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New Public Management: Appropriateness, Preconditions, Challenges and Opportunities in Developing Countries



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Synonyms

New Public Management; Public sector management; Reform

Brief Definitions

New Public Management A set of management techniques and practices

Public sector reform derived from private sector to improve public sector management and service delivery

Management decentralization Capacity building, control of corruption, and political decentralization and devolution

Management decentralization Providing line managers with greater managerial authority and responsibility.

Introduction

New Public Management (NPM) is a set of management practices that are designed to improve public sector management, is sourced from the private sector, and is arguably the most influential public-sector reform paradigm in the last 30 years (Pollitt and Bouckaert 2004). Since NPM reform was originally conceived for and applied in developed countries, it cannot be assumed NPM is universally applicable and suitable in achieving the desired results in developing countries (Minogue 2001).

Extant literature reports various preconditions, challenges, limitations, and unanticipated consequences of NPM when introduced in developing countries (Brinkerhoff and Brinkerhoff 2015). In most instances, prescriptive NPM reforms in developing countries have been

counterproductive resulting in reform failure. While policymakers in donor agencies and governments have promoted the “one-size-fit-all” reform program, this is perceived as misleading considering the very different country environments. Not surprisingly then, authors like Gangte (2012) caution developing countries not to blindly follow developed countries’ experiences since every country has its own unique context. Also, experts like Lapsley (2009) argue that considering the defective nature of NPM models, developing countries should be discouraged from importing NPM reforms.

NPM

Faced with dynamic environmental changes, traditional public administration is increasingly criticized for: bloated government overconsuming resources, bureaucracy, inefficiency, corruption, lack of accountability, inflexibility, unclear separation of policy and administration, and disregard of citizen satisfaction. Such harsh criticisms, as well as the imposed prescription (by international donor and funding organizations) of NPM as a universal panacea for public service and civil society failures in developing countries, aided the rapid emergence of NPM in developing countries from the 1980s (Appana 2011).

However, NPM is merely a loose set of techniques; not a fixed package with a specific set of guidelines that should be followed precisely (Christensen and Laegreid 2016). It is rather an amalgamation of overlapping methods that could be adopted collectively or partially, in line with the particular needs and circumstances of each country. Debate is ongoing regarding the suitability of NPM reforms in principle, its universality, benefits, and disadvantages (Lapsley 2009).

Take up of NPM by Developing Countries

Many developing countries have experimented with NPM reforms, employing NPM in parallel to traditional public administration organizational structures (Cheung 2011). However, the degree of take-up of NPM is difficult to discern, given there is no standard NPM model countries can adopt in totality. In addition, espoused take-up rates of countries vary according to the particular elements of the NPM menu adopted (Madimutsa and Pretorius 2017).

The most common and often the first stage of the public sector reform is the NPM initiative of privatization and downsizing. These initiatives are a typical part of economic adjustment programs (Brinkerhoff and Brinkerhoff 2015). Studies like that of Madimutsa and Pretorius (2017, pp. 288, 290) suggest “the public-sector workers in developing countries are more vulnerable to the effects of externally imposed NPM reforms, which include job cuts” particularly because of external financial aid which have such conditions attached. Workers as well as the public thus have no social or economic reprieve, leading to their understandable resistance (Madimutsa and Pretorius 2017, pp. 291, 304).

Notwithstanding, a few developing countries have made serious attempts in experimenting with NPM initiatives, while others have been laggards. At best, its implementation can be described as patchy. Results relating to individual elements of the NPM menu in developing countries have been mixed and adversely affected by: the disparity between the demanding donor goals and reporting requirements, country capability, lack of political will, the degree of administrative difficulty, regulatory capacity, and other counter reform efforts (Brinkerhoff and Brinkerhoff 2015).

Reforms that Run Counter to NPM

What is equally true is that other reforms do run counter to NPM (Christensen and Laegreid 2016). Whereas elimination or reduction of procedural controls over line-management is vital in a

transition from accountability for inputs to results-based accountability, and a desired outcome of NPM reform, budgeting and financial control remain weak in most developing countries. While these functions are typically delegated to line agencies in such countries, these functions require strengthening, which usually result in centralization (Polidano 1999). What results are dichotomies because governments maintain a high degree of centralization in the public service; however, in parallel corporatize many functions to avoid the limitations of that centralization. What compounds these dichotomies in developing countries are the major aspects of public sector reform (capacity building, control of corruption, and political decentralization and devolution), that are totally unrelated to NPM, yet employed concurrently with NPM reform and can counter NPM (Polidano 1999). Peters (2017, pp. 608, 610) have questioned as well as “demonstrated that there are real challenges to introducing NPM in administrative systems that are not well institutionalized,” which explains why NPM “continues to be challenged from a number of directions.”

Appropriateness of NPM for Developing Countries

Commentators question the appropriateness of NPM in developing countries. According to researchers like Lapsley (2009, p. 1), “NPM is often a cruel disappointment for governments.” Foundational to the question of appropriateness of NPM is the acknowledgment that fundamental differences between countries and public sectors exists, and that these differences should be considered, understood, and ideally managed prior to the adoption of NPM. In short, developing countries have distinctive needs and limitations (Samaratunge and Hughes 2001). Governments may not be suitably equipped to adopt unfamiliar approaches, and the preconditions necessary for the reforms may also be absent (Gangte 2012).

