Perspectives on cutback management in public organisations : what public managers do
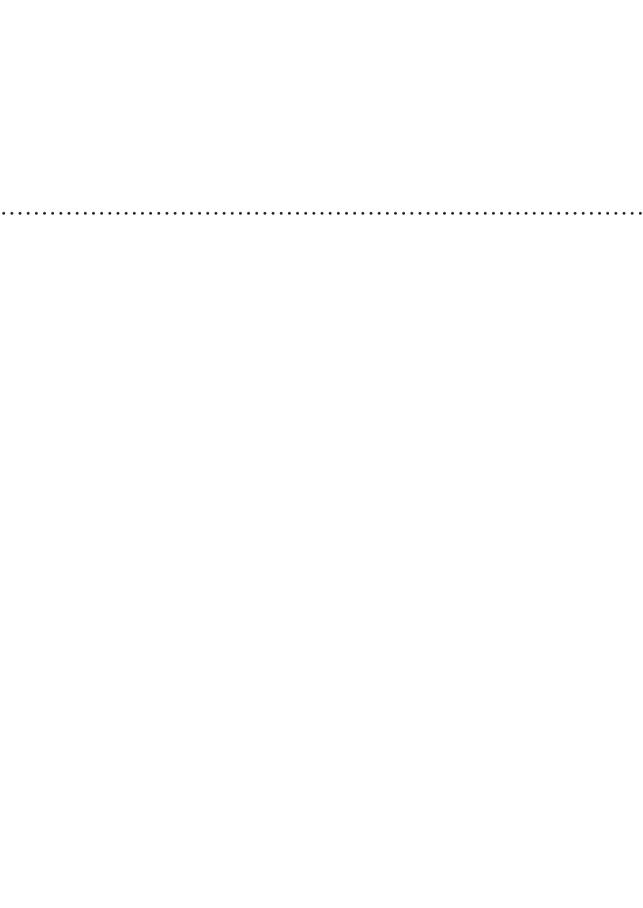
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Chapter 7

Conclusions and discussion

7 - CONCLUSIONS AND DISCUSSION

7.1 A STUDY ON MANAGERIAL BEHAVIOUR DURING CUTBACKS

Pandey (2010) called upon public administration and public management researchers to, once again, focus scholarly attention on cutback management. As Chapter 2 of this thesis shows, many countries in Europe and elsewhere have been compelled to cut back spending and could not avoid looking at government's operational expenditure, making cutbacks a pressing management issue.

Close to ten years on, we should reflect on whether public administration scholars have succeeded in answering Pandey's call. Given the number of recent studies on cutback management, one could argue that scholars did respond to this call to arms. Public administration and public management scholars have put considerable effort into explaining differences in how countries responded to cutbacks (Kickert and Randma-Liiv, 2015; Kickert et al., 2015; Posner and Blöndal, 2012; Raudla and Kattel, 2013), what austerity measures were used to cope with cutbacks (Barbera et al., 2017; Diamond and Vangen, 2017; Lodge and Hood, 2012) and how decision-making during such processes evolved (Kickert, 2012a; Kickert and Ysa, 2014; Raudla and Savi, 2015; Savi and Randma-Liiv, 2015). At the same time, such studies have usually focussed on macro-level issues. Studies on the organisational level remain relatively rare (but see, for example, Overmans, 2019). Theories and perspectives from economics and political science have continued to largely dominate, while studies taking a managerial perspective on cutbacks are still in their infancy. As the late Christopher Pollitt argued in a keynote at a conference for European and American public administration scholars in 2015:

> *"There is a yawning gap where we might expect, after four years of fiscal squeeze, there would be a budding crop of independent, analytic studies showing how cutbacks were being managed and implemented at service level. Nor do we have anything approaching a major theorized study of the specifically administrative and managerial impacts of the current round of fiscal squeeze across Europe. "* (Pollitt, 2015: p. 7)

This dissertation has aimed to provide a better understanding of what public managers do during cutbacks. As explained in its introduction, cutback management scholarship from previous crisis episodes did not result in theoretical frameworks for cutback management. As a consequence, this research has been explorative in nature, trying to create a better understanding of what public managers actually do when they are tasked with cutback enactment in their organisation. We specifically focused on cutbacks in operational expenditure as, here, the role of public managers will be particularly important in decision-making and implementation. We first aimed to explore and understand public managers' behaviour during cutbacks in order to contribute to cutback manage-

ment, and second, we aimed to specify and elaborate the theories applied in this dissertation for application in the context of cutbacks. This focus on managerial behaviour during cutbacks was reflected in the overall research question:

"How do public managers in Dutch government manage cutbacks targeted at their organisation?

