Facets of New Public Management; Understanding in the Context of Developing Countries

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Abstract: New Public Management has emerged, gradually, since the 1980s as a, major manifestation of the competitive state approach, this new paradigm which has gained wider usage, with varied labels-reinventing, reengineering, quality management, and performance management- focuses basically on changes in the structure and processes of government. The very term management instead of administration emphasizes that efficiency is more important than mere adherence to rules and regulations. The major initiatives to reform government processes are built around a shared set of notions. Government has to be deregulated public agencies must be entrepreneurial, mission driven and service oriented public managers are to be risk-takers who welcome participation and reward performance. They themselves are to be judged on their performance. These reform initiatives are targeted at the multiple performance failures of government and the need to build public confidence, the stumbling blocks to responsiveness, effectiveness and efficiency.

This paper would focus on chief features of NMP and reforms initiates taken by the Indian government in the line of NPM. There are NPM success stories as well as failures in the developing world. The ecology of Indian governance has a different context and it is different to developed and even developing countries to some extent.

Keywords: New Public Management, Reforms, Effectiveness and Efficiency, Entrepreneurial, Participation, Performance.

1.　Introduction

New Public Management has emerged, gradually, since the 1980s as a, major manifestation of the competitive state approach, this new paradigm which has gained wider usage, with varied labels—reinventing, reengineering, quality management, and performance management– focuses basically on changes in the structure and processes of government The very term management instead of administration emphasizes that efficiency is more important than mere adherence to rules and regulations.[i] Kaboolian (1998) identifies three common factors that appear to support the thesis of globalization of NPM:

- The use of the economic market as a model for political and administrative relationships.

- Similarity in the goals they pursue and the technologies they utilize.

- The use of administrative techniques such as customer service, performance-based contracting, competition, market incentives and deregulation.[ii]

Globalisation appears to be a major factor in stirring the debate on reinventing public administration. Cerny (1994) considers that globalisation has caused state policies 'to converge on a more liberal, deregulatory approach because of the changing structural character of the international system– its greater structural complexity and interpenetratedness- which in turn transforms the changing position of states themselves within that system'.[iii] The result is the emerging globalised nature of public administration. This is based on a number of structural adjustments or readjustments that have been taking place around the globe. The readjustments have been in the form of redefining the scope and boundaries of the public and private sectors, of administrative reforms or civil service reforms, of organizational reconfiguration and many others.[iv] The developed as well as developing countries have been prompted by several considerations for initiating the public management reforms.

Because of these dysfunctionalities in the working of traditional public administration during the last two decade or so, the simmering dissatisfaction of the people has led to new paradigm of public administration which is termed as NPM. The term *"New Public Management"* was coined by Christopher Hood in 1991 in his paper entitled, *"A New Public Management for all seasons"*. It is also termed as *"Managerialism"*, *"Post-Weberian Administration"*, *"Post-Wilsonian Administration"*, *"Market-based Public Administration"*, etc.

2.   Research Statement

New Public Management, which has become a widely-used term stirring intellectual debates and discussions to provide a new insight into administrative functioning in the globalisation scenario. In this context, what are the genesis, features and focus of NPM? The complexities and intricacies of the NPM facets have given way to a new thinking, particularly in the developing countries, And how, NPM philosophy and facets are compelling and being imolemented in the developing countries?

3.   Objectives of the Study

To understand, and discuss the genesis, basic theme, focus and orientation of NPM and it's significant in the fast changing process of developing countries governance. To discuss and analyse the NPM philosophy and facets in the context of different developing countries.

4. Methodology

The study would be based on secondary sources that are various journals, books, articles and other source of secondary sources.

