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New Public Management: Master Key to Good Governance

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ABSTRACT

Public Management (NPM) provides foundations to the concept of good governance and has aimed at entrepreneurial role of public organizations a market-based public administration resulting in effectiveness and economy in the functioning of public organizations. It is believed that the goals of good governance can be achieved by application of the principles of New Public Management. The New Public Management was more radical in redefining the role of public administration among all the schools since 1950s. New Public Management (NPM) is a management approach that seeks to enhance the efficiency and effectiveness of public sector organizations.

Keywords: Public, Management, administration, organizations, private, sector, government and operations

Introduction: During its history of one hundred and twenty years, public administration has seen many changes. The traditional view of public administration on Taylor's scientific management principles and Weberian bureaucratic model. Its basic principles are a strict hierarchy, rule orientation, impersonality, neutrality and anonymity in public services. While the system has been enriched by various researches in social and behavioural sciences, the basic principles have remained the same. The traditional model of public administration has passed through a turbulent phase. Bloated and inefficient bureaucracy, alienation of the citizenry from administration and resource crunch faced on sustained basis have further sharpened inadequacies of traditional model to deliver goods. Several attempts at reforms have been made such as programme budgeting, management by objectives, zero based budgeting, new public administration etc. Many individual organizations and the Government have also taken several initiatives to improve their efficiency and effectiveness.

The development of New Public Administration has given a new Administration (NPA) and Develop-orientation to public administration. “New public management (NPM) is an approach to running public service organizations that is used in government and public service institutions and agencies, at both sub-national and national levels. The term was first introduced by academics in the UK and Australia” (Hood, Christopher 1991:13)

It has resulted in significant changes organizations. Without minimizing the importance of these efforts it can be said that they did not go far enough. It was realized that public administration was falling far short of expectations of the society. The changes in public administration were probably not keeping pace with changes in society. It was found that the public administration was too inward looking and insensitive to the needs of the society. During the 1990's this dissatisfaction led to a new paradigm of public administration, which is termed as New Public Management.

Impetus to NPM has principally come from two sources. The first came from the USA where the dominant view is that management techniques developed and tested in the private sector may profitably be applied in public administration. The second source is New Right, which believes in superiority of the market as the guiding principle for society as a whole. By the same count, it calls for the retreat of the state, and argues for deregulation, privatization and con-tract management.

NPM- Conceptual Framework: The concept of New Public Management is of recent origin. It is a combination of two words public and management and its contents emphasize the concepts taken from both political science and business management. While constitutional principles, rule of law, equity, fairness etc., are the content of political science, effectiveness, efficiency, cost-benefit and the like constitute its business ingredients. Thus public management stands for the adoption of tested management techniques for collective problem solving. The philosophy is rooted in the conviction that private sector management is superior to public administration. The solution therefore is to transfer government activities to the private sector through privatization and contracting out. Given that all government activities can hardly be transferred to the private sector the next best solution is to transfer business management practices to government operations. “The concepts and models of the reform were diverse and developed in accordance with each country's specific and unique context and in response to the distinct challenge that it was facing. Therefore, in spite of the common features of the reforms, their driving factors, objectives, extent, and areas of focus varied across countries” (Schedler, Kuno; 2002: 180)

Unlike the traditional public administration language that shows the image of rules, regulations and lethargic decision-making processes, the very word 'management' implies decisiveness a dynamic mindset and a bias for action. Indeed, the vocabulary of the New Public Management reveals to what extent it borrows from the world of private sector management practices: empowerment, Service to clients or customers, responsiveness, a shift from process to performance, and an emphasis on the need to earn rather than to spend. The values associated with NPM effectiveness, efficiency, economy, service dynamism and flexibility.

The new paradigm emphasizes the entrepreneurial role of public organizations. It means that the public organizations should work more like private organizations with emphasis on economy, effectiveness and client satisfaction. The essence of New Public Management is that the Government should become small, effective and people centered. It is also meant to debureaucratize government operations and to reduce red tape substantially.