We empirically analysed managerial behaviour in different circumstances and in different organisations, and also by studying public managers in different positions. Three distinct case studies were carried out, preceded by a round of exploratory interviews with public managers from a range of public organisations. In total, 88 public managers in the highest echelons were interviewed for this dissertation. We analysed managerial behaviour during cutbacks by focussing on managing upwards, downwards and outwards, and also on managerial values. In order to analyse these different managerial orientations, we applied different public management theories to the role of managerial behaviour during cutbacks. We applied a Public Service Bargain (PSB) perspective to study managing upwards, and to study managing outwards we used the Miles and Snow (1978) framework on strategic management. We used various leadership perspectives to study managing downwards, and to study public managers themselves we drew upon the literature on public values. These different perspectives helped us understand what public managers do during cutbacks: how they act and why they do so.

Alongside helping to understand managerial behaviour during cutbacks, this dissertation also aimed to contribute to the various public management theories that have been used. The public management perspectives that have been applied in this dissertation have been frequently tested in stable environments. While this is important, these cannot necessarily be generalised to an environment where organisational goals, growth and survival are all at stake (Levine, 1978). In reality, public organisations always face the risk of having to contract, either through budget cuts or due to political choices (O'Toole and Meier, 2010) and, thus, while studying public management theories in stable environments is relevant, it is more important to understanding how public organisations adapt to turbulent environments (Barnard, 1938 in: Jimenez, 2018). This dissertation thus helps to explain how cutbacks, as a contextual factor, affect managerial behaviour and therewith, not only speaks to cutback management scholarship but to a broader group of public management scholars interested in decision-making and managerial behaviour in the higher echelons of public organisations.

In the remainder of this chapter, we first discuss the conclusions of the various empirical studies in this dissertation by focusing on the conclusions of Chapters 3, 4, 5 and 6 in Section 7.2. Then, in Section 7.3, we draw overall conclusions from this dissertation research. Section 7.4 describes how this dissertation contributes to public management theories - the second goal of this research. The limitations of this dissertation are discussed in Section 7.5 while its practical implications as highlighted in Section 7.6.

7.2 MANAGERIAL BEHAVIOUR DURING CUTBACKS

Managing upwards: a public-service bargain perspective

Chapter 3 took a political–administrative perspective on cutback management and analysed how public managers manage upwards in relation to their political superiors. In doing so, it focussed on the interaction between public managers and political principals during cutback management processes. We posited that the interaction between political superiors and public managers could be seen as a public service bargain (PSB) that reflects the *"explicit or implicit agreements between public servants (…) and those they serve"* (Hood and Lodge, 2006: p. 6). Within that chapter, we examined the interactions of both public managers of an executive agency and prison directors with political principals, and analysed how the interaction between public managers and political principals developed during the cutback management process. The results show that cutbacks can put the interactions between public managers and political principals under pressure. We saw that because political principals blamed public managers for leaking information to the press that they withdraw public managers' responsibility in deciding what, where and how to cut back. Consequently, public managers began to resist to cutbacks. These observations show that how the interaction between public managers and political principals develops has an effect on the cutback management process and public managers' roles therein. The political–administrative context that public managers work in can determine public managers' room for manoeuvre and their autonomy, and as such is a factor that explains managerial behaviour during cutbacks.

Managing outwards: a strategic management perspective

Chapter 4 took a strategic management perspective on cutback management and analysed whether, how and why public managers choose to engage external stakeholders in cutback management processes. We took the strategic management literature as a starting point and linked this to open and closed cutback management strategies. We analysed the strategic management behaviours of public managers by focussing on why public managers act as prospectors, defenders or reactors. In this way, we built upon the classical study on strategic stance by Miles and Snow (1978), as refined for the public sector by Walker and Boyne (2004). An interview study among public managers from different organisational units within the same organisation found that whether public managers try to engage with these external actors depends on their position within the organisation and their perception of the environment. Interestingly, we found that even within the same organisational unit, some public managers chose to take a prospector stance towards external actors, and actively look for ways to interact with their environment, while colleagues decided to focus on improving their internal organisation, rather than managing outwards. Those public managers that try to affect decision-making usually adopt a prospector strategic stance, and try to open up the cutback management process to external stakeholders, while public managers who are focused on ensuring that cutback-related changes are implemented as smoothly as possible try to close off the cutback management process to outsiders and adopt a defender strategy.

Managing downwards: a leadership perspective

Chapter 5 took a leadership perspective on managerial behaviour during cutbacks. We applied a leadership perspective to understand how public managers manage downwards because cutbacks have the potential to have an enormous effect on employees. By drawing on insights from the literature on transformational leadership, change leadership and crisis leadership, we analysed leadership behaviour during cutbacks in three different organisations. The results show that a context of cutbacks triggers top-down planned change processes. Usually only higher-level public managers are involved in such processes. These processes restrict lower-level public managers room for manoeuvre. Within the process of implementing cutback-related changes, public managers' leadership behaviour becomes focused on securing employee support for change in ways that vary across levels in the organisational hierarchy and differ depending on the impact of cutbacks. More generally, we found that top civil servants in the highest echelons demonstrate crisis leadership behaviour during cutback decision-making processes, but that direct supervisors tend to opt for transformational leadership and change leadership styles in such situations.

