



Public Management Reforms in Germany: New Steering Model and Financial Management Reforms

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I INTRODUCTION

German public administration has often been characterised as an ideal example of a bureaucratic *Rechtsstaat* (see Chap. 2), with its functioning described along the lines of legal programming and application of law, along with its strong orientation to professional and legal accountability and compliance. According to the global trend, also in Germany, the call for a stronger results orientation and managerial culture and control emerged in the early 1990s and resulted in corresponding management reforms. In the past thirty years, two reform models have dominated the reform debate and trajectories in Germany moving towards a more

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management-oriented mode of control and steering in public administration: the New Steering Model during the 1990s, and the New Municipal Financial Management—particularly after their enactment by legislation—as of the mid-2000s. This chapter presents the core elements and claims of both reform models and presents evidence on their implementation and impact in practice. Following a description of each reform model, evidence regarding the impacts on control behaviour and mechanisms in German public administration is discussed. The chapter concludes with lessons learned from the German public management reforms for the international public management reform debate.

2 THE NEW STEERING MODEL: THE ADVENT OF MANAGEMENT ORIENTATION IN GERMAN PUBLIC ADMINISTRATION

2.1 The Reform Model

The ‘New Steering Model’ (NSM) is the starting point and reference model for management-oriented reforms in Germany. It was developed and advocated by an influential association of local administrators and a think-tank, the Local Government’s Joint Agency for Administrative Management, often only referred to and known by its German acronym KGSt, in the early 1990s as a reform model for local government. The NSM was the title of a seminal report published in 1993, which presented a general ‘managerialist’ concept for local government reform (KGSt 1993). Starting from there, the model was refined and expanded in the years that followed. Although the NSM has its background in the municipal area and is a relatively clearly outlined reform model, it eventually became a term (or label) for administrative modernisation and reforms in general, which included partial reforms and reforms at other levels of government.

In terms of content, the NSM basically represents the German variant of New Public Management (NPM). For almost a decade, the reform debate in Germany was dominated by the terminology and concepts of the NSM. Its core elements include typical NPM elements such as contract management, the decentralisation of responsibility for resources, performance measurement and customer orientation.

The most crucial difference for the international discussion lies in the justifications and motives for reform. Less than in other countries, the New Steering Model was driven as a reform to reduce an excessive public sector. Paired with a deeply rooted self-confidence about the general quality of its administrative apparatus, which has been mainly based on the criteria of legality and robustness, the NSM was legitimised as an alternative strategy to strengthen the capacities and competitiveness of local governments and their administrations *via-à-vis* the private sector. Contrary to examples in the US or the UK, where NPM reforms were positioned (or labelled) as a neoliberal reform agenda, the NSM was not directed towards ideas of dismantling and cutting back the state. As a consequence, the reform model of the NSM emphasised internal reforms of the administrative organisations (‘modernising’) over ‘marketizing’ or ‘minimizing’ (Pollitt and Bouckaert 2017) reform elements, like privatisation or contracting out.

The central reform elements to advance the internal modernisation of local public administrations included the following:

- Output orientation should be introduced by focussing the control of administration on output objectives and indicators as opposed to the traditional, bureaucratic input controls. This shift in focus was driven by the claim that local governments should become more entrepreneurial, particularly as regards service and customer orientation.
- Decentralisation: responsibility for managing resources should be devolved to line units in order to integrate responsibilities for results and resources into the same organisational unit. The introduction of lump sum budgets for product groups (relatively broad output categories) would weaken the dominant role of resource departments. At the same time, responsibility for the results of line units would be strengthened.
- Performance agreements: performance agreements or ‘contracts’ should be concluded as additional formal control instruments in order to include output-oriented control variables and objectives for various hierarchical levels throughout the organisation.

