IV5
CASE 1:					
Actors	S	W	M	M	M
Processes	S		W	S	M
Contents	S		W	S	S
CASE 2:					
Actors	M	W	W	S	S
Processes	M	W	W	S	S
Contents	M	W	M	S	S

Note: 1) S = Strong; M = Moderate; and W = Weak; and Blank space = No support at all.
 2) The case 1 is the SPGNFSRP; the case 2 is the GRPRM;

Source: Personal Notes, 2007/08

CHAPTER SIX: SUMMARY AND CONCLUSION

6.1 Introduction

Following the preceding analysis chapter, the current chapter includes answers to my research questions and a description of major findings. Implications for the theoretical perspectives employed and other relevant theories are also parts of the discussion. We also highlight some possible practical implications for concerned policies in Nepal and also for other countries with similar features. Finally, we outline a few potential areas for further research.

6.2 Answers to the Research Questions

1. What actors played the major roles in the approval decision-making of the NPM-inspired reforms?

The study found that two major actors played the major roles. In the role of central actors, ministers of finance; senior bureaucrats of MoF; ministers of MoGA and MoF; and senior technocrats of NPC; senior NRB officials; and donors (the WB, IMF; ADB and DFID) played the roles in the SPGNFSRP. Similarly, ministers of MoGA and MoF; and bureaucrats of MoGA, MoF and PMO played the roles in the GRPRM.

Similarly, in the role of peripheral actors, parliamentary committee - PAC; international consultant – KPMG; mass-media; and banking community played the roles in the SPGNFSRP. However, donors/ADB; ADDCN; former rebel CPN-M; civil society; rights groups; associations of civil servants played the roles of in the GRPRM.

As for supporting and opposing roles (*see Figure 3*), all the central actors remained supportive to the reforms in both the cases. Peripheral actors, however, seemed to some extent divided. Specifically, parliamentary committee- PAC; international consultants – KPMG; mass-media played supportive roles whereas banking community played partially opposing and partially supporting roles in the SPGNFSRP. Likewise, peripheral actors like ADB; and ADDCN seemed to have supportive roles. None of the peripheral actors explicitly opposed to the reform in the GRPRM. However, the roles of rebellion political party (CPN-M); civil society; rights groups; and associations of civil servants seemed to have tremendous pressures on the GoN but their positions remained either divided or unclear on the particular case.

2. What were the processes followed in the decision-making of the NPM inspired reforms?

The study unveiled that the processes followed in the two cases quite varying from case to case and also stage to stage. In the SPGNFSRP across the sub-stages of decision-making, the processes were rather less participative, less democratic, less transparent, more top-down and more stable (see Figure 4). Having examined the various decision-making stages, I found that the agenda setting seemed more top-down, less democratic and less participative. Similarly, the formulation seemed to have less open, more logic of consequences, and more bottom-up. And the decision-making processes turned to be more top-down, less-democratic, more close. On the whole, I found that the overall processes were very much fixed with three independent variables ‘deliberate planned and hierarchical decision-making of superior organizations’, ‘fiscal crises’ and ‘reform doctrines of donors/ international agencies’. Also, partly ‘domestic political opposition and insurgency’ influenced the held processes. However, ‘elite orientation in bureaucrats’ had rather little roles in the processes. Analyzed from the theoretical perspectives, the processes underwent instrumental perspectives rather than any others. It is because of the high presence of hierarchical variant.

In the GRPRM the study unfolded that the processes allowed relatively high degree of participation, openness and transparency. Similarly, that followed high degree of bottom-up, application of appropriateness, unstable processes (*see Figure 4*). After looking into the sub-stages of decision-making, the study revealed that the agenda setting underwent relatively high degree of the top-down and application of logic of consequences. In the formulation, the degree of participation, openness, application of appropriateness, and bottom-up remained high. Again, the degree in the decision-making slightly dwindled to lesser amount of bottom-up and open participation except the application of appropriateness that remained unabated.

3. What were the contents of the decisions made on the NPM inspired reforms?

The SPGNFSRP acquired high degree of market elements and also high degree of management elements in the decision-contents (*see Figure 6, 7 and 8*). This study revealed that this case in regard to the market element is stronger compared to the other case. This case obtained two of the three deployed features. They include privatization and hired management on contracts, and competition/ commercialization. To this contrary, this case in regard to the management elements possessed three features out of seven but very rich. They consist of accountability/ transparency/ participation, divisionalized organization and agencification, and

cost-cutting/ down sizing. Owing to the mixed elements, this study terms the case as a ‘mix case’.

The GRPRM appeared with high degree of the management elements and low degree of the market elements. Of the seven features of management, the case acquired four features. They include administrative decentralization, accountability/ transparency/ participation, divisionalized organization and agencification, cost-cutting/ down sizing, and citizen charters. In the management, this case seems stronger compared to the SPGNFSRP. Contrary to this, out of three features of market elements this case holds only one. That is privatization and hired management on contracts. I term this as a ‘management driven case’.

This study also unfolded that the most observed, in both cases, features drawn from management elements are accountability/ transparency/ participation; and cost-cutting/down-sizing. While privatization and hired management on contracts is the most observed feature drawn from the market element including the both cases. Finally, the contents of the cases are a ramification of hybrid shape which in itself is a unique form – not necessarily similar to any others’ contents despite a heavy presence of the convergence-minded variables.

