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Modernization as a Narrative: The case of the German ‘Neues Steuerungsmodell’

Introduction

New Public Management (NPM) is a package of most influential reform ideas for the public sector and was the core concept behind public sector transformation all over the world for more than 30 years (Hood 1991; Hood 1995; Lane 2000; Christensen and Lægreid 2002; Lynn Jr 2006; Pollitt and Bouckaert 2011). It is quite common to understand NPM as a narrative (Lynn Jr 2006, ix; Ferlie, Musselin and Andresani 2008; Paradeise et al. 2009; Ferlie 2010). Usually this narrative is understood to be characterised by “Three Ms” guiding the reform: (i) management (ii) measurement of performance and (iii) markets or quasi-markets (Ferlie 2010, 77; see also Ferlie, Musselin and Andresani 2008, 335).

Studies of the implementation of NPM ideas within German administration show two interesting varieties:

1. So far, the influence of NPM ideas on the federal level and on the level of the federal states – the *Bundesländer* – has only been very slight. Only on the local level some NPM-inspired reforms, which followed a special reform concept known as the *Neues Steuerungsmodell* (New Steering Model, NSM, KGSt 1993), have taken place (Wollmann 2000; Reichard 2003; Pollitt and Bouckaert 2011, 279 ff; Grossi, Reichard and Ruggiero 2016).
2. NSM has never been driven by the federal state or the Bundesländer but has mainly been disseminated by a coalition of
 - (1) a public consultancy agency called *KGSt* (Kommunale Gemeinschaftsstelle für Verwaltungsmanagement, www.kgst.de),

- (2) the labour unions for the public sector, mainly the *Gewerkschaft für Öffentliche Dienste, Transport und Verkehr* (ÖTV) which later became a part of *Vereinigte Dienstleistungsgewerkschaften* (ver.di),
- (3) some intermediary organizations such as the Bertelsmann Stiftung a foundation financed by the Bertelsmann Group, and
- (4) a range of business consultants (Wollmann 2000; Reichard 2003; Vogel and Frost 2009; Vogel 2012).

It is not clear why the Bundesländer and the federal government never intensively promoted NPM or NSM ideas. Of course in the beginning of the 1990s the main focus of governmental action lay on the transformation of the administration in the former German Democratic Republic.

This paper contributes to a critical discussion about the implementation of public management as well as to the development of narrative-based policy analysis:

- i. First, it will be shown how NPM ideas were reinterpreted for the creation of the NSM in a way that allowed formation of the coalition of supporters mentioned above.
- ii. Second, it will be investigated whether the Narrative Policy Framework (NPF) (Jones and McBeth 2010; Jones, McBeth and Shanahan 2014; Pierce, Smith-Walter and Peterson 2014; McBeth, Lybecker and Husmann 2014; Weible and Schlager 2014; McBeth, Jones and Shanahan 2014) is usable for an analysis of public management reforms.
- iii. Third, the paper will contribute to the methodology of narrative analysis, especially to the question of how collective political actors adopt and leave narratives or narrative coalitions.

The structure of this paper is as follows: In the next section, the NPF is applied to NPM and the German NSM reforms. Following that, the third section shows how labour unions joined the narrative coalition for NSM and how they per-

formed in disseminating NSM ideas. Section four then describes the collapse of the narrative coalition for NSM. Finally, some conclusions for a narrative analysis of NPM/NSM and for the evolution of NPF are drawn in sections five and six.

NPM and NSM as narratives of modernization

As a foundation for NPF analysis, Jones, McBeth and Shanahan (2014, 5) have suggested understanding a narrative as ‘some combination of a *setting*, *characters* (heroes, victims, and villains), *plots*, and a *moral of the story* (policy solution)’ [italics in orig.]. Even though the main ideas of NPM were shaped in the 1970s and 1980s (Marini 1971; Hood 1995), *Reinventing Government* by Osborne and Gaebler (1992) is undoubtedly one of the publications with the strongest impact on public sector practitioners, and one which influenced many publications that would follow, for example Al Gore’s 1993 book entitled *From Red Tape to Results: Creating a Government That Works Better and Costs Less* (Pollitt 1995, 137). David Osborne is an author and consultant for state and local governments; Ted Gaebler worked as a city manager before he founded a public sector consulting firm. Presented in a typical guidebook format, written ‘by practitioners for practitioners’, *Reinventing Government* became a bestseller (Weiss 1995) with a long-lasting influence on public-sector reform not only in the US (O’Neill 2013).

