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The Neo-Weberian State paradigm in the water and sewage sector in Poland

Abstract

Objectives: The main objective of this article is to investigate the current stage of the public management paradigm in the area of the water and sewage sector in Poland.

Research Design & Methods: A thorough examination of the current stage of research of the post-New Public Management concepts is followed by empirical analysis of public management paradigms present in the water and sewage sector in Poland. The research hypothesis focuses on a shift from the NPM model towards other paradigms closer to Neo-Weberian State or a hybrid. Analysis of statistical data is supported by additional arguments related to recent publications and legal changes in the sector.

Contribution/Value Added: This article is one of the first analyses of the applications of post-NPM paradigms in the water and sewage sector in Poland. A special emphasis is put on the discussion of NWS elements in the paradigm shift taking place in this sector.

Implications/Recommendations: The results of the research conducted prove that the NPM model is still in place in the water and sewage sector in Poland, but gradually, in particular as a result of recent changes to legislation and the introduction of more centralised procedures, the NPM model is being supplemented by new elements that are clearly of a NWS origin. While it is visible that these paradigms co-exist at this point, it is necessary to continue research and thorough observations of the sector to investigate the future development of public management in this area.

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Introduction

Since 1990 local municipalities in Poland have been responsible for the majority of technical

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public services. This was a result of the concept of decentralisation of public administration, especially at the local level, and was expressed in *Ustawa o samorządzie gminnym*¹ (Sejm, 1990). As Levitas (2018) argues, this was an act which desperately sought a rapid transformation of post-communist Poland, and the entire notion of decentralisation and the passing most of the fundamental public services

¹ English translation: Law on Municipal Self-Government.

to local municipalities resulted from a conscious decision of the political leaders who wanted to focus on reforming the state at the central level and took the risk of trusting newly-created local self-governments with enormous responsibilities.

Until 1990 water supply and waste water treatment had been dealt with by state-owned companies that, as a result of transformation in 1990s, were communalised and this sector became the responsibility of local governments. From the very beginning, as it has been clearly described by Chudziński *et al.* (2018a, 2018b), the sector introduced methods directly derived from traditional business, enriching them via gradual modernisation and building a cadre of professional managers, who often had previous business experience.

The main problem that the entire water and sewage sector has had to face over the last two or three years is related to the concept of the provision of public services in the times of the rapid growth of water companies and increasing prices of their services. In many places in Poland local communities have started difficult discussions about the future of the sector and this has become part of a wider concept of public management. Unsurprisingly, practices that have been used for the last 20 years have become out of date.

The Neo-Weberian State paradigm and other post-New Public Management approaches: a review of the literature

The beginning of the discussion on the phenomena of the Neo-Weberian State (the NWS) can be associated with the publication of a book by Pollitt and Bouckaert titled *Public Management Reform: A Comparative Analysis* (2004). Those authors, discussing the challenges of 21st century, the rise of new practices in Public Management (PM) and limitations of the New Public Management (NPM) concept, identified a new model of PA reforms and proposed a new term: *Neo-Weberian State*. This approach was further developed in the third edition of their book (Pollitt & Bouckaert, 2011).

The interesting conclusions of Pollitt and Bouckaert (2011) focused on distinguishing common features of PA reforms in Europe, especially continental, as opposed to the trends in the Anglo-American world, specifically in the USA and New Zealand. It should be noted that Pollitt and Bouckaert's views on the NWS in 2011 were strengthened and supported by findings based on analysis following the 2008 financial crisis. The authors clearly connected the origins of the crisis with the application of NPM in Western countries and called for a viable alternative to NPM, which they introduced into the debate on the future of PA reforms, i.e. the *Neo-Weberian State*.

The first work of Pollitt and Bouckaert (from 2004) provoked some further discussions. We should mention here Drechsler (2005a and 2005b), Dunn and Miller (2007), Lynn (2008), Drechsler and Kattel (2008), Pollitt (2008), and Randma-Liiv (2008). All of those researchers tried to expand Pollitt and Bouckaert's NWS concept, enriching them with their theoretical dispute most often on the grounds of analysis of the limitations of NPM with particular special emphasis on the European context.

Drechsler (2005a) takes a strong stand attacking the very essence of NPM: he sees NPM as an element of neo-classical imperialism based on the assumption that the only cause for people's behaviour is profit maximisation (see Kostakis, 2011, p. 147) and claims that 'the use of business techniques within the public sphere confuses the most basic requirements of any state, particularly if a Democracy, with a liability: regularity, transparency, and due process are simply much more important than low costs and speed.' The author provides a simple chronology of the failure of NPM (Drechsler, 2005a):

- around 1995 it was still possible to believe in NPM, although the first strong and substantial critiques had already been put forward;
- around 2000 the supporters of NPM were on the defensive, as empirical findings by then spoke clearly against it;

– around 2005 NPM was no longer considered to be a viable concept.