Gangte (2012) cautions developing countries to not blindly follow developed countries’ experiences, because every country has its own context

and peculiarities. Researchers (Bale and Dale 1998; Samaratunge and Hughes 2001) argue that Western management models (like NPM) are unsuitable for developing countries as a result of the inherent differences in the operating environments of these countries. Minogue (2001) also contends that NPM models are flawed and should not be exported from developed to developing countries. Samaratunge and Hughes (2001) suggest that indigenous reform models which consider the specific country and its operating environment should be encouraged and could be more appropriate and effective.

Preconditions Required for the Success of NPM in Developing Countries

Researchers (Bale and Dale 1998) argue that the preconditions for the public sector reforms of pioneers like New Zealand included a politically stable, neutral, competent, and rule-based civil service; well-developed private sector; minimum corruption; and sound legal practices for private contracts. Without the presence of a similar environment, “the applicability of these practices may be limited” (Bale and Dale 1998, p. 103). Other researchers reinforce this argument and state that without having the basic requirements for reform in place, the cost of reform can outweigh the benefits (Pollitt and Bouckaert 2004).

It is difficult to determine whether NPM is totally irrelevant to developing countries, as some NPM approaches and techniques could be suitable for some developing countries. Singapore is a good example of the success of NPM in a developing country. Meanwhile, Bangladesh is an obvious case of failure resulting from the implementation of NPM in a country with unsuitable conditions. There are certain preconditions needed by developing countries prior to the application of NPM in order to obtain good and effective results. However, these preconditions alone are insufficient due to the existence of other important factors that have a powerful impact. While NPM offers an alternative to developing countries’ failed bureaucratic model, it would be unwise to think NPM alone would be

capable of overcoming the numerous problems of developing countries (Samaratunge and Hughes 2001).

Other Factors Influencing Reform in Developing Countries

Developing countries experience some common challenges including instability, insecurity, poverty, governance crises, and dependence on developed countries. They also exhibit some common features including postcolonial countries, military interventions, fragile economies, and weak private sectors. These challenges and a number of other factors influence NPM reforms in developing countries (Bale and Dale 1998).

Additionally, the significance and impact of domestic politics (“bureaucracy”) on public sector reform is acknowledged (Brinkerhoff and Brinkerhoff 2015). Cheung (2011) claims bureaucracy is both the problem and the solution, constitutes the paradox of the reform, and the solution lies in the problem. He also argues bureaucrats need to be “reformed” to enable and support reform, otherwise reforms may be “captured” by the bureaucracy. A delicate balance is required between the forces for change, stability, and autonomy.

Public Sector Reform in Pacific Island Countries (PICs)

The majority of the fourteen Pacific Island Countries (PICs) gained independence in the 1970s. During the next decade, government expenditure as a percentage of Gross Domestic Product (GDP) grew to some of the highest rates in the world. This unfavorable trend was facilitated by an exceptionally high influx of aid funding and economic mismanagement, driving governments to fiscal crisis. Accordingly, a series of public sector and economic reforms commenced in the mid-1990s to address the fiscal crisis and to encourage continuous growth in the economies, resulting in a decade of reforms in the Pacific region (Duncan 2011).

Despite such efforts, PICs public sectors continue to be described as “too big” (Horscroft 2014, p. 12). “Reducing their size, it follows, would provide much-needed space for private sector expansion and result in higher levels of economic growth” (Horscroft 2014, p. 2). However, an enormous challenge for the public sectors of PICs is provision of service delivery in such isolated, diminutive, scattered, and divided states (Horscroft 2014). Public sector reform efforts are ongoing in PICs, are supported by incumbent governments but vary greatly in detail. These reforms have been driven by current or impending economic crises and slow economic growth. All PICs have been confronted with continual budget deficits. Some deficits have been uncontrolled, without contingency plans in place, resulting in major dilemmas for their respective governments, and adversely affecting public service delivery (Asian Development Bank 2009).

“The need for public sector reforms in the PICs are as compelling today as they were in the mid-1990s” (Rahman et al. 2013, pp. 984–985). An overview of the status of public enterprise reform of some PICs highlights rationalization of state-owned enterprises is underway in Fiji, Samoa, Tonga, Tuvalu, and most other PICs. Privatization of public utilities and contracting out services is ongoing in some PICs with the Asian Development Bank’s (ADB) assistance for privatization. Private sector development reform has also progressed well in many PICs with reforms of the legal business environments in Fiji, Marshall Islands, and Solomon Islands; and endeavors to address economic uses of land ongoing in Federated States of Micronesia, Fiji, Marshall Islands, Samoa, Tonga, and Vanuatu. Downsizing of the public sector and reduction in public sector expenditure continues in Cook Islands, Fiji, Federated States of Micronesia, Solomon Islands, and some other PICs. Performance-based accountability has been implemented by Cook Islands, Fiji, Solomon Islands, Vanuatu, and a few other PICs in some of their agencies and enterprises. While the specific reform objectives vary country-to-country, a common theme is to more professionally manage limited resources (Asian Development Bank 2009).

