Developments in Change Management in Portuguese Central Administration: the dilemma between hierarchy and agencification

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Introduction

The creation of autonomous organisations (such as agencies) in government has been a trend in many OECD countries influenced by 'New Public Management' ideas on methods of how to organise the public sector. The arguments about this convergence of administrative reforms towards new organisational forms which 'work better and cost less' (Osborne and Gaebler, 1992) has been challenged by academics who argue that there are differences in the ways that the agency model has been introduced in the various countries (James, 1999; Pollitt, 2000). Hood (1996) makes evident the existing variations in public management reforms, which oppose the inevitable convergence proposed by Osborne and Gaebler (1992). Meanwhile, James (1999) argues that the agency model developed in the UK and imported by other countries is influenced by local corporate governance arrangements. Pollitt (2000) points out that in several countries agency development is a superficial phenomenon, harbouring within itself differences of political and administrative culture, political purpose and organisational behaviour and that it is little more than a 'shell of an idea'.

The paper examines the influence of New Public Management ideas on recent management change in Portuguese central administration. Within the ministries, the search for effectiveness in policy implementation is driving major changes, stressing the reorganisation through 'autonomisation' of government bodies that have traditionally belonged to the hierarchy of central departments under strong supervision. The trend among ministries to set up autonomous organisations seems to follow the example of other countries towards 'autonomisation' and decentralisation inspired by the practice of the private sector and New Public Management which stresses managerial flexibility. Hence, it is worth investigating how the idea of agencies has been adopted in Portuguese central administration. The analysis uses the political and sociological version of new institutionalism to understand the process of autonomisation. Firstly, it defines the concept of agency and outlines its key characteristics and features; secondly, it analyses the process of autonomisation. It argues that despite the influence of NMP ideas, autonomisation follows the public values, political and societal context in which the change takes place and influences the process of autonomisation.

The NPM and the agency concept

Administrative reform has been dominated by the 'New Public Management' (Hood, 1991, 1995) framework, which emerged from a new managerial ethic supporting the

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view that managers have 'the right to manage' (Flynn, 1993). Some particular features of this form are (Hood, 1991):

a) the breaking up of traditional structures into semi-autonomous units responsible for central government activities;
b) the freedom to manage by discretionary power and visible managers at the top;
c) the clear statements of goals and targets measurable as indicators of success;
d) resource allocation and rewards linked to performance;
e) a shift from a unitary civil service toward the diversity of working conditions, reward systems and career mobility;

Other arguments are that there is a belief among reformers that NPM methods provide new means of organising the public sector being more efficient and effective than traditional bureaucracy (Peters and Wright, 1998).

The fragmentation of government and administration through agency creation has been a widespread trend in several countries; being the most important of these the structural changes in European reforms (Peters, 1997). Agency creation is not new[2] but the influence of UK reforms and the agency model derived from the 'Next Steps' initiative was a benchmark that spread this form to organise the public sector. Ministries are fragmented into autonomous organisations decentralising and devolving their powers to them, a process which some authors claim is producing similar forms of administrative organisations (Osborne and Gaebler, 1992). However, there is considerable academic literature about how these forms have been adopted by governments in many countries that refuse deterministic arguments for convergence towards NPM and the adoption of similar models of agencies (Pollitt, 2000; Polidano et al, 1998).

Management change in Portuguese central administration has followed this trend. There is a NPM-flavoured set of policies of which the creation of autonomous organisations seems to be a good example. Several ministries undergo major reorganisation through the creation of public institutes (PI), which are a similar form of agencies. Public institutes are instruments of flexibility and agility of public service delivery that join the traditional management of public organisations with methods of the private sector. Its creation does not follow a specific reform programme or a specific model but is the result of individual ministerial initiatives which emphasis the revitalisation of these autonomous organisational forms that exist in the juridical administrative regime. It is a trend among ministries that has become stronger during the last years, in part influenced by experiences in other countries, by the need to over take the strict administrative law constraints in public services management and partly as an expedient to overcome bureaucratic resistance.