In the beginning, the reform focus had been on raising cost awareness and customer orientation by increasing room to manoeuvre and the autonomy of line units in exchange for greater transparency on costs and output results according to the central idea of the NPM, that is

exchanging ‘freedom to manage’ for ‘accountability for results’. In the late 1990s, reforms and debates became more extensive—or blurred—and included other aspects, such as quality management (customer surveys), human resource management concepts and instruments, and benchmarking (Reichard 2003: 353–354). As a result, the use and interpretation of the term ‘NSM’ also emancipated itself from the original model and 1993 report, later becoming a general umbrella term for the use and transfer of (private sector-inspired) management techniques and instruments in public administration.

2.2 *Implementation and Results*

The NSM has shown its greatest effects at the local government level, while the federal and *Länder* governments have been reluctant to undertake major reforms following the ideas of NSM (Reichard 2001: 551).

In the mid-2000s, about ten years after NSM swept across Germany’s local level, an evaluation study on the implementation and effects of NSM on local governments was published. The quantitative results of this evaluation were based on a survey, which included cities with populations over 10,000 and counties (Kuhlmann et al. 2008). The attention that NSM brought to administrative reform sparked unprecedented reform activism in German local government during the 1990s. As the results from the evaluation study revealed, administrative reform was no longer the exclusive business of larger communities, but embraced virtually all of the communities. Since the beginning of the 1990s, 92 per cent of local governments in cities and counties with more than 10,000 inhabitants have pursued administrative reforms. However, not all of these reforms were NSM reforms and a closer look reveals the selective reform strategies of the German local governments. Even though the KGSt emphasised interdependencies among the different elements of the reform model and the importance of comprehensive reform implementation, the actual reform practices indicated a different pattern of use by local governments. NSM was mostly used as a toolbox and list of instruments rather than a holistic reform agenda. The larger ‘West German’ cities tended to follow the holistic approach more often than the smaller cities and those located in the former ‘East German’ territories. Only 16 per cent of local governments used NSM as a comprehensive reform model aiming to implement all its various elements. A large majority (66 per cent) of local governments had never aimed for a comprehensive redesign of their control

mechanisms and began by simply picking out individual instruments and elements from the NSM ‘toolbox’ based on their perceptions of their organisation’s problems (Kuhlmann and Wollmann 2019).

The results concerning the most and least adopted reform elements are displayed in Table 22.1 and are indicative of the actual reform trajectories. First, the dispersed dissemination and implementation rates of NSM elements corroborate the use of NSM as a toolbox. Focussing on the cleavage between the implementation rates of elements for the entire administration versus only partial implementation not only illustrates the selective use of individual NSM elements, but also the selective adaptation strategies in various departments and throughout the organisational parts of the administration.

Table 22.1 Implementation of NSM elements ($n = 870$ mayors/CEOs of counties)

<i>NSM elements</i>	<i>Entirely implemented (%)</i>	<i>Partially implemented (%)</i>	<i>(Total of) entirely or partially implemented (%)</i>
Abolishing levels of hierarchy	34.5	25.4	59.9
Decentralised management of resources	33.1	25.2	58.3
One-stop agencies	57.5	*	57.6
Customer surveys	54.7	*	54.7
New budgeting procedures	33.1	34.4	53.3
New department structures	43.6	9.3	52.9
Internal service centres	23.9	24.7	48.6
Strategic steering units	35.9	12.4	48.3
Cost and activity accounting	12.7	33.0	45.7
Reporting	22.1	20.7	42.8
Output analysis (definition of ‘products’)	29.0	9.9	38.9
Contracts between top management and services	24.3	*	24.3
Contracts between politics and administration	14.8	*	14.8
Quality management	13.9	*	13.9
Decentralised/operative controlling units	10.9	13.6	

*Item not available

Source: based on Kuhlmann et al. 2008, p. 854

Second, among the most widely implemented elements, two (groups of) elements appear at the top of the list. The elements in the first group show different kinds of changes in the organisational structure emerging as some of the most widely implemented measures. These include the establishment of one-stop shops designed to improve customer orientation. But more importantly, the changes also include the restructuring of line departments into larger entities to flatten hierarchies and decentralise control.

