

*Full Length Research Paper*

## **New Public Management (NPM): A dominating paradigm in public sectors**

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**New Public Management (NPM) system has been the dominant paradigm in public administration theory and practice since 1980s, having its affinity with markets and private sector management as the old administrative model has been under severe criticisms for its inability to deliver goods and services to the people. NPM is depicted as a normative conceptualization totally different in many ways from traditional public administration, providing services that citizens value to increase the autonomy of public managers and rewarding organizations and individuals to enhance the efficiency of public sector production. This paper focuses on the introductory discussion of the NPM system which has replaced the traditional public administration system and analysis of the trends, rationales and scope of reforms of the public sector in Bangladesh and African countries. The paper is based on archival research, where secondary data sources have been used and methodological filter was applied to confine the literature. New Public Management (NPM) is a different paradigm of public management that puts forward a different relationship between governments, the public service and the public.**

**Key words:** New public management, traditional administration, public service, efficiency.

### **INTRODUCTION**

The modern administrative system came into existence in the 19th century. Until the 1960s, the interventionist character of the government was quite evident in production, provision and regulatory activities. The features of this interventionist state were clearly set out by Max Weber with strong echoes from other scholars. Policy-administration dichotomy, rule-based administration, meritocracy, career system, impersonality, division of labor and hierarchy are the essential characteristics of

the system (Peters, 1996). Caiden argued, 'All blamed the dead hand of bureaucracy, especially the poor performance of public bureaucracies and the daily annoyances of irksome restrictions, cumbrous red-tape, unpleasant officials, poor service and corrupt practices' (Hughes, 2003:02). The old administrative model has been under severe criticisms for its inability to deliver goods and services to the people. The new approach, namely New Public Management (NPM) emerged to

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replace the traditional model of public management during the 1980s and 1990s in response to the inadequacies of the traditional model (Hughes, 2003). One of the most influential factors leading to the emergence of NPM has been the historical shift in state ideology since in the late 1970s in advanced capitalist nations towards a neo-liberal formwork, which rejects the welfare state, opposes a large public sector, doubts government capacity, blames public bureaucracy, believes in the private sector superiority and emphasizes market competition in service delivery (Haque, 2003). New Public Administration reforms, it is said, are a common response to common pressures-public hostility to government, shrinking budgets and the imperatives of globalization (Charles, 1999: 1). New Public Management is a vision, an ideology or a bundle of particular management approaches and techniques (Kalimullah et al., 2012). The public management paradigm has the very different underlying theoretical basis of economics and private management (Hughes, 2003) which promises a leaner and better government, decentralization, empowerment, customer satisfaction and better mechanisms of public accountability.

The new approach has brought a radical change in organizational culture, but not without cost. It is the development or application of methodological and systematic techniques, often employing measurement and comparison that are designed to analyze and make the operation of public organizations more efficient and effective. Reforms aimed at improving the quality of public services (Balk, 1996), saving public expenditure, increasing the efficiency of governmental operations and making policy implementation more effective (Flynn, 1993a; Frederic, 1998a).

This approach has problems, not the least of them the disruption to standard operating procedures and poor morale and involves a paradox of centralization through decentralization. To illustrate the point, Kaboolian (1998), Khademian (1998) and Maor (1999) pointed out that giving public managers more authority to manage programs may result in concentrating decisions making in them. Thus, NPM may lead to centralized decision making by public managers, rather than encouraging decentralization in public organizations as it claims. Besides, NPM concerns applying private sector management techniques to the public sector, but the areas of public service and administration are distinct from the private sector. However, the new public administration postulates that public officials should drop the façade of neutrality and use their discretion in administering social and other programs. Moreover, it recommends client-focus administration along with debureaucratization, democratic decision making and decentralization of administrative processes in the interest of more effective and humanistic delivery of public services (Hughes, 2003:15). Many governments and several international organizations have embraced

the NPM as the framework or paradigm through which governments are modernized and the public sector re-engineered to “strengthen the connections between government and the mechanisms, both in government and civil society, that are responsible for how well government works for public service (Armacost, 2000.).

### **Objectives of the study**

This paper is an attempt to analyze the origin and chief characteristic of the new public management (NPM) and a discussion was made on the trends, rationales and scope of reforms of the public sector in Bangladesh and African counties and the extent to which these reforms were influenced by the principles of new public management.

