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# From public enterprise through privatisation to public–private mixing – An important Irish contribution

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## Introduction

This article is a set of reflections by an Australian public administration academic who has worked in the field of public enterprise, privatisation and public–private mixing over several decades, in company with several noteworthy Irish practitioners and scholars who have made important contributions to the discipline of public administration. More specifically, it expands on the obituary published in this journal (McNamara, 2009) in memory of the former Director General of the Irish Institute of Public Administration (IPA) Colm Ó Nualláin, seeking particularly to extend the appreciation of his work internationally and in relation to Irish state-sponsored bodies. As will be shown, investigations in which Colm Ó Nualláin took part trace developments in the field of state–market relations over a period of several decades in the later twentieth century and connect significantly with issues that remain pertinent today.<sup>1</sup>

<sup>1</sup> The article is written with some awareness of the Irish State Administration Database and of associated research on Irish state-sponsored bodies, privatisation and so-called agencification – drawn particularly from FitzGerald (1963), Hardiman & Scott (2009, 2012), Jackson (2010), MacCarthaigh (2007, 2009, 2012), MacCarthaigh & Boyle (2012), McGauran et al. (2005), Sweeney (2004) and Verhoest et al. (2010, 2012).

Several main components of Colm Ó Nualláin's career were well summarised in the obituary: he joined Dublin Corporation as a clerical officer in 1941 and, after being heavily involved in running training courses for that corporation, moved to the developing IPA in 1961. By 1977 he had risen to become IPA Director, and was known there especially for his provision of (a) a business model for its management and (b) an extensive program of training for senior officials of Irish local authorities, subsequently extended to CEOs of health boards and senior police officials. The obituary notes more briefly that he became involved in international public service training work through connections with the International Institute of Administrative Sciences (IIAS) and that, back in Ireland, he was 'instrumental in creating, with James Kelly of the ESB, a representative group of chief executives of state-sponsored bodies' (McNamara, 2009, p. 5).<sup>2</sup>

### **On becoming involved with the International Association of Schools and Institutes of Administration**

As IPA Director, Ó Nualláin soon became a member of the executive committee of the IIAS and, with like-minded IIAS associates, he played a leadership role in the formation and strengthening of international bodies dedicated to supporting public service training activity in many countries. One such body was the Study Group of European Public Service Training Agencies (McNamara, 2009, p. 5). Another was the International Association of Schools and Institutes of Administration (IASIA), an IIAS subsidiary, and it was in this connection that my path crossed with Ó Nualláin's.

IASIA was formally established at the Rome IIAS Congress in 1971, and became operational at the next Congress, in Mexico City, in 1974. A structure of working groups was created, claimed elsewhere to have given the association a distinctive character among international conference networks active at that time, one that 'facilitated many of its most important achievements over subsequent years' (Wettenhall & Adamolekun, 2011, p. 61; see also Wettenhall, 2011). One of these working groups<sup>3</sup> focused on the management of public enterprises

<sup>2</sup> ESB = Electricity Supply Board, on whose important contribution see McNamara (1984, p. 66).

<sup>3</sup> It was initially named Working Group on Public Enterprise Management Education and Training but, as the focus widened, it became (in 1995) the Working Group on Public Enterprise Management and the Public-Private Mix. The group continues to meet at IASIA conferences, its current title being Working Group on State-Market Partnerships and Enterprise Management.

(hereafter PE/PEs; sometimes called state-owned enterprises), extending, as relevant developments around the world required, to a consideration also of the effects of privatisation and the rise of public-private partnerships.

### **The Public Enterprise (PE) Working Group**

The groups were customarily led by a chairman and a project director,<sup>4</sup> and N. S. Carey-Jones (UK) and Harold Seidman (USA) held these roles in the PE Working Group through meetings in Cavtat (in the former Yugoslavia, 1976) and Alcalá de Henares (Spain, 1980). At Washington in 1979, however, Ó Nualláin led the group as ‘co-moderator’ with André Delion (France), and they were confirmed as group co-chairmen at Tokyo in 1982. At the Tokyo meeting, I was appointed as project director, and thereafter, over meetings in places as diverse as West Berlin, Bloomington (Indiana, US), Tunis (Tunisia), Amman (Jordan), Milan (Italy), Brisbane (Queensland, Australia), Marrakech (Morocco) and Bath (England), Ó Nualláin and I worked together very constructively as a chairman and project director team. In Kota Kinabalu (Sabah, Malaysia) in 1991, Ian Thynne, who is now adjunct professor in several universities in Australia and Hong Kong, joined us as joint project director. Ó Nualláin remained chairman through meetings in Vienna (Austria, 1992), Toluca (Mexico, 1993) and Hong Kong (1994), after which I moved to the chairmanship and Ian became project director. For several years afterwards, Ó Nualláin continued to take an active interest in the workings of the group. At the various meetings, the group usually attracted about twenty members, mixing academics and practitioners from countries over virtually all continents; as will be indicated below, many of them joined together in projects that carried on over several meetings, and a healthy publication output ensued, with Ó Nualláin taking a prominent part in the organising, the writing and the editing.