The second-most widely implemented NSM element was the introduction of a new budgeting system, in particular lump sum budgeting. However, the lump sum budgets introduced in Germany are not performance budgets as known in the UK or Switzerland, since performance data are only loosely coupled and have no systematic link to resource allocation. The evaluation study therefore concluded that its popularity as a control mechanism might have stemmed more from its potential as an expense management and savings programme (by setting expense ceilings) rather than from its incentives to improve on performance or efficiency.

Third, concerning the ‘core’ NSM elements, which directly targeted a new and more performance-oriented control mode, a discrepancy arises between proclaimed reform objectives and actual measures implemented. Most obviously, the idea of contract management, for example control via performance agreements, never gained much ground in practice. Contract management between politics and administration was hardly ever implemented, while performance agreements between top management and departments were used in one out of four municipalities after all.

In sum, the actual implementation patterns displayed a clear preference for customer-oriented and structural reform elements at the expense of results-oriented approaches.

Some *Länder* launched reform projects along the lines of NSM, but these were often eclectic and limited in terms of the selection and scope of instruments. The ‘NSI’ reforms (New Steering Instruments), which started in Baden-Württemberg in 1999, aimed at improving the efficiency and effectiveness of the administration and results orientation in planning and control. The NSI reforms focussed on a technically widely automated budget management system, but also including decentralised budget responsibility, cost and performance accounting, and greater emphasis on executive training (see Chap. 21). The project gained unwanted publicity after a report was released by the audit court concluding that the project

had shown little effects thus far, but had incurred €220 million in project costs plus annual running costs, while producing only minimal efficiency gains. Another *Land* which started an ambitious reform project was the city-state of Berlin (the other two city-states, Bremen and Hamburg, also undertook NSM reforms). In Berlin, the reform had previously been enacted by an administrative reform framework law passed in 1999. The Berlin reform foresaw the introduction of decentralised budgeting, performance contracts, cost accounting, quality management, and personnel and leadership development. The reform eventually led to the introduction of a (comparative) cost accounting system, the introduction of performance agreements and decentralised budgeting for the twelve district offices (but not the Senate administration). In sum, the effects of the NSM at the *Länder* level have been significantly weaker than at the local level.

As a noteworthy example of policy-field related reforms at the *Länder* level, the use of performance-oriented control instruments in the control of universities should be mentioned. In the federal distribution of competencies, universities fall within the jurisdiction and responsibility of the *Länder*. Roughly 90 per cent of public universities in Germany have performance agreements in place with the state ministry. They receive their funding from the state based on a performance-oriented allocation mechanism, and they also apply similar mechanisms internally to allocate resources across the various departments (Heinze et al. 2011: 132). The employment schemes for most professors also foresee that part of their salary consists of a performance component. However, such elements have not altered the dominant governance culture to become more results-oriented or managerial. Therefore, many of the objectives and performance indicators used (e.g. third-party funding, numbers of exams or students, development of junior research staff; Heinze et al. 2011: 133) refer to unambitious levels of (actual) performance, are somewhat static and not systematically linked to strategic priorities. Additionally, the traditional financial and personnel control mechanisms, combined with the constitutionally enshrined autonomy of universities, faculties and academic staff with regard to the content of research and teaching, dominate and determine the control and management culture effectively.

After some delay, the NSM discourse also spilt over to the federal level. In 1997, the then conservative federal government established the ‘lean state committee’, which published a comprehensive list of reform proposals more or less in line with the NPM doctrine. The following

social-democratic government turned the discourse to the concept of the ‘activating state’, emphasising the enabling and regulating role of government (Jann 2003). However, it was only in exceptional cases that all these reform proposals translated into concrete reform measures, such as the introduction of performance-related pay (see Chap. 21) and shared service centres. Apart from this, the federal government started several new initiatives to downsize administrative entities and privatise various publicly owned corporations. The most recent study on reform trajectories at the federal level confirmed the conception of the German federal government as being a highly legalistic administrative system, and showed that management-oriented tools are less frequently used than in most other European countries (Hammerschmid and Oprisor 2016: 69).