### **MATERIALS AND METHOD OF STUDY**

The qualitative method has been used depending on secondary source which has been analyzed from the existing literature. Methodological filter was applied to confine the literature through segregation criteria of the systematic review to control vocabulary such as keywords focusing on the rationales and scope of new public service management system. The secondary data have been collected from the various text books and published research reports, various works related to public service which is entirely appropriate and wholly adequate to draw answer to the objectives of this paper. Besides, the information has been presented in this paper on the basis of various works, which focused on the public service system. Web sites which were relevant to NPM also followed and collect information used in this paper.

### **THE REASONS OF EMERGENCE OF NEW PUBLIC MANAGEMENT PHILOSOPHY**

The adoption of new forms of public management means the emergence of a new paradigm in the public sector and traditional public administration discredited theoretically and practically (Kalimullah et al., 2012). The NPM agenda for service delivery is best understood in the historical context in which it emerged. Generally, there was an intermediate stage between the approaches to service delivery that were associated with the classical public administration that the approaches associate with NPM. It is argued that the traditional model of administration has been replaced by public management as the culmination of a reform process that has occurred in many countries since the late 1980s.

### **Private sector change and attack on the public sectors**

During the past three decades, there has been an unprecedented wave of reforms in developed industrial economies, whose political leaders were under pressure

to keep down levels of public taxation and expenditure, while maintaining high levels of welfare and other public services (Manning, 1996). There were three main aspects of the attack on government a). The scale of public sectors (the arguments was that government handling scale is simply too large, consuming too many scarce resources), b). The scope of the government (arguments was that government involves itself in too many activities), c). The methods of the government (arguments were that bureaucracy is a highly unpopular form of social organization). In the early 1980s, there were wide-ranging attack on the size and capability of the public sector. Government, particularly its bureaucracy, was a source of some unease at the same time, paradoxically, as more services were demanded of it. Reforms in the public sector followed the election of Ronald Reagan in 1980 and Margaret Thatcher in 1979 (Flynn, 1997b; Farnham and Horton, 1996; Ranson and Stewart, 1994, Hughes, 2003: 09). These were not, however, simply reforms, rather, the whole conception of the role of the public sector within society was challenged, and the way it is managed has altered as a direct result. There was a greater appreciation of the role of government and the public sectors; that is why, moves towards privatization in its various forms such as contracting-out, reducing government spending could be considered as shedding aspects of government that are no longer parts of its 'core business'. In a number of policy areas, it is important for government to tailor its policies to enhance national competitiveness (Hughes, 2003: 14).

### **Economic theories and changing situation**

Economic theorists claimed that government was considered as the economic problem in restricting economic growth and models backed up their arguments that less government would improve aggregate welfare by improving economic efficiency. So instead of governments forcing people to do things through the bureaucracy, markets were superior in every respect, with words like 'freedom' or 'choice' (Friedman and Friedman, 1980). Several theories have provided the theoretical underpinnings of NPM and have helped shape NPM ideas, in particular public choice theory, principal/agent theory and transaction cost theory (Walsh, 1995; Boston et al., 1996). Public choice theory applied to the bureaucracy, particularly in the earlier debate over managerialism, was public choice theory. In particular, public choice theorists (Niskanen,

1971) have criticized the Weberian bureaucratic model as lacking cost-consciousness because of the weak links between costs and outputs (Larbi, 2003). This gave theorists a plausible weapon to support their views that government is too big and inefficient, and offered a sharp contrast to the traditional model of public administration. Public choice is a sub-branch of economic thought concerned with the application of microeconomics to political and social areas. The key assumption of public choice is a comprehensive view of rationality. Instead of being motivated by the public interest, bureaucrats, like anyone else, are assumed to be motivated by their own selfish interest. Public choice, provided alternatives, the most obvious being to allow competition and choice and to return as many activities as possible to the private sector (Hughes, 2003:11).

Principal/agent theory, the economic theory of principal and agent, has also been applied to the public sector, especially concerning its accountability. The theory was developed for the private sector to explain the divergence often found between the goals of managers (agents) in private firms and shareholders (principals). The theory attempts to find incentive schemes for agents to act in the interests of principals. The activities of agents (managers) need to be monitored by shareholders, by the possibility of takeovers or bankruptcy while the presence of a non-executive board may help in 'attenuating the discretion of management' (Vickers and Yarrow, 1988, p. 13, H: 11). In addition, to ensure their behavior complies with the wishes of the principals, agents should have contracts that specify their obligations and rights. In the private sector, shareholders seek maximum profits, while managers, their agents, might want long-term growth and higher salaries for themselves.

