New Public Management

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INTRODUCTION

(FOR WEB PREVIEW) New Public Management represents "an approach in public administration that employs knowledge and experiences acquired in business management and other disciplines to improve efficiency, effectiveness, and general performance of public services in modern bureaucracies." Despite contradictory views about the meaning and implications of this doctrine, there is no doubt that it has become extremely influential in public administration theory and practice since the late 1980s.

In the last decade, we have witnessed an ongoing debate between scholars and practitioners of public administration on the best way to revitalize and renew old style bureaucracies. Since the early 1980s, much work has been conducted in public administration theory and practice that claimed to go beyond the conservative approach in the field. Modern public administration has been urged to innovate and reform itself in a style better suited to the twenty-first century and the growing demands for higher efficiency and effectiveness. Drawing on the experience of the business/industrialized/private sector, scholars have suggested taking a more "demand-ing" attitude toward the dynamics, activity, and productivity of public organizations. Similarly, a significant conceptual change has transformed the "old" style of public administration into the "new" approach of public management. This "liberalization" of public administration is recognized today as the New Public Management (NPM) doctrine.

What is the meaning of NPM? What are its roots, and in what way is it actually a new arena in the study of the public sector? Has it achieved enough success in recent years to justify further inquiry into its principles and promises? These questions, as well as many others, have received considerable attention during recent years and, in fact, a large number of varying opinions have emerged. Proponents of this approach have provided detailed explanations and a variety of examples that demonstrate the enormous positive impact of the approach. Those who critique NPM counter with the argument that it has nothing new or notable to contribute to the field. They, thus, tend to treat it as a seasonal fashion that will eventually fade in face of other "new" doctrines. There-fore, advocates of NPM continuously face critics who are unconvinced as to the merits of NPM as an administrative philosophy.

THEORETICAL FOUNDATIONS

To better resolve these conceptual and practical conflicts regarding the contribution of NPM to public administration, one must become familiar with several fundamental concepts. The first and probably the most basic premise of NPM emerges from the distinction between two proximate terms or fields of research—administration and management. Since the late 1880s, the monopoly on the term "administration" has been in the hands of political scientists. Scholars like Goodnow and Wilson perceived public administration as a separate and unique discipline that should consist of independent theory, practical skills, and methods. Yet, the term "management" referred to a more general arena, used by all social scientists and mainly by those who practice and advance theories in organizational psychology and business studies. Consequently, conservative administration science tends to analyze the operation of large bureaucratic systems, as well as other governmental processes aimed at policy implementation. Management, on the other hand, refers to the general practice of empowering people and groups in various social environments and the handling of manifold organizational resources to maximize efficiency and effectiveness in the process of producing goods or services.

A second premise of NPM derives from the nature and values of democratic nations. Citizens of modern democracies act as voters and delegate power to politicians and administrators to do what is best for people and societies. However, representative democracy leaves its fingerprints on the actions and operation of bureaucracies. For many years, bureaucracies worked in a manner far removed from citizens and with a lack of sensitivity to the growing needs and demands of heterogeneous populations. As suggested by Rainey,[1] the 1960s and the 1970s were characterized by the initiation of unsuccessful public policies in Europe and in America. At least some of these unsuccessful experiences were due to lack of reliable analyses of the needs and demands of the public, while other failures were caused by incorrect assessments regarding the power of bureaucracies. Over the years, efforts...
by governments to create extensive changes in education, welfare systems, health programs, internal security, and crime control were widely criticized for being ineffective and unproductive and for misusing public funds. Research on the real needs and demands of citizens was citizen-oriented, and unproductive and for misusing public funds. The crisis in practical public policy implementation, together with the increased cynicism of citizens toward government and public administration systems, generated rich scholarly activity aimed at creating useful alternatives for improved policy in various social fields, as well as in the administrative processes in general. Voters expressed their dissatisfaction with elected officials and, hand in hand with the academic community, called for extensive reforms in government. This call produced a large number of working papers, articles, and books that proposed extensive administrative changes. One of the most inspiring works, Osborne and Geabler’s Reinventing Government, is frequently mentioned as the unofficial starting point of such reforms, later known as NPM.