However, there are also a number of notable exceptions to this rule. The Federal Employment Agency (FEA) has come to epitomise performance-oriented control in Germany and has been undergoing a massive overhaul and reorientation of its control mechanisms since the early 2000’s. With around 100,000 employees, the FEA is the largest administrative authority of the German federal government. The FEA has introduced a comprehensive performance management system that includes an indicator-based performance agreement between the Ministry and the agency, but has spawned performance agreements throughout all hierarchical levels of the agency. The agency has oriented its control and management process around a rather strict and detailed system of performance management and controlling (reporting systems to monitor the achievement of goals), and has aligned its other management processes (such as parts of the financial allocations, team performance and management appraisals and the definition of task priorities) with this as well (Vogel et al. 2014). The largest federal authority has, therefore, also undergone a massive radical shift in control culture and is characterised today as a performance-oriented and management-oriented agency. Even though it is the largest federal authority, there have been few ‘spillover effects’ of the FEA and, in general, the FEA’s management and control culture contrasts sharply to that of the federal government.

2.3 *Impacts*

Regarding the overall effects on local governments, increased customer and service orientation and cost awareness of local public administrations are the visible and unambiguous results of the NSM debate. With regard

to cost and efficiency improvements, results also point to the positive impact of NSM reforms. However, the extent of this impact is contested as the cost-benefit ratio of NSM reforms and the causality of NSM versus a traditional savings policy on savings remains ambiguous. The question of whether NSM has achieved a change in the culture and control mode within public administration, thus contributing to improved political-democratic accountability or strategic management capacities, is by no means uncontentious.

The overall assessment of the NSM has sparked polarised debate in Germany. On the one hand, critics have interpreted the results in relation to the self-proclaimed goals (of the NSM model and, e.g., how they were stated by the KGSt) and have come to a rather sobering conclusion. They argue that the NSM model has a conceptual flaw, namely the division of roles between politics and administration, and the corresponding contract management that becomes conceptually problematic and practically inappropriate. Furthermore, this school of thought claims that the NSM has also failed to deliver—presumably intended—the promised efficiency gains and savings. A paradigm shift from the traditional bureaucratic model to a New Public Management, however, has not taken place.

On the other hand, the proponents of the NSM argue that reforms in local government are a necessary part of an (ongoing) process of change and learning. The fact that the local management, leadership and control practices have changed during the past twenty years, and that NSM has provided a crucial impetus and conceptual framework for this transformation is not questioned, not even by critics. Its proponents also argue that any assessment of the effects must take the specific goals, strategies and context of NSM-style reform in the adopting organisations into account, with the concept being voluntary, a suggestion and an integrated toolbox. The approaches to reform have varied significantly across local governments, as have the available resources, problem perceptions and support. Therefore, heterogeneity—and more importantly—‘deviation’ from the model is neither surprising nor problematic, but should be expected and considered legitimate.

3 FINANCIAL MANAGEMENT REFORMS

A second phase of administrative reforms emerged around 2003 with amendments to the regulatory framework for local financial management. A major difference between the financial management reforms and the

NSM reforms was that the former reforms were now prescribed by law and therefore no longer voluntary.