Transaction cost theory; the other key economic theory in the managerial changes. As set out by Williamson (1986), this challenges the notion that transactions are without cost and specifies the circumstances where a firm may prefer market-testing or contracting to in-house provision. There are some transactions sectors for example constructing roads and highways, transportation, public-private partnership etc, which would be less costly if contracted out to reduce administrative costs and provide some competition.

The theories of the 'new institutional economics', particularly public choice theory and principal/agent theory, combined with an ideological predilection among many economists for market solutions, have provided some intellectual coherence to cutting the public service, as well as restructuring its management (Gray and Jenkins, 1995; Hughes, 2003: 13).

### **Technological change**

Technological change affects the management of government. Technological change has many facets

<sup>1</sup> Public Choice Theory refers to "the use of economic tools to deal with traditional problems of political science" (Tullock; 1987) which content includes the study of political behavior (Shughart and William; 2008) that studies self-interested agents (voters, politicians, bureaucrats) and their interactions, which can be represented in a number of ways, such as standard constrained utility maximization, game theory, or decision theory.

which includes, as well as creation of new products, quality improvement and efficiency gains for existing products. Cars, lighting, computers, software - these and in fact nearly all products have been improving in quality while their manufacturing costs remain constant or decreasing; the economy is improving. Besides, with the adoption of forms of e- government (electronic government) technologically driven change is likely to accelerate. The use of information and communication technologies (ICTs) such as distributed computer systems, internet linkages, new databases could lead to a re-conceptualization of the very way that bureaucracies work.

There is also general agreement as to the actual changes that are involved in moving away from the traditional administrative model. First, whatever the model is called, it represents a major shift from traditional public administration with far greater attention now being paid to the achievement of results and the personal responsibility of managers. Secondly, there is an expressed intention to move away from classic bureaucracy to make organizations, personnel, and employment terms and conditions more flexible. Thirdly, organizational and personal objectives are to be set clearly and this enables measurement of their achievement through performance indicators. Fourthly, senior staffs are more likely to be politically committed to the government of the day rather than being non-partisan or neutral. Fifthly, government functions are more likely to face market tests; in other words 'separation of steering from rowing' (Savas, 1987). The argument here is that public management is sufficiently different from public administration to be regarded as a new paradigm. A new model of public management has effectively supplanted the traditional model of public administration, and the public sector in the future will inevitably be manageable, in both theory and practice (Hughes, 2003:43).

### Doctrines of new public management

NPM is depicted as a normative conceptualization of public administration consisting of several inter-related components: providing services that citizens value; increasing the autonomy of public managers; rewarding organizations and individuals on the basis of whether they meet demanding performance targets; making available the human and technological resources that managers need to perform well; and, appreciative of the virtues of competition, maintaining an open minded attitude about which public purposes should be performed by the private sector, rather than a public sector (Borins, 1995: 12; Sarker, 2005:250). NPM was characterized by policy- administration dichotomy, hierarchical and centralized decision-making structure, top-down approach, and too many regulations (Sarker, 2005:250). The combination of critiques of the inefficiency

of the bureaucracy and the nature of the activist government produced a reform model usually designated as NPM (Hood, 1991). There are other names as well in the literature such as managerialism (Pollitt, 1990), market-based public administration (Lan and Rosenbloom, 1992) entrepreneurial government (Osborne and Gaebler, 1992) and post-bureaucratic model (Barzelay, 1992). NPM calls for changes and evolves in the structure of public organizations that consists of several interrelated factors considered below:

### Transformation of public sector

The advent of public management marks a shift from earlier reforms. It is clearer both in theory and in program details than earlier reforms which aimed at tinkering to cut costs. New public management represents a transformation of the public sector and its relationship with government and society (Hughes, 2003:50). Many government agencies are looking for pragmatic strategies to assess their fundamental cost structure, realize a rapid, cost reduction without reducing service quality, enable lasting operational transformation and set the stage for a strategic cost reduction to achieve longer term objectives. On the other hand, the market situation has matured and expanded significantly, and willingness to work with government in new and innovative ways.