Across all PICs, while the implementation of structural reforms has generally been a slow process (Asian Development Bank 2009), good responses to reform attempts have been evident in some PICs, with disappointing results in others (Duncan 2011). Clearly, many of the suggested preconditions for NPM are absent in all PICs. Hence, serious impediments to reform efforts persist, with reform progress retarded and sluggish. Further complicating NPM reform efforts are unrelated, major public-sector reform (capacity building, control of corruption, and political decentralization and devolution) employed in parallel with the NPM reform, and with the capacity to counter NPM reform (Brinkerhoff and Brinkerhoff 2015).

Key Reform Challenges for PICs

A series of ongoing significant challenges confront PICs, as they pursue public sector reform. Major weaknesses in government policy formulation, analysis, and implementation, and lack of capacity for decision-making exist. This explains the piecemeal approach to and lack of sustainability of reform efforts in several PICs. Understandably, public sector reform implementations generally fail due to short-term aid funding programs; absence of clearly documented government priorities; lack of realistic, documented, properly sequenced implementation plans; and inadequate capacity building. Overwhelmingly, PICs have identified difficulties associated with sustaining reform efforts as a result of reforms being “imposed” by aid agencies; coordination between aid providers and aid recipient countries being inadequate; and the aid recipient countries not being allowed to drive reform efforts (Asian Development Bank 2009; Rahman et al. 2013).

Public Sector Reform in Fiji

Fiji, like other post-colonial PICs, has been heavily dependent on its public sector for fiscal and socioeconomic growth, in support of nation building. The reform process commenced

in Fiji in 1985, with actual reforms first introduced by the Fiji government in 1992 (Appana 2011). Researchers agree that overlapping internal and external pressures drove reform. Internal pressures stemmed from the need to address public enterprises that were not operating efficiently and effectively, an inability to stimulate private investment, and an absence of supporting policies and growth strategies (Rahman et al. 2013). External pressures emanated from globalization and donor agencies insisting on reforms (Rahman et al. 2013) due to sluggish economic performance and the need to disaggregate control of the public sector (Hook 2007).

Subsequently, Fiji launched two principal reform initiatives, namely, privatization of public enterprises and public service reform (performance-based management and change leadership) (Rahman et al. 2013). Deficient financial and governance frameworks and a shortage of staff experienced in the public sector reform frustrated reform efforts (Hook 2007). Dominant weaknesses in the reform process included: political instability, poor governance, inappropriate timing of reforms, absence of stakeholder involvement, lack of institutional capacity, and scarcity of necessary resources. Hence, public sector reform in Fiji has generally been sluggish with mixed results (Reddy et al. 2004).

The Fijian government partially divested interest in a series of public enterprises, utilizing revenue to repay debts. Some Fijian public enterprises [for example, Airports Fiji Limited, Fiji Electricity Authority (now known as Energy Fiji Limited), Fiji Ports Corporation, Fiji Roads Authority and the Water Authority of Fiji] have shown promising results as they continue to undergo reforms. However, for some other public enterprises (for example, Food Processors Fiji Limited, Housing Authority, Maritime Safety Authority of Fiji and Fiji Rice Limited), progress continues to be sluggish and mixed. It is suggested that while NPM is a praiseworthy reform approach, it requires realignment with the Fijian context, otherwise it is highly likely mixed results in Fiji would persist.

Typical benefits achieved as a result of NPM reforms in Fiji remain somewhat latent and unrealized. Notwithstanding the unrealized

benefits and the enormous reform challenges facing Fiji, the incumbent government's rhetoric and drive continues to be focused on improvements in the public sector resulting in better service delivery, reduced cost of operation of the public sector, improved pay and conditions for public sector employees, and higher dividend payouts, (Appana 2011). Additionally, the government suggests that with their "political will" that sets the course for and drives the reform, "indigenous ownership" and, a more integrated and holistic approach to reform, sustained reform that delivers desired outcomes is possible (Rahman et al. 2013).

Conclusions

Perusal of extant NPM reform literature reveals many developing countries, selected PICs, and Fiji have imported an aid agency imposed NPM "blueprint" from developed countries. However, reform efforts have generally yielded mixed results. Other administrative reform efforts have also been run in parallel to the NPM reforms, therein countering NPM reform. Considering the country-specific peculiarities and preconditions required for success of NPM reform in developing countries, PICs and Fiji, and the enormity of the challenges, it would be remiss to suggest that NPM reform alone would be capable of overcoming those problems in the short term.

Cross-References

- ▶ [Accountability](#)
- ▶ [Accountability and Democratic Administration](#)
- ▶ [Accountability and Ethics](#)
- ▶ [Accountability and Ethics in Nonprofit Organizations](#)
- ▶ [Accountability and Governance in Fiji](#)
- ▶ [Accountability in Federal Government](#)
- ▶ [Accountability Mechanisms](#)

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