

The value of New Public Management in modern times

Yang Chen, Sandra Kim, Peter Smith, Abdul Waziruddin

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ABSTRACT: New Public management can be considered as the evolution of public administration. The source of inspiration for the administrative change of the public sector was the business management and its successful operation in private companies. The application of elements of business administration in the state administration, upgraded the level of services, evolving the existing bureaucratic system. The New Public Management attempts to redefine the relations of the State encouraging the transfer of management tools to public administration, aiming to improve efficiency operating as a key factor in administrative reform.

Key words: New public management, public sector reform, public administration

I. INTRODUCTION

Public management emerged in the 1970s, initially expressing more of an institutional development and less of an abstract or theoretical development. Since that period there has been an intensive transition from public administration to public management [1]. A series of increasingly obvious pathogens created the source of the new model of public sector administration. In particular, the existence of an outdated, bureaucratic and inefficient public administration, combined with the technological boom and globalization of the economy as well as the growing demands of consumers / citizens for better services led to the consolidation of public management [2]. The rapid developments and the rapid pace of modern societies, have created the imperative need to focus on more substantial management of public services, emphasizing the end result. Public management, in essence, consists of a flexible management process based on the effective management of material and intangible resources, aiming to achieve predetermined goals while being more in line with the day-to-day operation of organizations, without excluding the willingness to define and implement long-term strategy [3]. Public management is the evolution of public administration, noting a significant difference from the current situation.

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Management in public sector

The management of the public sector in the new light, incorporated elements of administrative practices that favor: efficiency, flexibility, the ability to achieve predetermined goals, productivity, competitiveness, etc. However, given the demand for more economical results, as the most important use of public management, the need for more rational management of resources emerges. Especially in times of economic crisis the need is maximized, to the point of becoming an end in itself. Through public management, it is possible to overlap all the activities of the public, evolving the whole of its functions and responsibilities [4]. Essentially, through public management, the integration and adaptation of the principles, methods and techniques developed in the private sector, in the respective mode of operation of the public sector, is attempted. The public management as a system of operation of the modern public administration and as a system of techniques, presents such a scope that it covers the whole range of activities that develop in the field of public administration while at the same time it is specialized to bring key results from the application of completely specialized methods [5]. Public management is the mood to increase the efficiency of public administration, through:

- Utilization of specialized management methods in accordance with the practices applied by the private sector.
- Reorganization of public administration through radical reforms aimed at increasing efficiency.
- Total rationalization of the administration, emphasizing the results (according to the standards of the private sector) and not the

procedures (as defined by the bureaucratic model).

Based on the theory of public management, it becomes clear that the public administration must adapt to the changing nature of its objects, while at the same time dictating the urgent need to adapt to the changing political, economic and social environment, demonstrating the required extroversion [6]. The reasons that contributed to its emergence and consolidation are mainly: the information explosion, the globalization of the economy, the operational inefficiency of large bureaucratic organizations in conditions of financial constraints, the increased demands of citizens to public organizations for better services, the search for employees for development opportunities, etc[7]. It should be noted that from the package of these conditions, the most decisive are those that refer to economic efficiency and administrative efficiency.

Implementing managerial techniques in public sector

Business management, as a pillar of public management, is related to the principles, methods and techniques of organizing private companies which, due to the intense competition that governs them, pushed the management science to leapfrog progress [8]. Public management as a patchwork of the regulatory framework of public administration and the "disposition" for results of business administration, expresses the following:

- Long-term planning
- Dynamic goal setting
- Pursuit of goals
- Simple and flexible structure
- Efficient management of financial resources
- Maximum delegation of decision-making power
- Emphasis on results

Public management represents a different view of the state administration, aiming at the radical restructuring of fragmented processes, through private economic criteria. In practice, it is a different administrative mentality that focuses on the end result, evolving the existing form of public sector administration. Nevertheless, public management differs significantly from business management, being a separate application of scientific management. The differences between public and business management can be summarized as follows:

1. Objectives of the organizations. At the top management level, the objectives are completely differentiated, as private companies aim to maximize profits while public

organizations seek to maximize the public interest, performing multiple tasks (social policy, high efficiency, social progress, economic promotion, etc.).

2. Equality in distribution. In private companies, equality is achieved through the formation of a market price (the supply of goods arises through the law of supply and demand) in contrast to public organizations which must take into account a number of parameters e.g. consumer needs, consumer specificity, social justice, etc.
3. External environment and pressure groups. Executives of public bodies are called upon to face pressure from various social groups in order to promote their particular interests, thus altering the final management choices.
4. Business ethics. Private companies tend to use any means (ethical or immoral) to achieve their goals, in contrast to public bodies which, due to their political nature, are indirectly accountable for their actions (social person of the administration).
5. Political intervention. The public sector differs institutionally or not, from the private to the degree of influence from the political power (intervention through the legislative / executive function or intervention through selfish extra-institutional pressure).

