

THEORETICAL BASIS OF NEW PUBLIC MANAGEMENT

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Abstract: This publication highlights the considerations of public sector modernization, using the New Public Management reform. Investigations affect difficulties connected with public sector management therefore dilemma of functioning each public sector units. They are focused on reform, primarily New Public Management, which is regarded to be phenomenon of public management. Contents contained below, first of all are aimed at explanation the term public, and then the public management reform, which are permanently connected with problematic aspects this publication. Moreover from this point of view essential significance has area, in which follows development this reform. Whole considerations portraying later, are focused on showing basic concepts of New Public Management, it's origin, diverse approaches to definition, advantages and disadvantages too. At the end of publication described conclusions which emphasise essence of New Public Management in public sector at the local government level.

Keywords: public management, New Public Management (NPM), local self-government

Introduction

Functioning each unit in both government and local government level demands continuous changes, which can improve their process management. Their priority should be deliver basic services to society, therefore satisfy residents needs, but nowadays in time of the globalization, many traditional strategies of management are ineffective. The best solution is so improvement and modernization public management, which can turn up challenges for current problems and in consequence to create both social and economic growth. Contemporary approach to public management in the majority European Union countries treats resignation from traditional bureaucracy administrative for modern public management.

Aspects of New Public Management

The considerations which affect public management and New Public Management (which will be discussed later), should be preceded by a clarify the term 'public'. Literature on the subject stresses a different attitudes to this word. For example, one of them is focused on a 'public domain', which basic task is enabling realise public alternative in order to attain purpose for community. Fundamental in this area is ability to negotiate and undertaken good decision to satisfy society at the local level. Other meaning the term 'public' shows at social group which inhabit 'public domain'[5].

For the most part of 20th century when took place governmental development, public management was characterized as idea which created new strategies, put reserves and habituated shemes. Expansion of the politics in the end of the 20th

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century caused increase of public management and created negative meaning of bureaucracy. In this time public management became active arena in political activity[3].

Reform of public management which took place in 20th century overwhelmed all globe. In the literature was characterized as many different concepts but always affected common attributes for which built six basic elements. Among them distinguish [17]:

- *'Productivity'* – It characterizes capability of government to product more services for citizens from the same or smaller revenues, therefore should find ways, where could reduce tax money;
- *'Marketization'* – Government should eliminate bureaucracy in order to implementation market-style. Some governments have partnering with private agencies to deliver services to citizens, other have selling public entities. In both cases basis those strategies is replace traditional tactic with market-style tactic;
- *'Service Orientation'* – In many cases citizens think that officials government realise unresponsive programs. Improvement this opinion requires to governments change significance elements in service delivery system, i.e. citizens as the point of view and service providers as the other;
- *'Decentralization'* – It characterizes this system where responsibility of realising programs is relocating in lower levels of government. This strategy is aimed at increase of responsive and effective programs;
- *'Policy'* – Political efficiency depend on separation on government's function. In some cases consist on separation purchasing service from delivering service, therefore government should find "tool", which could improve politics;
- *'Accountability'* – Governments should find possibilities to use outputs and outcomes of process before they promise.

One of the essential components to explain the term public management is portraying accurately model of it, which presented contingency approach to management. This model defines essence of public management based on "*open systems theory*", which has extremely profound significance of the environment for theoretical and practical aspects of management. It categorises four domains, which are concentrating on the environment of public management, namely: functions, skills, applications, supportive techniques and technology [13].

The term public management connects strictly with new approach to management i.e. collaborative management, which is some kind of idea, using in governing, in many cities recognised for the base functioning of public management. Collaborative management is based on work governments with nearby cities and private sector entities in many activities at the local level. Fundamental in this domain is flow of information and interdependence of units therefore boundary and environment in which city is functioning. Conclusion of an agreements by cities with for-profit, nonprofit and government agencies is aimed at affording benefits to citizens [1]. Difference between cooperating units affects objectives. One of them are social, others private. Public management phrases this achievement which

results from social purpose; on the other hand private organisations are aimed at achieving max profits. Government bodies are aimed at delivering services to citizens [19].