4. Why some factors affected the approval decisions of the NPM-inspired reforms?

In this examination, this study first delved into polity related factor and underlying variable ‘deliberate planned and hierarchical decision-making of superior organizations’. The result of the H1 shows that ‘reforms are result of deliberate planned and hierarchical decision-making of superior organizations’ is supported in both of the cases. Comparatively, the SPGNFSRP has greater supports whereas the GRPRM has lesser supports to the hypothesis. It is because the hypothesis is supported in the former case strongly by actors, strongly by processes and moderately by contents. On the other hand, the same hypothesis gained supports in the latter case moderately from actors, also moderately from processes and strongly from contents (*see Figure 10*).

Furthermore, this study examined political-administrative culture factor placing two independent variables: ‘elite orientation in bureaucrats’ and ‘domestic political opposition & insurgency’. The hypothesis of the former variable ‘elite orientation in bureaucrats as agent of historical-institutional administrative culture and tradition constrains reform actor, process and content’ is largely rejected in both of the cases. Comparatively, the degree of rejection is

greater in the SPGNFSRP as compared to the GRPRM. This study found that the hypothesis obtained in the former case weak supports from actors, no supports from processes and no supports from contents. Likewise, the same hypothesis in the latter case managed to receive weak supports from actors, weak supports from processes and also weak supports from contents (*see Figure 10*).

As for another independent variable of the same factor ‘domestic political opposition & insurgency’, the employed hypothesis ‘turbulent transition affects reform actor, process and content and it can be seen as a by-product of concurrent domestic political opposition and insurgency’ is only partly supported. In the SPGNFSRP, the hypothesis is supported though weakly. It is because the hypothesis received the supports moderate from actors, weak from processes and also weak from contents. Similarly, the hypothesis in the GRPRM is accepted but weakly. The hypothesis in this case received the supports weak from actors, weak from processes and moderate from contents (*see Figure 10*).

With regard to the technical environment this study found that the laid down hypothesis ‘reforms are seen as a necessary response to pressure from fiscal crises’ is supported in both of the cases. However, as compared to the SPGNFSRP the hypothesis received higher supports in the GRPRM. It is because the supports the case obtained are strong from actors, strong from processes and also strong from contents. While the supports the SPGNFSRP received include moderate from actors, also moderate from processes and strong from contents (*see Figure 10*).

With respect to the institutional environment the employed hypothesis ‘reforms are seen as legitimate, modern and in line with dominating reform doctrines of donors/ international organizations’ is accepted in both the cases. Comparatively, higher supports seemed in the GRPRM as the hypothesis received strong supports from all actors, processes and contents. However, the SPGNFSRP witnessed the supports moderate from actors, moderate from processes and strong from contents.

Based on the results of the hypotheses, this study found that the contents of the SPGNFSRP are strongly the result of two independent variables, i.e., ‘fiscal crises’ and ‘reform doctrines of donors/ international agencies’. Another independent variable ‘deliberate planned and hierarchical decision-making of superior organizations’ has moderate effect to the contents.

However, ‘domestic political opposition and insurgency’ has very weak causal relation to the contents. But the last variable ‘elite orientation in bureaucrat’ did not have any clear relation to the contents. Seen from the theoretical perspectives, the contents are largely response to environmental/ institutional and instrumental perspectives than cultural perspective. When it comes to the GRPRM, I found that the same two independent variables ‘fiscal crises’ and ‘reform doctrines of donors/ international agencies’ are the most vibrant. Another variable ‘deliberate planned and hierarchical decision-making of superior organizations’ also seemed moderately vigorous. Contrary to this, rest two variables ‘elite orientation in bureaucrats’ and ‘domestic political opposition & insurgency’ remained having little roles in the contents. This thesis with a theoretical observation to this case concludes that the contents have resulted strongly from environmental/ institutional perspective and moderately from instrumental perspective. While cultural perspective remained weak in making the contents.

6.3 Major Findings

In reference to the transformative model of NPM, my study found that the decision-making is after all the result of not only one particular factor. Rather it has been a hybrid product of a complex transformation in which a combination of three factors: structure with instrumental perspective and the economy and ideology with environmental perspective played the most crucial roles. They functioned via their agent variables ‘deliberate planned and hierarchical decision-making of superior organization’ of the structure, and ‘fiscal crises’ and ‘reform doctrines of donors/ international agencies’ of the economy and ideology, respectively. Also, partly one more factor namely style of governance via ‘domestic political opposition & insurgency’ variable contributed to shaping of NPM ideas into the two cases. By this, my finding is that rather a hybrid NPM than a prescriptive NPM is possible through an interactive model. Owing to the complex interaction of aforesaid factors in the model, the country acquired a new hybrid NPM. That is unique in many ways, to be precise, by actors, by processes, and by contents.

Having said that the whole approval decisions are the outcome of the NPM transformation, the study unfolded in the interactive model a coalition emerged over the time. The coalition was made mainly by the three variables, i.e., ‘fiscal crises’, ‘reform doctrines of donors/ international agencies’ and ‘deliberate planned and hierarchical decision-making of superior organizations’. The coalitions in effect to a greater extent circumscribed historical institution related variable ‘elite orientation in bureaucrats’ and also downplayed another cultural

variable 'domestic political opposition & insurgency'. The study, therefore, found that the cultural related variables lost path-dependency because of the roles of instrumental and environmental perspectives related variables.