In the early part of the group’s work, he prepared a description of the general PE situation in Ireland, published in a collection of twenty-six such country reports co-edited by R. K. Mishra, a long-time Indian member of the group, and containing contributions by several other group members (Ó Nualláin, 1986).

<sup>4</sup> Details from ‘Chronological List of IASIA Working Groups 1974–2010’, in Dwivedi (2011, Appendix III).

A parallel working group focused on curricular development for public administration and public management training, and Ó Nualláin's background in the IPA and in Irish public administration generally ensured that he kept in close touch with that group and its activities, as well as with those of the PE Working Group. Indeed, there was serious collaborative effort to ensure that the public administration curriculum included space for consideration of the needs of training for PE management as well as for the management of central departments and local governments, the firm message – seen as appropriate at that time – being that PEs were part of the public sector and not the private sector. Curriculum documents prepared by the other group (e.g. Engelbert, 1984, Chapter X) showed evidence of this effort, as did several early projects by members of the PE Working Group.

### **Education and training for PE management**

In the early stages of its work, the group hunted for teaching institutions that provided specialised forms of training for PE executives, and conducted a general survey of training needs in PE management. The result was clearly disappointing: this area, which might be thought of as a middle ground for management skills – between central public services and private enterprise – was generally neglected by both public administration and private business training programs and, though some PEs themselves made efforts, they were operating alone and could not match the reach available in the more broadly based educational institutions. In words that came straight from Ó Nualláin:

There is an identifiable public sector dimension and knowledge requirement in public enterprise management that is absent from the needs of the management function in the private sector. Also, the management environment in public enterprise is different from that in other parts of the public sector. (Corkery et al., 1994a, pp. 1–2)

In an attempt to overcome the deficiencies, IASIA joined with the International Institute of Public Administration in Paris in planning for the creation of a PE database intended as a foundation for the development of decent and appropriate training programs. Ó Nualláin and André Delion led this effort and, as already noted, were soon

associated as co-chairmen of the IASIA Working Group. The group was, in a sense, fairly self-conscious, and several accounts of its collective work were presented as it progressed through a number of projects and publications; to an extent, the description that follows draws on these accounts (especially Corkery et al., 1994b, Annexes 16–19; Ó Nualláin et al., 1996).

It was soon recognised that we had little firm knowledge about what PE managers actually did and about what they saw as their major problems and challenges, and that, without such knowledge, the search for an ideal curriculum was a pretty artificial exercise. This recognition triggered a major applied research program for the working group: through its members in a variety of countries, it would embark on a set of case studies of PE managers at work; and it hoped that the publication of these case studies would materially aid the hunt for an appropriate curriculum. An early group publication resulted,<sup>5</sup> with Ó Nualláin playing a significant role in its production (Ó Nualláin & Wettenhall, 1987). It contained case studies – most of them originating as presentations to working group meetings – of PE managers at work in the US, Ghana, India, Finland, Samoa, Singapore, Canada, Ecuador and an unnamed developing country, ranging over airline, power supply, alcohol production, machine tools production, mining, development aid and food supply industries. We were assured that, for a period ahead, it performed valuable service as a discussion aid in a variety of training courses. Whether it seeded the development of widely accepted curriculums designed specifically for PE managers is more doubtful, but the climate was changing and the effort to focus this project on its public sector values was under threat as the managerial world moved increasingly towards private sector priorities.