Focusing on the *setting* in the US at the beginning of the 1990s, Osborne and Gaebler (1992, xv) stated that ‘our governments are in deep trouble today’:

‘Our public schools are the worst in the developed world. Our health care system is out of control. Our courts and prisons are so overcrowded that convicted felons walk free. And many of the proudest cities and states are virtually bankrupt’ (Osborne and Gaebler 1992, 1).

The *victims* of this situation are, of course, the citizens, particularly those who need help from the public sector. Osborne and Gaebler explicitly refuse to blame government staff. In their view, the problem is not the people who work in the government but ‘the system in which they work’ (1992, xviii). But there

are other *villains*, people who want to run government like a business and who are mainly focused on budget cuts (1992, 20). The *heroes* of their story are, nevertheless, entrepreneurial government officers. So the main *plot* of the story is to ‘change basic incentives that drive our governments’ (1992, 23). This theme is discussed several times in the book, using different examples and focusing on output orientation (chapters 1, 4 and 5), empowerment and prevention (chapters 2 and 8), more competition in the public sector (chapters 3 and 10), customer orientation (chapter 6), entrepreneurial government (chapter 7) and decentralization (chapter 9). The *moral of the story* is as follows: A new ‘paradigm’ or ‘vision’ of government is needed and it is underway. Osborne and Gaebler (1992, 326) call it ‘the entrepreneurial (r)evolution’ which will, supported by leadership, trust, shared visions and goals, and resources from outside the public sector, help to modernize governments so that they might cope with future challenges. At its heart, this modernization relies on the transfer of management concepts and instruments that are thought to have been proven in the private sector. And this ‘revolution’ in the public sector is viewed as ‘inevitable’ and ‘global’ (Osborne and Gaebler 1992, 325).

Of course, this is only one example of how the NPM narrative can be shaped. Obviously, Osborne and Gaebler create a generally social-democratic view of NPM: for example, they explicitly criticize the politics of Ronald Reagan (Osborne and Gaebler 1992, 22). In contrast, Ferlie (2010, 77) sees NPM reforms in the UK as mainly ‘sponsored politically by radical right governments’. Lorenz (2012, 600) suggests to understand NPM as a synonym for ‘neoliberal policies in the public sector’ (also Lapsley 2009). Bevir (2009, 9) tries to differentiate this view, arguing that NPM is associated mainly with neoliberal regimes but very differently adopted in other countries.

Undoubtedly, *Das Neue Steuerungsmodell* (KGSt 1993) is the most important blueprint for NPM-oriented reforms in Germany’s public sector (Wollmann 2000; Reichard 2003). It was published by the KGSt in 1993 and presented a concept for reforms in local governments that was mainly based on the experiences of the Dutch city of Tilburg. Pollitt and Bouckaert (2011, 280) describe

the KGSt as ‘an independent consultancy agency organized by a voluntary membership of municipalities, counties and local authorities’. According to Wollmann (2000, 919), the KGSt had an ‘extraordinary influence’ on the development of local governments. Vogel and Frost (2009) portray the KGSt as a ‘think tank’ that became the key player in reform process on the local level.