5. Analysis

The conceptual elements of NPM, emphasise certain common agenda such as efficiency, quality, customer satisfaction, privatisation and market concepts such as contracting, user charges, etc. In this arena, it is quite distinct from public administration, which as a practice always emphasised on the promotion of public interest especially of the citizens. The crux of public administration is public policy making and implementation. According to Rosenbloom and Kravchuk (2002), any definition of public administration must lay heavy stress on 'public'. Public Administration is concerned with administration of the public interest, constrained by the constitution of the particular country and relatively unconstrained by market forces, and is considered to be a public trust exercised on behalf of the sovereign. The management orientation in public administration has been advocated earlier too, but the significance of 'publicness' in public administration has kept the impact minimal.[v]

6. Features of NPM[vi]

The basic feature of NPM is to, "Let Public Managers manage". The main features are:

- NPM aims at management and not policy. It views public administration from the managerial angle and applies management solutions to problem, concerns and issues of public administration.

- It deals with converting public bureaucracies into agencies which deal with each other on a user pay basis

- Re-adjusting the role of the government: It uses quasi-market and contracting out to foster competition between public sector and private sector.

- Performance Improvement: It emphasizes on output and providing monetary incentives for increased performance. It demands quick corrective measures, and rewards both organizational and individual performance. This can be done by performance contracting. Both UK and New Zealand are moving from a tenure system of fixed-term contracts. In financial management, public agencies are changing, from cash to accrual accounting, thus making them more cost-conscious and resources-saving.

- Client focus: It emphasizes the role of public managers in providing high-quality services that citizen's value. The consumers are reconceptualised as active customers and not just passive recipients. Public sector organisations, as in UK, Singapore and some other nations are setting performance targets, measuring performance and publicizing results for the wider public. The most dramatic is UK's citizen's charter, a global statement of the government's service quality commitments, launched by PM John Major in 1991. Singapore has set up a Service Improvement Unit in PM office to keep a watch on departmental efforts.

- Greater devolution and decentralization: To achieve better performance, the manager need increased autonomy. NPM allows it. In UK, Australia, New Zealand, and Singapore a distinct trend is noticeable toward shifting operating responsibilities from the central departments to specific agencies with clear performance targets and increased autonomy.

- Flexibility: Greater flexibility in working conditions such as contractual appointments, work place bargaining etc. is being permitted to make use of more expertise, employee creativity and allowing exploration of more cost effective delivery systems.

- In NPM, organizational structures are simplified and hierarchies flattened to create conditions for more positive and productive managerial leadership.

- It recognizes the importance of providing the human and technological resources that manager needs to meet their performance targets. In the area of human resource management, recruitment policy has to be directed towards drawing the best available talent from the market and constantly exposing them to skill-improving training programmes. Australia is using competency-based training that starts by defining competencies relevant to a given organizational level. UK and Mauritius are tailoring training to the job-needs of rank. Equity initiatives are being taken up in some countries. For instance, Australia has drawn up a strategic plan targeted women, disabled, aboriginal and those with non-English backgrounds. This is expected to expand the pool of talent available to the government.

- Creating competitive environment: The public organizations are made to work in competitive and market like environment. Their costs may be compared with the market costs and the costs of other Public Organizations. NPM synergizes relationship between public sector, private sector, NGOs, voluntary organizations, and civil society. Non-government organizations are taking up projects in many countries in the social sector

(especially health, education, nutrition). In Bangladesh, the, role of the Grameen Bank is providing micro-credit to the rural poor, particularly women, has attracted international attention.

7. Focus of NPM[vii]

It is well established that efficiency is not a function of ownership but of management, system, methodology. We can have efficiency even without changing the ownership. If the private sector can do well, why can't the public sector can? So, there is no need to change ownership from public to private but need to change the management, system of public organizations. Thus NPM focuses on:

- Achieving three essentials: Efficiency, Economy and Effectiveness- a triangle with three essential on each pillar.

- It focuses on management, not on administration, because administration connotes certain degree of superiority, hierarchy, control etc. while management is more participative in nature. Thus there should be Public Management and not Public Administration.

- Consumers interests, stakeholders" interest, quality of service.