The New Public Management is also called 'managerialism' by Pollitt, 'entrepreneurial government' by Osborne and Gaebler, 'market based public administration' by Lan and Rosenbloom and 'third way' between public administration and private administration by U.A. Gunn. “In many countries, NPM reforms were inspired and influenced by the reforms implemented beyond their national boundaries” (Mathiasen, David 2005: 643)

There is an Alpha and an Omega in NPM. NPM begins with a comparative study of the performing of a service by a private agency and the cost of doing it by a public organization. An affirmative answer would make the case for privatization very compelling. For a governmental unit suffering from resource scarcity and operating on a tight budget, a go at privatization would be a wise move. The Omega in NPM is the monitoring of results. The value of monitoring work lies in the need to determine the relationship between standard specifications of quality and the level of the quality of work, which is achieved.

Traditional Public Administration Vs. NPM: The differences between traditional public administration and New Public Management may alternatively be formulated by the following paired juxtapositions. “In Africa, on the other hand, the main motivating and driving factors of the NPM reforms were bureaucratic corruption, dysfunctional governance system, fiscal crises, and the success of the reforms in other countries” (Hope Sr., Kempe Ronald 2001: 119)

NIM : Features at a Glance: David Osborne and Ted Gaebler summed up the essence of the New Public Management when they called for a cultural shift away from bureaucratic government towards an entrepreneurial government. They have listed ten principles of Reinventing Government which later on became the sound base of New Public Management (NPM).

These principles are:
Catalytic Government (Steering rather Than Rowing): The government should concentrate on catalyzing the public sector, private sector and voluntary/non-governmental sector into action to solve the societal problems and not just on providing services. Thus, the government should engage itself in steering rather than rowing.

Community-Owned Government: Rather (Empowering than Serving)-The Government should strengthen and empower the citizens, families, and communities to solve their own problems. Hence, the Government should take out various services from the control of bureaucracy.

Competitive Government (Injecting Competition into Service Delivery)-The Government should inject competition among different providers of goods and services by rewarding efficiency and economy. This increases performance and reduces cost.

Mission-Driven Government (Transforming Rule-Driven Organizations)-The Government should be driven by its goal and not by its rules and regulations. In other words, it involves transforming rule-oriented government into goal-oriented Government.

Results-Oriented Government (Funding Outcomes, Not Inputs)-The Government should find outcomes (results) by encouraging target achievement and mission-directed efforts. It should measure the performance of its agencies mainly in terms of outcomes and not inputs.

Customer-Driven Government (Meeting the Needs of the Customer, Not the Bureaucracy)-The Government should regard the clients as customers. It should meet and work towards customers and not bureaucracy. It involves offering those choices, surveying their attitudes and making services convenient.

Enterprising Government (Earn- Rather than Spending)- The Government should emphasize earning money rather than spending. It should put its size on earning money rather energy into resource mobilization by using fees, savings, enterprise funds and so on.

Anticipatory Government (Prevention rather Than Cure): The Government should identify and prevent problems rather than cure them after they occur. Thus the Government should prevent the needs from arising in the first place and not just deliver services to meet ends.

Decentralized Government (From Hierarchy to Participation and Teamwork)-The Government should decentralize authority, that is, disperse authority from higher to lower levels. It involves a shift in working pattern from hierarchical control to participatory management and teamwork.

Market-Oriented Government (Leveraging Change through Market): The Government should opt for market mechanism. It should achieve rather than bureaucratic goals not only by control and command but also by restructuring markets.

NPM: Agenda for Reforms: The New Public Management seeks to introduce far-reaching changes in public administration. It is than the piecemeal much more administrative reforms undertaken earlier. The reforms sought to be introduced under the new paradigm may be divided in two parts, i.e. macro shift and micro shift. “The most effective one which has led to its ascent into global popularity focuses on keeping cost low and efficiency high. "Doing more with less"(Hood, Christopher,1991: 5)

Macro Shift: The macro shift seeks to change the very functions and structures of public organizations or partly privatizing state run organizations like air-lines, banks, telecom, insurance etc. They are introducing user charges for services rendered by public organizations to individual consumers or to other organization. They are contracting out housekeeping activities like printing, cleaning, information technology etc some of the Government are establishing autonomous services delivery agencies separate from ministerial department. These agencies have the necessary authority and flexibility to provide better service to the consumer.