3.1 *New Municipal Financial Management*

The reforms in public budgeting and accounting systems for local governments are referred to as ‘new municipal financial management’ (NMFEM). Their start ran in parallel with the NSM debates and the initial pilot projects began in 1994. In 2003, the conference held by the ministers of the interior of all the *Länder* was unanimous in its support of the decision to adapt the framework legislation for local government budgeting and financial accounting, and to push and allow for fundamental changes in the system. The first two core principles were a shift in the accounting method from cash-based to accrual-based accounting using double-entry bookkeeping and a change in the structure of the budget to output-oriented categories. Programmatically, this type of budget is referred to as a ‘product budget’. The concept has given broad discretion to the *Länder* governments in deciding how they handle conceptual and implementation details. Consequently, there is no homogenous model or standard but—de facto—sixteen more or less different *Länder* models. Despite this heterogeneity, some common core features of the new municipal financial management reforms in the various *Länder* can be synthesised as follows:

- The budget consists of two components: a cash-based finance plan and an accrual-based results plan. The financial reporting includes three documents: a balance sheet to account for the change in equity during a fiscal year, the financial report and the results reporting.
- The budget includes a three- to five-year medium-term plan, which is mainly informational in character and serves as a financial forecast instead of a strategic planning tool.
- The results and financial plans are structured into subdivisions along the lines of product areas, product groups and products as the most detailed level.
- The budget is conceptualised as a lump sum budget on the level of product groups.
- The budget is performance-oriented in that it provides performance information regarding the product groups.

With these characteristics, the NMFМ is mostly in line with international standards and trends.

3.2 *Implementation and Results*

Since the seminal decision in 2003, the governments of the thirteen territorial *Länder* have legislated on the introduction of accrual accounting and performance budgeting for local government. While nine *Länder* have prescribed by law a shift to accrual accounting, four *Länder* have given local governments the opportunity to choose whether they want to change to accruals or keep a (modified) cash-based system. However, it would not be German federalism if the various *Länder* had not each opted for different modes of implementation and different standards for accrual accounting. An overview of the status, standard and time frame of the implementation of accrual accounting in German local governments is shown in Table 22.2.

In 2017, around 7000 local governments, corresponding to about 60 per cent of all local governments, changed to accrual accounting and have at least prepared their first opening balance sheet. The different accrual reform options are not restricted to a change in accounting method, but also comprise performance budgets in the form of ‘product budgets’, performance objectives and indicators (some as a recommendation, some mandatory), and lump sum budgeting.

Since 2009 and based on new legislation, the federal level and the *Länder* have also had the option to use the accrual accounting method. To date, only two out of thirteen territorial *Länder*—Hesse, and more recently North Rhine-Westphalia—have opted to shift to accrual accounting in budgeting and reporting and to performance-oriented budgeting. The remaining eleven territorial *Länder* are continuing to operate on a (modified) cash-based accounting system. Regarding the three city-states, Hamburg operates on a full accrual accounting system and Bremen on a partial accrual accounting system with accrual-based reporting, but cash-based budgeting. The city-state of Berlin uses a modified cash-based accounting system.

The federal level government still uses a cash-based accounting system. A shift to accrual accounting has never been an issue. In the late 2000s, a project for a modified accounting system was launched at the federal level, which—while remaining basically cash-based—aimed at the disclosure of assets and liabilities in a simplified balance sheet. However, the project was

Table 22.2 Implementation of accrual accounting in German *Länder* and local governments

<i>Federal state</i>	<i>Reform option for local governments (LGs) (year of formal reform initiation)</i>	<i>Total number of LGs</i>	<i>LGs where accrual accounting is implemented</i>	<i>Reform option for the Länder administration (year of formal reform initiation)</i>
Baden-Württemberg	Accrual (2020)	1136	197	Cash
Bavaria	Choice	2127	95	Cash
Berlin	Cash	1	0	Cash
Brandenburg	Accrual (2011)	432	432	Cash
Bremen	Accrual (2010)	2	2	Accrual (2010)
Hamburg	Accrual (2006)	1	1	Accrual (2006)
Hesse	Accrual (2015)	447	447	Accrual (2009)
Lower Saxony	Accrual (2012)	1031	1031	Cash
Mecklenburg Western Pomerania	Accrual (2012)	763	763	Cash
North Rhine-Westphalia	Accrual (2009)	427	427	Accrual (2018)
Rhineland Palatinate	Accrual (2009)	2239	2239	Cash
Saarland	Accrual (2010)	58	58	Cash
Saxony	Accrual (2013)	441	441	Cash
Saxony-Anhalt	Accrual (2013)	233	233	Cash
Schleswig Holstein	Choice (2007)	1121	502	Cash
Thuringia	Choice (2007)	866	42	Cash
<i>Total (2017)</i>		<i>11,325</i>	<i>6911</i>	