- Entrepreneurial role of public organizations. It means that the public organizations should work more like private organizations.

- Public choice approach.

- Converting inward looking organizations to outward looking organizations.

- Synergizing relationship between public sector, private sector, NGOs, voluntary organizations, civil society etc. now it moves from static to dynamic organizations.

NPM that evolved and gained prominence in the discipline of public administration was possibly a rehash of Taylorism and New right philosophy. Yet being an attempt at synthesizing managerial principles, it definitely was a step forward in holding public administration in a good stead. In addition, in the present globalization context, the prevailing scenario compels the administrators to revisit the managerial reforms to upgrade the public sector in order to enable it to compete with the market sector.

New public Management as a paradigm, as many consider it could find place in the discipline of public administration due to dearth of a dominant paradigm at that time, Any

paradigm needs to be tested in uniform as well as different contextual setting for bringing about a set of generalization. This calls for national and comparative studies to provide explanations and justify its utility. New Public Management being a conglomeration of managerial and economics-based precepts, techniques and practices assumed a form of administrative improvement suited to each country. In the process, it resulted in a myriad of organizational and structural changes globally transcending national boundaries and encompassing several policy areas such as education, health. communication, etc, in a short span of time making a dent in the discipline and practice of public administration.

8.   Understanding in The Context of Developing Countries

Researchers investigating the take-up of NPM reforms in developing countries, or indeed anywhere, must watch out for what we might call the 'seek and thou shalt find' pitfall of comparative research whereby the research question predetermines the findings. We are almost bound to conclude that the new public management is a dominant paradigm if all we do is look for evidence of NPM-style reforms. But NPM initiatives may be little more than a minor strand of reform, the froth at the top of the glass. Other reforms, unrelated or even contrary to the tenets of the new public management, may outweigh it in importance. So to be more certain of reaching a balanced conclusion, we must ask four questions in all.

First, are developing countries committing themselves to NPM-style reforms? This question is the obvious starting-point, but it can be no more than a starting-point for the reason just outlined.

Second, are such reforms being undertaken as part of the worldwide quest towards greater efficiency and cost savings which is said to be the driving force of the new public management (see Minogue 1998), or for reasons specific to the country concerned? This question might lead to our qualifying the universality assumption even where ostensibly NPM-style reforms are being undertaken.[viii]

Third, are the reforms actually being implemented, or are we being misled by the rhetoric of political leaders (and senior bureaucrats)? As I have already mentioned, the rhetoric of reform tends to outpace the reality in any country. Statements of intent can be misleading-especially those pronounced at international conferences.

Fourth, are reforms simultaneously being undertaken that are unrelated to the new public management or indeed run counter to its principles? This question helps us put any evidence of NPM-style initiatives in its proper perspective.

Many countries have experimented with performance management initiatives. Perhaps the most common is the introduction of modern performance-oriented staff appraisal systems. The introduction of such systems is a fairly straightforward (though labour- and resource-intensive) exercise. The difficulty comes afterwards, in linking appraisals to career rewards and sanctions. Individual performance bonuses are often put forward as a means to achieve this, but governments have shown a marked reluctance to go down this road. Malaysia is one of the few countries that have implemented such a scheme service-wide.[ix] Other countries appear to have limited themselves to minor experimental schemes.[x]

Nunberg (1995) is sceptical of the value of performance-pay schemes, saying it is much more important to link *promotions* to performance.[xi] But in many African, Asian and Latin American countries, promotions continue to be tied to seniority or examinations. Having brought in new staff appraisal systems, usually with a lot of fanfare, and having instructed managers to appraise their staff carefully and impartially, governments then balk at relying on the judgement of those managers in promoting and rewarding people. In Zimbabwe, for instance, it is feared that the delegation of staffing powers to senior officials could 'easily be abused to create "personal empires", "regional cliques", and even "ethnic enclaves" which could be used as effective weapons for the self-preservation of the senior public servants'.[xii]