The failure of NPM was clearly seen after late 2008 financial crisis that hit the markets in many countries around the world. This directed the attention of both politicians and also researchers towards efficient bureaucracy and the important role of the state as a ‘rescuer’ (Drechsler, 2005a). Despite this fact, the proponents of NPM soon forgot about the reasons for the 2008 crisis and still there is a viable movement of the advocates of NPM who call for reforms in the spirit of NPM. According to Drechsler (2005a), who acknowledges the importance of the notions of Pollitt and Bouckaert (2004) with regard to the NWS, the time has come for a new vision of reforming PA, which should come to PA’s roots in Weber’s concept, modernised with new elements.

Drechsler further work (2005b) directs researchers’ attention to the NWS as a post-post-NPM concept and provides interesting insights into the PA reforms in Central and Eastern Europe (CEE). Drechsler does not see the NWS as a contradiction to NPM, but rather as a development of it based on Weberism that uses the NPM experience (see also Białynicki-Birula *et al.*, 2016). With regards to the CEE, Drechsler calls for what can be described as “theoretical realism”, the probable failure of any attempts to reform post-communist states without building the strong fundamentals that Drechsler sees in elements of classical Weberism. A good illustration of Drechsler’s approach is what Guy Peters wrote in 2001 (Peters, 2001, in Drechsler, 2005b):

Most governments in the world face pressures, either psychological or more tangible, to adopt the modern canon of administration in the form of NPM. For [CEE and Latin America], those pressures are likely to do more harm than good. Despite the appeal of ideas such as deregulation and flexibility, governments attempting to build both effective administration and democracy might require much greater emphasis on formality, rules, and strong ethical standards. The values of efficiency and effectiveness are important but

in the short run not so crucial as creating probity and responsibility. Once a so-called Weberian administrative system is institutionalized, then it may make sense to consider how best to move from that system towards a more “modern” system of PA. (2001, p. 176; see also p. 164)

The notion of challenges associated with introduction of PA reforms in the countries of CEE can be also found in the work of Tina Randmaa-Liiv (2008). That author identifies crucial issues that have to be taken into account when making decisions on the directions of the reforms, i.e.:

- minimal vs strong state (the role of the state, the heritage of communist regimes, the lack of a solid base for democratic development, the weaknesses of NPM in transitional systems, the low popularity of ‘strong’ governments);
- flexibility vs stability (the contradiction between “transition” and “stability”, too many structural changes in the administration, the balance between flexibility and stability, the search for the best solutions – the NWS framework);
- deregulation vs regulation (the establishing of new laws, rules, regulations and principles from scratch, building new institutions results in more rules, the NWS as a more predictable concept);
- marketisation or not? (over-idealisation of the private sector in CEE countries, massive privatisation, weak systems of contractual rights in CEE states, low level of managers in both public and private sectors, a solution – a balance between reaffirmation of the role of the state and administrative law and “Neo” elements of the NWS focusing on the achievements of results);
- fragmentation vs unity (decentralisation as opposed to co-ordination mechanisms, lack of civil service generalists, the need for the implementation of structural policies, the NWS supporting the development of unity of PA and common public service – a backbone for stabilisation resulting also in the development of continuity in public services, an identifiable

administrative culture and unified standards of conduct);

- democratic vs technocratic values (replacement of the traditional three C's (conduct, code of ethics, and culture) by three NPM E's (economy, efficiency, and effectiveness); if not rooted deeply in culture, NPM's E's can easily overrun democratic values, client vs resident approach, the NWS brings representative democracy supplemented by a range of devices for consultation) (Liiv, 2008, pp. 4–12).

Liiv summarises her findings by noting that “public administration reforms in CEE have offered a ‘textbook example’ of conceptual misunderstandings, and a mixture of unfitting administrative solutions and tools” (Liiv, 2008, p. 12), adding that “the key for further development in the CEE countries is to first ensure the presence of the ‘Weberian’ elements of the NWS and only then start gradually building the ‘Neo’ elements by introducing individual modern management tools” (Liiv, 2008, p. 13).

