New Public Management in Developing Countries

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Abstract

This paper assesses the extent to which developing countries have taken up new public management (NPM) reforms. While many developing countries have taken up elements of the NPM agenda, they have not adopted anything remotely near the entire package. Moreover, plenty of reform initiatives are going on that are unrelated or even contrary to that agenda. New public management ideas are influential, but more so at the level of rhetoric than practice. In practice NPM is only one of a number of currents of reform in developing countries. The paper goes on to examine the argument that the new public management is inappropriate to developing countries on account of problems such as corruption and low administrative capacity. There are NPM success stories as well as failures in the developing world. The outcome of individual NPM initiatives depends on localized contingency factors rather than any general national characteristics. Reformers need to keep an open mind as to what may work and what may not, and to be guided by the needs of the situation.

1. Introduction

The new public management has come to dominate thinking about public sector reform by practitioners and academics alike. Some have hailed it as a new paradigm. New public management reforms, it is said, are a common response to common pressures—public hostility to government, shrinking budgets, and the imperatives of globalization. There are differing interpretations of what that common response consists of. But there is general agreement that key components include deregulation of line management; conversion of civil service departments into free-standing agencies or enterprises; performance-based accountability, particularly through contracts; and competitive mechanisms such as contracting-out and internal markets.
Various authors also include privatization and downsizing as part of the package. There has been a long-drawn-out, ideologically charged debate about the merits and demerits of the new public management, or NPM as it is commonly known. The debate tends to focus on the desirability or otherwise of NPM reforms in principle. Advocates and critics alike often accept the assumption that the new public management is universal, notwithstanding that this is disputed by a growing body of The universality assumption is encouraged by the undoubted fact that NPM catch-phrases feature prominently in the vocabulary of civil service reform all around the world (Thomas 1996). This paper looks at precisely this question in relation to developing countries. To what extent can the new public management genuinely be called a dominant paradigm of public service reform in the developing world? Researchers investigating the take-up of NPM reforms in developing countries, or indeed anywhere, must watch out for what we might call the ‘seek and thou shalt find’ pitfall of comparative research whereby the research question predetermines the findings. We are almost bound to conclude that the new public management is a dominant paradigm if all we do is look for evidence of NPM-style reforms. But NPM initiatives may be little more than a minor strand of reform, the froth at the top of the glass. Other reforms, unrelated or even contrary to the tenets of the new public management, may outweigh it in importance.

First, are developing countries committing themselves to NPM-style reforms? This question is the obvious starting-point, but it can be no more than a starting-point for the reason just outlined.

Second, are such reforms being undertaken as part of the worldwide quest towards greater efficiency and cost savings which is said to be the driving force of the new public management, or for reasons specific to the country concerned? This question might lead to our qualifying the universality assumption even where ostensibly NPM-style reforms are being undertaken. Third, are the reforms actually being implemented, or are we being misled by the rhetoric of political leaders (and senior bureaucrats)? As I have already mentioned, the rhetoric of reform tends to outpace the reality in any country. Statements of intent can be misleading—especially. Fourth, are reforms simultaneously being undertaken that are unrelated to the new public management or indeed run counter to its principles? This question helps us put any evidence of NPM-style initiatives in its proper perspective. I shall deal with each of these questions in turn. My conclusion is that while many developing countries have taken up elements of the NPM agenda, they have not adopted anything close to the entire package; and they are simultaneously undertaking reforms that are unrelated or even contrary to that agenda. The new public management is only one among a number of contending strands of reform in the developing world. The evidence gathered in this paper also sheds light on the vexed issue of the appropriateness of NPM reforms in developing countries.

This represents a fifth question which I shall take up towards the end of the paper. Can the new public management work in the developing world? Many would respond with a flat no. But this conclusion is usually reached through a priori reasoning on the
basis of what are deemed to be particular characteristics of the developing world. There is little examination of the outcomes of such NPM reforms as have been tried in developing countries. Limited though it is, the evidence on reform outcomes is much less clear-cut than might be supposed. It is hard to arrive at a blanket conclusion either for or against the transferability of NPM to developing countries. As we will see, localized contingency factors—ones that vary from sector to sector and situation to situation within the same country—play a predominant role in determining the outcome of individual reform initiatives. Different situations can call for radically different responses. Reformers’ watchwords must be open-mindedness and eclecticism. Governments obviously lack the wherewithal to raise salaries across the board, but rigid service-wide pay structures make it very difficult to grant wage increases selectively to parts of the civil service. The only option for critical functions that depend on highly qualified personnel becomes to hive them off. In this case corporatization is less a means of improving efficiency than a defensive measure aimed at maintaining basic operational viability. Even where corporatization is accompanied by performance targets à la NPM, the driving motive may go beyond straightforward efficiency gains. Controlling corruption is a case in point. Transparency International, a non-government organization concerned with this issue, has suggested that governments should concentrate their anti-corruption efforts on priority areas such as revenue collection or law enforcement. Such functions would be set up as ‘enclaves’—autonomously managed bodies which would be turned into islands of integrity within government.