6.4 Implications for the Theoretical Perspectives Employed

I have contributed to an understanding of the underpinning sub-factors which carry casual-effect relation with explanatory factors of 'model of transformation of NPM' (Christensen and Læg Reid, 2002, p. 35). This suggests that in a context of developing country like Nepal, deliberate planned and hierarchical decision-making of superior organizations can be a indicator variant with regard to the structure factor. Similarly, elite orientation in bureaucrats can be a variant as for the historical institution factor. Likewise, domestic political opposition and insurgency can cope with the style of governance factor. Moreover, fiscal stress can be representative of the economy factor. Lastly, reform doctrines of donors' and international agencies have contributory relationship with the ideology factor.

I have contributed also to an understanding of the actors that have roles in NPM transformation being a part of decision-making. The study points out a number of actors of both categories, i.e., central and peripheral actors. They ranged from domestic to external actors. The actor identification, as I believe, is a supplementary effort to the fact that the 'model of NPM transformation' (Christensen and Læg Reid, 2002, p. 33-36) per se has been rather silent about actors.

I have depicted that reforms are outcome of decision-making. My study unfolds that a financial sector related reform implies less-democratic, less-participatory and more top-down approach. The sole monopoly in the processes belongs to the technocrats; hence, the styles stand close to 'technocratic strategy' (Halligan, 2002, p.78). Governance related reform, however, implies more democratic, more participatory and less top-down approach. By this fact the styles stand by closer to 'political or consensus model' (ibid, p.78). I add the penetration to the 'model of transformation'.

I have contributed to an understanding of the relationship between the perspectives applied and the reform-contents. A reform in which high degree of structural/ instrumental perspectives, moderate degree of technical environment plus institutional/ myths perspectives and low degree of cultural perspective led to high degree of market and high degree of

management contents. Similarly, a reform in which strong degree of technical environmental/ institutional/ myths perspectives, moderate degree of structural/ instrumental perspectives and weak degree of cultural perspective led to high degree of management and low degree of market contents. This suggests the relationship between the perspectives and the decision-contents to the 'model of transformation' (Christensen and Lægheid, 2002, p. 35).

I have shown that an organization with logic of appropriateness yields greater management elements whereas an organization with logic of consequences yields greater market elements in a reform-content. This suggests that further extension to logic of appropriateness and logic of consequences which as a decision criterion seems quite relevant to the three perspectives.

I have contributed to an understanding that international actor involved in local reform also learned from local environment especially from local myths. They modified their instrumental reform ideas. This suggests an extension to a notion of 'myths in confrontation' (Christensen et al, 2007, p. 292) that actors do modify instrumental reform doctrines when local myths and international myths confront. This also confirms one finding of Christensen and Lægheid that 'those whose values are more controversial undergo broad modification or are rejected' (1999, p.184-185). Empirically, I witnessed the weakened and adamant culture was substituted with the two rest perspectives.

I have shown a close link between the NPM idea as international reform doctrines and 'garbage can model', a seminal work of Cohen, March and Olsen (1972) about public policy making. The model in which 'solutions seek problems rather than the opposite' (Christensen et al, 2007, p.99) matches to the NPM idea. I have illustrated also that Nepalese reform leaders/actors found the solutions 'out' there seeking a deal.

With regard to popular recipes, I have confirmed a proposition 'the concepts are often inspired by the international organizations and by those who certify them' (Christensen et al, 2007, p.110). My observation, however, suggests for an addition to the proposition that ideas, legitimacy and resources all come from international organizations in a developing country.

I have demonstrated three roles of a reform leader. Heeled with the aid of the identified roles, we affirm that leaders have 'double roles in reforms' (Christensen and Lægheid, 2007, p. 5):

‘being sensitive to cultural traditions and guarding historical paths’ and making adaptation ‘to a new and changed environment and context’.

My study also has illustrated that reform process began from top to down as the top leaders were conceived as ‘easy deal’, ‘quick responsive’ and ‘effective instrument’ with regard to international reform doctrines. This result confirms ‘reforms may be based on initiatives from the top’ (Christensen et al, 2007, p. 211).

From my results, I have demonstrated that top leaders have had one more role: being an ‘instrumental gatekeepers’. I thus suggest accepting the identified role apart from the role of ‘cultural gatekeepers’ (Christensen and Lægreid, 1999, p. 185).

6.5 Additional Theoretical Implications

I have shown that fiscal crisis led the decision-makers to the financial sector reform. The finding confirms one previous finding about a developed and trail-blazer of NPM - New Zealand. The confirmation implies ‘the political elite perceived the country to be in severe financial trouble’ (Easton, 1997, p. 244; Evans et al., 1996 cited by Zuna, 2002, p. 126) as financial trouble was seen to be a major reason for NPM inspired reform of 1984 in New Zealand.

I have contributed to a penetration that reveals ‘reform process in a strong hierarchical system is shaped by the choices of decision-makers of superior organization’ support the quoted finding. This is a part of extension of one previous finding about decision-making styles in Nepal that ‘It is quite rare for seniors to listen to what juniors suggest, and juniors hardly argue if they disagree with their superiors; and there is a strong belief that knowledge is hierarchical’ (Jamil and Dangal, forthcoming).

