MANAGERIAL PROGRAMME AGENDA – II

At the end of the last lecture the students will be exposed to:

- The remaining part of seven points of public management;
- Critique of new public management and
- What have we covered in the course;

We shall first examine the remaining part of internal changes of new public managers

1. **A stress on private sector styles of management practice** This includes staffing changes designed to better fit staff for their positions, to appraise their performance and to reward them accordingly with merit pay. The emphasis on performance also leads to short-term appointments by contract and to terminate staff who is not performing. This concept is based on economic idea that wages increase productively.

2. **Discipline and parsimony in resource use** New public management requires increased attention on the best use of resources. This includes cutting costs but also involves directing resources to emphasize those programmes which most assist the attainment of strategic objectives. Governments have been able to control spending far more by having better information.

All these changes drive from particular theories-they are theory-driven to an unusual degree for government administration.

These last two points strengthen the previous point that individual performance be linked to wages and that organizations should aim to reduce cost.

**Theoretical Bases of Management**

The traditional theories of public administration were criticized. The traditional public administration was based on two theories:

1. Theory of bureaucracy and
2. Theory of separation between politicians and administrators.

There are also two main theoretical bases to new public management. These are economics and private management.

That economics and private management are the two main theoretical bases for NPM is not a matter of controversy, because management is ‘clearly an activity which is concerned with using resources so as to achieve defined objectives’ and these objectives ‘are defined predominantly in the language of economics’ (Pollitt, 1990)

The economic basis to managerialism allows it to draw on what is the most powerful of social science theories. There are two key assumptions in economics. First, there is the assumption of rationality: those individuals can be assumed to prefer more of something rather than less. Secondly, the individual rationality assumption allows the elaboration of models which can extend to high levels of abstraction.

Economist and economic thinking became influential in government also:

1. Cost-benefit analysis
2. Public choice theory

Gave rise to market based public policies
Critique on Management

Since, the upsurge of reforms in developed countries and implementation of reforms in public or civil service, they called it ‘public management’ instead of ‘public administration’. The effects of this change are taking place in developing countries like Pakistan as well and privatization of public organization and encouragement to private sector is taking place. Although now the work done by public servant may be called as management, because the focus is on the achievement of results. But there is some criticism of managerialism or NPM. The critique is as follows:

1. The Economic Basis of Managerialism

   The foundation in economics form one of the criticisms of managerialism. The questions on assumptions of economics are on its “approach to rationality. And the critique is that all individuals do not behave rationally, likewise all bureaucrats do not maximize own advantage. There are two main critiques of economics. First, that economics is not a ‘perfect’ social science and its application to government will not give ‘perfect’ results. This is not a new critique but has been there ever since economics and capitalist system matured.

   The second, critique is that economics can be the for economic system, but government cannot provide services on consumer transaction basis, (costing every service on profit basis) that consumer behaviour laws do not apply to public sector, because public sector is different from private sector, because its objectives are not to make profits.

2. The Basis in Private Management

   That “managerialism” derives its spirit from private sector is a source of criticism. The public sector is different and that private sector models of management become irrelevant. For example changing the focus of organization from inputs to outputs i.e. results has logical which are: Setting objectives, devising programmes, setting structure, measuring performance and evaluating programmes. All this steps are logical progression and once objectives and results are defined clearly other steps will follow. But in public sector objectives sometimes cannot be defined clearly and therefore, all the logical steps that follow do not stay relevant. Since it is difficult to determine objectives, this may be the key difference between public and private sector. However, this does not mean that effort should not be made to define objectives because without objectives the meaning of creating government organization is lost.

3. Neo-Taylorism

   The main theoretical critique is that managerialism represents revival of F.W. Taylor's ideas of efficiency, output measurement, piece wage rate etc. It is argued that going back to this theory ignores the development of human relations and other theories. The emphasis of NPM (or managerialism) to control government spending and decentralising management responsibilities with performance management is seen as management philosophy which can be described as neo Taylorism. Authors like Pollit see managerialism as the direct descendent of Taylor's scientific management; and that human relations aspects are downplayed.

4. Politicisation

   The changes that are taking place in public service are said to be “politicizing”. Meaning thereby, that ministers who head ministries will select own division/department head and will then expect that heads of departments achieve goals which ministers have given them. This idea of NPM cuts across traditional model’s emphasis on neutrality and impartial administration. The dichotomy between politics and administration and neutrality of public servant is no more there. This is negation of what Woodrow Wilson idea about non political and efficient bureaucracy, which he put forward in 1880.

5. Reduced Accountability

   There is concern whether NPM concepts & procedures fit in the system of accountability. There is a conflict between the concept of public management and public accountability. If public servants are to be accountable for results then politician’s accountability is absolved. How can public servants be accountable to citizen? It is the politicians who take vote from public to serve them and it is the policy direction of politicians that civil servant implement. So in NPM accountability gets more diluted.
6. Implementation

In NPM strategy and goals and objectives are formulated at top and there is little attention paid to implementation. Improvements in strategy and budgeting occur at top, but at lower level implementation or performance management leaves much to be done. Evaluation of programme is still considered unusual and is not comprehensive.

7. Unclear Specification

A final area of critique is that specifications are unclear in NPM model. It means there is no real definition of public management or managerialism. There is listing of things involved: performance measurement, incentives, programme budgeting, and so on but no clear definition for these concepts.

Summing the Critique

The critique of NPM has some valid points, but these are to be proved as yet because the real test of new theory is the performance. It has to be seen if NPM will work.

The basic concept of NPM decentralises responsibility and accountability to manager who has to achieve results. It is to be seen that NPM will achieve what it intends to achieve i.e. better performance and efficiency.

What is the role of government?

From the time the public administration was the practice of managers to the time it acquired the shape of a discipline to be taught in colleges and universities there has been one fundamental question:

What is the role of Government in providing goods and services? Is government going to be welfare state? To what extent government will provide services? To whom government will provide services? What services will be provided by the private sector? Will government charge for services that once were provided free? How should government charge? Should it cover cost? Should it make profit on the services that it provides?

There have been these questions asked. The reason for asking these questions is that government’s cost of providing services is increasing, because of its large size and efficiencies mainly. So governments have to see what can be done.

Besides there is the upsurge of markets and by markets we mean commercialization of all activities: make money on the sale of services; sell services to those who have ability to pay etc.

Therefore, the role of government is undergoing change under market pressures and commercialization of services. This needs to be questioned whether this is the ‘correct’ role of government?

What have we covered?

In these 45 lectures an attempt was made to understand the concepts, theoretical framework of public administration/management, definitions etc were explained. We started of with the explanation of public administration; and one definition that was given is: It is the continuously active, ‘business’ part of government, concerned with carrying out the law, as made by legislative bodies (or other authoritative agents) and interpreted by the courts, through the processes of organization and management.” This definition covers most rather all dimensions of what government does.

We also covered significant area of constitution that establishes organization, institution of state, rights of citizens, etc. We covered evolution of the management, core functions: Planning and organizing, public finance, administrative accountability, skills of manager, district administration, and local government and then the changing concepts of public administration/management.