Vogel (2013, 129) describes the NSM as a ‘highly consistent narrative which builds an institutional script for public sector transformation in Germany’. The *setting* is described as follows (for further details on the NSM narrative see Vogel and Frost 2009; Vogel 2012, 2013): At the end of an ‘era of growth’ (KGSt 1993, 7) and with regard to rising debts, the capacities of local governments to act are threatened. A number of shortfalls in local governments are stated: a lack of strategy and adequate management techniques, a lack of attractiveness as an employer for well-educated staff, and a lack of public legitimacy. The traditional model of a legalistic traditional administration is questioned and a modernization of local governments is stated as necessary. The process of modernization should be led by a new vision: the administration as a ‘service provider’ (KGSt 1993, 13). Similar to the NPM narrative by Osborne and Gaebler, the KGSt holds back from identifying the *characters* – especially villains and heroes – precisely or personally. Interests of the main stakeholders, including work councils and HR managers in the administration and, are analysed. It is argued that in every stakeholder group opponents and promoters of the reform might be found. Interestingly, the KGSt suggests a participation-oriented approach for the change process. Staff and works councils should be intensively involved in reform planning and implementation. Serious investments in training and vocational education for administrative staff is suggested to make the reform successful. A pronouncement from Gerhard Banner, CEO of the KGSt, is cited: ‘without staff, we won’t get anywhere’ (quotation in Kißler 2007, 17). *Mitarbeiterorientierung* (usually translated as ‘employee orientation’) became an important issue in reform concepts. The *plot* of the suggested NSM mainly consisted of a decentralization of the administration, a new relationship between the council and the administration based on contracts on performance and budgets, an orientation on outputs of administrative action, the implementation of a central unit for ‘controlling’ in the administration, and a

strengthening of benchmarking between local governments. The *moral of the story* is a short one: by adopting the NSM, local governments will be able to modernize themselves and will catch up with public services of other Western countries. In this point, the KGSt emphasizes an alleged convergence of the development of administrations with different historical backgrounds (KGSt 1993, 23).

Based on the definitions used in NPF, NSM and NPM can be understood as narratives. It should be noticed that the characters – victims, villains, and heroes – are not explicitly identified. Nevertheless, the victims are obviously ‘the public’, as citizens and enterprises paying high taxes. The villains are old-style bureaucrats who resist reforms and hold on to outdated administrative structures. The heroes are the NPM and NSM reformers themselves, especially those in the administrations. Public sector reform in this phase is not a high-conflict policy issue and front lines are not closed. NPM and NSM are narrative reform blueprints and both publications are attempts to convince actors, even critical groups, to support the reform ideas.

Modernization is a ‘shortcut’ for New Public Management in these narratives (Lapsley 2009, 2). Management ideas and instruments of the private sector are seen as ‘modern’ and the old-style management of public services could be modernized by implementing these private-sector techniques. As in many cases, when talking about modernization, the NPM and NSM narratives assume that ‘modernity’ is sufficiently homogenous to be identified and already well known. On the other hand, in NPM and NSM there is an idea that the ‘old world’ of administrational organization is in some way ‘fairly homogenous’ and, as a whole, ‘characterized as rule-bound and process-driven’ instead of driven by results, outputs and impacts (Hood 2000, 5). In the view of NPM and NSM narratives, modernization is inevitable, irreversible, convergent and beneficial (KGSt 1993, 196).

German labour unions in the narrative coalition for NSM

Even though it cannot be fully discussed here whether NPM in its entirety is a neoliberal program or ideology (Larner 2000), it should be clear that NPM has

included neoliberal ideas such as privatization and outsourcing. As a consequence, in most countries, public sector labour unions have tried to resist NPM reforms, especially when it comes to these points (Foster 1993; Teicher, van Gramberg and Holland 2006, Gill-McLure 2007; Gill-McLure and Seifert 2008). In Germany, the main labour union in the public sector, ÖTV joined the narrative coalition for NSM and was actively involved in telling the NSM story.

The influence of labour unions in Germany's public sector is traditionally strong for two reasons (Bach 1999, 59; Keller 2005). First, payment and employment regulations are organized within a collective bargaining system in which labour unions directly negotiate with the Federal Ministry of the Interior and local governments associations. Second, there is a special law of co-determination in the German public sector known as *Personalvertretungsgesetz* (personnel representation act) (Page 2011) which regulates competencies and duties for works councils in public organizations, especially concerning decisions on organizational issues and human resources. Members of works councils are usually organized by ÖTV / ver.di. With an organizational level of 38% in the 1980s and about 25% at the beginning of the 2000s (Schnabel 2016), ÖTV was by far the largest labour union in the public sector. Consequently, support of reform ideas by labour unions has been a serious advantage for implementation. Presumably, the accentuation of employees' relevance in the NSM was an intentional offer to the labour unions and an invitation to participate in the reform process; ÖTV accepted this invitation.