As time went on, a growing number of political scientists perceived public administration as an old and declining discipline. It was unable to provide the public with adequate practical answers to its demands and moreover, left the theoreticians with epidemic social dilemmas awaiting study. Evidence for this shift in attitude appears in the transformation of many schools of public administration into schools of public management that took place during the 1980s and 1990s. Looking for alternative ideas, management theory was proposed as a source for a new and refreshing perspective. It was suggested that public management instead of public administration could contribute to a new understanding of how to run the government more efficiently and thereby overcome some of its pandemic problems.

**CORE DEFINITIONS**

Based on the growing alienation of citizens, the increasing demands for a real change in public policy and activity, NPM flourished. But what is the essence of NPM and the best way to define it? During the last two decades, many definitions have been suggested. In the early 1980s, Garson and Overman defined it as an interdisciplinary study of the generic aspects of administration...a blend of the planning, organizing, and controlling functions of management with the management of human, financial, physical, information and political resources.

Hood identified seven doctrinal components of NPM: 1) “hands on” professional management in the public sector; 2) explicit standards and measures of performance, which were later defined as PIs (Performance Indicators); 3) greater emphasis on output control; 4) a shift to the disaggregation of unit; 5) a shift to greater competition; 6) a stress on private sector styles of management practice; and 7) a stress on greater discipline and parsimony in resource use. This definition implies that NPM relies heavily on the theory of the marketplace and on a business-like culture in public organizations. Other definitions were suggested in the 1990s and drew on the extensive writing in the field. For example, Hays and Kearney found that most of the studies on NPM had mentioned five core principles of NPM and thus concluded that they represent the most important philosophy of the discipline: 1) downsizing—reducing the size and scope of government; 2) managerialism—using business protocols in government; 3) decentralization—moving decision making closer to the service recipients; 4) debureaucratization—restructuring government to emphasize results rather than processes; and 5) privatization—directing the allocation of governmental goods and services to outside firms. All of these principles are mutually related, relying heavily on the theory of the private sector and on business philosophy but aimed at minimizing the size and scope of governmental activities. Integrated with ideas rooted in political economy, they have now been applied to public sector institutions.

Hence, governments that are far from being simple businesses have been encouraged to manage and run themselves like businesses. An integrative definition for NPM that relies on the previous works would thus argue that NPM represents “an approach in public administration that employs knowledge and experiences acquired in business management and other disciplines to improve efficiency, effectiveness, and general performance of public services in modern bureaucracies.”

**WHAT MAKES PUBLIC MANAGEMENT NEW?**

New Public Management is growing in popularity in North America and across the world, and many governments have adopted ideas and recommendations that have proven beneficial, thereby arguing for the continued implementation of this strategy. A consensus exists today that NPM has become extremely popular in theory and in practice in public arenas. Relying on an extensive survey of public management research in America, Garson and Overman argue that this increasing popularity was due to the more aggressive connotation of the term “management” in comparison with “administration.”

Yet, is NPM really a new doctrine in public administration or just another variation on old concepts and ideas? There is no doubt that the increased impact of new ideas and methods from the field of public management...
into that of administrative science is essential and natural. It reflects a special focus of modern public administration that must not be ignored. It may also be viewed as a major segment of the broader field of public administration since it focuses on the profession and on public managers as practitioners of that profession. Thus, public management had indeed some new elements of vital and innovative thinking. Furthermore, it emphasizes well-accepted managerial tools, techniques, knowledge, and skills that can be used to turn ideas and policy into successful programs of action.