Public managers: a values perspective

Chapter 6 took a values perspective and focused on public managers themselves, and what motivates them in their job when managing cutbacks. This study was aimed at uncovering what values manifest themselves in decisions that public managers make regarding the use of a targeted or a proportional cutback management strategy. We built on a differentiation between lambda, theta and sigma values as developed by Hood (1991). This framework can be seen as reflecting the various organisational-level values that public managers need to balance in their work. Research suggests that, when public managers are faced with decisions, multiple values can become salient, and public managers will identify which values are most relevant in a particular decision-making context. This suggests that when public managers need to choose between proportional and targeted cuts, certain values may guide and justify their managerial decision-making. Drawing on elite interviews with twenty-six public managers, we found that the relationship between values and cutback management strategies is much less clear cut than conceptually understood in the literature. We found that public managers take a whole range of values into account when deciding upon a cutback management strategy. Public managers using targeted cuts emphasise the importance of values such as resilience and robustness, whereas public managers who use proportional cuts, or cheese-slicing, put an emphasis on values such as fairness and equality. We saw that efficiency, which in the literature is mostly linked to using targeted cuts, was manifested in decisions favouring not only targeted but also proportional cuts. Further, there were different mechanisms underlying this result. Respondents using proportional cuts argued that such as strategy is less time-consuming and therefore more efficient. Respondents opting for targeted cuts, on the other hand, argued that, if you want to make real efficiency cuts, you cannot cheese slice your way down.

7.3 CONCLUSIONS

Within this section, the overarching research question of this dissertation will be answered by combining the insights from the various empirical studies. We do so in two ways. First, we analyse how public managers in Dutch government manage cutbacks targeted at their organisation. Second, we analyse in what way the particular characteristics of cutbacks may shape public managers' behaviour.

What public managers do when cutbacks target their organisation

When public managers are confronted with cutbacks targeted at their organisation, they will take into account what the cutbacks imply for their organisation and its organisational goals. In other words, public managers keep an eye on organisational processes and also judge cutback management plans accordingly. The case studies show that public managers find it important that how cutbacks are translated into concrete cutback-related changes is in line with what they deem reasonable. In the chapter on values, we could clearly see that values such as robustness and resilience are manifested in public managers' decisions regarding cutbacks. They take these values into consideration because they do not want cutbacks to harm organisational practices. The same can be seen in the other empirical chapters. Why did public managers fight cutbacks in the prison sector? Not only because they were not involved in the decision-making process, but also because they did not feel that the organisation's vision and mission could be upheld. Whether public managers choose to engage external actors in the cutback management process, as discussed in Chapter 4, also depends on whether public managers feel that including such actors in the cutback management process will help them achieve their goals. Public managers thus seem to consider whether cutbacks will affect the public value that their organisation creates, and they try to interact with those other stakeholders who might help them get their own way.

This last point also means that public managers prioritise certain actors over others, and this depends on the stage of the cutback management process. In the first stages of decision-making, only the magnitude of cutbacks is defined, while the content (*what* is cut back) and the process (*how* to cut back) are still to be decided. In this stage, public managers mainly seem to direct their attention to those actors who are involved in the decision-making process: the political and administrative elites. When cutbacks are translated into concrete cutback-related changes, and public managers are tasked with the implementation of such plans, much of their behaviour is targeted downwards, rather than upwards or outwards. In such situations, what public managers try to do is to make cutback-related changes work. They do so by showing leadership behaviour that is aimed at increasing support for change, such as role modelling and stating the urgency of change. Based on this finding, we thus argue that public managers will have an upward orientation at the beginning of cutback management processes but downward in later stages.

A difficulty in the work of public managers that we saw is that public managers' relationship with one actor may also affect their relationships with other actors. This is because the various actors that

public managers may interact with can have different preferences during cutbacks. In Chapter 3, we showed how political and administrative actors tried to close off decision-making in the cutback management process from public managers working in prisons in order to ensure that cutbacks could be implemented. Prison directors reacted by turning to two other actors. First, they gave room to their employees so that they could protest against cutbacks and, second, they turned to external actors in order to find ways to affect decision-making. As Chapter 4 showed, stakeholders that are not formally involved in decision-making may still be able to affect decisions. The best example from this dissertation is the interactions of prison directors with local-government mayors. When the public managers were excluded from the decision-making process, they interacted with mayors who started lobbying for them in Parliament and within the Ministry. We also saw that such actions can negatively affect their relationship with political superiors who then feel that public managers are 'cheating' on their relationship as they are not expected to try and affect decision-making by going behind their political superiors' backs.