Administrative studies about change in organisations have been influenced by the new institutionalism approach to political and sociological science (see March and Olsen, 1989 and Scott, 1995). According to March and Olsen (1989) the process of institutional change follows the internal dynamic according to an institution's origin and history. Individual choices are made in light of previous experiences in comparable situations and in conformity with standards of obligation. Institutions shape the

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[2] For instance, the separation of Swedish central government into ministries and agencies is a long-standing tradition.

definition of alternatives and influence the perception and construction of the reality in which action takes place (March and Olsen, 1996). By institution I mean the normative and regulative structures that create a framework in which social interactions take place and establish the norms, rules and routines that are embedded in the culture. This approach is appropriate for studying the creation of public institutes and how the constitutional, legal and cultural constraints limited the option available. It suggests that public institutes will reproduce certain features that are embedded in the existing rules, routines and culture and are the source of continuity. It analyses how the idea of agency derives from other experiences that have been introduced in Portuguese central administration and what are the continuities thereof.

The Context of Change

The structure of Portuguese central government and the evolution of ministries and their higher and lower level units are in constant change. Reorganisations usually involve moving organisations from one ministry to another, abolishing or merging units or simply changing their names. It simply involves the rearranging of parts of the different organisations, which are moved like blocks in a kind of 'cube game' (Araújo, 1999). It becomes a 'routine' whenever a new government takes power and usually has influence only on formal issues of public administration.

Central public administration consists of legal entities that are under state tutelage and supervision, following the hierarchical and centralised administrative model based on the French Napoleon type of state. The so-called direct administration of which are part the directorates-general, directorates, departments, division and other operational units have no administrative or financial autonomy. The competence to carry out administrative acts and to authorise expenditure belongs to their parent ministries, to whom they request prior authorisation. These bodies operate under a web of regulations and administrative controls, which drastically limits their managerial freedom and follows the formal and legalistic approach to resource management. They exhibit much of the dysfunction associated with traditional bureaucracy that was accentuated by a legal system, which had become suffocated in its own procedures and self-importance. These constraints reduced the effectiveness of policy implementation, increased the burden of resources and the ability to quickly respond to the challenges posed by society.

A second group of legal entities under the tutelage of ministers but distinct from the government is the public institutes (PI).[3] These bodies perform their activity in the public domain and have no commercial nature. They have financial and administrative autonomy, which means that they have full competence to carry out administrative acts and the freedom to spend its funds up to a certain limit without previous permission. They have their own revenues and a private budget that is a part of the budget approved by the Assembly. This form of power devolution is aimed at improving the implementation of executive tasks. The creation of these autonomous organisations was for a long time limited, usually for specific activities like higher education, hospitals

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[3] - For this study, only the public institutes, which belong to the Public Administrative Sector, are relevant. In the Portuguese administrative juridical system a public enterprise is a public institute as well, but they are part of the Public Enterprises Sector.

and research. The public institutes are similar to the French 'établissement public', the German 'öffentliche Anstalten' the Spanish 'organismo autónomo' and, in Italy, the 'enti publici'.

Portugal has a formal, centralised and hierarchical bureaucracy, plagued by rules and regulations, having to rigidly budget, having a rigid personnel system and preoccupied with legal control. Directorates-general, the traditional form of structuring central government, are seen as bureaucratic, old-fashioned, legalistic and hierarchical organisations which do not respond appropriately to the dynamics of change and some politicians regard them as an obstacle to the effectiveness of policy implementation. Since the 1974's democratic revolution, there has been a trend to strengthen ministerial influence in public administration in order to reduce the traditional power of bureaucracy, which Portuguese senior officials call the 'progressive abolition of directorates' (Araújo, 1999). On the other hand, it is believed among politicians that PI work better because they are under a more moderate juridical regime than the directorates-general, particularly, in what concerns their funding and personnel management. Hence, managerial autonomy would lead to efficacy in public service delivery and ministerial reorganisation would abolish directorates and replace them by PI. Public institutes and similar organisational forms become the fashionable format for policy implementation.

Management for change followed incremental modifications of existing arrangements through the revitalisation of PI. The search for managerial flexibility and 'new' organisational forms are challenging the administrative structure and changing the traditional concept of governance. But the fragmentation of central structures in Portugal did not follow the extent that literature on the macroscopic changes suggests in the public sector producing a less coherent apparatus for governance (see Peters and Wright, 1998, Stewart and Walsh, 1992 and Dunleavy, 1997). In the Portuguese case, there is movement towards a more complex activity reducing the strict administrative legal control and opening up the participation in public management and policy implementation to others actors.

The Agencification Process in Central Administration

As in other OECD countries, administrative reform in Portugal is looking for different ways of doing things but within the administrative context (Klages and Loffler, 1995). Public institutes are not new organisations but there is a renovating approach in their creation and structuring which, in itself, suggests a departing from the traditional operating procedures that point to a breakage in uniformity. Its number is increasing over time. Table 1 shows the evolution of PI.