In 1988, ÖTV had already launched a reform program called 'A Future through Public Services' (Zukunft durch öffentliche Dienste) (Mai 1993; Simon 1993). The publication of the NSM reinforced the ÖTV initiative. Several initiatives for local reform projects were triggered by ÖTV (Simon 1993; 1996; 1999) and the *Hans-Böckler-Stiftung*, a union-linked research foundation, was involved in the scientific monitoring of these projects, in which several university professors were involved. The experiences of these projects have regularly been published in a book series on modernization of the public sector (*Modernisierung des öffentlichen Sektors*) from the publisher 'edition sigma' (Schneider 2007). The administrative reorganization in the cities of Hagen and Kassel, in both

cases using a participatory approach involving public servants and citizens, were heavily communicated as best-practice projects (Freudenberger 1993; Bogumil and Kißler 1993; Apel 1993; Steinl 1993; Kißler et al. 1997).

In 1994, ÖTV decided to negotiate a possible implementation of pay-for-performance in the collective wage agreement for the public sector, which is known as BAT (*Bundesangestelltentarifvertrag*). The idea was to establish committees which would determine performance bonuses for employees (ÖTV 1994, 18). In a number of local governments, authorities signed cooperation agreements about reform projects with labour unions and worker councils.

ÖTV organized conferences in cooperation with the KGSt (ÖTV 1996), officially supported the NSM (ÖTV 1997) and launched several reform projects in cooperation with the KGSt and the Bertelsmann Stiftung (1997; Mai 2001, 17), another important advocate for NSM reforms in the public sector. An alliance for local government reforms between the KGSt and the Bertelsmann Stiftung had already been built up in the early 1990s (Bertelsmann Stiftung 1993). A cooperation agreement focusing on the modernization of the public sector was signed between ÖTV and the Bertelsmann Stiftung in the early 1990s (Naschold and Pröhl 1994).

Different reasons for the ÖTV to join the NSM narrative have been put forward: Vogel (1998, 68) interpreted the ÖTV reform program as a reaction against the efforts of the conservative CDU government on the federal level to cut back labour union power and to privatize public services. While at the end of the 1980s union-affiliated intellectuals suggested a politicization (Negt 1989), the influence of leftist unionists eroded after the end of the GDR. ‘Modernization’ became an ubiquitous theme in discussions about the future of all German labour unions (Haipeter 2010; Haipeter and Dörre 2011). Strengthening traditional co-determination and developing new forms of co-management (Klitzke et al. 2000) were the favoured strategies for retaining traditional union power. In the view of the ÖTV board, participating in reform processes was the best way to prevent privatization (Mai 1993). Of course, showing competencies in modernizing the public sector was an idea that perfectly fit this vision. From the viewpoint of labour union leaders, NSM offered an opportunity to build up a

coalition of citizens and public servants resisting the pressure from privatization because both groups ought to be interested in the existence of the *Sozialstaat* and a well-performing administration (Simon 1993, 43). The topic of ‘modernization’ in the public sector merged perfectly with the ‘modernization’ of the ÖTV itself.

Some results from academic research have indicated that targets of NSM-styled modernization lie within the interests of public servants. According to Kißler et al. (1997, 120), performance-related payment, expanded employee autonomy and work responsibilities, increased training opportunities and teamwork, and more participation in organizational decision making were important incentives for public service employees to participate in NSM reforms. The idea that driving local government reform might be a chance for a strategic strengthening of employee participation and works councils was another important reason for joining the reform coalition (Kißler, Graf and Wiechmann 2000; Sperling 1998).

After all, the fact that NSM is an NPM interpretation which was set up in contrast to ideas of privatization and outsourcing opened the opportunity for ÖTV to become a main driver of public sector reforms. There is a keenly shaped narrative of self-modernization of the public sector by public servants supported by intermediary organizations. It has a strong link to the narrative on modernization of labour unions and the ÖTV itself. While the reform program is sharply positioned against privatization and outsourcing, the motif of villains is still weak in the reform programs of this era. In this phase, the NSM narrative is open and invites other actors to participate. For example, there are some signals for administrative officers, especially at the local level, to join the coalition.