That public managers in different situations show different behaviour indicates that public managers, depending on the situation, aim to maximise different utilities. In one situation, this can be to have as much influence as possible on *what* is cut back and *how* cutbacks are implemented while, in another situation, their utility-maximising behaviour is aimed at making cutback-related changes work. Overall, it seems that their feeling as to whether cutbacks can be realised without harming organisational goals is the main driver for managerial actions. In answer to the research question as to how public managers in Dutch government manage cutbacks targeted at their organisation, we would answer that, for public managers, cutback management is all about balancing their relationships with the different actors in order to manage cutbacks in such a way that the organisation can continue to function in a satisfactory manner.

How cutbacks shape managerial behaviour

What we learn from the conclusion described above is that public managers exhibit different types of behaviour when confronted with cutbacks. The question then is, what characteristics of cutbacks influence managerial behaviour? Based on the various empirical studies, we can distinguish between the characteristics of cutbacks and the consequences of cutbacks. We will discuss both the characteristics and the consequences of cutbacks, and discuss how these can shape managerial behaviour.

The first characteristic we consider is the magnitude of cutbacks. Depending on the magnitude of cutbacks they are confronted with, public managers face different circumstances. When the scale of cutbacks is high, cutback-related changes are likely to have a more substantial impact on a public manager's organisation. Where cutbacks lead to very substantial cutback-related changes, public managers will be very much inclined to try and shape the type of changes being proposed, and how the cutback-related changes will be implemented. As such, public managers will try to influence both the content and the process of cutbacks (Schmidt et al., 2017). With somewhat smaller cutback-related changes, public managers can be more inclined to focus on managing downwards and ensuring that cutback-related changes are implemented in a way that does not

disturb organisational processes. Thus, the magnitude of cutbacks induces public managers to focus on interactions with specific actors.

A second characteristic of cutbacks that has the potential to shape managerial behaviour is political salience. The political salience of cutbacks may create both opportunities and constraints for public managers. Cutbacks with a high level of political salience may result in centralised decision-making, and in the activation of a wide range of stakeholders who want to be involved in the cutback-management process. As we saw, in situations where political salience is high, cutbacks often lead to the centralisation of decision-making. This finding is nothing new, with similar conclusions reported elsewhere in the cutback management literature (Douglas et al., 2019; Jimenez, 2017; Raudla et al., 2015). What our study adds to this literature is that the centralisation of decision-making determines who public manager can interact with and their room for manoeuvre. In chapter 5 on leadership, we found that centralisation can limit the possibilities for public managers to meaningfully engage their employees in cutback-related change processes. In other words, the political salience that comes with cutbacks can place constraints on public managers ability to act with particular actors and may limit their impact on *what* is cut back and *how*. Second, we noted that cutbacks with a high level of political salience can empower many external stakeholders to try and get involved in the cutback management process. As noted in chapter 4 on strategic management, this can create both opportunities and constraints. We found that public managers who still want to influence decision-making but cannot manage upwards, may interact with external stakeholders to try to impact decision-making. It is important to note that political salience and the magnitude of cutbacks may well be correlated since our case studies show that large magnitude cutbacks may be accompanied by high political salience.

The above discussion has already shown two important consequences of cutbacks: the centralisation of decision-making and the activation of a wide range of stakeholders. Another consequence of cutbacks that may shape managerial behaviour is the uncertainty, especially for employees, that can accompany such cutback-related changes. As shown in earlier studies, the mere announcement of cutbacks can be enough to impact employee wellbeing (Conway et al., 2014; Kiefer et al., 2015). In our various case studies, employee uncertainty regarding cutbacks could also be observed. For example, we saw that public managers who had to implement cutback-related changes were well aware that cutbacks would affect employees and tried to communicate clearly what cutback-related changes were being proposed. However, whether public managers could succeed in this also depended on whether they were involved in the decision-making processes and whether they were informed about what was going to happen. In other words, the centralisation of decision-making may also bring uncertainty to public managers regarding what is going to happen. Uncertainty about what cutbacks entail can also travel beyond the boundaries of the organisation. In chapter 4 on strategic management, we observed that prison cutbacks activated a wide range of stakeholders who tried to engage with the decision-making process, and that public managers were thus confronted with the dilemma as to whether to engage with those stakeholders or not. Depending on the interests of the public managers in question, public managers chose either to try to engage

external stakeholders in the process, or tried to close off the cutback management process. Public managers thus have to act upon the uncertainties of employees and other actors, and therefore the consequences for and reactions of these group of actors to cutbacks also shapes how public managers deal with cutbacks targeted at their organisation.