Table 1 - Evolution of Public Institutes

1974	1980	1985	1990	1995	2000
22	55	74	173	250	328

Source: MREAP, 2001.

There is an increase in PI, a phenomenon that seems to be similar to the Italian case where they have quickly flourished among ministries (Galli, 1996). In the year

2000, there were 328 public institutes. Some of them are just the result of small changes in the legal statute of previous organisation, of the centralisation or the fragmentation of abolished organisations and, others, are new organisations. Table 2 shows the number of PI by ministry.

Table 2 - Number of Public Institutes by Ministry

Ministry	
Ministry of Internal Administration	4
Ministry of Agriculture, Rural Development and Fishery	8
Ministry of Environment and Territory Administration	8
Ministry of Science and Technology	8
Ministry of Culture	18
Ministry of National Defence	1
Ministry of Economy	29
Ministry of Education	38
Ministry of Social Equipment	18
Ministry of Finances	11
Ministry of Justice	7
Ministry of Youth and Sports	4
Ministry of Foreign Affairs	6
Ministry of Planning	1
Ministry of State Reform and Public Administration	4
Ministry of Work and Solidarity	16
Ministry of Wealth	143
Presidency of Council of Ministers	6

Source: MREAP, 2001.

The move towards autonomisation did not change the centralised nature of public administration. The geographic distribution of PI among the country shows its concentration in the capital (Lisbon).

Table 3 - Percentage of Public Institutes by Region

Region	
Lisbon	48 %
Porto	9 %
Other cities	43 %

Source: MREAP, 2001.

The distribution shows the centralised nature of Portuguese government with 48% of PI located in the capital (Lisbon). Actually, in 1996, there were 81.1% civil servants working in central administration. It is worth stressing that the percentage of PI in other cities included hospitals and polythenic schools. The creation of PI is not a decentralising activity.

Among the ministries, there is a great diversity of PI and some diverge from the original requirements for creation. Some have great autonomy working under a mixture of administrative law and private law. While others, work within a model similar to the directorate-general but with administrative, financial and patrimonial autonomy. The diversity of juridical regimes and its influence in management becomes an issue in the administrative reform agenda. The reform is not based on the rule of administrative law, foundations of public organisations management, but on adopting private law

within the administrative system, which allows for more flexibility in resource management. However, whilst in other countries the reasons to create agencies are the result of financial, legitimacy and quality problems (Pollitt, Bathgate and Talbolt, 2000) in Portugal, the main purpose of politicians in choosing public institutes as a model to structure ministries is that of improving the co-ordination and effectiveness of policy implementation. The connecting of the administrative juridical regime with the private juridical regime shows a sign of entrepreneurship in PI and in its managerial boards.

However, there is concern amongst political parties and other social forces about the boom of public institutes and the variety of models that are emerging. Some critical commentators claim that this process is an expedient to over take administrative legal control of resource management and overtake financial constraints. A device used by politicians to look for ways to bypass the rigidity of financial control mechanisms and bureaucratic procedures. An opinion shared by the minister responsible for administrative reform who states that there is a trend to run away from the administrative juridical regime through exceptional juridical regimes. According to him, public institutes and similar organisations with autonomy are spread about in order to make management easier. This flexibility does not mean efficiency and efficacy. These mechanisms are set up to turn around financial controls (Público, 15/6/2000).

This diversity of PI seems to go against the regularity and uniformity of Portuguese public administration whose structures are established according to a legal framework. There was a need to establish a legal framework to regulate the creation, management and the functioning of public institutes in order to discipline the agencification process. These were the reasons for the government to set up a task force to study and propose the rationalisation of these organisations. The task force proposed a draft Law concerning the rules and principles to create public institutes.

From Direct Administration to 'Autonomisation'

The case of the Fiscal General Administration (AGT)

The Fiscal administration has three directorates-general responsible for policy implementation: the Directorate-general of Taxes (DGI), who is responsible for direct and indirect tax policies; the Directorate-general of Customs and Special Taxes (DGAIEC), who is responsible for the external border of EU customs-duties and other special taxes; a third directorate-general (DGITA) responsible for giving advice and support in IT issues. The co-ordination among these directorates was critical in policy implementation. To improve the co-ordination of activities among them, a Council of Directors-general was established in 1997. The council, however, was limited in its ability to co-ordinate the directorates and in its powers to introduce changes in fiscal administration. On the other hand, fraud and tax evasion pressures the changes undergone in policy administration.