Source: Hilgers et al. (2018: 14)

eventually turned down by the budget committee of the federal parliament, ending the debate over accounting reforms at the federal level (Reichard and Küchler-Stahn 2019: 103). To date, the German federal government has exhibited a reluctance to change to accruals. However, some innovations (top-down budgeting framework decisions, text explanations about results, realignment of the structure of the budget and the introduction of spending reviews; Reichard and Küchler-Stahn 2019: 103) have been introduced to the federal budgeting process. This approach

differs from the product budgets and the performance information per product group as used by the *Länder* and local governments. However, it can euphemistically be seen as a modest move towards a more results-oriented federal budget.

3.3 *Impacts*

The NMFM reforms have been one of the core reform projects over the past twenty years. The mandatory NMFM reforms have combined and underpinned two reform ambitions. First, the accounting concept should be changed to accruals in order to provide more realistic and transparent financial information based on resource consumption and not only on expenditures. Second, output-oriented control of public administration should be strengthened by product budgets with performance objectives and indicators. The debate on accounting reforms and the shift from cash-based to accrual accounting started in parallel with the NSM debate in the 1990s. It was also strongly led by the KGSt, but was not initially part of the NSM agenda. The link between the NMFM and the NSM debates only arose out of the seminal 2003 framework decision of the conference held by the ministers of the interior of the *Länder*, according to which core elements of the NSM model (product budgets, performance management) were made an integral part of the NMFM reforms.

As expected, formal adoption of the new accounting method was completed within the set time frames, at least in the *Länder* where this transition was mandatory. The impact of the reforms on management and control behaviour is less visible. A recent survey study, which included the local governments of the three *Länder*, Lower Saxony, North Rhine-Westphalia and Saxony-Anhalt (Weiss and Schubert 2020), found that slightly more than half of the surveyed local governments perceive the reforms as allowing for a more realistic overview of the financial situation and consider the reforms useful. The conviction that accrual accounting provides more realistic information about the financial situation is no longer contested. Nevertheless, the cost-benefit relation of the reforms has attracted criticism and the general relevance of cost and equity-related financial information for decision-making (as opposed to its informational appeal) is still controversial in the German debate (Bogumil 2017: 25).

Regarding the use of performance information and more results-oriented management, several studies substantiate the claim that control, or deliberation over performance objectives and indicators is still of

negligible relevance in the budgeting decision and control mechanisms. Performance indicators in German product budgets usually only refer to quantitative (often not transparently) selected aspects of single products within a product group. They are therefore by no means comprehensive or designed to satisfy an organisational control ambition and are purely informational in character. Accordingly, empirical studies conclude that performance information has only been partially provided and then hardly used for control and decision-making—either within the administration or for political decision-making (Weiss and Schubert 2020: 16–18; Bogumil 2017: 25–27; Burth and Hilgers 2014; Kroll and Proeller 2012). According to Weiß and Schubert (2020: 17), only 5 per cent of local governments reported the use of performance information for the management of expenses and services at the operational level, and even less for political decision-making (3 per cent). In a different study, it was found that more than 60 per cent of members of local councils claimed that they had not perceived any changes in the budgeting process except for the accounting method (Bogumil 2017: 25).