Finally, it is important to note that how such characteristics and consequences of cutbacks impact public managers is also dependent on what position public managers occupy within their organisation and the role of their organisation in the cutback management process. Chapter 3 showed that, when decision-making is centralised, those public managers in the higher echelons will be involved in decisions on what to cut back and how to implement cutback-related changes. Chapter 5 on leadership, however, showed that public managers in lower-level positions are concerned with implementation and directly interact with employees concerning such matters. In the chapter on strategic management, we also found how managerial position can influence whether public managers want to actively involve external stakeholders in the process of cutback management. In short, how cutbacks shape managerial behaviour in part depends on the position that public managers find themselves in.

7.4 THEORETICAL IMPLICATIONS

This dissertation contributes to the cutback management literature, but the aim has also been to contribute to public management theories. In this section, we highlight the main contributions of this dissertation for theory development by explaining how this research has contributed to theory development on PSBs, leadership, strategic management and values, and by discussing the more general contribution of this dissertation to theory on managerial behaviour.

The importance of taking context into account

As explained in the introduction, there is increasing attention in the public management literature to the role of context (Johns, 2006; Meier et al., 2015; O'Toole and Meier, 2015; Pollitt, 2008; Pollitt, 2012). Here, Johns (2006) argued that, if we want to understand interactions between people within an organisation, we need to incorporate context. O'Toole and Meier (2015) added to this that, in order to understand how context affects management, we should *"apply existing theories of public management in as many different contexts as possible"* (p. 241). Such pleas for taking context seriously, can be answered through two types of studies: comparative studies in which context is treated as one of the independent variables of interest and case studies that provide detailed descriptions of how a particular phenomenon occurs in a given context (Nowell and Albrecht, 2018). The latter is particularly appropriate when there is a lack of an explanatory theory for the situation or phenomena under investigation (Toshkov, 2017). This dissertation fits in the second category since the question of how cutbacks are managed at the organisational level has received only marginal attention in public administration and public management scholarship. The case studies carried out provide in-depth insights into what public managers actually do when their organisation is

being targeted with cutbacks, and also give insight into what characteristics of cutbacks may shape managerial behaviour.

This dissertation shows that it is relevant to take cutbacks into account in public management and public administration studies. There are several reasons why cutbacks are an important contextual factor that deserves our research attention. First, cutbacks result in a situation in which resources are scarce. As resource inflows in public organisations are usually stable and predictable (Pandey, 2010) and public managers cannot easily increase their organisations' revenues (Andrews et al., 2010), cutbacks challenge organisational continuity. Second, while cutbacks are not necessarily unpredictable, they can still disrupt organisational practices and put pressure on public services (Mccann, 2013), on personnel (Kim, 2018; Piatak, 2018), on performance (Park, 2019) and on a wide range of other outcomes. Third, and related, cutbacks will lead to uncertainty as it is often unclear what the effects of cutbacks will be (Jick and Murray, 1982). Public managers bear the responsibility of managing the effects of cutbacks on their organisation, yet do so in an environment where they are severely limited in the extent to which they can use particular resources to manage cutbacks. Cutbacks thus constrain public managers' behaviour, and therefore are an important variable to take into account when trying to understand what public managers do but also when trying to understand other public management phenomena, such as organisational performance.

Some previous public management studies have taken variables that relate to cutbacks, such as turbulence, into account. Turbulence captures unpredictable changes in the resources of an organisation. Thus, compared to cutbacks, turbulence also captures to what extent changes in resources are an unpredictable shock (Boyne and Meier, 2009; Cameron, Kim, and Whetten, 1987), and as such is a different concept than cutbacks. In future studies, it could be interesting whether cutbacks perceived as a shock trigger different managerial behaviour to cutbacks that are not perceived as such. By including cutbacks as a (contextual) variable in research, cutback management might become better embedded in public management research as a whole.

We also drew conclusions on what cutbacks imply for all the different theoretical perspectives applied in this dissertation. We now show, based on all the empirical chapters in this dissertation, what studying PSBs, strategic management, leadership and values in the context of cutbacks has contributed to refining these theories.

The first empirical chapter of this dissertation, on political-administrative interactions during cutbacks, applied a PSB perspective to cutback management. Our results show that cutbacks can put the relationship between public managers and their political principals under pressure, especially the associated bargain that is usually not institutionalised or formalised in any way. The informal part of the bargain, the exchange of loyalty from public managers, towards their political principals, with delegated responsibility for internal management was clearly the aspect most affected by cutbacks. Furthermore, we also observed that, during cutbacks, public managers do not just need to manage upwards to their political principals, they may also need to try to interact with other managerial levels. Our study suggests that one should not only take into account that public managers and political principals are in a bargain, but also that there may be bargains between

public managers on different levels within the organisation. Those public managers that are 'stuck' between political superiors and lower-level public managers might be in the most difficult position during cutbacks, having to try to engage with two groups whose interests may lay far apart. From the PSB perspective, this suggests that we may need to build a finer grained model of political–administrative interactions in which we not only take interaction between political superiors and public managers into account, but also interactions between different levels of public managers.