An important input into the research approaches to the NWS is an article written by two authors: Wolfgang Drechsler and Rainer Kattel (2008). It is another example of a vivid criticism of the NPM and includes interesting conclusions regarding the NWS as a solution for certain reforming approaches in contemporary Europe, especially CEE. The authors claim that the NWS might be:

...a political response to some of the forces of globalisation that attempts to preserve the European social model directly threatened by the process of globalisation. The “neo” elements preserve the main part of the traditional Weberian model and modernise it. ... The NWS does not say whether it works but brings changes specific to the context of Continental Europe. Thus, it would not be correct to call the NWS a strategy (since the changes have been incremental), but a political orientation. Empirically, the basis of the NWS remains the Weberian structure to which some of the NPM elements have been added (rather than Weberian elements added to NPM). (Drechsler & Kattel, 2008)

This “political” connotation is of a special significance: it brings a completely new dimension to the discussion. It broadens the discussion and opens it not only for the world of academia, but much wider, it becomes a subject for modelling of political visions and specific programs.

Drechsler and Kattel (2008) also enter into the discussion on theoretical aspects of the NWS pointing out that “... in recent years the concept has also obtained a strong normative meaning for middle-income and less-developed countries”. Having said that, they see a direct linkage between sustained economic growth and Weberian PA. However, they also emphasise the almost mystical approach used by some PA reformers connected with the concept of “modernisation” (Drechsler & Kattel, 2008, p. 97), suggesting that in reality, very often, “modern” means nothing more than merely “fashionable”. In this context, Drechsler and Kattel argue that the NWS itself is “new”, and therefore it requires the inclusion of other aspects than just “a strong state” into the discussions, e.g. civic society and participation (2008, p. 97).

Finally, Drechsler and Kattel (2008) declare the death of NPM: for scholars it is not “a viable option” anymore. Is the NWS the answer? According to Drechsler and Kattel, the NWS has become an empirical-analytical model and not a normative one, but at the same time it can be used for explanation of what is happening in Europe. Since it is a fairly new phenomenon and its research agenda is still being formed, it will require more research (Drechsler & Kattel, 2008, p. 98).

Within the first wave of research publications regarding the NWS we should also note the work of Laurence Lynn (2008). That author, taking a slightly different perspective than that of the above-mentioned researchers, i.e. that of American scientists, points out that a number of Neo-Weberian theories of management are, in fact, different varieties of institutionalism (especially historical institutionalism, which, following in Weber's footsteps, underscore the issues of legitimacy of the state (Lynn, 2008, in: Białyński-Birula *et al.*, 2016).

Finally, it should be noted that the term “Neo-Weberian State” does not appear often in research journals from the field of public management (Białynicki-Birula *et al.*, 2016), especially after the first wave of discussion provoked by Pollitt and Bouckaert in 2004 and continued in the third edition of their *Public Management Reform: A Comparative Analysis* in 2011. We should however pay special attention to a fairly new publication (from 2016) by a group of researchers from the Cracow University of Economics who published a book titled *The Neo-Weberian State. Towards a new paradigm of public management?* (Mazur *et al.*, 2016). This book is one of the first attempts in the world of synthesis of the NWS, presenting the current state of research, driving research questions and examples of more field-oriented, sectoral analysis of NWS applications. As Mazur points out, the publication, among other goals, aims to determine “the extent to which the Neo-Weberian approach to public management has the status of a model, and the extent to which it has acquired the intrinsic characteristics of a paradigm” (2016, p. 218). Moreover, it tries to provide rationale for ‘conceptual limitations and challenges faced by Neo-Weberian state theory in the process of its evolution from a model toward a public management paradigm’ (Mazur *et al.*, 2016, p. 98). Mazur argues that the NWS not only can attract the interest of researchers, but also be applicable in practice. Its strong connection with European roots, its modern and political friendly approach, professionalism and the sense of public service ethic may be valuable insights into the daily operations of any level of public management. It still lacks strongly consolidated methodological assumptions, so it is closer to a paradigmatic stage than to a paradigm, but its strength lies in its practical advantages and eventually it can replace its main competitors: NPM and Public Governance, especially in Europe (Mazur, 2016, p. 224–225).

To summarise the literature review of the discussion of the NWS let us quote the original description of the Weberian and Neo-Weberian basis

of the NWS presented by Pollitt and Bouckaert (2004, pp. 99–100).

