

# New public management in the uk



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This chapter is devoted to the New Public Management (NPM) aspects regarding the UK perspectives. It begins with the meaning and the origin of the NPM. Some discussions are raised whether it is a conceptual thought or a practical application of management in public service. Then, it draws the line of NPM development along the UK history since the public administration had been emerged. Four main trends of public management are investigated from the related literatures to provide the succinctly picture of the UK's public service organisations reform and changes.

One way to understand how NPM has been developed is to understand its nature. The attributes and models of NPM therefore are identified and categorised into main groups. This is to show how NPM has been reformulating and re-labelling in different ways from time to time. Later in this chapter, The 'Pendulum' analogy is introduced to analyse the changes and the trend of NPM. It goes to the question whether there is a Pendulum analogy of NPM in the UK or not.

## **What is NPM?**

“ Sometimes the new public management seems like an empty canvas; you can paint on it whatever you like. There is no clear or agreed definition of what the new public management actually is and not only is there controversy about what is, or what is in the process of becoming, but also what ought to be.” (Ferlie et al., 1996: 10)

“ The term New Public Management (NPM) is used internationally in academic, governmental and organisational discussions, but it is rarely defined. It began life as a conceptual device invented for purposes of

structuring scholarly discussion of contemporary changes in the organization and management of executive government... In the decade after entering the literature, NPM acquired a wider range of meanings. For instance, some scholars have asserted that NPM is the application of new institutional economics to public management, many scholars have used this term in referring to a pattern of policy choices. This variation in usage means NPM is more a recognizable term than a fully established concept." (McLaughlin et al., 2002: 15)

" Britain is very much on the crest of the NPM wave, as successive governments have sought not only to cut public expenditure and redraw the boundaries of the state but also to increase the efficiency and effectiveness of public services"(Horton and Farnham, 1999: 55)

## **Origin and Definition**

Hood (1991: 5) argues that NPM is originated from two different streams of ideas. First idea is ' The new institutional economics movement' which have a set of new administrative style such as ' contestability, user choice and transparency'. Second is ' Managerialism' style which is drawn from scientific management mindset.

Horton, S. & Farnham, D. (1999) argue that by 1997 all public services had been affected by the adoption by successive conservative governments of neo-liberal or New Right ideas and all had been managerialised. The service were discussed as new, because they had been shifting from traditional bureaucratic administrative to managed public business. The reform of

public services had been internalised and it was possible to describe as ‘New Public Management’ as the norm.

## **Concept or Application**

### **The Development of NPM in the UK**

#### **Early Public Administration**

Earlier systems of administration began when there was an empire and its government. It most controlled from the centre based on ‘personal’ that is the loyalty to individual such as a king or a minister rather than ‘impersonal’ that is based on the organisation or the state. The common system inherited in this system is ‘patronage’ and ‘nepotism’. The only way that young man can be employed by the government was to be supported by relative or family in a position. And there is no guarantee in the quality or competent in this so called ‘spoiled system’. (Hughes, 2003: 18)

#### **The Traditional Public Administration**

“Administrative systems traditionally dominated public organisations because historically the public services emerged as administrative bodies, supporting political policy makers and law makers and ensuring that the law was implemented. The civil service is still dominated by an elite whose perception of their roles is that of policy advisers to ministers and guardians of the public interest rather than managers. The administrative culture is also a consequence of traditional systems of public accountability...” (Horton and Farnham, 1999: 38)

Hughes (2003) states that the public administration was once a major movement in public sector reform established between 1900 and 1920. He

characterized this tradition model as “ an administration under the control of political leadership, based on a strictly hierarchical model of bureaucracy...” (p. 2)

According to his work, the most influence theorists who contribute the success idea of public administration are Woodrow Wilson, Max Weber and Frederick Taylor. Woodrow Wilson (1856-1924), the key activist and the professor at Princeton, argued that there should be a distinctive separation between politics and the administration. He proposed this idea many years before becoming the president of the United States. Max Weber (1864-1920), the German sociologist and political economist, formulated ‘ the theory of bureaucracy’ which set out the principles form of modern system of bureaucracy as the impersonal system based on rules and law, hierarchy structure organisation, bureaucratic professional public official, specialised office management, recruited and appointed by merit and politically neutral. Frederick Taylor (1856-1915), an American engineer was recognised as the father of scientific management devoted to improve standard of factory assembly line but fit very well with the theory of bureaucracy. He created theory of ‘ one best way of working’ and ‘ systematic control’. (Hughes, 2003: 20-27)