### Production performance of public sectors

The public sector is that portion of society controlled by national, state or provincial, and local governments. A measurement of the efficiency of public sector production is meant, taking the form of a ratio of the output of goods and services to the input of factors of production. Techniques to improve productivity include greater use of new technology, altered working practices, and improved training of the workforce. Performance measurement estimates the parameters under which programs, investments,<sup>2</sup> and acquisitions

are reaching the targeted results. The public sector performance avenues were formulated by the OECD, which claimed in 1991, and that most countries are following 'two broad avenues' to improve production and delivery of publicly provided goods and services (OECD, 1991:11). The first was: "Raise the production performance of public organizations [to] improve the management of human resources, including staff, development, recruitment of qualified talent and pay for- performance; involve staff more in decision-making and management; relax administrative controls while imposing strict performance targets; use information

<sup>2</sup> Office of the Chief Information Officer (OCIO) Enterprise Architecture Program (2007). [Treasury IT Performance Measures Guide](#). U.S. Department of the Treasury. May 2007

technology; improve feedback from clients and stress service quality; bring supply and demand decisions together (e.g. through charging users)". The second 'avenue' is: make greater use of the private sector means includes purchasing, hiring, leasing or any other contractual means of engaging suppliers in the provision of public services to the public. Of course it is needed to promote a dependable, efficient, and competitive and open public procurement system for contracting out the production of publicly provided goods and services and contracting in intermediate goods and services; and, end monopoly or other protection for suppliers" (Hughes, 2003: 51).

### **Professional management**

Professional management refers to administering the organization where the top management positions and even the lower management position are held by professional people who have professional qualifications, administrative and technical skills and also the good amount of experience in managing business affairs. It is the practice of invest financial professionals money or monitor securities and returns on behalf of individual investors, investment companies, or institutions. This is expected to contribute to the sufficient accountable administration (Ehsan and Naz, 2003:72).

### **Target base performance**

Government organizations can arrange target performance, may be for individual employees, for departments or groups, or for all employees. This requires goals to be defined by the organization and then performance targets to be set, later defined as performance indicators (Ehsan and Naz, 2003). A key element of managing performance of the government is to set challenging but achievable targets against meaningful performance indicators. The achievement of these targets is a key element in an organization's duty to continually improve their services and to deliver their aims, objectives and priorities (Komur, 2010).

### **Emphasis on output controls**

Control-systems are mechanisms "for adjusting course if performance falls outside acceptable boundaries" (Davidson and Griffin, 2006), allowing adaptation to change. Control-systems include procedures for "monitoring, directing, evaluating and compensating employees", and influencing behaviors with the objective of having the best impact on both firms and employees' (Anderson and Oliver, 1987). Output-control induces "compelling individual motivation in those non-producers receive no compensation" (Anderson and Oliver, 1987). The output-control system in the public

sector involves objective measuring of results with little direction, creating a semi-autonomous relationship with management. Emphasis on output controls means resources are directed to areas according to measured performance, because of the 'need to stress results rather than procedures'.

### **Desegregation of the public sector units**

This involves the breaking up of large entities into corporatized units around products, funded separately<sup>3</sup> and dealing with one another on an "arm's-length" bases.

### **Provision of contracts and tendering**

This involves 'the move to term contracts and public tendering procedures' and is justified as using 'rivalry as the key to lower costs and better standards'. These are supplied, service or public works contracts, into which the state, municipalities or federations of municipalities, and other contracting authorities, as defined in the procurement legislation, enter with external suppliers. Open competition is to be awarded by the public sector to private based on either the most economically advantageous tender or the lowest price.

### **A stress on private sector styles of management practice**

Private sector style of management practice involves a move away from military-style to uphold service ethic and flexibility in hiring and rewards, and outlining some common business practices such as setting strategies and mission, preparing interest of shareholder and select a transparent fashion these that could encourage effectiveness and innovation in the public sectors.

### **A stress on greater discipline and parsimony in resource use**

This means as 'cutting direct cost, raising labor discipline means everything from showing up to work on time not falling asleep on the job to carrying out supervisors' instruction and improving job performance, limiting compliance cost including the value of taxpayer time and resources to business and is typically justified by the need to cheek resources demands of public sector and do more with less (Hughes, 2003: 53).