Afore mentioned expansion of government for last few decades brought on quite a lot essential changes which were very important for public management. This theme focused on scholars attention which perceived creating new trend in public management at the local level, namely 'managerial reform movement' which was used interchangeably with the New Public Management term (hereinafter NPM). Literature on the subject which is prevalent brings problematic aspects of New Public Management advocates on challenges to the activity of units. It's concentrated on a main expressions, namely: using 'hands-on management'; rational distributing resources; significant separation of public sector organisations in order to individual managed; use of 'pre-set output measures'; assimilate rational standards of performance; use managerial techniques of private sector. According to the autor New Public Management consists in oversight and control of the public management by means audit for example, to better functioning [10]. Academia was 'birthplace' of New Public Management idea. The main origin of this concept came from inspirations scholars, which tried conceptualizing sources of its. They defined a few causes (independent to each other) which brought on emergence of NPM, namely:

- "public choice" – this idea expressed isolation of traditional public administration and emphasised significance of self-interests in the public sector. It analysed political market through analytic procedures of economics and choice demand in the creating of "non-market decision-making conduct) [23];
- "Chicago school economics" – this model was reply to government overload. It was applied to cut – backs in order to renew markets;
- "the agency approach and the economics of information – concerned to interaction between government and agencies of bureaucracy, where the first is upper hand in this interaction;
- "managerialism" – management in public sector used private sector's tools;
- "network society" – it demanded that results for public sector units depends on management model, so public sector units should realise the networking society (development community and expansion of technology) [18].

Creating the New Public Management term in early 1990s was response to discussion which affected contemporary problems in management of public government. It was established by scholars (public administration employess in UK and Australia, i.e. Hood and Jackson). These political scientist acknowledged this term as base of activity in public sector. After publishing this term in the literature, attained a many different meanings. For example, one of them was concentrated on using NPM to economic science in public management, other expressions of public management. Over time problems with interpretation term were more popular than essence of the NPM [20]. Approach to New Public Management was expressed with other terms, namely [26]:

- “*entrepreneurial government*”;
- “*managerialism*”;
- “*market-based Public Administration*”.

Complicated evaluation of New Public Management and wide notoriety around its, affected three primary areas, which has predominate towards public management reform, i.e.: alternative affecting managerial and political reform and their influence on public service delivery; choice adequate market model to use in govermennt units, possibilities NPM to disruption or continuation traditional public administration [22]. The New Public Management reform is often characterized as international set of modern forms of accounting and accountability, applied in public sector [7].

According to Goldfinch New Public Management defines aimless and unproductive components of the traditional management. NPM demands to allow public sector managers show their talents, therefore gives them ‘freedom to manage’ to effective management in public sector toward changes which take place in the environment. It claims effective delivering services to society to use achievement of outputs and outcomes [14].

K. Schedler and I. Proeller define new public management as “*generic term for an overall movement that has a globally standardised terminology pusesues administrative reforms based on an institutional view. A main characteristic of New Public Management reforms is the way they move political control from input-orientation to output-orientation*”[25]. Primary expansion New Public Management was focused on governance and outcome preferences. Contemporary fundamental issue of New Public Management is modernisation public bodies using market models to realising public administartion. Approach to NPM demands collaboration with partners (organisations, agencies, units) and institutional attitude to public administartion. The most important is question: how should be units guided?

Dunleavy emphasises that NPM is a ‘phenomenon’ which functions on two-level. One of them is concentrated on transfer of modern management to public sector, second affects ‘public choice’. New Public Management has ‘three chief integrating themes’ focused on [11]:

- Disaggregation – Separation public sector power structure in the same way that private big agencies, increase range, reduction power structure, creating new managerial system. In this theme the most important concepts are widely exercises in personel, IT, other functions and building of management information systems;
- Competition – Purchaser and provider separation in public sector in order to increase competition amongst suppliers, therefore increase possibilities to diversified delvering. This theme is aimed at effective allocation reserves;
- Incentivization – Shift which affects managers and their teams and also satysfying performance from expansion public service point of view and focuses finance as a basis of government activity.

Thus New Public Management is characterized by arrangement of attitudes and methods which are used in private sector agencies and utilized in modern management by public sector units [4]. According to primary definitions, the term NPM focuses on three basic orientations. First of them affects market-orientation, which is concentrated on belief that application market's strategy as well as new technology in the public sector can improve public sector's performance and reduce costs of delivering services. Essence this orientation consists in using private sector methods to management. Second, result-orientation demands analysis productivity through adequate indexes. Third, customer-orientation is aimed on citizens satisfaction [6]. The most associated term with New Public Management is performance management. It affects both quantitative and qualitative purpose, a set of indexes to measure productivity, a set of data using toward indexes and making decisions to improve management process [27].