Despite the individual differences, it is generally accepted that public management was based on the internationalization of the scientific administration movement [9]. Public management as a new form of public administration was developed through a series of practices, which brought back to the forefront the theories of F. Taylor (shaping the theoretical current of Neo-Taylorism), establishing a new scientific basis of principles and axioms, similar with that of private companies [3].

3.2. Analyzing New Public Management

An upgraded form of public management is the New Public Management (NDM) which consists of a more effective manifestation of administrative action, but does not belong exclusively to a scientific discipline. According to the OECD Public Management Committee, the New Public Management is characterized by:

- i. a deeper focus on the decision-making process, in terms of efficiency, effectiveness and quality of service.
- ii. the replacement of centralized hierarchical structures by decentralized administrative environments, where decisions are placed closer to

the point of "action", enabling the feedback of the system through communication [10].

iii. establishing productivity targets and creating a competitive environment between public bodies and similar private ones.

iv. the strengthening of strategic capabilities, in order to enable the state to respond to changes in the external environment in a timely, flexible and economical manner, while maintaining its multidimensional role [11].

v. focusing on the result rather than the process, emphasizing the valuable concept of cost-benefit ratio.

vi. promoting capable management systems, supporting and strengthening the forthcoming changes.

vii. the ability to configure alternatives in order to maximize the end result.

There are proposals, ideas and assumptions from more social sciences (Economics, Sociology, Psychology, Law, Political Science), which are integrated in the New Public Management, without obeying a single and clear methodology. The main characteristics that differentiate the New Public Management from the traditional models of administration and administrative reform, are: a) its extroverted orientation towards the citizens / clients of public organizations, in order to improve the quality of the provided services and b) the emphasis on efficiency, effectiveness and cost-effectiveness of administrative actions.

The basic mission of the New Public Management is the possibility of achieving predetermined results. For the first time, concepts such as efficiency, productivity, quality and efficiency that we have encountered so far in the management of private companies are entering the management of a public organization. One of the main tools of the New Public Management is economy. The cost-benefit ratio and the consideration of the resulting efficiency, provide essential information to the management for better decision making. At the same time, NPM focuses on providing better quality services, reducing citizens to customers. This concept is clearly reflected in the science of Total Quality Management, which will be discussed extensively in a later chapter.

Of course, the influence of the science of business management could not be absolute. The public sector, due to its peculiarity, cannot act as a company that operates with the main mission of maximizing profit. Public bodies perform other roles e.g. social, political, cultural, etc. The administrative logic of NPM, attempts a

combination of social action of the public sector and the effectiveness of business management [12]. The NPM, realizing its role, claims the promotion of the public interest and social welfare, combining its social and economic status. Essentially, the new current concerns a mix of scientific theories and practices of both public administration and business administration.

The actions that compose the New Public Management, include elements from the classic business management but also from the introverted public administration, which depending on the specifics of the areas that are applied, give the whole of the reforms the corresponding program, organizational or control tone. It should be noted that in the Saxon tradition, the logic of pragmatism prevails, which is characterized by the commitment to achieving results and not by the regulatory recording of procedures and their institutionalization. Finally, the different interpretation of the NPM given in the USA, compared to the one given in Europe, should be noted. In the US, the NPM transfers the values and management techniques of private companies to the public sector, while in Europe it is more associated with the concept of governance. Governance is a broader term than that of management and differs from it in that governance includes concepts such as civil society and social justice.

International organizations such as the OECD, the UN, the World Bank and the International Monetary Fund have played and continue to play a key role in developments in the field of management science. These organizations do not function simply as information channels, but as policy makers and instigators of the member states in their implementation. In the spirit of the New Public Management, the EFQM (European Foundation for Quality Management) model was created, which was adopted by the EU. in 1991, following a proposal by the European Foundation for Quality Management, with the aim of creating a reliable organizational model for quality and performance. The categories of action through which the degree of quality is explored with the EFQM model are: leadership, policy, strategy, collaborative management, resource management, process improvement, employee satisfaction, the consequences of administrative action in society, the improvement of efficiency in key areas of administrative action, customer satisfaction, etc. A characteristic feature of the EFQM model is that it can emphasize any of the above categories. Therefore, the criteria should be specified according to the nature of the organization that implements its practices [1].

The New Public Management attempts to redefine the relations of the State with both the economy and the Civil Society. Encourages the transfer of financial management tools to public administration, aiming to improve efficiency. During the implementation of the NPM, we encounter successful actions, such as: the rationalization of planning, the redesign of the organizational structure, the monitoring of the results of the administrative action (in relation to the set objectives), the establishment of measurement indicators and the evaluation of public sector functions, benchmarking and competition between departments and services, agreements between staff and management that are negotiated (and not based on predetermined provisions as defined by administrative law), the provision of incentives as a means of motivating employees, etc. The New Public Management, despite the criticism it received, continues to be promoted as one of the most effective ways of managing state affairs, contributing to the better management of modern social needs and combining actions belonging to either classical management or individual social sciences.