<sup>3</sup> A transaction in which the buyers and sellers of a product act independently and have no relationship to each other. The concept of an arm's length transaction is to ensure that both parties in the deal are acting in their own self interest and are not subject to any pressure or duress from the other party (<http://www.investopedia.com/terms/a/armslength.asp>)

**Table 1.** Comparative assessment of traditional model of administration and new public management.

Elements	Traditional administration	NPM
Government Organization	Service provided on a uniform basis operating as a single aggregated unit	Break-up of traditional structures into quasi-autonomous units
Control of public organizations	Control through the hierarchy of unbroken supervision and checks and balances	Practices on professional management with clear statement of goal and performance measure
Control of output Measure	Control on inputs and procedures	Stress results and output control rather than procedures
Management Practices		Using Private sector management style
Discipline in Resource Use	Due Process and poetical entitlements	Checks resources demands and 'do more with less'

Source: Araujo, Joaquim Filipe Ferraz Esteves De. 2001. Improving Public Service Delivery: The Crossroads between NPM and Traditional Bureaucracy, Public Administration, Vol. 79, No. 4.

### Public organization reform for the new public service

New public management is the dominant paradigm in the discipline of public administration (Arora, 2003). It conjures up an image enmeshed with a minimal government, debureaucratization, decentralization, market orientation of public service, contracting out, privatization, performance management, etc. These features signify a marked contrast with the traditional model of administration, which embodies a dominant role of the government in the provision of services, hierarchical structure of the organization, centralization and so forth (Kalimullah et al., 2012). The New Public Service is a reaction to the New Public Management which focuses on the mission of government, and how to determine the collective public interest. Some considerations that should come before cost and efficiency, and that citizen participation are a major factor in decisions to fasten new public services. There is no single best model of public management, but what stand out most clearly are the extent broadly common approaches to public management reform. The model for governance can be to build upon and expands the traditional role of the public administrator, which is called the Old Public Administration, and contrasts with the New Public Management. Following the structure of Reinventing Government for public service, the Denhardts divide their argument into seven principles. These are: 1. Serve citizens, not customers 2. Seek the public interest, 3. Value citizenship over entrepreneurship, 4. Think strategically, act, 5. Recognize that accountability is not simple, 6. To serve rather than steer (This involves listening to the real needs of the people and the community, not just responding in the manner that a business would to a customer.), 7. Value

people, not just productivity (Denhardt and Denhardt, 2003). All these principles are mutually related, aimed at minimizing the size and scope of governmental activities.

### Comparative assessment of traditional model of administration and new public management

New Public Management (NPM) is totally different in many ways from the traditional public administration. Traditional public administration all over the world failed to take cognizance of some vital environmental forces in spite of its tremendous appeal (Table 1). Accordingly, NPM emerged in response to a number of environmental forces which governments everywhere have faced in the last twenty years (Sarker and Pathak, 2000: 57). First, large and expensive public sectors put pressures to cut programs and/or increase efficiency. Second, there have been massive technological innovations, particularly in the development of information technology, which change government organizational structures and bring trust and confidence. Third, the globalization of economy with increasing competition has become the order of the day. Fourth, it has become inevitable to liberalize the economic sector following heavy burden being imposed upon the national exchequer as a result of mismanagement, corruption, inefficiency in resource management, bureaucratic bungling etc. More importantly, increasing efficiency in resource management is also expected as economic recession and competition simply demand it. Fifth, in the competitive world, the people are demanding quality goods and services. They are now keen to compare services of all organizations (Borins, 1995; Minogue et al., 1998; Hughes, 2003).

**Table 2.** NPM Model and administrative reform in Bangladesh and African countries.

Committees/Commissions	Focus	Recommendations
Organizational setup of Ministries, Divisions, Directorates and other Organizations, 1982	Reorganization and Rationalization of manpower in public organizations	Reduction of the size of the government; reduction of layers of decision making; delegation of administrative and financial powers down the hierarchy.
UNDP-sponsored Public Administration Sector Study, 1993	Civil service	Performance managementsystem; rationalization of civil service structure; elimination of redundant government functions; merit-based selection and promotion; strengthening Public Service Commission
World Bank Study: Bangladesh Government That Works Reforming the Public Sector, 1996	Civil service, Public enterprise, NGOs	Redefining frontiers of the public sector; enhancing level and nature of accountability and responsiveness of public organizations to different stakeholders; streamlining regulations, laws and processes; maintaining an efficient, committed and professional public service
Public Administration Reform Commission (PARC), 2000	Administrative structure for improving the quality and standard of service, transparency and efficiency	Determination of missions of public offices; improving the delivery of services; reforming the civil service; formation of the professional policy making group (senior management pool); reorganizing institutions and rationalizing manpower; restructuring field administration and decentralization; establishment of an independent commission against corruption; establishment of criminal justice commission; establishment of the Office of Ombudsman; reducing wastage and promoting value for money; strengthening parliamentary oversight; facilitating private investment

Source: Farhana and Qiu 2013 New Public Management in Bangladesh: Policy and Reality. <http://dx.doi.org/10.4236/ib.2013.53B032>  
 Published Online September 2013 (<http://www.scirp.org/journal/ib>).