Our study on strategic management in Chapter 4 also clearly showed how cutbacks can shape strategic management. We found that some actors actively tried to engage external stakeholders in the cutback management process, thus aiming for an open cutback management process. At the same time, other actors tried to close off the cutback management process from external actors and therefore did not actively engage with them. These differences can be attributed to what public managers focus on during the cutback management process. Public managers that tried to exclude external actors were very much focused on making sure that the cutbacks would go through. They expected that involving all kinds of external stakeholders would make this more difficult. Public managers that actively tried to engage external actors in the decision-making process did so because they expected that this would help them to influence the decisions that were being made regarding cutbacks.

Cutbacks also induce particular styles of leadership behaviour. Indeed, calls for including context have especially been long standing in the field of leadership (see, for example, Bryman et al., 1996). In the study in Chapter 5, we found that cutbacks impact leadership behaviour in various ways. First, cutbacks affect how decisions are made within public organisations. We found that the greater the impact of cutbacks, the more likely it was that decision-making regarding the content and process of cutback-related changes were pre-determined at a very high level. For public managers, this means that their room for manoeuvre in terms of leadership behaviour is much smaller. It is hard for public managers to engage employees in cutback-related changes if these, for the most part, have already been defined. Furthermore, rather than trying to frame cutback-related changes with a compelling vision of the future, cutbacks induce public managers to highlight the necessity and urgency of implementing cutbacks. The study on leadership thus shows how cutbacks induce specific leadership behaviours among public managers.

Our study on values in Chapter 6 shows the values that are prevalent in decision-making during cutbacks. It adds to the notion that values such as cost-effectiveness and efficiency are important (Bozeman and Pandey, 2011) by also showing that many other values come into play during cutbacks. For example, public managers also argued that values such as robustness, equality and fairness come into play in decision-making. The results also underline that the relationship between values and cutback management strategies is much less clear than conceptual studies suggest. Our study shows that certain values are particularly important in the context of cutbacks, thus showing that value hierarchies are context-dependent. That is, public managers may find it important to take different values into account when managing cutbacks than they would in other contexts. For scholars that are interested in value hierarchies, our exploratory study shows what values are manifested during cutbacks and how they come in to play.

Finally, we also contribute to theories on managerial behaviour in a more general way. In the introduction to this dissertation, we referred to the work of Niskanen and Dunleavy, who have been among the most influential modellers of managerial behaviour in our discipline. We have described how we concur with Niskanen and Dunleavy that public managers are goal-oriented, and exercise intentional and strategic behaviour. However, we differ in that we do not see managerial goals and preferences as fixed but, rather, observe that public managers act according to a rational–adaptive perspective in which what public managers want to achieve is context-dependent. If preferences were fixed, we would have found public managers trying to fight cutbacks, or deciding to implement cutbacks, in every case study. However, we found that public managers sometimes choose to try and change how their organisation is affected by cutbacks, and sometimes actively work on ensuring that cutback-related changes are implemented. Public managers focus their attention on different actors depending on their own goals within the cutback management process. Thus, public managers were indeed goal-oriented actors in our study, but their goals changed depending on the situation.

If we contrast these findings to the discussion on the views of Niskanen (1979) and Dunleavy (1991) in the introduction to this dissertation, we have to conclude that public managers do not have a fixed utility that they want to maximise during cutbacks. Rather, they have different utilities they may want to maximise, and then act accordingly. Such a view of rational behaviour as being dependent on context is far from new. Landau (1969) was already arguing that *"a course of action may be perfectly rational in one sphere, and perfectly silly in another"* (p. 352). This simply means that what is considered to be rational behaviour in one particular context, can be seen as irrational in another. However, what this does also mean is that we need to take context into account when researching managerial behaviour. Indeed, we have already concluded that it is important to incorporate cutbacks as an important condition for managerial behaviour since they place certain constraints on managerial behaviour.

By now referring to one of the current trends within public management research, we want to show why it is important to try and understand public managers' intentions in the context in which they are operating, rather than pre-defining and simplifying what these intentions will be. In other words, why one should take a rational-adaptive perspective on how public managers act.

One of the current trends within public management is to focus on bias. This is seen as an important topic for research since it can, for example, contribute to equal treatment of citizens when facing civil servants (see, for example, the work of Raaphorst and Groeneveld, 2018 and Raaphorst, Groeneveld, and Van de Walle, 2018). On a note of caution, as highlighted by Moynihan (2018), there has been such a strong focus on negativity bias that this narrow focus may lead people to conclude that *"irrationality is the essential condition of human behaviour"* (p. 5). In other words, we seem to be very much focused on finding deviations from what we expect to be rational behaviour. However, how do public management scholars come to such conclusions? In essence, by predefining and simplifying what managerial intensions are, rather than trying to understand why particular behaviour occurs in a given context.