Weberian elements of the NWS:

- reaffirmation of the role of the state as the main facilitator of solutions to the new problems of globalisation, technological change and shifting demographics;
 - reaffirmation of the role of representative democracy (central, regional and local) as the legitimating element within the state apparatus;
 - reaffirmation of the role of administrative law – suitably modernised – in preserving the basic principles pertaining to the resident-state relationship, including equality before the law, legal security and the availability of specialised legal scrutiny of state actions;
 - preservation of the idea of a public service with a distinctive status, culture and terms and conditions.
- ‘Neo’ elements of the NWS:
- a shift from an internal orientation with regard to bureaucratic rules towards an external orientation related to meeting residents’ needs and wishes – the primary route to achieving this is not the use of market mechanisms (although they may occasionally come in handy) but the creation of a professional culture of quality and service;
 - supplementing (not replacing) the role of representative democracy by a range of devices for consultation with and the direct representation of residents’ views (this aspect being more visible at the local level in the northern European states and Germany than in Belgium, France or Italy);
 - in the management of resources within government, a modernisation of the relevant laws to encourage a greater orientation on the achieving of results rather than merely the correct following of procedures – this is expressed partly in a shift in the balance from ex-ante to ex-post controls;
 - professionalisation of the public service, so that the ‘bureaucrat’ becomes not simply an expert in the law relevant to his or her sphere of activity,

but also a professional manager, oriented to meeting the needs of his/her residents/users.

In the face of the conceptual and practical problems encountered with the old Weberian public administration and new public management approaches a number of theorists have developed other conceptualisations of public management. These approaches do not yet form, as in the case of NWS, a coherent paradigm and they have different frames of reference, but some commonalities can be identified which set them apart from earlier traditions and provide the basis for a coherent alternative.

The New Public Governance (NPG) approach proposed by Osborne (2006, 2010) adopts a very different starting point from the two earlier public management traditions. In contrast with the emphasis on bureaucratic hierarchy and administrative interest as the defining features of the old public administration and the managerial discretion and contractual mechanisms associated with NPM, the NPG approach places residents, rather than government, at the centre of its frame of reference. In a similar vein, Bourgon (2007) calls for a New Public Administration theory that is grounded in the concepts of citizenship and the public interest, expressed as the shared interests of residents, rather than as the aggregation of individual interests determined by elected officials or market preferences. The centrality of residents as co-producers of policies and the delivery of services fundamentally distinguishes the New Public Governance approach from both the statist approach associated with the old public administration and market-based NPM approaches, rather than simply proposing a new form of public administration.

NPG incorporates a number of features of this emerging literature: the state is both plural (in that public service delivery is undertaken by multiple interdependent actors) and pluralist (in that multiple processes and inputs shape policy making). In this respect Bourgon (2011) highlights the fragmentation of policy space with the emergence of multiple actors and jurisdictions alongside growing interdependence between actors operating at local, national and

global levels. Government is treated as just one actor alongside others engaged in policy deliberation and service delivery and is no longer assumed to be the sole or predominant force shaping public policy and implementation (Weber & Khademian, 2008). According to Denhardt and Denhardt (2000, p. 553), “the policies that guide society are the outcome of a complex set of interactions involving multiple groups and multiple interests ultimately combining in fascinating and unpredictable ways” (see Robinson, 2015).

An interesting and fairly new approach, though not widely covered in available research in Poland, is the concept of hybrid public management (administration). “Something is hybrid when it results from a cross or a mixture of different types, when it is composed of disparate elements that do not come from one single logic or one single genre” (Emery & Giauque, 2014, p. 23). As Emery and Giauque (2014) assert, the 21st century has brought widely spread differentiated approaches to modernisation of public administration in various geographical, political, and cultural settings. Using a post-modernist approach, the authors try to look at the ways various mechanisms are deconstructed and reconstructed in their working environment. The result of these processes is that we do witness the rise of models that are not purely aligned with one particular model or paradigm but in reality form sometimes unique solutions that are applicable to particular situations and sectors.

Another example of important research input related to the notion of **hybrid public administration** is an article published by Tom Christensen and Per Laegreid (2011), in which the authors ask questions connected to transformative trends in public organisations resulting in the creation of hybrid models. The transformation processes are aimed at balancing NPM and post-NPM reforms. The authors claim that reforming NPM does not necessarily mean replacing it with

... post-NPM reforms, NPM reforms are being modified and adjusted through the addition of new and different post-NPM reform measures. The

result of such a process is increased complexity and hybridity in the organization of the public sector but also increased turbulence, because the trade-off and balance between different principles tends to change over time, between countries and across policy areas (Christensen & Laegreid, 2011, p. 15).