Reform in the tax administration concentrates mainly on structural issues through the creation of a public institute – the Fiscal General Administration (*Administração Geral Tributária-AGT*) – which integrates, as operational units, the above mentioned directorates-general. The model is closed-off to the corporate form borrowed from the private sector and uses the multi-divisional firm model. The directorates are 'organisational units' organised by type of product under the

responsibility of a single person, the Director-General, under a strong central organisation to co-ordinate the different units, the AGT. This kind of 'private sector model' is similar to the Danish experience consisting of a holding company (the AGT) and a number of divisions (the directorates) (Jørgensen and Hansen, 1995).

Managerial boards of AGT are collegiate but with a kind of chief executive, the President. At the very top is the High Fiscal Council (HFC) with a strategic policy role that sets up the guidelines for AGT services and the priorities and objectives in policy-making and policy implementation. The HFC is chaired by the Minister of Finance; the other members are the Secretary of State for Fiscal Issues, the president of the Directive Council and three Directors-generals. The executive board, which is the Directive Council (DC), is composed by the President and two outside members appointed by the minister and the three Directors-general. The DC is responsible for the general management of AGT in issues like personnel, budget, patrimony and contracting out services. The President is the chair of DC and has devolved powers concerning the AGT management. Indeed, despite the rule of collegiate decisions, he can make decisions without the approval of the DC and cancel its decisions. To follow the evolution of the fiscal system and advise in policy implementation, there is a consultative board, the Tax National Council, whose members are the social partners and the directive staff of the above mentioned directorates-general. General services includes an Audit Service responsible for inspecting and auditing the management of AGT and the other directorates; a Centre for Policy Advice and Evaluation; an Institute for training and a Service responsible for strategic planning of information systems. All members of these collegiate boards are appointed by the minister for a three year mandate.

This new structure is in response to improving effectiveness in fiscal policy implementation and management through the co-ordination and control between services. The AGT centralises policy management and increases ministerial control linking policy formulation with policy implementation. It is responsible for the co-ordination, strategic planning and control of directorates-general and, also, responsible for tax collection and the management of common services to these directorates. The AGT is a step towards co-ordination into 'high politics' that emphasises hard political choices rather than more managerial decisions common in administration. It is an innovative way of ministerial supervision and control given that the minister is involved in policy implementation. It adopted a 'bottom-up' process, with central boards promoting the co-operation among subordinate organisations. The reorganisation increased the role of non-governmental organisations in policy formulation and policy making through the participation in collegiate boards. There is a change in governance but this does not mean a devolution of power to lower echelons of government.

The case of the Institute of Solidarity and Social Security (ISSS)

Implementation of social security policy followed a decentralised model with five public institutes (the Regional Centres of Social Security-CRSS) having been responsible for policy administration. However, seventeen years after this decentralisation the Government admits that the target of the five CRSS has not been achieved: there was low managerial effectiveness in policy management, the waste of resources (financial, technical and human), the absence of strategic planning and the lack of co-ordination (Decree-Law 316-A/2000). For instance, in social security policy implementation, each CRSS follows its own strategy without lateral communication,

which leads to the development of five computer systems among the operational organisations that can not exchange data with each other. Hence, this made it impossible to cross information and monitor policy administration (Público, 15/06/2000). It hampered the efficacy of policy implementation and the control of beneficiaries. There is an inefficient way in which the collection of contributions is administered. It leads to large contributors arrears, which had mounted to about 2.6% of GDP in 1996 (OECD, 1996). Moreover, there were among operative services differences in service delivery that went against the constitutional principle of uniformity of service to all citizens.

The failure of co-ordination among the decentralised regional centres was the main reason to reorganise the public institutes responsible for policy implementation. The regional centres were abolished having had their responsibilities centralised in a single public institute (the Institute of Solidarity and Social Security-ISSS) and the organisation responsible for pension payments (the National Centre for Pensions) becomes its functional unit. Hence, it has concentrated six PI in one large institute. The reorganisation abolished, as well, other organisations in the ministry and replaced them with other public institutes.