The paramount role in New Public Management belongs to public managers. Their task is searching new ways to achieving advantages, often through privatisation government's activity. From this point of view public managers should define contents of programs which could improve society's satisfaction. The fact is that NPM functions based on market models. According to L. Kaboolian these decisions contain "*competition within units of government and across government boundaries to the non-profit and for profit sectors, performance bonuses and penalties*". Following this, many public managers have to finding means in order to effective delivering services to citizens, therefore increasing performance, which should be based on financial considerations. They should rely on high productivity, responsibility to community, reorganization bureaucratic units, defining new organizational mission moreover decentralizing decision making [9]. Thus NPM perspective is aimed at developing and using private sector methods in order to solving the most public sector's problem which affects public expenditure's control and inefficiently public service [28].

Moreover one of the essential element of the New Public Management is disaggregating multipurpose public units and changing them in individual bodies with independent management. The NPM idea expresses that activities separation profits in precise assigning a control and boundaries. Only in this situation possible is competition between new units, which could bring increase performance. Productivity also, should be controlled using delayed performance indexes [15].

Idea of New Public Management is based on solid basis. A number of issues that it demands [21]:

- increase autonomy for line managers at the operational level of management, therefore making available to them government-wide standards, which include finance, human resources, audit, organisation, etc.;
- performance budgeting, therefore budgeting at using output measures;
- outsourcing of intermediate production and removal public production;
- separating financial administration from ministries;
- navigation and control of executive units at using measured output.

Except for supporters public management had many opponents, especially in its expansion time. Amongst them were lawyers, collaborating units and professional agencies, which have proclaimed anti-managerial postulates. Some of them claimed that public management process exaggerated responsibility toward citizens, others (primarily scientists) asserted that public management wasn't profit, but was difficulty rather. For example Shan Martin proposed "managing without managers". Walter Kickert thought that approach to public management was alienated toward executive government. Robert Protherough and John Pick claimed public management as a "psychological plague" based on modern community [12]. However the New Public Management is regarded to reform which prevents monotony in public sector and ineffectual performance in this, then it has many disadvantages too, like every one perspective. They are described below [2]:

- confrontation between citizens attitude and customers attitude of public services. NPM evaluates "*produces a hybrid kind of administrative structure in state administration*", which clashes values between them;
- The use market mechanism in public administration is aimed at individual interests at the cost of public interests;
- The NPM is aimed at relations between citizens and public bodies;
- The most essential issues for NPM are place to managerial principles and practices, it isn't aimed at place to policy making;
- The NPM isn't aimed at developing societies.

Notwithstanding the New Public Management reforms are applied in many countries around the world. They characterize some common purposes and attributes and are aimed at effective production therefore citizens satisfaction through efficient service delivering. One of the most popular in public service modernization lately is using collaboration and partnerships as made effective government modernization methods [24].

Summary

New Public Management brings in many attitudes and techniques to public management. Starting from privatization to collaboration the NPM find new ways which can improve management process through swap between bureaucratic model and economic approach [16]. The use NPM demands that government shouldn't lean on its ideas and activities only but should use innovation to increase its productivity. Government should be orientated on achieve public outputs [9].

Notwithstanding that NPM has many opponents; it brings in a lot of good to public services. According to globalisation NPM attempts to modify classic attitude government and swap it's with modern management. No doubt public management reforms never halt and always will progress.

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TEORETYCZNE PODSTAWY NOWEGO ZARZĄDZANIA PUBLICZNEGO

Streszczenie: Niniejsza publikacja zwraca uwagę na konieczność modernizacji metod zarządzania sektorem publicznym, zwłaszcza zastosowania koncepcji Nowego Zarządzania Publicznego (NPM). Trudności związane z zarządzaniem sektorem publicznym stanowią dylemat funkcjonowania każdej jednostki tego sektora. Treści zawarte w artykule mają przede wszystkim na celu przybliżenie reform zarządzania publicznego, koncentrują się na ukazaniu podstawowych koncepcji nowego zarządzania publicznego, jego genezy, zalet i wad. Konkluzją publikacji jest wskazanie roli nowego zarządzania publicznego w sektorze publicznym na szczeblu samorządowym.

Słowa kluczowe: zarządzanie publiczne, New Public Management (NPM), jednostki samorządu

新公共管理的理論基礎

摘要：本出版物的突出考慮公共部門的現代化，使用新公共管理改革。調查影響與公共部門管理，因此各個公共部門的運作兩難的困難。他們重點的改革，主要是新公共管理，這被看作是公共管理的現象。下面包含的內容，首先的目的是在解釋術語公眾，公共管理改革，這是永久連接有問題的方面，本出版物。此外，從這個角度來看，至關重要的意義有區域，其中如下發展這一改革。整個描繪後的注意事項，集中展示新公共管理的基本概念，它的產地，不同的方法來定義，優點和缺點。在年底公佈的新公共管理的本質的結論，強調公共部門在地方政府層面描述