Material and methods

The author has developed two research hypotheses. The first hypothesis is as follows: the water and sewage sector in Poland after 1990 (i.e. the beginning of the political, economic, and social transformation) was predominantly constructed based on the NPM model. The second is that, due to the arising deficiencies and critique of the sector, certain changes are being introduced that in reality bring the concept of public management of the sector closer to post-NPM paradigms. The main question though, regarding the second hypothesis, is whether the changes will result in the introduction of a pure NWS paradigm into the water and sewage sector in Poland or if the end result will be an introduction of a hybrid model.

The research methods are based on basic quantitative data regarding the water and sewage sector in Poland, namely statistical data available from the Polish Central Statistical Office, which can indicate the organisational and legal form of entities responsible for public services in the area of water supply and sanitation. Analysis of the above will make possible understanding of the management trends in the sector. The assumption here is that a growing number of commercial companies in the sector, owned by local municipalities, shows a tendency for transforming the sector using the NPM model. Additionally, the research will be supported by analysis of a unique publication on management practices in the water and sewage sector published in 2018 *Zarządzanie przedsiębiorstwem wodociągowym. Uwarunkowania funkcjonowania i współczesne koncepcje zarządzania*² (Chudziński

² English translation: Management of a water company. Operational context and modern concepts of management.

et al., 2018a) and *Zarządzanie przedsiębiorstwem wodociągowym. Społeczne aspekty funkcjonowania i pomiar efektywności*³ (Chudziński *et al.*, 2018b). While the above-mentioned two publications have used a managerial approach, the presented findings and data make possible the drawing of interesting conclusions regarding methods of public management and with no doubt can be used for deeper analysis of models for public services provision.

Moreover, especially in the analysis of the second hypothesis, the research process will include an analysis of the legal framework (this will include the recent changes in the relevant legislation) as well as data collected by the author from interviews with a group of managers of water and sewage companies in Poland. An important factor of the research process is that the author was for nine years a deputy president of the board of a medium-sized water and sewage company in Poland and directly involved in the all managerial process typical for companies from that sector. The author works, on a regular basis, as a consultant for the Polish Waterworks Chamber of Commerce and co-operates with water and sewage companies in Poland. Finally, for thorough analysis of the second hypothesis, a comparison of public management approaches (Table 2) developed by Białynicki-Birula *et al.*⁴ (2016) will be used. The main assumption for the analysis is that the recent changes introduced by the Polish government to the legislation, the amended *Prawo wodne*⁵ (2018b) and the amended *Ustawa o zbiorowym zaopatrzeniu w wodę i zbiorowym odprowadzaniu ścieków*⁶ (2018), and creation of a new central administrative unit, *Państwowe Gospodarstwo Wodne Wody Polskie*,⁷ will direct

³ English translation: Management of a water company. Social aspects of functioning and measurement of effectiveness.

⁴ This Table was originally developed by Maciej Frączek in 2015.

⁵ English translation: Water law.

⁶ English translation: Act on collective water supply and collective sewage disposal.

⁷ English translation: The State Water Company Polish Waters

the public management practice in the water and sewage sector towards post-NPM paradigms.

Results and discussion

Public services in the area of water supply and sewage are the responsibilities of municipalities (Sejm, 1990, Art. 7.1.3). These can be delivered by using various organisational forms and it is for each particular municipality to decide which organisational form from those permitted by applicable law is used. The most common are two options: a municipal budget establishment and a commercial company (almost 70% of these entities in 2017). The main difference between the above two is their legal status: a municipal budget establishment is an element of administrative structure of a particular municipality and its budget is directly connected with the budget of that municipality and its strategic and operational management is in hands of a mayor. It is a typical organisational form for smaller municipalities, usually rural ones. The second option is a commercial company, a standard company governed by the Code of Commercial Companies and can be either a joint-stock company (*spółka akcyjna*) or a private limited company (*spółka z ograniczoną odpowiedzialnością*). In this case the municipality owns stocks or shares, but a company is an independent entity treated as a normal subject of market rules. In reality, taking into account specifics of the services provided by these companies, they are in most cases, and behave as, natural monopolies.

The Statistical Yearbook of the Republic of Poland 2017 (Central Statistical Office, 2018a) contains data on the structure of entities of the national economy only for the water supply sector, sewage and waste management, reclamation. In order to obtain more detailed data, a study titled *Structural changes of groups of entities in the national economy in the REGON register, 2017* (Central Statistical Office, 2018b) was used. According to data from the Central Statistical Office (Central Statistical Office, 2018a, p. 72), in 2017 the REGON register listed a total of 1,865 business entities registered

in the field of collection, treatment and supply of water, including:

- 755 commercial companies,
- 532 municipal budget establishments,
- 307 civil water companies,
- 228 natural persons conducting business activity,
- 34 civil partnerships,
- three state enterprises and
- six co-operatives.