The *advocacy coalition* (Sabatier 1998; Weible, Sabatier and McQueen 2009; Sabatier 2011; Weible and Schlager 2014) for NSM in the field of German local government’s institutional policy should now be outlined. This coalition is understood in this paper as a *narrative coalition*. A narrative coalition is a group of actors that tell the same narrative, which means a story with same setting, characters, plot and moral. Of course, the way the NSM story is told makes an important difference for the engagement of actors. Thereby, the main reason

for the emergence of this narrative coalition is not a material substance of NPM but the specific narrative of NSM, based on the interests of the actors. The early NSM narrative is about a (self-) modernization of local governments that is opposed to privatization and outsourcing. Nevertheless, the core of this modernization is about the implementation of management ideas and instruments from the private sector. The idea that public servants should participate in the process is obviously most important for the coalition. Of course, the vision of ÖTV to enforce co-management in local governments was much more progressive than the ideas of the other actors on this point. In detail, it must be whether the idea of a co-management by works councils does not stand in strong contradiction to the managerial ideas of NPM. Naturally, there is a conflict between the idea for personal accountability of public managers (KGSt 1993, 18) and the demand for more participation of works councils in decision making (Wulf-Mathies 1990; Mai 1993). It is interesting that this obvious conflict seemed to never be discussed intensively, neither in practical nor in academic debates.

This conflict is also an important example of the differences between the ‘modernization’ of local governments and the ‘modernization’ of labour unions. The modernization of labour unions focused on a new, cooperative relationship with employers and co-management. Obviously a co-management of employees is not even an aspect of the alleged internationally convergent NPM trend.

ÖTV leaving the NSM narrative coalition

While engaging in public-sector reforms in the 1990s, ÖTV continually lost members. From 1995 to 2000, the number of its members decreased by around 15%, from 1.7 million to 1.4 million (Schmid 2003, 294). In 2001, ÖTV merged with five other unions, constituting *ver.di*, the *Vereinigte Dienstleistungsgewerkschaft* (Kirsch 2003; Keller 2005; Behrens and Pekarek 2016). Nevertheless, the decline of membership went on. From 2001 to 2006, *ver.di* had lost another 19% of its members (Keller 2007).

For the NSM reform process, the beginning of the 2000s brought other disillusionments: from 1991 to 1999, local-level debts rose by approximately 40%, from 71 billion euros to 101 billion euros (DESTATIS Fachserie 14 Reihe 5). Simultaneously, the number of employees in the local government decreased by about 22%, from 1.9 million in 1991 to app. 1.5 million in 1999 (DESTATIS Fachserie 14 Reihe 6).

In the year 2000, ‘enthusiasm’ about the idea of local government reforms was lost. At a conference, former ÖTV chairman Mai (2001) tried to defend the co-management in local government reforms by stating that at the beginning of the 1990s there had been ‘no alternative’ to a cooperative and reform-oriented course. A new role of public authorities and local government leaders as the villains in the reform narrative was shaped. Cooperation of the ÖTV had been exploited by local government leaders for an enforcement of cost cutting and a reduction of employment (Mai 2001, 16; Frieß 2001). More and more, it became clear that the expected benefits for public employees had not been realized. The advertising of an orientation on the needs of employees had only been some kind of reform marketing, as Kißler (2007) stated. A surplus for the employees generated by the reforms (*Reformdividende*) had never materialized so employees left the ‘reform boat’ (Kißler 2007, 17).

Nevertheless, in the year 2005, ver.di signed the new agreement about labour regulations and wages in the public sector called *TVöD (Tarifvertrag für den öffentlichen Dienst)*. The TVöD was seen as one further important step for the modernization of the public sector, especially because it included a system for a performance-related payment for all groups of employees except the *Beamte*. While for ver.di it was possible to show its purpose and competencies as a reform driver, the agreement itself brought another worsening of labour relations for the employees and a serious potential for new conflicts for works councils, especially about performance-related payment (Ramos 2005). In spring 2006, a conflict about working hours escalated and ver.di launched a strike in the public sector which lasted about three months (WSI-Tarifarchiv 2006).