Uganda is a good illustration of the inconsistencies in this field. One of the most progressive public service reformers in Africa, Uganda has laid a lot of emphasis on what it calls Results-Oriented Management (catchily abbreviated as ROM) since the early 1990s. ROM was announced as a major plank of reform; yet when an action plan for the implementation of reform was drawn up in 1992, ROM seemed to all but disappear from the agenda.[xiii] It appears to have yielded little beyond customer surveys and the old fallback of staff training.[xiv]

It may seem strange that reforms intended to introduce results-oriented management themselves turn out to be long on rhetoric and short on results. But this component of the new public management is perhaps the hardest to implement, involving as it does radical changes to structures of accountability and, ultimately, to the very culture of government. Not many

countries besides Uganda have taken up the challenge in a serious way. Those that have, Ghana, Malta and Trinidad and Tobago among others, may have attracted a lot of international attention in the process; but the results have fallen well short of expectations.[xv]

9.   Indian Context

The key question is how far the new perspective has been successful in realizing these concerns in practice in India. The public domain seems to have shrunk due to the entry of market forces. Doubts arise regarding the efficacy of the applicability of this model to developing countries due to the divergence between a market economy's interests and the pursuance of social concerns. There appears to a conspicuous absence of public participation in the reform process. Also criticisms have been leveled that it has undermined the accountability of public services to communities and has failed to improve the efficiency and effectiveness of public services. Yet, some consider that it is fundamentally not proper for the public sector to be concerned with efficiency as a basic value, instead of accountability.

New Public Management presents a political theory of the state according to which, first, the state must be reduced or become minimal in nature. second, the state must be considered as a simple organization; it is no longer the 'organiser of organisations'. Third, in accordance with the dicta of the New right, the state must provide minimal social assistance, but it has no legitimate role in the quest for egalitarianism and social justice, for this would undermind individual liberties and generate excessive public expenditure. Finally, the state must be sensitive to client's needs like the private sector. In this theory, politics is removed as an obstacle to good management. But as to what is the appropriate role of the state there no answers to these.[xvi]

New public Management with emphasis on efficiency concerns is considered by many as negating the social justice and equity concerns. The market predominance in several sectors is generally considered to affect the values that public sector organisations foster, which include equity, social justice, fair play and so on. The orientation of NPM in promoting those values that result in benefits to people in 'economic' terms is in a way more professional business and profit -oriented.

10. Conclusive Remarks

It is evident that for all the assumptions of universality, the new public management is only part of the story of current public sector reform in developing countries. There is substantial take-up of NPM reforms, but it is invariably selective. The failure rate of such reforms in the implementation stage is high. The very same countries which have sampled items from the NPM agenda have also taken other measures which run directly counter to NPM tenets. Moreover, there are entire areas of reform which are simply unrelated to the new public management. Whether or not the NPM can be justly described as a dominant paradigm in industrialised countries, it certainly does not deserve the label in the developing world.

Those preoccupied with the transferability of NPM to developing countries tend to focus on what they often present as immutable national characteristics. Factors such as corruption or poor administrative capacity obviously do affect the performance of government; but localised contingencies are much more important as determinants of the success or failure of individual reform initiatives. The tendency to draw generalised, once-and-for-all conclusions about the workability of NPM reforms in developing countries on the basis of nationwide traits is simply misplaced.

There is no room for dogmatism, either for or against the new public management. We have seen how different situations can call forth responses that are diametrically opposed to one another. Reformers in the new public management mould make much of the 'three Es' (economy, efficiency and effectiveness). Two more are needed: experimentation and eclecticism. The search for solutions to the problems of government in developing countries requires open-mindedness and adaptiveness above all else. In the present globalization scenario, a balance has to be maintained between managerial reform and governance challenges as NPM can only be one stand in the entire process of change. We need to examine and install not just the processes, which are imposed as packages from other countries, but also the one that suits the socio-economic and political milieu of the concerned country.

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