My observation empirically supports seminal works of Downs and Niskanen where they argue that ‘individuals in public office attempt to maximize their own personal utility’ (Downs, 1967; Niskanen, 1971 cited by Peter, 1988, p. 119). I have extended the proposition to the behavior of elites in public offices in Nepal. That also confirms the maximizing behavior.

I have shown that big political shock interrupted ‘policy legacy’ by making a punctuated equilibrium. This confirms ‘change in any system is a product of external shocks to the system’ (Thelen and Steinmo, 1992 cited by Steinmo, 2001, p.3). Besides, I suggest an extension to the proposition that political upheaval suddenly changes a long administrative policy path to a new path.

I have shown that international factors became as a pressing force in fiscal sector reform and the country had no option as it was rested upon their supports, i.e., financial and legitimacy. From this reference, we confirm institutional change as a consequence of coercive isomorphism since it ‘results from both formal and informal pressures exerted on organizations by other organizations upon which they are dependent’ (DiMaggio and Powell, 1983, p. 150).

I have linked uncertainty as a source of imitation, a seminal work of DiMaggio and Powell (1983). This confirms that imitation happens when ‘organisations are uncertain about their own experiences, or when their earlier development and activities are questioned’ (Sahlin-Anderson, 1996; Sevón 1996 cited by Sahlin-Anderson, 2002, p.48). In such times, reformers ‘turn to others for experiences and models to imitate’ (ibid, p.48).

I have contributed to an affirmation that editing in a reform is resulted from ‘the distance between the supposed source of the model and the imitating actors’ (Sahlin-Andersson, 2002, p.54). From my observation I have shown that the country’s decision-makers in a bid of accepting donors’ conditionality did some editing. This suggests recognizing a ‘pressurizing condition’ as the actors did the editing in response to local pressures.

I have illustrated that international reform doctrines received welcome responses. This confirms ‘models that are ‘packaged’ so that they can be transported’ are more easily imitated (Røvik, 1998, forthcoming Strang and Meyer, 1993 cited by Sahlin-Andersson, 2002, p.50). As a part of further extension in the same, I suggest that ‘the adoption of international myths of modernity’ (Christensen and Lægveid, 2002, p.26) from national and international practices satiate the reformers’ appetite for legitimacy and scarce resources.

I have contributed to affirm an empirical finding from OECD about classification of reformers. Our results affirm two out of the four classifications: ‘the hesitant reformer’ and

‘the comprehensive reformer’ (Halligan, 2002, p. 75) as I have shown: a) loyal reformists - a few key decision-makers seemed to be fan of the ideas coming in from outside; b) skeptical reformists - some others kept on with some reservations hand-in-hand pushing up the reforms.

I have found with regard to a concept of ‘fashion-setting community’ three visibly active actors. However, Abrahamson (1996, pp.123) argues only two kinds of actors in the community: 1) fashion leaders or fashion setters; 2) fashion followers. As I have shown the WB, DFID, and ADB seemed to have a role of ‘fashion merchants’, I suggest one more actor to be included in the community: the ‘fashion merchant’.

I have contributed to strengthen understanding about ‘international myths of modernity’ (Christensen and Læg Reid, 2002, p. 26). My results have illustrated that the myths are popular in developing country as they provide or are: 1) stamps of legitimacy from giant donors and international agencies; 2) being updated time and again with technical analysis; 3) the ideas tested and hand-picked from someone’s success stories; 4) the value of international modernity project; 5) popular elsewhere. I suggest accepting the reasons as a part of extension to the idea of ‘international myths of modernity’.

6.6 Practical Implications

6.6.1 Generalizations for Nepalese Policy Makers

Reform has to be understood as a transformative approach rather than merely an adjustment with international reform doctrines. The transformative approach is a mantra for reform design. Spreading universal doctrines by skipping the complex mix of the three perspectives and the transformative approach can be a risky orthodox. Diversity of the reform-dynamics is subject to be welcome. It is because NPM has to be seen as ‘a loose collection of means and measures that allow for flexible adaptation’ (Christensen and Læg Reid, 2002, p. 303).

Legitimacy in reform is an imperative issue. But it does not imply only dominant international reform doctrines. Instead of the external source, it is also potential with internal source – ‘participation’ of stakeholders in reform process. Stepping up towards participation is a key to this direction. However, it is wiser to determine the degree depending upon the requirement of particular reform case, i.e., whether it is ‘political or consensus model’ or ‘technocratic model’?

Looking at the ‘dual roles’ (Christensen and Læg Reid, 2007, p. 5) of the top leaders in reforms, a sufficient number of leaders must be groomed up aiming at sound knowledge and skills about two leadership roles: 1) instrumental gate-keeping; and 2) cultural gate-keeping. These roles are expected to meet filtering down useful ideas for reform in a balanced approach of all the three perspectives.

In designing a reform, two basic approaches such as knowledge-based and consensus based can be useful rather than hierarchical approach. For this, we suggest a sound critical mass of reform leaders, who follow the two basic approaches of reforms, to be maintained at top layer of Nepalese bureaucracy.

As culture is an identity of a society, action must respect the criteria for ‘cultural compatibility test’ (Brunsson and Olsen, 1993). However, it should not be so rigid that it denies adaptation to changes in environment. In order to avoid such unpleasant moments, reform leaders have to be so watchful that collision between cultural myths and institutional myths may not get any chance.