### **NPM Model and administrative reform in Bangladesh and African countries**

Bangladesh emerged as an independent state in 1971 after a nine month freedom fight against West Pakistan. Independence also necessitated a major renovation of the public administration system that was archaic, anti-people, and inefficient (Ahmed, 1980). That is why, from 1972 to the present, numerous reform commissions/committees have been constituted in Bangladesh aiming at the paradigm shift from traditional public administration towards new public management (CPD, 2001). Bangladesh is increasingly reforming their public sectors to make them more efficient, more competitive and more customer-focused. Some important administrative reforms in Bangladesh which have the overtones of NPM;

After independence, different government launched reform efforts to shift the paradigm from traditional public administration in modern and with the elements of NPM in Bangladesh. In 1972, Administrative and Services Reorganization Committee was formed, the first attempt, was made to rearrange and unify the civil service structure with a continuous grading system from top to bottom (Table 2). Because of incapacity and partisan activities of the government, a new administration could

not reach success through reform activities because of resistance of public-sector employees of all categories were visible to move towards the recommendations. In 1977, Pay and Services Commission was formed aiming at restructuring a new civil service and pay issues but its recommendations were partially implemented. In 1982 some notable measures were adopted in order to reorganize and rationalize the manpower in public organizations, to reduce the size of government and the layers of decision making, to delegate the administrative and financial powers down the hierarchy, and empower the local authority for rural service delivery. Some issues were implemented, but the majority portions were never implemented because issues of reforms, for example, managerial dynamism, solving intra-service conflict, openness, accountability, and decentralization that were remain elusive in Bangladesh public administration. In 1993, the Bangladesh government formed another 'Administrative Reorganization Committee' in reducing the size and role of public administration. Like other committees, the recommendations did not fully see the light of implementation. In 1996, one of the most crucial initiatives was taken by the World Bank through a study which fixed some targets and called the government for redefining the frontiers of the public sector; expanding the scope of operations for the private sector and

nongovernmental organizations; enhancing the level and nature of accountability and responsiveness; streamlining regulations, laws, and processes; and overhauling the rules and processes and maintaining an efficient, committed, and professional public service. The study was very comprehensive and covered almost all aspects of the NPM model (Rahman et al., 2013). In 2000, the Public Administration Reform Commission (PARC) was formed and the reform efforts by the Public Administration Reform Commission (PARC) were clearly influenced by the New Public Management movement. PARC provided some innovative ideas, submitting 70 short-term and 37 long-term recommendations, including considering citizens as customers, among other things, the improvement of public service delivery, reform and downsizing of the civil service, taking measures to combat corruption, among others (GoB, 2000). Privatization of public enterprises, contracting out of public services, users, reduction of manpower in the public sector, meritocracy in the public service, professionalism, performance standards, citizen's charter, market-based salary structure, devolution of authority to local elected bodies, e-governance, and combating corruption were some of the recommendations that reflected the spirit of NPM to a greater extent (Rahman et al., 2013). But few of these recommendations have been implemented so far in public administration in Bangladesh due to various problems. The Asian Development Bank Report (2007) the problem of implementation of reform recommendations in the following manner (1) outside interference in administrative decision making; (2) politicization of the civil service; (3) nepotism and favoritism; (4) a lack of delegated authority by mid-level and local level public officials; (5) a lack of public scrutiny of public administration; and (6) a paucity of citizen demand for improvements in public administration. ADB Report (2007) also reported, "the lack of significant progress in administrative governance is exacerbated by the failure of successive governments and the civil service itself, to pursue the reform agenda."