In a way, this links to the concept of bounded rationality (Simon, 1955). In this dissertation, public managers' rationality is certainly bounded. There is uncertainty about what cutbacks will mean for the organisation and its employees. A lack of information and sometimes an inability to participate in decision-making processes limits what public managers know about what will happen during cutbacks, and therewith limits their actions. Nevertheless, we do believe that we have been able to capture public managers' intentional behaviour within a context of bounded rationality. In order to further understand what public managers' intentions are, and to understand why particular behaviour is exhibited in a specific context, we need qualitative research. Qualitative methods help in understanding *why* public managers engage in particular behaviour. This is why research on public management in general, and behavioural public administration in particular, would benefit from greater application of qualitative research methods.

That we have shown that public managers behave in different ways when interacting with different stakeholders also adds to the long-running debates on loyalties in the public sector (De Graaf, 2011). As we have explained, public managers have to balance a wide range of interests when managing cutbacks. Whether public managers' behaviour will be seen as rational also depends on what relationship is prioritised by public managers. Long (1949) argued that, within organisations, different loyalties exist. A public manager can be loyal to his or her team, directorate, directorate-general, ministry, or the civil service as a whole. In our study on cutbacks in the Dutch prison sector, we observed this point very clearly. Public managers working as prison directors were torn between loyalty to their organisations and direct colleagues, and to the executive agency. Some prison directors tried to avoid cutbacks, which is rational if their loyalty lies in the prison. Thus, to whom a public manager is loyal may affect how he or she acts, and whether this is considered to be rational.

7.5 FUTURE STUDIES ON CUTBACK MANAGEMENT

All the individual studies in the separate chapters have included remarks on the limitations of the methods that were employed within the various case studies. Furthermore, all these different studies provide avenues for future research. In this section, we want to highlight some more fundamental limitations of this dissertation and offer some overall remarks and advice on future research avenues to address these limitations. The remarks in this section will concentrate on the overall research design of this dissertation, the use of elite interviews as the main method of data collection, and the different perspectives that have been employed. Furthermore, this section will address some new ideas for research on cutback management that are beyond the scope of this dissertation.

Limitations of the research design

First, this dissertation has used a case study design. Such an approach prioritises internal validity over external validity. Case studies are an especially useful research design when the main research

aims, as in this dissertation, are exploratory. However, this also means that the results of the different case studies should be interpreted with some caution, and do not necessarily apply in other contexts. Two aspects of context will be discussed here. First, we should highlight that we studied cutback management in a specific political–administrative context. Countries differ greatly with regard to their senior civil service system, and the type of system also affects how much autonomy public managers have and their role in internal management. A fundamentally different civil service systems from that of the Netherlands, for example a spoils system in which many public managers are replaced when the ruling political party changes (such as in the US), can affect how public managers deal with cutbacks. Such a different administrative context will affect the PSB that public managers work in and this, as shown in this dissertation, may affect how cutbacks are managed. Consequently, comparative studies in different administrative contexts could be helpful in furthering our understanding of cutback management.

Second, even if other studies were to be conducted in similar administrative contexts, one should bear in mind that the case studies conducted for this dissertation were all set in specific policy fields and that differences may exist between different policy fields, or between different types of public organisation. The prison sector can be seen as an especially specific policy field given the importance that is attached to safety and, as such, the high political salience that cutbacks within this sector encompass. Consequently, the findings from our studies in this sector may not necessarily replicate elsewhere, and further research in other sectors is needed. In this regard, we would encourage research that takes the conclusions of this dissertation as a starting point.

The value of case studies lies in being able to consider a wide range of factors that might affect a particular outcome. This means that many different variables both deliberately and unconsciously enter the research. Furthermore, our research design prohibits any causal explanation of how factor x causes outcome y. In order to see how certain characteristics of cutbacks prompt certain behaviour by public managers, studies are needed that systematically test relationships between, for example, the magnitude of cutbacks that public managers are confronted with and the type of leadership behaviour they engage in. Using a vignette or policy-capturing method may be helpful in studies with this particular goal since such methods help to establish relationships between particular characteristics of cutbacks and managerial behaviour.

The organisational outcomes of cutbacks were beyond the scope of this dissertation. Rather, this dissertation discussed what public managers do during cutbacks, and why they do so. Given this focus, we did not include any measure of outcome in our study, such as organisational performance. As outlined in the introduction, cutbacks have the potential to affect employee wellbeing (Conway et al., 2014; Kiefer et al., 2015; Van der Voet and Vermeeren, 2017), organisational performance (Behn, 2013; Park, 2019) and innovation adoption (Van der Voet, 2018). Despite the notable exceptions identified earlier, public management research and practice would benefit from studies that systematically analyse how cutbacks affect different types of outcomes over time. In particular, both theory and practice would benefit from work that focusses on managerial behaviour during cutbacks and assesses how public managers might moderate the effects of cutbacks.