The ISSS centralised decision-making and the implementation of social security and social action policy in order to improve the co-ordination of policy implementation and 'to deal with all citizens in the same form throughout the country' (Decree-Law 316-A/2000). The new model transferred more responsibilities of implementation to a district level and centralised strategic planning to the ISSS. The co-ordination between the ISSS and the five region plan is done by Regional Delegates who are responsible for planning, to assure the uniformity of service delivery throughout the country and to inspect payments made of social security benefits. Managerial boards in ISSS are collegiate. There is an executive board, the Directive Council (DC), with nine members: a president, two deputy presidents and six outside members. The president is a kind of 'chief executive' as in the AGT. The Consultative Council (CC) is responsible for giving advice about the overall strategy, giving an opinion about the issues submitted to them and about the annual planning and activity report. Its members are the top managers of the social security organisations, the presidents of associations of NGOs, a representative of unions and enterprises associations and a representative of the association of pensioners. An Audit Commission with three members is responsible for scrutinising the management of the ISSS.

The ISSS aims, as well, at improving service delivery making borderlines more permeable for citizens with a customer-oriented working pattern through a network of front offices. Service delivery will follow the improvements of other reform experiences through the creation of a national network of 100 front offices called 'Solidarity Shops', a kind of 'Citizen Shops' (for details about Citizen Shops see Araújo, 2001) responsible for all issues related to the social security benefits.

Management in Public Institutes

The governance management in PI is influenced by the private sector corporate governance, as in other countries (James, 1999). Usually the governance arrangement of PI has a president, a directive board, and an audit board like the private sector organisations. However, the majority of PI have a consultative board for interest representation (unions, federations of enterprises, non profit organisations, local authorities representatives) to discuss the activities connected to the institute or the

organisations under its supervision. This is a way to involve the stakeholders of the organisations to find new alternatives for problem solving. For instances, in the Ministry of Work and Solidarity the Institute for Social Development and the Institute for Solidarity and Social Security have such boards (Decree-law 433-A/99; Decree-law 316-A/2000).

Table 4 - Corporate Governance Arrangements

Private Sector	Public Institutes
President	President
Collegiate Executive Board	Collegiate Directive Board
Collegiate Audit Board	Collegiate Audit Board
	Collegiate Consultative Board

As stated above the administrative, financial and patrimonial autonomy of public institutes allowed the adoption of a more open juridical regime in their management, particularly in two critical issues: financial management and personnel management.

The rule-drive financial management has been replaced by the implementation of a more elaborate planning and reporting system through annual activities plans, annual budgets, balance sheets and annual financial reports. Public institutes work within their specified budgets and with targets established in their annual activity plans and, in same cases, they have a three year plan. It is worth noting that, as experienced in other countries, the agencification takes place after the financial management reform to enable control of functions[4]. But the financial reform in Portugal is a long process, which started in late 1980 and, only in 1998 were the first proposals implemented. On the other hand, budget cuts and cost savings are not, at this stage, a priority in public institutes management. The focus on public management is not merely on effectiveness and efficiency. This is why performance measurement and performance indicators were not introduced at this stage. However, a general issue is emerging among the creation of institutes that is an important component of New Public Management: the strategic planning and the reporting system.

Personnel management is moving from the rigid system of civil service towards a more flexible employment system. A common characteristic in the statute of public institutes about personnel management is recruitment by individual contract. However, as the majority of staff comes from the abolished public organisations, the statute of PI allows them to opt for the civil service system or for the individual contract. As long as the civil service system is more advantageous (at least in job stability and retirement pensions) the larger majority of staff prefers to stay in the civil service system which limits personnel management flexibility due to its rigidity. In the long term, however, this will allow a gradual shift to take place, thus, bringing the public service more in line with private labour conditions. Personnel management in public institutes is made according to two or three systems: the individual contract, the civil service system and the specific employment regime of social security organisations. Hence, the adoption of NPM ideas is made gradually preserving the civil servants statute.

In what concerns the managers, these are appointed by the Prime Minister on suggestion of the minister responsible for the three-year mandate and most of them work under the statute of public manager. This means that they will have higher wages

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[4] For instance, reform in UK implemented the Financial Management Initiative and the 'MINIS', the financial information system for ministers.

that do not come under the regime of the civil service statute and its salary structure. The flexibility to negotiate salaries is important in retaining skilled professionals in competitive job positions and attracting new skilled professionals to the public sector. In some ministries, this flexibility was the main reason for some directorates-general to change to the public institute statute. Otherwise, it would be very difficult to retain the best-qualified staff. However, the minister responsible for administrative reform is critical about the developments in personnel management. He points out that flexibility in personnel management is always used to increase public expenditures, costs and inefficiency. He says that there is little concern to reduce public employment, promoting retirements, mobility of personnel or to promote training adjusted to professional needs. Usually, civil servants' wages in public institutes join the best of two worlds: a competitive salary with the private sector and the privilege belonging to the public sector, with stable employment and retirement benefits (Martins, 2000).

