
From Public Administration to Public Service



New Public Management

History of new public management

- NPM viewed as a modern approach of management in public sector arose in UK in 1970s as the reaction toward the insufficiencies of traditional public administration approach
- Critics towards unsatisfied public sector performance
- Public sector organisations were seen unproductive, inefficient, always suffer loss, low quality, poor innovation and creativity
- These conditions triggered the movement to reform public sector management
- Then NEW PUBLIC MANAGEMENT emerged

History of NPM

The notion of New Public Management firstly introduced by Christopher Hood in 1991

NPM emphasized decentralisation, devolution, and modernized provision of public services

First emerged in UK under the leadership of PM Margaret Thatcher in 1980s

Drove changes in public management- Next Step initiative-civil services, Financial matters

John Major, successor of Thatcher – implementation of Citizen Charter

Development

In 1992 Osborne and Gaebler articulated the concept in their book "Reinventing Government"

It became major item on President Clinton's agenda.

Vice President Al Gore included the NPM concept in National Performance Review and Government Performance and Results Act

...contd.

It became the basis of policy making in developed countries like New Zealand , Australia, Canada, France, Germany, Italy etc. also in developing countries in Asia and Africa.

Reinforced by various international agencies like World Bank, IMF, ADB etc. by advocating and prescribing NPM style reforms.

Apart from the international agencies, regional organizations like OECD , NAFTA , EU , APEC also helped developing through their initiatives.

In short through active initiatives and programs pursued by international agencies , regional organizations and political leaders NPM model become a global model for reforming and managing the public sector in countries all over world

What is New Public Management?

New Public Management (NPM) is the label given to a series of reforms from the 1980s onwards, to improve the efficiency and performance of western governments and/or public sector organizations.

NPM points to the failures and inadequacies of public sector performance over time, and locates the problem in the nature and processes of public sector activity and public administration.

New Public Management is a discussion and investigation of economic and political systems in various countries and their policies that aimed to modernize and render the public sector more efficient.

New Public Management is the application of the philosophy, culture and practices of the Management followed in Private Sector into the Public Sector.

Basic Theme



It represents a synthesis of the public administration and the private administration (business administration).



It takes “what” and “why” from public administration and “how” from private administration

3 Es of new Public Management (pollitt)



ECONOMY ----- the eradication of waste.



EFFICIENCY -----the streamlining of services.



EFFECTIVENESS ----- the specification of objectives to ensure that resources are targeted on problems.

- The emphasis of new public management is on performance appraisal, managerial autonomy, cost cutting, financial incentives, output targets, innovation, responsiveness, competence, accountability, market orientation, quality improvement, contracting out, flexibility, competition, choice, information technology, debureaucratisation, decentralization, downsizing and entrepreneurialism.

The Essence of NPM

- NPM is public sector management theory that assumed that private sector management practices are better than management practices in public sector.
- So, in order to improve its performance, public sector should adopt practices and management techniques applied in business sector, for example:
 - The adoption of market mechanism,
 - Compulsory Competitive Tendering Contract,
 - Privatisation of public corporations

Implications

- Key public change in public sector ethos.
- Basis of NPM has been an emphasis of efficiency and cost cutting and general assumption the government should deliver more for less.
- Ideas borrowed from private sector can improve experience and serve of those who use the planning system.
- NPM seeks to reshape public interactions with the government.
- Customer oriented public service.
- At the core of these changes has been a fundamental and ideological transformation of public sector ethos collectively referred to as New Public Management.

The Goal of NPM

01

Improve efficiency and effectiveness in public sector organization,

02

Improve responsiveness to stakeholders,

03

Improve quality of public services

04

Improve accountability and performance

Characteristics of NPM by Christopher Hood

Profesionalism in public sector

The existence of performance standard and performance measure

The emphasis on control of output and outcome

Split of organization unit

Competition in public sector

Adoption of private sector management style into public sector

Discipline and economic used of resources

Characteristics of NPM by Mathiasen (1999)



A closer focus on results in terms of efficiency, effectiveness, and quality of service



The replacement of highly centralized, hierarchical structures by decentralized management environments where decisions on resource allocation and service delivery are made closer to the point of delivery



The flexibility to explore alternatives to direct public provision and regulation that might yield more cost-effective policy outcomes

...contd.