Micro Shift: The micro shift seeks to improve the performance of public organizations by bringing in more managerial content in their working. This is sought to be done by : clearly defining their roles so that they can devise more effective programmes; defining the standards for quality so that better quality services can be provided to the consumers; improving the operational efficiency by better structuring the government organizations and cutting costs by reducing the staff and other unnecessary expenditure.

NPM: Impact Assessment: In pursuing the above principles end agenda for reforms, the Governments in different parts of the world general and India in particular have used a number of mechanisms. They are:

- Creation of autonomous public organizations
- Rightsizing and downsizing the Government
- Corporatisation of public organizations
- Reducing budgets and expenditure
- Refurbishing of personnel administration
- Privatization of public under-takings
- Decentralization of authority
- Contracting out services
- Promoting openness and transparency
- Encouraging people's participation in administration
- Implementation of Citizen's Charters
- 360 degree performance appraisal
- Managerial autonomy
- Cost-cutting and cost-reduction
- Financial incentives and output targets
- Right to Information Act, 2005
- Responsiveness and account-ability
- Market-orientation
- Total Quality Management
- Information technology i.e. IT Survey
- Debureaucratization
- Six sigma approach

- Public choice theory
- National Rural Employment Guarantee Act, 2005

NPM: Critical Assessment: New Public Management is suffering from following criticisms. The list is only illustrative and not exhaustive. NPM is basically flawed because private sector management practices very rarely apply to government operations. We still need to remind people that the public sector is not the private sector.

Changes proposed by the NPM movement have been strong on prescriptions but weak on diagnosis. “Public Managers under the New Public Management reforms can provide a range of choices from which customers can choose, including the right to opt out of the service delivery system completely"(Kaboolian, Linda 1998)

NPM has yet to deal with accountability in government. In Canada, as in Britain and India, the principle of ministerial responsibility still applies, though admittedly it has been battered about in recent years. “The NPM system allows "the expert manager to have a greater discretion" (Barzelay 2001)

There is also a world of difference between citizens and clients are sovereign. They can hold business accountable through their behaviour in a competitive market. Clients can turn to the market to defend their interests or walk away from an unsatisfactory firm and turn to one of its competitors. Citizens on the other hand, have common purposes.

Business executives are also accountable for their activities but the success of a business executive is much easier to assess than that of a government manager. “NPS focuses on democratic governance and re-imagining the accountability of public administrators toward citizens. NPS posits that administrators should be a broker between citizens and their government, focusing on citizen engagement in political and administrative issues” (Denhardt & Denhardt 2011:43)

NPM perhaps unwittingly, is leaving in its wake problems of morale in the public services. Its basic premise is that private sec-tor management practices are superior to those found in government and that they should be imposed on government. “In Employing Recent Technologies for Improved Digital Governance" works to provide the theoretical and practical basis to substantiate the claim. The work concludes that digital dividends can be secured through the effective application of Social Media in the governance process” (Omar, A. M. 2020: 35)

NPM has very little to offer on policy. Instead, with its emphasis on private sector management techniques it speaks to the need for more doers and fewer thinkers. “Currently there are few indications that public management issues will vanish from governmental policy agendas. A recent study showed that in Italy, municipal directors are aware of a public administration now being oriented toward new public management where they are assessed according to the results they produce” (Marozzi, Marco; Bolzan, Mario 2015:115)

NPM: Road Ahead for Good Governance: Keeping in view the above criticism regarding NPM we may consider the following table to Tasks Best Suited to Each Other as propounded by Osborne and Gaebler before considering any macro or micro decision regarding implementation of NPM so that New Public Management may really lead to Good Governance.
Conclusion: New public management refers to reforms that apply business ideas to the management of public sector organizations. New Public Management gives significance to managerial principles and practices and does not assign importance to policy making. New public management and post new public management reforms initiatives affected the balance between managerial, political, administrative and legal. New public management (NPM): Developed in the 1980s, with influences from private-sector practices.

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