At present Bangladesh public service system is overly centralized, unaccountable, inefficient, underpaid, coercive, unethical, rent seeking and non-transparent. Therefore, the reform attempt should incorporate the elements of the NPM model in public administration that are; the rigid, hierarchical, bureaucratic form of civil service which has predominated for last few decades after independence should be changed to a flexible, people and service oriented, market-responsive one. This should not be seen as simply a matter of reform or minor change in management style, but a change in the role of government in society as a whole, the relationship between government, civil service and citizenry (Kim and Monem, 2009). While trying to receive public services, people experience unnecessary harassment, discourteous behavior of the civil servants, who keep customers

waiting for hours before attending to their needs, the members of the civil service are, by and large, unwilling to correct mistakes, and often make unabashed approaches for pecuniary benefits. Therefore, restructuring civil service and other public institutions to restore and sustain their images and effectiveness by bringing about fundamental qualitative changes which should be simultaneously supported by necessary regulatory and legal reform measures and making civil servants truly responsive to the needs and demands of the citizen. In fact, change their mindset in a way that they serve the citizens the way citizens want to be served rather than the way the civil servants want to serve them. Besides, it is needed to treat citizens as customers based on the principle of NPM consumer right. Moreover, the public service system of Bangladesh suffers from all sorts of institutional shortcomings capacities which could be overcome through promoting and sustaining service system which will remain free from the clutches of narrow partisan political influence and through a strengthening of civil society, private sector and other key governance participants. In addition, encouraging an environment of pay for performance in the public service and an appropriate compensation package and a realistic incentive system must be in place.

In the near future, various changes should take place in a proper public service system in administration of Bangladesh followed by the elements of NPM. Some of the key changes should be: (1) generalist traditions should be changed to specialized generalists strengthening of expertise and openness; (2) from seniority-based promotion, to promotion based on performance evaluation and competition; (4) from inadequate performance management, to strengthening of performance management through more articulated review systems; (5) from frequent rotation of posts to a new practice strengthening of specialization through the career development programs.

However, the NPM approach has been established in some developed countries and disseminated to the rest of the world and also many developing countries have usually only selected some items from the NPM menu. NPM is not confined to the originating countries, but it is a global phenomenon and has also been disseminated to other OECD (The Organization for Economic Co-operation and Development) and developing countries (Hughes, 2003) contend that it is possible for developing countries to adopt managerial alternatives to the traditional model of public management. Since the early 1980s, significant efforts have been made in sub-Saharan Africa toward the reform and transformation of public sector management. Those efforts have been driven primarily by the fact that state bureaucracies in Africa underperform; are invariably too large and corrupt; and lack a sense of responsibility and accountability (Hope, 1997, 2001; Hope and Chikulo, 1999). Perhaps the most influential factor has been the economic/fiscal



crises that the African states have had to endure since the mid-1970s. The specific factors influencing the NPM reforms in sub-Saharan Africa are derived from the crisis of governance that has been plaguing most of the countries in the region (Hope, 2001). Within the context of the NPM, decentralization is seen as the means through which governments are able to provide high quality services that citizens value. Privatization in Africa has taken many forms. It has included the commercialization of government services which are contracted out to an outside agency. Contracting out was increasingly adopted in the delivery of public services including urban services such as solid waste management, ancillary health services such as cleaning, laundry and catering in Zimbabwe, and road maintenance in many developing countries (Larbi, 1997). Besides, a number of sectors including utilities, transport, telecommunications and agriculture adopted joint ventures between government agencies and ministries and private entities in Ghana, Bolivia, and Senegal. The primary reason for pursuing privatization in Africa is that state-owned enterprises tend to be loss-making and divert scarce public funds that could be put to better use in meeting other public policy goals such as better health care and education services.

Although some African governments had, from time to time embarked on civil service reform, for the majority, the efforts became concentrated in comprehensive strategies that were included in the economic liberalization packages of structural adjustment that were facilitated by the World Bank and IMF (Hope, 2001). Downsizing was most widely introduced, especially in Africa closely associated with structural adjustment and autonomous agencies within the public sector were created in some countries. Examples included autonomous hospitals in Ghana, Zimbabwe and Sri Lanka, as well as the hiving-off of the customs, excise and internal revenue departments to form executive agencies in Ghana and Uganda. Performance contracts have been used in a number of African countries, including Ghana and Senegal, for example, particularly in their public enterprises. Other countries, such as Botswana, for example, also employ performance contracts to measure and assess the performance of Permanent Secretaries (Hope, 2001).

Reforming the civil service in Africa through NPM-style strategies is, ultimately, intended to make the civil service accountable, transparent, and responsive to the public in the delivery of public goods and services. The lessons of experience of civil service reform in developing countries, including those in Africa, suggest some mixed results with the application of strategies from the NPM menu (Manning, 2000). Nonetheless, like the developed countries, reforming the civil service in Africa is a work in progress and better assessment indicators will be available over the next few years, and there will be even further gains recorded as a result of the application of the

NPM-type reforms.