### **New projects in a changing environment**

Not surprisingly, the group took on board the changing environment in which PEs had to operate in determining its work program. As explained in the first of the progress reports (Corkery et al., 1994b, Annexes 17–19), the Thatcher-led onslaught on PEs had begun, with arguments about defective performance, real or alleged, playing an important part in the advocacy of privatisation. And where there was bad management, the group knew that it often resulted from defective

<sup>5</sup> It was preceded by a collection of essays on the PE education and training situation in several countries, edited by Colm Ó Nualláin's co-chairman, André Delion (1984), and with an Irish chapter provided by Tony McNamara (1984).

policy environments created by the political supervisors of PEs. The contention that it was unreasonable to demand ‘operating efficiency’ from enterprise managements when governments and parliaments failed to ensure ‘policy efficiency’ had recently been argued persuasively by Mascarenhas, an Indian scholar now working in New Zealand and a contributor to several working group meetings (Mascarenhas, 1982; see also Mascarenhas, 1987, 1995); this underlined the need for the managers to be sensitive to changing political values and circumstances, and directed our attention to the role played by members of PE governing boards – tens of thousands of them around the world – whom we had neglected in our earlier work.

The new environment, in which we joined effectively with the work programs of the European Centre for Development Policy Management (ECDPM), based in Maastricht in the Netherlands, and the Commonwealth Secretariat (ComSec), based in London, was one in which extensive debate developed about whether it was necessary to sell off PEs or whether it was possible to ensure their successful operation by introducing significant reform programs.<sup>6</sup> Senior personnel of both those institutions played active parts in the working group’s proceedings: respectively, Joan Corkery, a former member of the IPA herself and IASIA president from 1992 to 1995, and Mohan Kaul, IASIA president from 1998 to 2001.

The group’s 1995 meeting in Tunis was vital in setting the expanded agenda, and in this the spirited advocacy of Vasant Moharir of the Institute of Social Studies in The Hague was influential. There was acknowledgement that, in most countries, while perforce PEs related to their parent ministries, they operated in isolation from each other and so failed to explore issues they had in common and to develop concerted responses to political pressures affecting them. Here and there, however, this situation was beginning to change: Moharir (1987) drew attention to relevant Indian experience, and the group agreed to explore movement in this direction. Case studies were prepared, and another volume emerged (Wettenhall & Ó Nualláin, 1987), with Ó Nualláin not only co-directing and editing but also contributing the Irish report: the experience of the Consultative Group of Chief

<sup>6</sup> The choice was expressed very clearly in the title of Farazmand’s second major collection on PEs (Farazmand, 2001). A decade earlier, Colm Ó Nualláin’s original co-chairman of the group had expressed it similarly: ‘privatisation or reform?’ (Delion, 1990). In Farazmand’s other major collection on PEs (Farazmand, 1996, ch. 11), Ó Nualláin joined with Ian Thynne and me to recognise the IASIA Working Group experience as ‘an educational journey’.

Executives of (Irish) State Organisations (CGCESO) was thus drawn to international attention. As Ó Nualláin explained, the organisations involved were of both trading and non-trading character, often called ‘state-sponsored bodies’ in the Irish context, and the important role of the IPA in the creation and maintenance of the consultative group was spelt out. From its founding in 1957, the IPA provided its secretariat and accommodation for the group’s meetings, and its director (Ó Nualláin himself after 1977) and another senior officer participated in all CGCESO meetings (Ó Nualláin, 1987, pp. 39–41).

A second Tunis-initiated project reflected the view that existing methods of evaluating PE performance lacked rigour and stood in need of considerable improvement, and more case studies were prepared exploring how such evaluations were conducted in several countries and suggesting possible lines of improvement. This project obviously connected with the rise of New Public Management (NPM) thinking, and the expectation was that the resulting report (presenting case studies from India, Pakistan, Singapore, New Zealand, Saudi Arabia, Britain and Finland) would have educational value not only for PE managers but more broadly for public administration in general (Wettenhall & Ó Nualláin, 1990).