Other scholars delineate (e.g., Ref. [7]) six differences between public administration and public management that turn the latter into a new field of study and practice:

1. the inclusion of general management functions such as planning, organizing, control, and evaluation in lieu of a simple discussion about social values and the conflicts of bureaucracy and democracy;
2. an instrumental orientation favoring the use of the criteria of economy and efficiency in lieu of equity, responsiveness, or political salience;
3. a pragmatic focus on mid-level managers in lieu of the perspective of political or policy elites;
4. a strong philosophical link with the scientific management tradition in lieu of close ties to political science or sociology.

While the emergence of NPM is frequently related to the increasing impact of positivist behavioral science on the study of politics and government (e.g., Ref. [7]), the practical aspect of this process should also be considered. Practical public managers, as well as political scientists, refer to the difficulties in policy making and policy implementation that faced many Western societies in the 1970s. These practical difficulties are viewed today as an important trigger for the development of NPM. Reviewing two recent books on NPM, Khademian [10] argues that it is obvious that modern states must rely more on private and third-sector institutions and less on government to satisfy the needs or demands of citizens, namely to show higher responsiveness to the public as clients. In line with this, it is obvious that modern states must rely more on private and third-sector institutions and less on government to satisfy the needs or demands of citizens, namely to show higher responsiveness to the public as clients.

CRITIQUE OF NPM

Certainly, the NPM approach suggests a different type of interaction between citizens and rulers in democracies. However, the roots of such interactions can be found a century ago. For example, Weikert [6] asserted that “the ideas behind NPM are not new” and that “NPM builds on a long history of using business practices in government and reflects a resurgence of old ideas about the form and functions of government.” During the first years of the twentieth century, reformers and business leaders demanded greater accountability in local government, and many politicians, as well as public officials, turned to business principles to improve governmental activities, invigorate performance, and reduce corruption. However, the vision of NPM is also far different from the old business-guided governance in that it looks to decrease government size and minimize its involvement in citizens’ lives. As is evident from the above principles, NPM advocates that governments and public administrative bodies view citizens as clients/customers of the public sector, while governments and the public sector are perceived as managers of large bureaucracies. According to this outlook, the state and its bureaucratic subsystems are equivalent to a large private organization operating in an economic environment of supply and demand. In this spirit, a major goal of government is to satisfy the needs or demands of citizens, namely to show higher responsiveness to the public as clients. In line with this, it is obvious that modern states must rely more on private and third-sector institutions and less on government to satisfy the societal needs of heterogeneous populations. The goal of satisfying the needs of citizens became central to the NPM philosophy.

Nevertheless, NPM may be criticized for not doing enough to encourage and incorporate the idea of collaboration or partnership between citizens and the public sector and for failing to apply these themes to modern managerial thinking. Unlike traditional public administration, the NPM movement focuses on citizens as sophisticated clients in complex environments. The principles of NPM are compatible with theories of political economy such as regulative policy by governments or the
policy of transferring responsibilities from the state sector to the private and third sectors. These ideas, and the governmental policies deriving from them, frequently challenge various social democratic principles, norms, and values in Britain, America, and many other Western democracies. Public authorities were urged to treat the public well, not only because of their presumed administrative responsibility for quality in action but also because of their obligation to marketplace rules and to economic demands and above all because of their fear of losing clients in a increasingly competitive businesslike arena. In fact, while NPM is an improvement over more classic views of public administration that saw citizens as subjects or voters, it does not go far enough in fostering active participation of citizens, govern- ments, and the public sector, which is in the essence of democratic civil society. In line with this, "neo-managerialism" notes an additional obstacle to productive partnership that must also be recognized and surmounted. According to Terry, neo-managerialism supports the idea that administrative leaders should assume the role of public entrepreneurs. However, "public entrepreneurs of the neo-manageralist persuasion are oblivious to other values highly prized in the U.S. constitutional democracy. Values such as fair- ness, justice, representation, or participation are not on the radar screen (and) this is indeed, troublesome." In many respects neo/new managerialism and NPM encourage passivity among the citizenry. They impart to citizens the power of exit (which indeed was virtually unavailable in the past), but at the same time, they discourage voice of citizens who may have much to contribute to their communities. Exit is an economic choice, while voice is more of a political selection by individuals in and around organizational systems. Exit is also classified as a generally destructive behavior, while voice is a productive one. According to this argument, NPM restricts and discourages the productive po- litical voices of the people.