- A greater focus on efficiency in the services provided directly by the public sector, involving the establishment of productivity targets and the creation of competitive environments within and among public sector organizations
- The strengthening of strategic capacities at the center to guide the evolution of the state and allow it to respond to external changes and diverse interests automatically flexibly, and at least cost.

Adoption of business sector management style

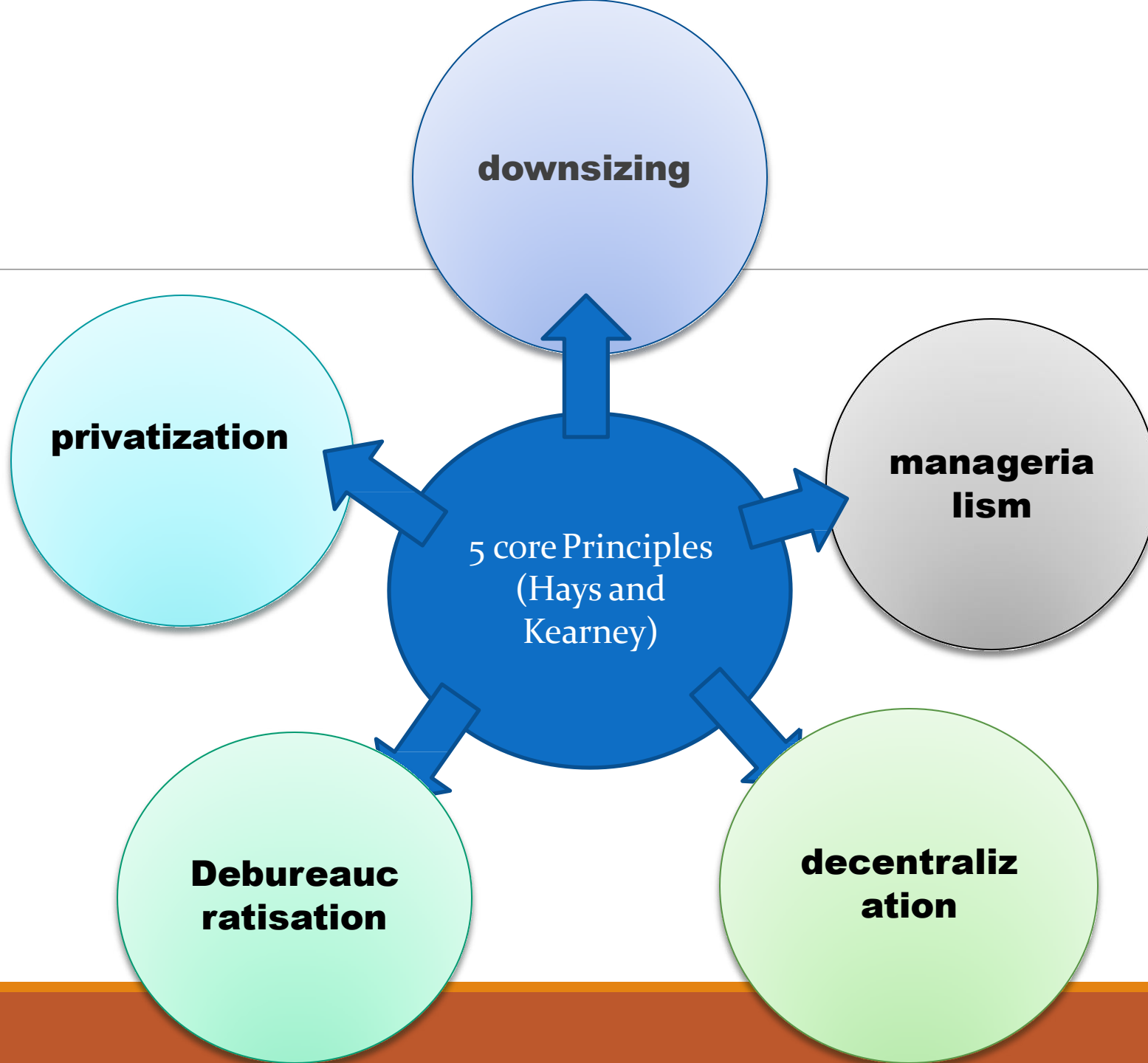
Private sector
management model



Need to be efficient and competitive



- Cost Efficiency & Effectiveness
- Competitive
- Flexible
- Adaptive
- Responsive
- Customer Focus



Reinventing Government by David Osborne & Ted Gaebler

Catalytic
Government:
Steering Rather Than
Rowing

Community-Owned
Government:
Empowering Rather
Than Serving

Competitive
Government:
Injecting Competition
into Service Delivery

Mission-Driven
Government:
Transforming Rule-
Driven Organizations

Results-Oriented
Government: Funding
Outcomes, Not Inputs

...contd.