2. Controlling corruption
Low pay contributes to another manifestation of low administrative capacity: poor organizational discipline and an inability to enforce rules. Always a problem in many developing countries, this grew to crisis proportions in those that were hit by sharp economic downturns. shows how a dramatic decline in real pay levels in Zambia during the 1980s recession led public employees to adopt all kinds of survival strategies to make ends meet: ‘day lighting’ (doing a second job during office hours); private trading at work, effectively turning offices into marketplaces; and, of course, corruption. Organizational discipline and cohesion went out of the window in the process. In many countries all kinds of public transactions, major or minor, are subject to the payment of bribes. Some areas—policing, public works, customs administration—are generally more lucrative to staff than others. Once a problem that used to be pushed under the carpet by scholars and practitioners alike, corruption has become a major item on the agenda of public sector reform in developing countries. We have already looked at one approach to dealing with the problem: that of concentrating anti-corruption efforts on autonomous enclaves. Another very common measure, one completely unrelated to the new public management agenda, is that of setting up an anti-corruption commission empowered to receive and investigate public complaints or allegations about corruption.
Decentralization
The major strand of public sector reform that falls outside the new public management is decentralization. The reader may find this puzzling: is not decentralization a major component of NPM reform? But the term means different things to different people. To scholars and practitioners of the new public management, decentralization means giving line managers in government departments and agencies greater managerial authority and responsibility. We have already discussed the pursuit (or rather, partial non-pursuit) of this aspect of reform. In many developing countries, however, decentralization is usually taken to mean the devolution of political power to lower levels of government, generally elected local authorities. We can refer to these two types of decentralization as management decentralization and political decentralization respectively. Political decentralization is a major field of study in its own right, and there is no need to go into any great detail here. All that needs to be said is that it is currently of major importance in public sector reform efforts, particularly in Africa and Latin America. But for all that, the results have been limited. Local governments suffer from the same or worse capacity constraints as the central government. In general, capacity-building efforts have not been any more successful at the local level than at the national level (Crook and Manor 1998; Smith 1998). Political decentralization tends to be considered separately from public management reform in industrialized countries. In Britain, for example, the Conservative government of 1979–97 curtailed the powers of local authorities at the same time as it pushed through a programme of NPM-style reforms that extended to local as well as central government. But the distinction is rarely present in the developing world. Political decentralization is often seen as an integral part of central government reform because it entails the transfer of large numbers of civil servants to local authorities and the radical restructuring of central departments of health and education among others. Inquiries about NPM-style decentralization in developing countries risk being shunted onto the wrong set of rails unless the different meanings of the term are appreciated. It is evident that for all the assumptions of universality, the new public management is only part of the story of current public sector reform in developing countries. There is substantial take-up of NPM reforms, but it is invariably selective. The failure rate of such reforms in the implementation stage is high. The very same countries which have sampled items from the NPM agenda have also taken other measures which run directly counter to NPM tenets. Moreover, there are entire areas of reform which are simply unrelated to the new public management. Whether or not the NPM can be justly described as a dominant paradigm in industrialized countries, it certainly does not deserve the label in the developing world.

3. Conclusion
These conclusions, one might object, are not exactly striking in their originality. True. But this is precisely the point. The success or failure of new public management initiatives depends on the same fundamental determinants identified by researchers in
relation to previous generations of reforms. We have lost sight of this in the great
debate over whether the new public management is ‘good’ or ‘bad’. In a sense we are
coming full circle. There is no room for dogmatism, either for or against the new
public management. We have seen how different situations can call forth responses
that are diametrically opposed to one another. Reformers in the new public
management mould make much of the ‘three Es’ (economy, efficiency and
effectiveness). Two more are needed: experimentation and eclecticism. The search for
solutions to the problems of government in developing countries requires open-
mindedness and adaptiveness above all else.

Reference