Hence, recent developments in the study of NPM have focused on the responsibilities of governments and public agencies in their interaction with citizens but similarly have paid far less attention to the active roles of citizens and to their obligations to the community. Most of the up-to-date NPM literature favors massive socialization of business management practices in the public sector to provide governments with better tools for policy imple- mentation. But on the other hand, these orientations and practices have not yet been integrated with another core-concept of healthy democracies—genuine collaboration and partnership with citizens based on equal opportunities for participation and massive involvement in running public life more effectively. This lack of emphasis on the idea of partnership and collaboration, in favor of good responsive management, may be deemed a flaw in contemporary NPM theory.

CONCLUSIONS: THE ONGOING PURSUIT OF "NEW" AND "NEWER" INITIATIVES IN PUBLIC ADMINISTRATION

Scholars agree today that at least some of the accumulated wisdom of the private sector in developed countries is transferable to the public sector. In an attempt to "liberate" the public sector from its old conservative image and moribund practice, NPM was advanced as a relevant and promising alternative. Thus, NPM literature has tried to recognize and define new criteria that may help in determining the extent to which public agencies succeed in meeting the growing needs of the public. New Public Management has continuously advocated the implementation of specific performance indicators used in private organizations to create a performance-based culture with matching compensatory strategies. It has recommended that these indicators be applied in the public sector since they can function as milestones by which to better gauge the efficiency and effectiveness of public agencies.

Moreover, citizens’ awareness of the performance of public services was suggested as a core element of NPM since it can increase the political pressure placed on elected and appointed public servants, thereby enhancing both managerial and financial efficiency in the public sector. Scholars who advocate NPM compare this process of public accountability to stakeholders/citizens to the role adopted by financial reporting in the private/corporate sector. As in the private sector, increasing external outcomes can have meaningful impact on internal control mechanisms, as managers and public servants become more sensitive to their duties and more committed to serving citizens as customers.

In view of the above and looking toward the future, Lynn suggested that NPM of the late 1990s has three constructive legacies for the field of public administration and for democratic theory and practice: 1) a stronger emphasis on performance-motivated administration and an inclusion in the administrative canon of performance-oriented institutional arrangements, structural forms, and managerial doctrines fitted to a particular context—in other words, advances in the state of the public management art; 2) an international dialog on and a stronger comparative dimension to the study of state design and administrative reform; and 3) the integrated use of economic, sociological, social-psychological, and other advanced conceptual models and heuristics in the study of public institutions and management, with the potential to strengthen the field’s scholarship and the possibilities for theory-grounded practice.
It seems that the ongoing debate about the net contribution and added value of NPM to the study and practice of public administration will continue. Whether it is a "new" approach, a partly new doctrine, or an old lady with a new hat, it is obvious that NPM is responsible for some of the meaningful transformations witnessed by modern societies in the last few decades. It is also likely the "newer" doctrines and methods will evolve along with bureaucratic, political, technological, and cultural developments. New Public Management has made its mark, but this is only one link in an endless chain of scientific advancement.

REFERENCES


The term new public management was coined by scholars from UK and Australia (Hood 1991 and Hood and Jackson 1991), who were working in the areas of public administration. Now, the origin of this new term was to propose a new point of view towards the organizational design in the public sector, however after a decade, the meaning of this term in discussions and debates became many. The term New Public Management (NPM) emerged in the beginning of the 1990s in response to the challenges of globalization, international competitiveness, and technological change. It is argued that it represents a paradigm shift from a traditional model of public administration, dominant for most of the 20th century to managerial-ism or what is popularly known as the New Public Management. NPM seeks to adopt various techniques and practices used by private sector management.