The nature of administrative official work in most public organisations is defined as ‘ bureaucratic, incrementalist and particularist’. The characterisation of bureaucratic management is ‘ hierarchy, impersonality and expertise’. They concluded that “ Those in managerial positions have clearly defined roles within a specialised, hierarchical and horizontal division

of labour. Their responsibility are narrowly defined and circumscribed by rules, and officials have limited discretion.” (Horton and Farnham, 1999: 39)

Public administration was successfully established and has its golden age around 1920- to the early 1970s. During 1945-1979, it is known as ‘ The welfare state’ which has developed during the immediate post-war period that needs the reconstruction. There was rationing of industrial and building materials and planning in the economy, in land use and in public service. (Flynn, 2002: 30)

However, later it was found that the hierarchical structured have four major problems: First, political control was ‘ inadequate and illogical’ because politics cannot be separated from the administrations. Second, the problem of ‘ one base way’ begin to focus more on procedure and manual rather than contingency plan and problem solving, this is appeared as ‘ no responsibility for results’. Third, the problems of bureaucracy were raised such as the administration work as ‘ timeserver’ waiting for retirement day, the formal bureaucratic offices were no longer efficient when compare with the private management company.(Hughes, 2003: 30-37)

In summary, the tradition model of public administration was the longest and most successful theory of management in the public sector before it had been replaced by the New Public Management Style.

## **The Managerialism**

“ Since the early 1980s, there have been three main managerialist thrusts in the public services, although there have been variations within each service. First, there was tighter control of spending, involving cash limits and

manpower budgets, and cuts in spending on staff. Second, there was a movement to decentralise managerial responsibilities and functions through more devolved budgetary systems and giving more responsibility to line managers, Third, management has become more rational with the introduction of management by objectives and performance management systems, including use of performance indicators and merit pay.”(Horton and Farnham, 1999: 42-43)

“ The shift from particularist management to generic management in the public services is demonstrated by four key changes: first, public management is increasingly dominated by general managers, rather than specialist managers or professionals...second, it is more objective-driven, rather than problem-driven; third, managers are now prepared to facilitate change, rather than resist it; and, fourth, managers behave as if the public are their main concern, rather than their staff.”(Horton and Farnham, 1999: 43)

## **The New Public Management**

The emergence of new public management era has been developed from the scientific management and corresponding with the managerialism initiative. The good way to describe the NPM development is to do by chronological order according with the political development as well established by Norman Flynn (2002).

1979-1997, ‘ The New Right Conservative government’ under Margaret Thatcher and John Major toward the public services hired advisers from business, especially retailing companies to help them to think about how

public services should be managed. The solutions included internal market, competition with the private sector, performance measure and management, decentralized operational management and revised payment system. (Flynn, 2002: 36)

1997-2007 the Blair government announce 'the new third way' represented a new type of politics, leaving behind old definition of left and right, capitalism and communism but the two great streams- 'democratic socialism and liberalism'. A new generation of public reform was labelled as 'join-up government' and later know as 'whole-of-government'. This model was first introduced by Blair's government that its strategy is focus more on 'holistic' rather than only 'economics' approach. It aimed to make better use of scarce resources, create collaboration between different departments in the same area and provide one stop service to citizen. Due to the threat of terrorism had arisen that time, shared information between public agencies is became the key issue. It cut across traditional boundaries by create coordinative structure. It was claimed as 'Post-NPM model' and critiqued the previous NPM that ignore the problem of horizontal structure. (Flynn, 2002, Christensen and Lagreid, 2007)

2007-2010, The Brown ministry ( latest ref needed)

## **The NPM Attributes and Models**

It is essential to identify key elements of NPM in order to see whether it can be categorising and groping those attributes and model to formulate the trend or movement. The following part of this chapter then consults with the



previous literatures and related studies to gather all information and later on proposed the major trend of the NPM pathway.