The table below presents a comparison of the number of individual entities registered in the discussed section in the years 2007–2017.

The data presented above shows that between 2007 and 2017 Polish water and sewage sector experienced a gradual shift towards commercial companies. We should also mention here that these companies account for the majority of the market, as they are much more popular in medium-sized and large municipalities (see Chudziński, 2018). The observed trend shows a growing confidence of municipalities in using organisational forms that are typical for business. Commercial companies behave as regular businesses and are supposed to observe measurements typical for businesses, e.g. margin, profitability, revenue, return on investment, etc.

Careful analysis of the above-mentioned publication (Chudziński, 2018) brings more conclusions confirming the first hypothesis. The existing functioning of water and sewage companies is determined by economic indicators, and the management methods used are taken almost directly from classical business models. Companies in this sector use methods for project management and strategic management, implement business-typical models, use outsourcing and modern management concepts, pursue investment policy, use banking products typical for enterprises operating in the business reality, apply modern human resource management practices, manage assets, implement innovation policies and pursue R&D activities. Benchmarking is becoming a popular method of assessing the performance of water companies. Although Chudziński (2018a, 2018b) does not explicitly describe the model as

Table 1. Entities registered in the section for water and waste water management in the years 2007–2017

	Municipal budget establishment	Commercial companies	Civil water companies	Natural persons conducting a business	Civil partnerships	State enterprises	Cooperatives	Total
Number of entities 2007	592	486	252	108	26	5	2	1,471
Structure of entities in 2007	40.24%	33.04%	17.13%	7.34%	1.77%	0.34%	0.14%	100%
Number of entities 2008	635	514	263	121	28	3	3	1,567
Dynamics 2008/2007	107.26%	105.76%	104.37%	112.04%	107.69%	60.00%	150.00%	106.53%
Structure of entities in 2008	40.52%	32.80%	16.78%	7.72%	1.79%	0.19%	0.19%	100%
Number of entities 2009	652	536	261	154	28	3	3	1,637
Dynamics 2009/2008	102.68%	104.28%	99.24%	127.27%	100.00%	100.00%	100.00%	104.47%
Structure of entities in 2009	39.83%	32.74%	15.94%	9.41%	1.71%	0.18%	0.18%	100%
Number of entities 2010	666	549	262	198	27	3	3	1,708
Dynamics 2010/2009	102.15%	102.43%	100.38%	128.57%	96.43%	100.00%	100.00%	104.34%
Structure of entities in 2010	38.99%	32.14%	15.34%	11.59%	1.58%	0.18%	0.18%	100%
Number of entities 2011	661	586	266	216	32	3	3	1,767
Dynamics 2011/2010	99.25%	106.74%	101.53%	109.09%	118.52%	100.00%	100.00%	103.45%
Structure of entities in 2011	37.41%	33.16%	15.05%	12.22%	1.81%	0.17%	0.17%	100%
Number of entities 2012	620	627	272	236	32	3	3	1,793
Dynamics 2012/2011	93.80%	107.00%	102.26%	109.26%	100.00%	100.00%	100.00%	101.47%
Structure of entities in 2012	34.58%	34.97%	15.17%	13.16%	1.78%	0.17%	0.17%	100%
Number of entities 2013	582	656	286	244	33	3	3	1,807
Dynamics 2013/2012	93.87%	104.63%	105.15%	103.39%	103.13%	100.00%	100.00%	100.78%
Structure of entities in 2013	32.21%	36.30%	15.83%	13.50%	1.83%	0.17%	0.17%	100%
Number of entities 2014	569	675	290	248	33	3	3	1,821
Dynamics 2014/2013	97.77%	102.90%	101.40%	101.64%	100.00%	100.00%	100.00%	100.77%
Structure of entities in 2014	31.49%	37.35%	16.05%	13.72%	1.83%	0.17%	0.17%	100.77%