6.6.2 Lesson for Other Similar Countries

From Nepalese experiences, the best lesson that other countries can learn is the role of reform-leaders. The leaders with bureaucratic and technocratic backgrounds have shown exemplary practices even in a time of most conflict-ridden political crisis. The high sense of responsibility that felt on the part of bureaucratic leaders is a shining example to be disseminated to any developing countries with similar features.

At some points donors and international agencies, which are generally regarded as carriers of international reform doctrines, also have shown keen enthusiasm to accept and adapt to local emergences. In the given the circumstances, they also have done some editing and modification in their instruments. This can be interesting for other countries.

6.7 Implication for Further Research

Having encountered with our finding that factors like structure, economy and ideology boosted up the financial and banking sector related reform, it is now relevant to deepen into

different aspects of the factors. Moreover, my deep concerns lie with a sort of comparative study so that further insights can be added to how far the findings from a developing country Nepal affirm with reform decision of a developed country.

With reference to my finding, next research I urge is that factors like historical institution and style of governance espoused the governance related reform. As the finding differed from a conventional assumption that factors of cultural-path obstruct reform, my further interest is to investigate into what are the underpinnings that turn a long time 'cultural gate-keepers' into 'gate-openers'. To this study-interest I urge to include a comparative investigation.

A general impression in organization theory is that most public sector reforms are less successful. Against such a backdrop, one more potential area for further study is to investigate into any of the reforms but in implementation. From this point, examining implementation status, delving into factors responsible for making discrepancy in the implementation and analyzing the reasons why the factors are causing discrepancy can be the central questions for the inquiry.

REFERENCES

- Abrahamson, E.. 1996. 'Technical and Aesthetic Fashion', pp. 117-137. In Barbara Cska, Guje Sevon (eds). *Translating Organizational Change*. Berlin and New York: Walter de Gruyter.
- Adhikary, D.K., Pant, R., and Dhungana, B.R. 2007. 'Study on Financial Sector Reform in Nepal: Overall Impact and Public Ownership of Financial Institutions'. Islamabad: SANEI, Quaid-i-Azam University.
- Asian Development Bank. 2001. 'Report and Recommendation of the President Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Nepal for the Governance Reform Program'.
- Asian Development Bank. 2006. 'Progress Report on Tranche Release on Nepal: Governance Reform Program'. <http://www.adb.org/Documents/Tranche-Releases/NEP/32238-NEP-PRTR.pdf.01.04.08>.
- Bal, Krishna Bhusan. 1999. 'Now Kathmandu alone...' In Tara Nath Sharma (ed.). *Selected Nepali Poems*. Kathmandu: Jiba Lamichhane.
- Bhatta, Bhim Dev. 1987. 'Development Administration in Nepal'. Kathmandu: Mrs. Indira Bhatta.
- Brunsson, Nils and J. P. Olsen. 1993. 'The Reforming Organization'. London: Routledge.
- Christensen, T. and Lægheid, P. 2007. 'Introduction: Theoretical Approach and Research Questions', pp. 1-16. In Tom Christensen and Per Lægheid (eds). *Transcending New Public Management: The Transformation of Public Sector Reforms*. Hampshire: Ashgate Publishing Limited.
- Christensen, Tom; Lægheid, Per; Roness, Paul G.; and Røvik, Kjell Arne. 2007. 'Organization Theory for the Public Sector: Instrument, Culture and Myth'. London: Routledge.
- Christensen, Tom and Lægheid, Per. 1999. 'New Public Management: Design, Resistance, or Transformation? A Study of How Modern Reforms Are Received in a Civil Service System', pp. 169-193. *Public Productivity & Management Review*, Vol. 23, No. 2, (Dec, 1999).
- Christensen, Tom and Per Lægheid. 2002. 'A Transformative Perspective on Administrative Reforms', pp.13-42. In Tom Christensen and Per Lægheid (eds). *New Public Management: The Transformation of Ideas and Practice*. Hampshire, England and Burlington, USA: Ashgate.
- Christensen, Tom; Lie Amund; and Lægheid, Per. 2007. 'Still Fragmented Government or Reassertion of the Centre?', pp.17-42. In Tom Christensen and Per Lægheid (eds). *Transcending New Public Management: The Transformation of Public Sector Reforms*. Aldershot: Ashgate.
- Cohen, Michael D, James G. March, and Johan P. Olsen. 1972. 'A Garbage Can Model of Organizational Choice', pp. 1-25. *Administrative Science Quarterly*, Vol. 17, No. 1.

CPWF and Actionaid Nepal. 2004. 'A Review of Foreign Aid in Nepal 2003: With PRSP and Macroeconomic Analysis'. Kathmandu: CPWF.

Dahal, Dev Raj, 2001. 'Civil Society in Nepal: Opening The Ground for Questions'. Kathmandu: Centre for Development and Governance.

DiMaggio, P.J. and Powell, W.W. 1983. 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organization Fields', pp.147-160. *American Sociological Review*, Vol. 48.

Dye, T. R. 2004. 'Understanding Public Policy' (Tenth edition). Delhi: Pearson Education.
Ferlie, Ewan; Lynn Ashburner; Louise Fitzgerald, and Andrew Pettigrew. 1996. 'The Public Management in Action'. Oxford: Oxford University Press.