## **NPM Attributes**

Hood (1991: 4-5) discussed the doctrines of NPM which characterized to 7 components as follow:

Using professional management who is full accountability and responsibility rather the power

Explicit standards and measures of performance in terms of target, quantities

Focus on output and outcome rather than procedures

Shift to disaggregation of units in which separate provision and production interests to divided units.

Create greater competition, use term contract to make competitive cost and higher standard

Do more on business-like management style implemented in the public service culture

Cutting costs and careful on budgeting with the idea of doing more for less

He critiques that to identify success of NPM should be assess by the output to be delivered on what its claim. But the result so far has not a substantial work to be proved.

## **NPM Models**

According to Ferlie et al. (1996: 10-15), four new public management models have been introduced:

Model 1: 'The Efficiency Drive', early to mid-1980s in Thatcher government initiated this model and the core themes are:

An increased attention to financial control

A strong managerial by hierarchy, a command and control mode of working

An extension of audit both financial and professional, bench-marking, assessing performance

Increased stress on provider responsiveness to consumers. More market-minded and customer oriented.

Deregulation of the labour-market and increasing the pace of work: short-term contract; higher turnover at senior management level

A shift in power from professionals to management

Less bureaucratic and more entrepreneurial management

New forms of corporate governance

Model 2: 'Downsizing and Decentralization'

Developed quasi-market as the mechanism for allocating resources within the public sector

A move from management by hierarchy to management by contract.

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## Contracting out of non-strategic function

Delaying and downsizing, moves to flatter organizational structures, staff reduction move from command and control to networking and coordination

Move away from standardized forms of service to more flexibility and variety.

Model 3: ' In Search of Excellence', there is strong interest in how organizations manage change and innovation.

In the bottom-up form: emphasis on organization development and learning; the ' learning organization' movement of the late 1980s represents the latest relabeling of this tradition.

In the top-down form: stress on charismatic forms of top-down leadership, more intensive corporate training programmes and strategic human resource management function.

Model 4: ' Public Service Orientation' receives notions of high quality management

A major concern with service quality

Reflection of user concerns and values in the management process

Stress on the development of societal learning over and above the delivery of routine service

Stress on securing participation and accountability as legitimate concerns of management in the public sector.

## **Centralization: joint- up government, whole-of Government, reaggregation,**

In the 1990s the UK public services had experienced significant changes in what government expected of them and the way they were organised. The conservative government prior to 1997 had followed a policy of trying to achieve greater efficiency and service through market forces, setting up structures within public services to promote competition. With the election of the Labour government in 1997 this policy changed. Rather than emphasising competition, the emphasis switched to co-operation and what became known as 'Join-up government'. Different services should work together to make them more accessible to their communities and improve quality. It was a theme with which Tony Blair, the Prime Minister, became personally identified. (Johnson and Scholes, 2002: 572)

## **Decentralization: Privatization, Agencification, Marketization, Disaggregation**

" It [Privatisation] has taken three main forms: the selling-off government assets, the increased private-sector role within the public sector, and commercialisation of the public sector...First, the selling-off of government assets involves the transfer of ownership from the public to the private sector. Since 1979, more than 60 nationalised industries and state companies have been privatised, local authorities have sold land and other assets, Second, the increased private-sector role within the public sector involves private businesses and voluntary organisations providing public services still under government control... government bodies have increasingly contracted-out service provision to private contractors; and central government has appointed many business people on to the boards of

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quangos that are responsible for providing public services. Third, commercialisation of the public sector requires public sector bodies to imitate allegedly more efficient private sector bodies in the way they manage themselves. For example, government bodies have levied more charges on consumers of their services; performance management has been increasingly entrenched in the public sector; and government reforms of public services have often asserted the right to manage with public managers being given more freedom locally to deploy resources in pursuit of centrally set policy goals." (Horton and Farnham, 1999: 53)

## **The Pendulum of Public Sector Management**

### **The Analogy of Pendulum**

#### **The NPM Pendulum in the UK**

The major attempt is to reduce size of the public sector. By 1997, more than 90 public enterprises had been sold to private sector. This included both selling of public enterprise to private shareholders and introducing competition in to the remaining public sector into the supply of services of private sector. Privatization had the further advantage of raising additional revenue from the sale of state assets, thus avoiding increases in general taxation to fund government spending. (Horton and Farnham, 1999: 12)