In 2007, arvato, a subsidiary of the Bertelsmann Group which finances the Bertelsmann Stiftung, signed an outsourcing deal with the city of Wurzburg (Emmerich 2007; Baron n.d.). The project got into trouble due to political pressure and technical problems (Schömig 2009; Viola 2011). Critical ver.di members drew a connection between the activities of the Bertelsmann Stiftung in local government reforms and the business development of arvato and demanded to end the cooperation (ag du bist bertelsmann 2009; 2009). In 2008 ver.di quit its cooperation with the Bertelsmann Stiftung (Jensen and von Zglinicki 2007).

Meanwhile, the first evaluations of the NSM reforms showed sobering results. While some measures have been successful, especially those for the implementation of a service culture, main ideas, such as orientation on outputs and contract management, for instance, had hardly been implemented on the local level (Knipp and Beisswenger 2005, Bogumil et al. 2007). However, the Bundesländer had agreed on regulations for a new full accrual accounting system for local governments that also included some ideas from NSM (Weiß 2013).

In the end, the narrative coalition was broken apart at the end of the 2000s. The KGSt was still engaged in local-sector modernization but had lost some of its credibility as an independent and objective consultancy. The Bertelsmann Stiftung focussed on new issues of local government reform such as participatory budgets and public-private partnerships. Ver.di withdrew from reform activities on the local level and focused on a form of general marketing for the public sector on one hand and labour relations and wage issues on the other hand. While the Bertelsmann Stiftung and the KGSt surely realized some of their goals for the reform process, conclusions from the viewpoint of ver.di are not easy to draw. Aside from its work on its image as an actor of modernization, there are not many goals of ver.di to be found that have even partly been realised during the outlined reform processes.

The NSM narrative is still a popular but now outdated issue in local governments. Output orientation, performance management and management by objectives are still very rare in Germany's local governments even when the new accounting regulations had the original goal of strengthening these instruments.

Lessons for NPM/NSM research

Obviously, the structure of advocacy coalitions for NPM reforms and how the reform narrative is shaped are highly relevant points for the understanding of different reform paths in diverse institutional settings. In Germany, privatization and outsourcing have never had the relevance that they have found in, for example, the United Kingdom. This might be more a consequence of the fact that it was not strongly promoted by the NSM coalition than of the fact that ver.di tried to fight against it. But, ultimately, it is a clear consequence of how the NSM narrative was shaped.

From this view it is surprising that there is not much research about NPM narratives to be found. In their study about higher education systems, Ferlie, Musselin and Andresani (2008) understand NPM as a narrative that influences policy patterns. Paradeise et al. (2009, 89) determined that the NPM narrative's most important focus is to change 'beliefs about the instruments of governance'; thereby it is grounded on highly normative assumptions about the controllability of social systems.

Plainly, the topic of modernization itself is worth an analysis, even one beyond the discussion found in Hood (2000). The modernization of local governments has a close relation to what Stone (1988, 4) called 'the rationality project', with 'the mission of rescuing public policy from the irrationalities and indignities of politics' and with the idea that specified impacts in a society might be generated by intended action. Based only on these ideas, 'management' is a meaningful idea. The implementation of management ideas and instruments from the private sector obviously assumes that a collective or a society is manageable similar to how an enterprise is. This thesis has already been challenged for enterprises as well as for societies from the viewpoint of a general theory of systems (Luhmann 1989; Luhmann 1995). Moreover, modernization as a reform concept indicates that the future is somehow known by reformers. In the NPM narrative, the future is a public administration working with the instruments of a private enterprise. The potential of a narrative analysis of NPM reforms or,

more generally, public sector reforms challenging ideas of modernization and rationalisation seems to still be mostly unrealized.