Gregory, Robert. 2007. 'New Public Management and the Ghost of Max Weber: Exorcized or Still Haunting?', pp. 224-221. In Tom Christensen and Per Lægheid (eds). *Transcending New Public Management: The Transformation of Public Sector Reforms*. Aldershot and Burlington: Ashgate.

Halligan, John. 2002. 'The Process of Reform in the Era of Public Sector Transformation', pp.73-89. In Tom Christensen and Per Lægheid (eds). *New Public Management: The Transformation of Ideas and Practice*. Hampshire, England and Burlington, USA: Ashgate.

Helgesen, Geir. 2006. 'Culture Matters' (first ed), pp. 17-43. In Geir Helgesen and Søren Risbjerg Thomsen (eds). *Politics, Culture and Self: East Asian and North European Attitudes*. Copenhagen: NIAS Press.

Hood, Christopher. 1995. 'The 'New Public Management' in the 1980s: Variations on a Theme', pp.93-109. *Accounting Organizations and Society*, Vol. 20, No.2/3,

Jamil, I. 1994. 'Administrative Culture: A Mode of Understanding Public Administration Across Cultures', pp. 275-294. *Research in Urban Policy*, Vol. 5, JAI Press Inc.

Jamil, Ishtiaq and Dangal, Rameshwor. 2007 (Forthcoming). 'The State of Bureaucratic Representativeness and Administrative Culture in Nepal'. In *Contemporary South Asia*.

Justice, Judith. 1986. 'Policies, Plans, & People: Culture and Health Development in Nepal'. Berkley, Los Angeles, London: University of California Press.

Karki, Bharat B. 2005. 'Impact of Conflict on Dispensation of Justice', pp. 45-84. In Ananda P. Srestha and Hari Uprety (eds.), *Nepal's Conflict and Its Impact on Public Policy*. Kathmandu: NEFAS and FES Nepal.

Kettl, Donald F. 1997. 'The Global Revolution in Public Management: Driving Themes, Missing Links', pp. 446-462. *Journal of Policy Analysis and Management*, Vol. 16 (3).

Khadka, Narayan. 1991. 'Foreign Aid, Poverty and Stagnation in Nepal'. New Delhi: Vikas Publishing House Pvt Ltd.

- Kjær; Anne Mette. 2005. 'Governance'. Cambridge and MA: Polity Press.
- Ligal, P.R. 2005. 'Impact of Conflict on Public Policy'. In Ananda P. Srestha and Hari Uprety (eds.) *Nepal's Conflict and Its Impact on Public Policy*. Kathmandu: NEFAS and FES Nepal.
- Manandhar, Narayan. 2005. 'Corruption and Anti-Corruption'. Kathmandu: Transparency International – Nepal.
- March, James G. and Olsen, Johan P. 1989. 'Rediscovering Institutions: The Organizational Basis of Politics'. New York: The Free Press and London: Collier Macmillan Publishers.
- Marcussen, Martin. 2007. 'Central Banking Reform Across the World: Only By Night Are All Cats Grey', pp. 112-135. In Tom Christensen and Per Lægheid (eds). *Transcending New Public Management: The Transformation of Public Sector Reforms*. Aldershot: Ashgate.
- McCourt, Willy. 2001. 'Moving the Public Management Debate Forward: A Contingency Approach', pp. 220-253. In Willy McCourt and Martin Minogue (eds), *The Internationalization of Public Management: Reinventing The Third World State*. Cheltenham, UK and Northampton, USA: Edward Elgar.
- Mills, C. Wright. 1959. 'The Power Elite'. London, Oxford and New York: Oxford University Press.
- Minogue, Martin. 2000. 'Changing the State: Concepts and Practice in the Reform of the Public Sector', pp.17-37. In Minogue, M. Polidano, C. and Hulme, D. (eds). *Beyond The New Public Management: Changing Ideas and Practices in Governance*. Cheltenham and Northampton: Edward Elgar Publishing Limited.
- Minogue, Martin. 2001. 'Should Flawed Models of Public Management be Exported? Issues and Practices', pp. 20-43. In Willy McCourt and Martin Minogue (eds). *The Internationalization of Public Management: Reinventing The Third World State* Cheltenham, UK and Northampton, USA: Edward Elgar.
- Minogue, Martin. 2001. 'The Internationalization of New Public Management', pp. 1-19. In Willy McCourt and Martin Minogue (eds). *The Internationalization of Public Management: Reinventing The Third World State* Cheltenham, UK and Northampton, USA: Edward Elgar.
- MoF and UNDP. 2000. 'Nepal's Development Partners: Profiles of Cooperation Programmes'.
- Neuman, W. Lawrence. 1997. 'Social Research Methods: Qualitative and Quantitative Approaches' (Third ed.). Boston, London, Toronto, Sydney, Tokyo, Singapore: Allyn and Bacon.
- Peters, B. Guy. 1988. 'Comparing Public Bureaucracies: Problems of Theory and Method'. Tuscaloosa and London: The University of Alabama Press.
- Peters, B. Guy. 1999. 'Institutional Theory and Administrative Reforms', pp. 331-355. In Morten Egeberg and Per Lægheid (eds). *Organizing Political Institutions*. Scandinavian University Pr North America.