Customer-Driven
Government: Meeting
the Needs of the
Customer, Not the
Bureaucracy

Enterprising
Government: Earning
Rather Than Spending

Anticipatory
Government:
Prevention Rather Than
Cure

Decentralized
Government: From
Hierarchy to
Participation and
Teamwork

Market-Oriented
Government:
Leveraging Change
Through the Market

Important criteria of New Public Management

Emphasis on increasing adoption of managerial practices of private sector in public administration.

Promotion of competition within public sector.

Greater use of contract arrangements within the government as well as outside it.

Emphasis on results rather than procedures.

Formulation of explicit or definite standards and measures of performance.

Emphasis on separation of administrative units.

A shift away from policy to management .

Encouragement of lack of wastefulness in public expenditure.

It prescribes a ten point programme:

Government must promote competition among service-providers.

It must empower citizens by pushing control out of the bureaucracy into the community.

It must measure the performance of their agencies focusing on outcomes, not on inputs.

It must be motivated by goals , not by rules and regulations.

...contd.

It re-defines its clients as customers, and offers them choices.

It must prevent problems before these emerge, rather than simply offering them services afterwards.

It must direct its energy towards earning money not simply spending it.

It must decentralize authority and promote participative management

It must prefer market mechanisms to bureaucratic mechanisms.

It must focus on providing public services but on catalyzing all sectors in the society-public, private, voluntary-into action to solve the community's problems.

Indian Perspectives



Indian perspective on new Public Management

Concept of New Public Management dawned in India in early 90s during the era of economic liberalisation. It included:

- Slimming down of government both in size as well as functions
- Disinvestment and increased role of private sector
- Making PSUs face open competition in free market
- Reduction of Government control and enhancing transparency and efficiency
- E-governance
- RTI Act, 2005
- Decentralisation of governance esp focus on panchayati raj institutions.
- New performance appraisal system for govt. employees

Current Political Regime & NPM

Government of India focus on NPM principles manifested through:

Lateral Entry of
Private Sector
Professionals in
Govt. Organisations

Digital India
Campaign

Removal of the
requirement of
affidavits

Right to Receipt

Issues of NPM

Structural issues of NPM

Productivity

(With less tax money
how to produce more
services)

Marketisation

(To root out
pathologies of
bureaucracy- how to
use market style
incentives)

Service orientation

Decentralisation (not in
spirit ,only in letter)

Policy (improving the
capacity to devise and
track policy)

Accountability
(delivering what govt
promised)

...contd.

Never intended to incorporate equity and social justice concerns.

Ideology and practise – too brash with business orientation (creating unease that social justice can't be delivered)

Managerial predominance over policy capacity

Ambiguity in politician – bureaucrat role

Absence of clear cut concept of accountability.

Promotion of individualistic ideas in place of collective interests.

Critique of new public management (NPM)

Anti-state ideology

Negating social justice and equity concerns

Reinforced Politics-Administration dichotomy

Decline in basic social service and disintegration of social safety nets

Dominant neo-liberal ideology

- Among the criticisms of this model, however, was its emphasis on people as "customers" or "clients" rather than "citizens" and that customers were placed as "end- product" users of government rather than as "means" of the policy making process. Denhardt and Denhardt (2003) likewise offer a synthesis of the ideas that are opposed to NPM presented by Osborne and Gaebler.
- Their model for governance expands the traditional role of the public administrator as a lone arbiter of public interest rather, "the public administrator is seen as a key actor within the larger system of governance." (Denhardt and Denhardt 2003: 81)

New Public Service – Serving rather than Steering

Following the Reinventing Government, they divided their argument into seven principles, namely:

01
serve
citizens,
not
customers

02
seek the
public
interest,

03
value
citizenship
over
entrepreneurship,

04
think
strategically, act
democratically,

05
recognize that
accountability is
not simple,

06
serve
rather
than
steer, and

07
value people,
not just
productivity