Personnel management has been a difficult issue in Portuguese Public Administration, particularly the growth of personnel expenditures. Public debit is increasing every year and it seems difficult for the government to control this growth. For instance, according to the Bank of Portugal's report (2000), personnel expenditures increased 6.5% in 1996, 6.6% in 1997, 9.4% in 1998 and 9.2% in 1999. In overall, there was 'a strong growth of primary current expenditure of 1.2% of the GDP'. As was argued above, the movement towards agencification has little to do with 'doing more with less'. The argument that has spread throughout many countries that claims that the government must 'do more with less' just does not fit Portugal, where it is more appropriate to say 'to provide better spending for more' (Araújo, 2001).

Public Governance

The autonomisation of central public organisations does not follow the strict managerial prescription patterns that stresses the separation of politics from management. The main tasks of public institutes are the execution of operational tasks, according to the responsibilities set up on their legal statute. However, these executive tasks are not at an 'arm's length' of policy-making departments an in other countries (Pollitt and Bouckaert, 2000). It does not mean that the state has been 'rolled back' (Steel and Head, 1984) and 'hollowed out' (Rhodes, 1997). On the contrary, the minister continues to have the political and administrative responsibility for activities in PI. The responsibility to achieve the results belongs to the president of the institute, but ministers remain accountable to parliament.

However, there is movement from the hierarchical source of co-ordination towards a more complex one. Governance is based on political confidence and the powers of tutelage and superintendence. Tutelage means that the member of government responsible can interfere directly in the service management by sanctioning their decisions, inspecting and cancelling their decisions. In some cases, the tutelage power overlaps the powers of the directive board (Araújo, 2000) or they are vague depending on the ministry and on public institute. Superintendence means that the member of government responsible for the public institute can give general orientation and recommendations to managerial boards about objectives and priorities. The politicisation of collegiate boards of public institutes strengthens the ministerial control.

The authority of the minister is felt, which means that the public institutes are formally an extension of the minister's constitutional and legal power. As a consequence, directive boards and presidents of public institutes, despite their 'autonomy', are limited in their decisions by the minister who can turn them into a kind of 'direct subordinates' of the parents' departments. It is usual for ministers to cancel decisions made by the public institutes or substitute the presidents to deal with current issues. So, whether public institutes aim at freeing civil servants as to be able to manage in a more flexible and professional way is ambiguous. There is more freedom from the administrative law concerning day- to- day management, but they continue to be very dependent on the minister. The model did not shift very far out the activities of the government (Pollitt, 2000) and, the business-economic thinking in terms of effectiveness and efficiency did not dominate.

The autonomisation is not only a question of managerialism but of public governance and legitimacy as well. Basic public values like democracy, equity, impartiality, justice, uniformity keep being central and are as important as efficiency or economy. The emerging governance relationships between the ministries and the institutes follow the ministerial and parliamentary accountability and the democratic control and the primacy of politics. On the other hand, management boards in PI stress some of these points through the advisory and consultative boards bringing to the organisations the representatives of its societal and political context and looking for consensus about policy issues among different actors. The relationships with the various actors in the public domain and the close links with their parent ministries provide a favourable ground for policy advice, having the presidents of the institutes a substantial policy role. Hence, the changes are not producing a less coherent apparatus of governance as in most industrialised democracies, where changes are usually justified in terms of efficiency (Peters and Wright, 1998). The legal, political and cultural context and the public values influence the mode of governance and the design of autonomisation maintaining the foundations of the public service.

Conclusion

The Portuguese autonomisation process and the emerging organisations were constrained by the institutional framework, which established the available options. The revitalisation of public institutes reinforces this idea. The analysis shows that despite the pressure to improve policy implementation and, the influence of NPM, the constitutional, legal and established practices prevented the adoption of new organisational forms and extensive managerial changes. The change was primarily guided by values of the public domain, the juridical aspects and the primacy of politics, building a public governance which emphasises the role of politicians and opens the administrative system to the socio-political environment.

This does not mean that the system is not enabled to innovate and introduce managerial flexibility. The variety of models shows that each ministry sets up those characteristics, which respond to their particular problems creating 'hybrid' models of public institutes. Public management is not restricted to effectiveness and efficiency reasons but, above all, by the values of the public domain.

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