Peters, B. Guy. 2001. 'Institutional Theory in Political Science: The 'New Institutionalism''. London and New York: Continuum.

Pollitt, C. and Bouckaert, G. 2004. 'Public Management Reform: A Comparative Analysis' (second edition). New York: Oxford University Press.

Powell, Walter W. 2007. 'The New Institutionalism'. Sage Publications.
<http://www.stanford.edu/group/song/papers/NewInstitutionalism.pdf>

Reis, Elisa P. and Mick Moore (eds). 2005. 'Elite Perceptions of Poverty & Inequality'. CROP: International Studies in Poverty Research.

Sahlin-Andersson, Kerstin. 2002. 'National, International and Transnational Constructions of New Public Management'. In Tom Christensen and Per Lægveid (eds). *New Public Management: The Transformation of Ideas and Practice*. Ashgate.

Scott, W. Richard. 2001. 'Institutions and Organizations' (Second ed.). Thousand Oaks, London, New Delhi: Sage Publications.

Shaha, Rishikesh. 1982. 'Essays in The Practice of Government in Nepal'. New Delhi: Manohar Publications.

Sharma, Sudhindra and Koponen, Juhani. 2004. 'Nepal, Finland and the Aid Relationship', pp. 1-33. In Sudhindra Sharma; Juhani Koponen; Dipak Gyanwali; and Ajaya Dixit. *Aid Under Stress: Water, Forests and Finnish Support in Nepal*. Kathmandu: Himal Books.

Silverman, D. 2004. 'Interpreting Qualitative Data: Methods for Analysing Talk, Text and Interaction' (Second ed). London, Thousand Oaks and New Delhi: Sage Publications.

Silverman, David. 2005. 'Doing Qualitative Research: A Practical Handbook'. Los Angeles, London, New Delhi, Singapore: Sage Publications.

Steinomo, Sven. 2001. 'The New Institutionalism'. In Barry Clark and Joe Foweraker (eds.). *The Encyclopaedia of Democratic Thought*. London: Routledge.

Sufian, Abu Jafar Mohammad. 1998. 'Methods and Techniques of Social Research'. Dhaka: The University Press Limited.

The World Bank. 2002. 'Nepal: Financial Sector Study'. Private Sector Finance Division, SASFP, South Asia Region.

The World Bank. 2003. 'Memorandum of the President of the International Development Association to the Executive Directors on a Country Assistance Strategy for the Kingdom of Nepal'. http://siteresources.worldbank.org/NEPALEXTN/Resources/CAS/Full_report.pdf.02.04.08.

Thomas, Alan Berkeley. 2003. 'Controversies in Management: Issues, Debates, Answers' (Second ed). London and New York: Routledge.

Warner, Beth E. 2001. 'John Stuart Mill's Theory of Bureaucracy within Representative Government: Balancing Competence and Participation', pp. 403-413. *Public Administration Review*, Vol. 61, No. 4, (Jul – Aug., 2001). Blackwell Publishing.
www.jstor.org/stable/977502.

Yeatman, Anna. 1987. 'The Concepts of Public Management and The Australian State in the 1980s', pp. 339-356. *Australian Journal of Public Administration*, Vol. 46, Issue 4.

Yin, Robert K. 2003. 'Case Study Research: Design and Methods' (Third ed.). Thousands Oaks, London, New Delhi: Sage Publications.

Zuna, Hans Robert. 2002. 'The Effects of Corporatisation on Political Control', pp 121-144. In Tom Christensen and Per Lægreid (eds.). *New Public Management: The Transformation of Ideas and Practice*. Aldershot and Burlington: Ashgate.

Other Web-linkages Used

http://en.wikipedia.org/wiki/Punctuated_equilibrium

<http://www.adb.org/Documents/PIDs/32238013.asp>

http://www.adb.org/Documents/RRPs/NEP/rrp_32238.pdf. 31.03.08.

<http://www.answers.com/>

<http://www.kantipuronline.com/nwcollection.php?id=3&pubdates=2003-12-11>

<http://www.nepalnews.com.np/contents/englishdaily/ktmpost/2000/may/may30/editorial.htm#4>

<http://www.nepalnews.com.np/contents/englishweekly/spotlight/2000/jun/jun16/coverstory.htm>

http://www.sdc.org.np/en/Home/Swiss_Cooperation_Strategy_for_Nepal_2005_2008/Meaningful_Dialogue_and_Conflict_Transformation/Good_Governance_Project_GGP_Phase_3_2008_March_4

<http://www.mof.gov.np/publication/index.php>

<http://www.ndf2004.gov.np/ndf2000/speech.php>, March 2, 2008.

http://www.nrb.org.np/lgd/acts_ordinances/nepal_rastra_bank_act_2002_%5Benglish%5D.pdf.