Lessons for narrative research

With regard to the narrative policy framework (McBeth, Jones and Shanahan 2014; McBeth, Lybecker and Husmann 2014) there are many interesting ideas to be found in the German NSM story. First, it was shown that the idea of villains is not very strong in NPM and NSM narratives. There are some opponents of ‘modernization’, in the form of ‘the old bureaucracy’ or ‘old fashioned bureaucrats’, but there are no personally identifiable villains in the stories. This seems to be a reasonable characteristic for narrative with the strategic goal of attracting new supporters and actors for the coalition. In this situation it is usually helpful to keep potential resistance abstract und opaque. A serious blaming of villains will impede undecided actors to join the coalition. If narratives are open, it may even work to gain support from actors that originally would have been seen as opponents, as for example the labour unions in the case of NSM. Vogel (2012) presents some similar results and shows that the narrative frames arguing for NSM are less aggressive and offensive than narrative frames fighting NSM. These ideas may enrich the core of the NPF when it comes to defining the characters of the story.

Secondly, the development of the narrative coalitions shows that a narrative could work even if some details are differently understood by the various actors in the narrative coalition. For example, differences in the meaning of worker’s participation have not been discussed but passed over without comment. Probably, the actors did not want to endanger the existence of the reform coalition. So then the hypothesis is that aspects of the narrative that are perceived to potentially lead to conflict and instability within the narrative coalition may only described generally, even if they are an important issue within the narrative. Actors in narrative coalitions can intentionally fade out such aspects and concentrate on selected aspects of the story. Of course, logical consistency is not the most important thing for a narrative to work.

Thirdly, the case of the NSM narrative may also be used for a further testing of NPF meso-level hypothesis (Jones, McBeth and Shanahan 2014, 244; Jones, McBeth and Shanahan 2014, 17). Three hypothesis seem particularly relevant:

1. *Issue expansion*: The original hypothesis says that ‘when groups perceive themselves as losing, they will construct a policy narrative to expand the issue’ (McBeth, Jones and Shanahan 2014, 245). First, in the NSM case, a serious issue expansion took place when ÖTV joined the narrative coalition. Ideas about co-management, self-modernization and participatory approaches were added. Surely this was not a consequence of a perceived loss but a consequence of an increase in the size of the coalition. So the relevant relationship seems to be the one between the expansion of the coalition and the expansion of the narrative.

Additionally, there were many attempts of all three actors to broaden the narrative and to integrate new partners in the coalition. For example, ÖTV and ver.di tried to win the federal ministry of the interior, which is responsible for administrative reforms, for the narrative coalition. Third, there was an issue expansion at the end of the 2000s, when the narrative coalition collapsed. At that time, KGSt added several new ideas, instruments and models to the NSM. In 2013 a renewed model called ‘Kommunales Steuerungsmodell’ was published (KGSt 2013). Also, the Bertelsmann Stiftung was still involved in the promotion of a vast number of reform processes with different approaches on the local level but did not use the label NSM anymore.

2. *The devil shift*: The original hypothesis says that in telling narratives, actors ‘overstate the power and “evilness” of their opponents’ (McBeth, Jones and Shanahan 2014, 246). In the NSM case, real villains are for the first time identified, when ÖTV and ver.di realized that NSM would not bring a *Reformrendite* for the employees (Kißler 2007). At that point, public sector employees were identified as reform blockers and were accused of exploiting employees’ willingness for reforms. It seems quite evident, that in this point, evilness and power of public employers have been overstated.

3. *Coalition glue and policy beliefs*: The original hypothesis says that the stronger the coherence of actors due to common core beliefs and shared men-

tal models, the greater their impact on policies should be (McBeth, Jones and Shanahan 2014, 246). From this viewpoint the NSM coalition seems to have been a weaker type of coalition. Even if the Bertelsmann Stiftung has been interested in some kind of co-management there have been political differences between it and the German labour unions. At least, the common interests were a minimum consensus of a social democratic reform program. Even the way in which the coalition broke apart and the fact that the three actors did not take any joint actions since 2009 shows that there were no real common core beliefs.

Ultimately, one of the most interesting questions of narrative research seems to be how conceptual deficits and obvious failures can be compensated for by a narrative. Conceptual inconsistencies of the NSM were known early on, and from today's view, the hope for a participatory modernization in which public employees accept performance-related bonuses seems a bit naïve. Nevertheless, the NSM was capable of smoothing these and other contradictions for around 15 years. This, of course, is the power of a narrative.

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