3.3. Discussion about the implementation of public management

During the 1980s, led by the United States and Canada from the transatlantic countries and the Netherlands and Great Britain, NPM techniques were introduced from Europe. The proposals of the New Public Management were considered as a panacea both theoretical and practical. The problems that the NPM was called upon to solve at that time concerned the rational management of resources and the increase of efficiency.

It is a fact that the rationalization attempted through the measures and actions of the NPM (especially in the local authorities), has substantially improved their financial management. The widespread use of contracts / agreements between the central government and local authorities, which described the cooperation between them, with commitments from both sides, resulted in the widest extension of the logic of "privatized goods".

The pace of public affairs changed, employees gained work motivation and enthusiasm and many public organizations rushed to follow the pioneers [13]. From 1996 onwards, some remarks began to be made, such as that citizens are not just customers and that the role of government services cannot be limited to the provision of services. The fiercest attack on the NPM was launched by British scientists, who, with a point of reference to the local government, identified significant social

distortions. According to them, the change of administrative mentality brought about by NPM, transforming the citizen into a customer, led to the prevalence of a consumer orientation. In the context of the new orientation, the cost of public services increased, to the point that the price of public goods equals that of private goods. The State's results in social policy issues have been adjusted to a particularly low level, forcing citizens to take action by organizing mutual aid networks[14]. Politics seemed to recover along with the social demand for a leading role of the state.

Critical overview of public management

The reaction to the technocratic conception of the NPM, led to the formation of a new relationship between State and citizens (conclusion of a new social contract), which limits the impact of private economic criteria, while strengthening social self-organization and commitment to the social contract. The modern theory of governance demands the redefinition of administrative reform in political terms, in contrast to the NPM reforms that are estimated to have led to the annulment of politics and the economization of the State. This criticism, in particular, refers to the fact that the applications of the NPM restrict democracy, shrink human rights and differentiate national, cultural and aesthetic peculiarities, in favor of a leveling concept that proposes the economic benefit of business, to the detriment of the public interest. and the values of equality and equality, which the State has traditionally protected. Proponents of his case have been working to make the actual transcript of this statement available online. "NPM agenda".

The critics of NPM rightly point out the degradation of the social status of the State. However, the value of the proposed reforms must be emphasized, especially when implemented in societies where corruption and mismanagement circumvent any trace of social justice, progress and meritocracy. Therefore, it is understood that the implementation of the NPM can be extremely useful, solving important organizational problems that dominate as dominant pathogens of state operation. The social policy deficit (which may have resulted from the acceptance of the NPM), could be the successor target, after the necessary consolidation of the public administration.

Modern socio-economic developments, in some cases, have been integrated into the existing administrative system and in others have been transformed into a new administrative current (that of public governance, which will be discussed

later). The new tools that NPM has incorporated in the last years are the following: citizen participation in the decision-making process and the mass use of referendums in local communities. The public sector needs to integrate elements of competitiveness, renewed operating conditions and modern methods of service delivery, in order to fulfill its role in modern society and to respond to the upgraded operating conditions of the public sector, globally.

New Public Management has been a key factor in administrative reform in a variety of developed and developing countries [15]. It supported the efficient functioning of public bodies, strengthened the financial management of tangible and intangible resources, promoted public sector extroversion, sidelined political intervention, and rehabilitated troubled public bodies [16]. NPM, through its business culture, promoted:

- the consolidation and modernization of the public administration, which is now able to meet its multidimensional role,
- the viability of public bodies, as an important parameter is the reduction of losses and deficits,
- achieving economic progress, creating effective public services, which in turn undertake to promote the development process,
- social justice, as rational administration has led to meritocratic processes.

II. CONCLUSIONS

Undoubtedly, the NPM enhanced the efficiency of public organizations by incorporating private economic criteria into their administrative mentality [17]. The question that arises is: to what extent does the State, using the New Public Management, manage to maintain its social face? It is a fact that the public sector does not aim to maximize its profits. The main goal is economic viability in combination with the performance of the necessary social work. Therefore, it must be made clear that the business spirit is not an end in itself, but an auxiliary tool. The administrative logic of the NPM must be used supportively, while maintaining the social status of the public sector. The supporters of NPM answer that this administrative current uses private financial elements, without embracing them. It adopts administrative practices, aiming at administrative improvement [17], without being identified with the model of private enterprise management.

It is generally accepted that the principles of the NPM are a new reality. Their influence on public action is a given and in many cases decisive. The NPM has led to a new era of administrative

efficiency of the public administration, reducing the State to a credible and productive force for progress. The nature of the private economic criteria as a component of the New Public Management may not be in line with the social role of the State, but individual elements of them could be considered extremely useful, promoting necessary features such as efficiency and economy [18]. For the consolidation of the operation of the public sector. It should not be forgotten that management does not necessarily mean maximizing profit, it means maximizing the efficiency of production factors.

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