Exploring to what extent the reform ambition of strengthening the strategic orientation of political and administrative control has been accomplished, Weiss (2017) concludes that no more than fifteen to 20 per cent of local governments make use of a minimum of medium-term, objective-oriented information and analysis in their product budgets that would eventually allow them to follow a strategic management approach. Similar results were found for the ‘strategicness’ of political and administrative control, with 19.6 per cent of local governments reporting to make use of strategic objectives and only 7.1 per cent of local governments using these for political control (Weiss and Schubert 2020: 17). In general, results show that although some cities have defined strategic objectives setting out priorities and guidelines, there are no mechanisms in place linking these strategic objectives to resource allocation at the product (group) level. Needless to say, while strategic objectives may exist, their impact as well as their inclusion in further control mechanisms, and particularly in resource allocation, is not (yet) readily apparent. In this vein, it is also important to note that an outcome orientation in the sense of using and including outcomes as a core variable or dimension in integrated planning—such as the integrated task and financial planning in Switzerland, and now also in Austria—has never been an element of debate in Germany. However, there are also some noteworthy exceptions to this rule where local governments have initiated a deliberate process of

establishing strategic processes (e.g. the city of Potsdam, the county of Potsdam-Mittelmark and the city of Mannheim; Proeller 2015) with which to pursue a strengthening of the outcome focus as a crucial dimension for strategic control (e.g. the cities of Mannheim and Cologne).

In sum, recent financial management reforms in Germany have not had any significant effect on changing the mode or culture of political or administrative management. The product budgets used in German local governments are of a largely informational character and do not include a systemic link between performance information and the financial appropriations. This also applies to the performance budgets found at the *Länder* level. Further, the logic of financial control is still focussed on expenditures and appropriations (as opposed to results or lump sums).

4 LESSONS LEARNED

Over the past decades, German public administration has been exposed to a number of large-scale management reforms. Conceptually, the reform models have been ambitious and in line with the international trends of those years in terms of strengthening the focus of public administration on results, strategy and management orientation. Empirically, however, reform practices have focussed rather more on the technical and structural aspects of the reform models, such as the customer orientation and cost awareness elements of the NSM and the technical accounting methods of the NFM reforms.

As a result, the reforms of the thirty years since German reunification have not altered the basic bureaucratic and legalistic characteristics of German public administration. Control and accountability mechanisms in Germany are still primarily based on inputs and due process, and there has been no substantial increase in the capacities for strategic management. We should note, however, that it is questionable to what extent a stronger results orientation and strategic alignment would actually match the problem perception of political and administrative actors in the German public sector. For one thing, an unambiguous conclusion of the reform is that its elements aimed at redefining the role and control mechanisms for the political level have had no discernible effect. Instead, there continues to be a rather self-confident stance towards the functioning and control mechanisms of the bureaucratic system in Germany. Less emphasis has been given to the development of effective mechanisms for medium-term

planning, strategic management and alignment or accountability for results compared to other countries.

The German pattern of accommodating management-oriented reforms into the prevailing legalistic administrative structure and culture has been referred to as ‘neo-Weberian’ (Pollitt and Bouckaert 2017), even though ‘neo-bureaucratic’ would be the more appropriate term. It is used to refer to the modest application of selected NPM ideas without giving up the traditional public administration model. In the German case, this can be seen in the form of an opening up to external demands through improved quality and service orientation, the introduction and expansion of participatory decision-making processes, and the provision of performance information as an add-on in financial control procedures (Kuhlmann and Bogumil 2019).

German public management reform trajectories show an enormous degree of heterogeneity. Germany’s federalist structure grants considerable autonomy to *Länder* as well as to local governments. Moreover—and also related to the centrifugal forces created by federalism—coherence in the transformation process has never been a goal and cannot therefore lead to overarching reform visions or coordinated strategies. As a consequence, management reforms in Germany have been used to accommodate local preferences and priorities. By the same token, this grassroots approach to reform has come at the expense of comparability, coherence and compatibility—which is an increasing challenge to the digital transformation of government (e.g. see Chap. 19).

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