Limitations of elite-interviews

Each of our individual studies primarily relied on data from interviews with top civil servants. Using such 'elite interviews' is a common method to capture the motives, beliefs and actions of administrative elites (such as public managers). As this dissertation posed *how* and *why* questions, interviews are an appropriate method to investigate managerial intentions. At the same time, it is not the only method: there is a wide range of studies that give precedence to 'being there' as opposed to interviewing public managers (Noordegraaf, 2015; Rhodes, 2005; van Dorp, 2018). The benefits of being there, for example through observations or through shadowing elites in their daily work, are multiple. As outlined in Chapter 2, a downside and difficulty of elite interviewing is that elites can take over interviews and determine exactly what they want, and do not want, to say. Thorough preparation of the interviews (for example, by doing interviews with other informants and by studying policy documents) was done in order to prevent such things from happening. Complementing interviews with observations of public managers could also help to make it is less likely that elites 'cover up' behaviour that they do not want researchers to see. Furthermore, such research that is up close and personal may help capture the everyday life of top civil servants.

In addition to adopting methods that are suitable for observing managerial behaviour, scholarship may also benefit from employing research methods that help to analyse how managerial behaviour is perceived by others. We know from recent leadership studies (e.g. Jacobsen and Andersen, 2015) that intended behaviour is not necessarily congruent with how behaviour is perceived by, for example, employees. In other words, while public managers may argue that they intended to employ role modelling behaviour, they may not have been perceived as such. Future studies that focus on the extent to which intended and perceived behaviours are congruent during cutbacks could be a valuable addition to this dissertation. One interesting avenue for research here is how managerial actions are perceived by different actors. For example, when public managers resist cutbacks, this is likely to be appreciated rather differently by political actors (who usually want cutbacks to be implemented) and employees (who can be afraid of losing their job). Not only behaviour, but also decisions can be interpreted differently. For example, this dissertation showed how considerations of different values are manifested in decisions by public managers to adopt a particular cutback management strategy. However, we do not know whether employees perceive the choice for a particular strategy in the same way, and whether the values that public managers attribute to a certain decision match those of their employees.

Studying public managers' interactions with other actors

All of the studies in this dissertation take the individual public manager as the point of reference. The focus in all the studies is on his or her interactions with other actors, such as political superiors and employees. However, decisions on what and how to cut back in an organisation are seldom made by individuals. Rather, Top Management Teams (TMTs) play an important role. In some of our case studies, we have already touched upon the role that TMTs play in cutback management processes. Studies focussing on the role that TMTs have in defining the content and process of

cutback-related changes, or other relevant change processes, are still scarce (but see Carmeli, 2006; Clark and Soulsby, 2007; Rutherford, 2016). Consequently, drawing on upper echelon theory, or other theories that specifically focus on TMTs, couldn help in analysing decision-making in TMTs and thereby contribute to our understanding of cutback management.

7.6 PRACTICAL IMPLICATIONS

We bring this dissertation to an end by highlighting some practical implications of this research that could benefit the work of public managers. First, this dissertation has shown how context can shape behaviour. Although the fields of leadership and organisational change in particular include a wide range of professional publications on how to deal with crises and how to implement cutback-related change in organisations, these usually fail to incorporate context. Such studies mainly draw on the personal experiences of the authors themselves (Van Der Voet, 2014) and, despite being based on a small number of cases, claim unlimited generalisability (Boyne, 2006). This leads, without any systematic empirical underpinning, to lists of 'essential leadership behaviours' or 'ten rules for effective organisational change' that are unclear as to whether these lists hold for every context. This study found that, in many ways, public managers act differently when faced with cutbacks. Most importantly, many of the conditions for 'successful' organisational change or impactful leadership come under pressure during cutbacks. Providing a more contextualised account of what managerial behaviour looks like during cutbacks may help public managers to reflect on their own behaviour. We have translated the findings of our study on leadership during cutbacks into a factsheet with concrete lessons on dilemmas that public managers may find useful when confronted with cutbacks. These lessons include considerations on the role of communication, participation and individual attention during cutback-related change. In this way, we hope to inspire public managers to reflect on their own managerial behaviour and to help them make sense of the dilemmas they encounter.

   A second practical implication is that case studies provide valuable teaching material (Flyvbjerg, 2001). The case studies carried out for this dissertation can provide valuable teaching material on how public managers need to balance different interests and values. Cutbacks provide a setting in which hard choices are unavoidable and managers have to make difficult decisions: to use proportional or targeted cuts, to involve employees in decision-making or not, etc. The case studies provide real-life examples of how public managers navigate such difficult times and could be used to show students of public administration and public management a type of dilemma that public managers encounter in their work. Indeed, by translating the results of the case study in the prison sector to a role-playing game, the difficult challenges that public managers face during cutbacks became tangible for the public managers of the future – our students.