### **Turning to board members**

The concern to embrace board members in the group program developed quickly, and of course board members were active along with managers in shaping the PE activities illustrated in the group’s case studies. As partner institutions in this project, ECDPM and ComSec were running workshops for board members in several African developing countries, and the group, at its 1990 Bath meeting, determined to explore the board role over a wider selection of countries, joining in the training effort with a view to getting greater board support in strengthening enterprise operations. A beginning consideration was that the board as an organisational form had been imported from the private sector and that board members often adhered to private sector values. Against that, the incorporated PE was generally regarded as an organisational unity. But the working group saw that the board-management relationship was often as critical for performance as the enterprise–government relationship, and that it was in urgent need of closer analysis.<sup>7</sup> The first resulting

<sup>7</sup> This argument was developed in a paper presented at the Bath meeting (Corkery & Wettenhall, 1990; see also Corkery et al., 1994a).

publication (Corkery et al., 1994b) included country surveys from nine countries (Ghana, India, Ireland, Sierra Leone, Tanzania, Turkey, Uganda, the US and Australia), with Ó Nualláin again presenting the Irish report (Ó Nualláin, 1994). After further development of the project, a second publication (Wettenhall et al., 1997) presented nine case studies exploring the three-way relationship between governments (ministers), boards and managements in PEs operating in Canada, Yugoslavia, Papua New Guinea, the Philippines, Zimbabwe, Sri Lanka, Hong Kong and Australia (both commonwealth and state cases). Corkery was now a director at ECDPM, and Ó Nualláin and Wettenhall both served as consultants for that organisation around this time; one of their projects, again linking ECDPM, ComSec and IASIA, was to prepare a report to guide African governments on how to make better use of PE boards (Corkery et al., 1994c). Through this whole exercise much relevant information was acquired and, in accordance with the original IASIA mission, it was utilised positively in many training programs. But, as privatising and NPM forces gained ground, interest in maintaining and improving the PE world waned, and to an extent the concerns of the working group moved accordingly.

### **On to privatisation and public–private mixes**

The issue of privatisation provided a background for the group's deliberations over many of its meetings and projects, and it commanded special treatment at the 1989 Marrakech conference (De Ru & Wettenhall, 1990). A group position became clear over the next five years, and it has remained firm amongst those connected with the group over these years and, to a degree, influential in wider circles ever since. New project director Ian Thynne sought to capture the general spirit in a further collection of country studies published in 1995, with Ó Nualláin again to the fore in expressing it succinctly in the foreword to that volume. Put simply, it had become apparent to the group that:

in many cases of so-called privatisation, the subject activity was not altogether removed from the public sector: that there were, in fact, many examples especially of where changes in the legal foundations, ownership and control of organisations in government had resulted in hybrid public–private structures and processes. (Ó Nualláin & Wettenhall, 1995, p. vii)



Thynne's collection of nine country studies (the UK, the Netherlands, Finland, New Zealand, Uganda, South Africa, Turkey, India, Singapore) went far to entrenching this view (Thynne 1995), and later collections of studies deriving from the foundational work of the IASIA Working Group – with many articles starting life as presentations to group meetings – abundantly confirmed it (e.g. Ghuman & Wettenhall, 2001; Wettenhall & Thynne, 1999). So often changes in enterprise arrangements seen as part of the privatisation revolution did not in fact result in clear shifts from the public to the private sector but rather established public-private mixes of one kind or another. There is no space to labour the point here, but the wide interest in subjects such as organisational hybridity and public-private partnerships today shows not only that the IASIA Working Group to which Ó Nualláin contributed so much was on the right track but also that it stood among the pioneers in opening up that track.

### **Conclusion: A personal note**

Ó Nualláin continued to contribute to the field of development administration as a consultant for several years after finishing as co-chairman of the PE Working Group, and his interest in the matter of improving the training of PE executives and board members remained a central feature of this work until ill health gradually forced his ultimate retirement. As someone who worked closely with him directly in that working group and more broadly in a variety of consulting and conference-related activities, I can attest to his many skills as organiser, presenter, writer and editor, and to his deep commitment to the cause of education and training in a variety of public sector applications – especially, in the later stages of his career, in the development administration context.

On a personal level, I benefited greatly from my association with Ó Nualláin. We were both fairly mature operators in the world of public administration research and education when our paths crossed. He taught me a great deal, as I guess I taught him something in exchange. Our work together, in the IASIA context, has continued to inform much of my later research and writing activity in relation to public regulatory systems, public-private contracting arrangements, mixed (public-private) ownership enterprises and non-departmental public bodies.

In our work together, he was always kind, fair and supportive, with a very gentle way of saying 'Have you considered this?' when some

potential point of difference emerged. Capable collaborators prepared to be critical in such a friendly way are worth their weight in gold! In my view, Colm Ó Nualláin deserves to be ranked in the first class in the IPA's roll of honour.

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