Table 1 – continued

	Municipal budget establishment	Commercial companies	Civil water companies	Natural persons conducting a business	Civil partnerships	State enterprises	Cooperatives	Total
Number of entities 2015	558	703	299	243	33	3	4	1,843
Dynamics 2015/2014	98.07%	104.15%	103.10%	97.98%	100.00%	100.00%	133.33%	101.21%
Structure of entities in 2015	30.28%	38.14%	16.22%	13.19%	1.79%	0.16%	0.22%	100.00%
Number of entities 2016	543	745	308	236	34	3	5	1,874
Dynamics 2016/2015	97.31%	105.97%	103.01%	97.12%	103.03%	100.00%	125.00%	101.68%
Structure of entities in 2016	28.98%	39.75%	16.44%	12.59%	1.81%	0.16%	0.27%	100.00%
Number of entities 2017	532	755	307	228	34	3	6	1,865
Dynamics 2017/2016	97.97%	101.34%	99.68%	96.61%	100.00%	100.00%	120.00%	99.52%
Structure of entities in 2017	28.53%	40.48%	16.46%	12.23%	1.82%	0.16%	0.32%	100.00%

Source: Own work based on data from the Statistical Yearbooks for 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000 and CSO papers: Structural changes of groups of national economy entities in the REGON register, 2011, 2012, 2013, 2014, 2015, 2016, 2017.

New Public Management, the tools and methods used in the enterprises directly derive from this approach as the dominant one.

However, recent years have brought a growing criticism of the practices used by companies in the water and sewage sector in Poland. While there has been obvious growth in the quality of water and its supply system, as well as treatment of sewage,

(see Chudziński, 2018a, 2018b) the main problem, which has become a subject of social and political discussion, has been rising charges for water and sewage treatment. The majority of water and sewage companies made use of the availability of European Union financial support for expansion of water and sewer networks, and water and waste-water plants. These intensive investments combined

Table 2. Characteristics of Water and Sewage Sector in Poland based on a Comparison of New Public Management (NPM), Public Governance (PG), and the Neo-Weberian State (NWS)

Dimensions	NPM	PG	NWS	<i>Water and Sewage Sector</i>
Role of government	Steering	Mediation	Rowing and steering	<i>Rowing and steering, growing control</i>
Management principles	Exchange	Network	Hierarchy with permissible elements of exchange and network	<i>Hierarchy with admissible elements of exchange and network</i>
Management mechanisms	By objectives, standardisation of public services, quality management, privatisation, deregulation, contracting, public-private partnership, vouchers	Debate, reconciliation, compromise	Legislation, regulation	<i>By objectives, standardisation of public services, quality management, privatisation, deregulation, contracting, public-private partnership, vouchers, but with growing role of centrally arranged control mechanisms</i>
Rationality	Economic	Reflexive	Formal, but does not exclude reflexive (long-term perspective) or economic (competence)	<i>Formal, but does not exclude reflexive (long-term perspective) or economic (competence)</i>
Key resources	Economic	Sharing (public, private, social)	Public	<i>Public</i>
Success criteria	Effectiveness and efficiency of allocation of goods and quality of public services	Implementation of arrangements made by consensus		<i>Effectiveness and efficiency of allocation of goods and quality of public services at affordable prices controlled by central government</i>
Organisational structure	Decentralised	Fluid, task- and process-based		<i>Decentralised</i>
Relationship with the environment	Partially inclusive	Inclusive	Exclusive in the sense of adopting the role of initiator and arbiter	<i>Exclusive in the sense of adopting the role of initiator and arbiter (state)</i>
Learning objectives	Problem solving on the basis of economic criteria	Innovative problem solving on the basis of economic and social criteria		<i>Innovative problem-solving on the basis of economic and social criteria</i>
Dominant public policies	Regulatory	Regulatory, institutional	Redistribution and regulation	<i>Redistribution and regulation</i>