APPENDICES

Appendix I: List of Interviewees

SN	Name	Organization	Position	Name of the Case Associated
1	Bhishma Raj Dhungana	Nepal Rastra Bank	Director, Bank Supervision Department, Kathmandu	The SPGNFSRP
2	Dr Bimal Prasad Koirala	Presently, Executive Director, Management Development Centre	Former Chief Secretary & Finance Secretary	The SPGNFSRP
3	Rajansingh Bhandary	Presently CEO of Citizen Bank of Nepal	Former Executive Director of NRB and Project Coordinator- FSTAP/FSRP	The SPGNFSRP
4	Dr Surya Prasad Shrestha	Asian Development Bank, Kathmandu	Governance Advisor	The GRPRM
5	Dr Hiramani Ghimire	DFID, Kathmandu	Governance Advisor	The GRPRM
6	Dipendra Bikram Thapa	Office of the Prime Minister & Council of Ministers, Kathmandu	Secretary and former Project Director of GRP	The GRPRM
7	Mukunda Aryal	Ministry of General Administration	Ex-Secretary	The GRPRM
8	Sabinraj Shrestha	World Bank, Kathmandu	Financial Sector Specialist	The SPGNFSRP
9	Anandaraj Dhakal	Ministry of General Administration, Kathmandu	Under Secretary, Administrative Reform Section	The GRPRM
10	Bishnu Prasad Lamsal	Now Ministry of Labor	Former Section Chief of Administrative Reform Section, Ministry of General Administration	The GRPRM
11	Dr Shanker Sharma	Presently Development Economist	Former Vice-Chairman of NPC	The SPGNFSRP
12	Madhav Prasad Ghimire	Secretary, Ministry of Tourism, Civil Aviation and Culture	Former Secretary of Ministry of General Administration	The GRPRM
13	Dr Shrikrishna Shrestha	'Pro-Public' a famous NGO	President of Pro-Public and Head of Central Department of Public Administration, Tribhuvan University	The GRPRM
14	Ishor Raj Paudel	Ministry of Forest & Soil Conservation	Former Section Office of Administrative Reform Section of MOGA	The GRPRM
15	Bharat Raj Gautam	Joint Secretary	Member Secretary of Parliamentary Committee on Administrative Reforms	The GRPRM

Appendix II: Interviewees by Associations with the Reform Programs

SN	Category of Associations	Number of Interviewee Taken
1	Strategy Paper of Government of Nepal on Financial Sector Reform Program, 2000	5
2	Governance Reform Program Road Map, 2004	10
	Total Number of Interviewee	15

Appendix III: Interviewees by Organizational Association

SN	Name of the Organization Associated with	Number of Interviewee Taken
1	Nepal Rastra Bank (Central Bank of Nepal), Kathmandu	2
2	Office of the Prime Minister & Council of Ministers, Kathmandu	1
3	Asian Development Bank, Kathmandu	1
4	World Bank, Kathmandu	1
5	DFID, Kathmandu	1
6	National Planning Commission, Kathmandu	1
7	Ministry of General Administration, Kathmandu	5
8	Ministry of Finance	1
8	Parliamentary Committee on Administrative Reform, House of Representative (Lower House)	1
9	Pro-Public (a representative of civil society)	1
	Total Number of the Interviewees	15

Appendix IV: Interview Guide

Interview Guide: Spring 2007

I am an MPhil student of University of Bergen and as part of my final year project; I am undertaking a thesis research. The topic of my thesis is ‘Transformation of New Public Management: Shaping A New Hybrid in Nepal?’ The two principal aims of the study include mapping the actors, processes and contents involved in two reform cases and analyzing the causal of the reform decisions. I would be delighted if you could manage to answer the following questions. The exercise is purely academic and confidentiality of your answers would be maintained. The success of this research is fully dependant on your responses.

Thanking you for your co-operation!

SECTION A

PERSONAL DATA

1. Name:.....
2. Gender: Male Female
3. Educational Background:.....
4. Capacity to the Case:.....
5. Organization’s Name:.....

- 1) In what background the reform process began?
- 2) What was the role of the senior bureaucrats in the decisions over the time?
- 3) How did work elite mindset of the bureaucrats involved?
- 4) What was the role of budgetary troubles of the country?
- 5) What were the roles of various donors? Multilateral and bilateral donors?
- 6) How far the donors’ conditionality played the roles?
- 7) How did political parties respond the reform issue over the time? How did major oppositional parties respond?
- 8) What roles of the insurgent Communist Party of Nepal- Maoist were observed?
- 9) What roles were played by domestic and international consultants?
- 10) What roles were played by different employees’ organizations?
- 11) Was there any roles played by any actors from civil society? How did they affect?

- 12) Any roles were there played by NGOs? If yes, what roles did they play?
- 13) How did mass-media respond to the reform processes and affect the decision-makings?
- 14) Who were other major actors seen in the decision-makings?
- 15) How the processes affected the contents of the decisions?
- 16) How superior officials and organizations did impose their ideas in the decision-makings?
- 17) How did superior officials and organizations negotiate with their subordinate officials and agencies?
- 18) Did the reform get any inspiration from any special local practices or actors? If yes, how did they influence?
- 19) Did the reform receive any inspiration from practices or ideas coming in from abroad? If yes, how did they affect?
- 20) What kind of decisions styles employed? Was there any role of the decision-making style employed?
- 21) How was organized the agenda setting process? And who affected the process?
- 22) How was drafted the paper? And who affected the draft and how?
- 23) How was made the final decisions by the Cabinet? And who affected the decisions and how?
- 24) Who were relatively strong actors in the different processes? Why were they strong?
- 25) Who were relatively weak and passive actors in the different processes? What were the reasons?
- 26) What reasons did motivate the actors involved in the decision-makings? And how affect that the decision-making?
- 27) What reasons did de-motivate the passive actors? And how affect that the decision-making?