### Criticism of NPM Model

Holmes and Shand (1995) described NPM as 'a good managerial approach', contending that a good managerial approach is result-oriented (efficiency, effectiveness and service quality). NPM is intended to improve the quality of public services, save public expenditure, improve the efficiency of governmental operations and make policy implementation more effective (Aucoin, 1990). However, a number of criticisms have been leveled at NPM; Savoie (2002) and Singh (2003), who argue that NPM is basically flawed because private sector management practices are rarely adopted into government operations. For them, NPM is inappropriate for the public sector as it has more complex objectives, more intricate accountabilities and a more turbulent political environment than the private sector. Moreover, the relationship between public sector managers and political leaders is of a different order to any relationships in the private sector. In support of the above mentioned argument, Painter (1997) contended that there is danger in using private business models in the public sector because of the contextual differences. Cheung and Lee (1995) noted that NPM ideas have limitations in terms of using private techniques for the public sector. They argue that in the public sector there is not the same degree of freedom as there is in the private sector. General criticism of NPM involves ethical issues. It is argued by Hughes (2003) that perhaps the new managerialism offers greater transparency so that unethical or corrupt behavior can be detected more easily; the greater stress on measurable performance may impose its own kind of behavioral standard. Even though NPM provides transparency for the public sector, it can nonetheless lead to corrupt practices (Barberis, 1998). NPM can undermine ethical standards and lead to corruption that increased managerial autonomy has brought blurred accountability and higher risk for public managers to become corrupt. It's the remarkable criticism ever that, NPM reform model originated in a small group of rich countries, the model may not be directly transferred from them to poorer non-Western countries because of contrasting environmental features such as political culture and practice (Minogue, 2001a).

Polidano (1999) argued that the NPM does not suit developing countries since governments in these countries may lack the necessary expertise and have unreliable information systems. Caiden and Sundaram (2004) noted along the same line that developing countries have lacked the resources and management capacity to adopt rather sophisticated NPM reforms. The NPM principle of decentralization has diffused from rich countries into developing countries, governments in developing countries often retain centralized decision

making. Leading public managers still have authority to make all decisions within their organization. This centralized decision making can generate its own pressure for arbitrary action and corruption (World Bank, 1997).

## Conclusion

The end of the twentieth century has seen a revolution in public administration that is every bit as profound as that which occurred at the turn of the nineteenth century, when Weberian bureaucratic principles began to influence many governments around the world (Kamarck, 2000:251; Huages, 2003:42). Both in developed and developing countries, the NPM doctrine was proposed as an appropriate response aimed at making the public sector administration more efficient, effective and responsive. A number of measures such as small government, professional management, output orientation, performance-based accountability system, performance measures, strategic planning, quality management, contracting out, privatization, output budgeting, accrual accounting, contract employment and so forth have been suggested for improving the performance of the public sector in both developed and developing countries (Ehsan and Naz, 2003), although, the result may increase greater inequality, poor public services and greater corruption. This requires that corruption is minimized, that reforms are made more credible and irreversible. Moreover, New Public Management (NPM) is a new paradigm of public management that puts forward a different relationship between governments, the public service and the public and also effective public service delivery through the building and strengthening institutional capacity, and by introducing results-oriented management techniques. The modern public manager should have discretion in decision making within his or her particular area of responsibility. Unlike the traditional public administrator, who operated in accordance with established rules and regulations, and who implemented the policies of government with little or no discretion and with no direct responsibility, the public manager is a much more active individual, with decision making authority over, and responsibility for, the public service he or she delivers (Falconer, 1997). The new public management system may not be a cure for all the problems of public service, but a wise selection and

adoption of some elements of the NPM may be beneficial.

## Conflict of Interest

The author has not declared any conflict of interests.

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<sup>4</sup> In the late 1800s, Max Weber criticized organizations for running their businesses like a family, or what some of us might refer to as 'mom and pop'. Weber believed this informal organization of supervisors and employees inhibited the potential success of a company because power was misplaced. He felt that employees were loyal to their bosses and not to the organization and believed in a more formalized, rigid structure of organization known as a bureaucracy followed a formal structure which was characteristics of appropriate management practices (<http://education-portal.com/academy/lesson/bureaucracy-max-webers-theory-of-impersonal-management.html#lesson>).

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