Table 2 – contineud

Dimensions	NPM	PG	NWS	<i>Water and Sewage Sector</i>
Problems to which the model responds	Inefficiency of the public sector and the lack of focus on the most important objectives	Exclusive hierarchically and ensuing rigidity of administration-resident relations	“Hollowing-out of the state”, weaker position within the EU (European Commission negotiates directly with regions), pressures of globalisation (without a strong state corporations acquire a dominant position), capture by interest groups, withdrawal from essential functions undermines the (democratic) legitimacy of power	<i>Exclusive hierarchically and ensuing rigidity of administration-resident relations</i>
Emphasis on legitimacy of authority	No emphasis (<i>implicitly-assumed</i> legitimacy)	Problem is recognised, focus on networks and quasi-market relationships, in which the state is one of the players	A matter of paramount importance, representing a return to the traditional model of administration. Legitimacy, i.e. credibility and predictability constraints on arbitrariness in the provision of public services	<i>A matter of paramount importance, representing a return to the traditional model of administration – legitimacy, i.e. credibility and predictability constraints on arbitrariness in the provision of public services</i>
Performance in administration models in different countries and at different levels of development	Works in countries with a well-developed tradition of efficient administration (initially in the Weberian spirit) – Continental Europe to a lesser extent than Anglo-Saxon countries	Works in countries with a well-developed tradition of efficient administration (initially in the Weberian spirit) – Continental Europe to a lesser extent than Anglo-Saxon countries	NPM and public governance do not work in models lacking impartial administration and respect for the state (CEE countries) – the Neo-Weberian state must restore them	<i>Currently unsure – needs more observations</i>
Timespan of activities and consequences			More focus on a long-term strategic perspective, which is important within the context of more complex tasks of the state – strategic nature	<i>Currently unsure – needs more observations</i>
Attitude to the state and society as autonomous entities capable of rational management of public affairs	No implicit assumption of traditional administration, or lack of recognition of the role of the state as capable of governing effectively (USA)	Contractual, based on the postulated principle of equality of parties	Idea of serving society, which is supposed to determine the quality of administrative action, instead of market	<i>Idea of serving society, which is supposed to determine the quality of administrative action, instead of market</i>

Source: own work based on Białynicki-Birula *et al.* (2016, pp. 48–49).

with growing expenditure on financing of own resources matching EU grants (usually 30%–40% of the overall expenditure) promptly caused rapid increases in the fees charged by companies. In many cases such growth reached 60% in just a few years (see NIK, 2016) and that caused an intense debate on the model of the operations of the sector in Poland.

As a result of political and social pressure the Polish government decided to take certain steps aimed at redirecting the model of the management of water entities into a more controlled and predictable system. The new regulations, introduced in 2017 and 2018 (Sejm, 2018a, 2018b), brought radical change in several aspects. The three major changes include:

- the introduction of a central office verifying and approving fees for every municipality (until 2018 the fees for water and sewage removal were decided locally by municipality councils based on recommendation from the companies/entities themselves);
- the fees are fixed for three years;
- a governmental office dealing with all water-related issues was created (a merger of several separated institutions responsible for various aspects of water management).

While the introduced changes may initially be viewed as ‘technical’, in reality they represent a major shift in the overall approach in the provision of public services in the area of water and sewage. For more than 20 years the entire model was based on a concept of decentralisation and exclusive responsibility of local communities, i.e. municipalities, for resolving most of the issues related to water and sewage. As a result of a series of “failures” of the system (growing charges for customers/residents) and wider social and political criticism, the central government, supported by the majority in Parliament, started a process which in practice will result in a much deeper transformation of the concept of public management in this sector. The changes will result in the centralisation of decision-making processes, the introduction of (central) control measurements

and a growing need for verification of expenditures at the local level. Will this mean that the NPM model will vanish? Not necessarily, this new situation will bring a need for a new management perspective, but the directions are still unknown and should be thoroughly researched.

The above Table 2 may be a useful tool for examining the reality of public management practice in water and sewage companies in Poland.

Conclusion

Referring to the hypotheses mentioned in the methodical part of this article, it should be noted that the water and sewage sector in Poland after 1990 developed to a large extent based on the New Public Management model. From the very beginning, methods typical for standard businesses were introduced in the sector and organisational forms that were commonly used originated from business. The overall concept of public service delivery with regards to water and sewage sanitation in Poland was designed around decentralisation and passing the responsibilities for the efficiency of the services to local governments. This included the power to determine fees for consumers/residents. Due to the emancipation of the companies and increasing expenditures on investments (usually based on the real needs of the local communities), the pure business approach brought public pressure on revisiting the models used in this sector.

The second hypothesis focused on the shift from NPM towards other post-NPM paradigms, especially the NWS. While certain elements of the NWS approach are clearly visible in the new regulations and practices (centralisation of some functions, increase in forms of central control, growing role of central public administration, legalism and rule of administrative law), at the same time there are still strong elements of NPM existing in the sector (economic calculation, professional management, primacy of efficiency and effectiveness); we may come to the conclusion that NPM is not being replaced by the NWS or other paradigms, but the system is gradually

changing towards a hybrid model. In other words, NPM is not dying, but is being given a new face, more directed to centralised legal provisions, with increasing control of the state, but pure elements of business practices are still in force, representing the NPM model.

We should also note that it is still at a quite early stage: the changes were introduced recently and the whole sector is still in the process of early transformation, therefore further investigations and more advanced research will be needed in order to not only to identify the trends but also to provide some more reasonable predictions for the future.

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