

‘Performance-Based and ‘Result-Oriented’ Public Sector Reforms: An Assessment

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Abstract: Administrative reform is a continuous process. Whether developed or developing, all countries restructure their administrations for organizational efficiency, reduce waste, decrease cost, and make them transparent and accountable to the people. At the beginning of the 1980s, some western countries adopted New Public Management (NPM) based on ‘performance and results-oriented and market-driven public sector management. Later, many countries in Asia, Latin America, East Europe, and Africa also introduced a similar type of result-oriented and performance-based public sector reforms in the 1990s, aiming at increasing efficiencies and decreasing the costs of their dysfunctional public agencies. Thus, since the beginning of the 1990s, NPM has become the dominant paradigm for public management worldwide. This article aims to discuss the ideological basis, diverse experiences, and strengths and weaknesses of NPM. The research is entirely based on secondary sources, and secondary information has been extensively used to explain, analyze, and reinforce the arguments. This paper is divided into the following sections: section one discusses major tides of reforms in the western world and, more specifically in the United States in the last one hundred years, to make the public sector more efficient, cost-effective, accountable, and responsive; section two talks about different versions of public sector reforms adopted by various countries in the last three decades; and section three presents significant strengths and weaknesses of NPM, and section four synthesizes the paper and makes a conclusion.

Keywords: administrative reforms, result-oriented, and performance-based public sector management.

1. Introduction

At the beginning of the 1980s, many several developed countries such as the United Kingdom, New Zealand, Australia, Canada, and the United States introduced *New Public Management* (NPM) based on performance and results-oriented and market-driven public sector management based on private sector experiences to reorganize government agencies, remove inefficiencies, and promote fiscal discipline (Hood, 1991, 1995; Lam, 1997; Hughes, 1994; Kettl, 2005; Pollitt and Bouckaert, 2000; Brinkerhoff & Brinkerhoff, 2015; Maarse, Jeurisse, and Ruwaard, 2015). During the 1990s, many developing countries in Asia, Latin America, East Europe, and Africa also introduced market-oriented economic reforms to increase administrative efficiency. Thus, since the beginning of the 1990s, NPM has become the dominant paradigm for public management worldwide (Hood, 1991, 1995; Lam, 1997).

New Public Management is based on the belief that traditional public administration based on the government’s monopoly control, rigid bureaucratic hierarchy, centralization, and excessive rules and regulations is inefficient, unresponsive, and costly for the national economy and public welfare. Based on private sector experiences, scholars

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started to focus on market-based and flexible public administration. The main objectives of NPM are to reduce the cost of government services and make the operations of government agencies more efficient, transparent, flexible, and market-oriented (Pollitt and Bouckaert, 2004; Larbi, 2006). The components of NPM have changed over time, and there are variations in administrative reforms among the countries (Larbi, 2006). Yusuf Bangura and George A. Larbi (2006) point out four major objectives of public sector reforms: “fiscal stability; public sector efficiency; state capacity; and public accountability.” The NPM also tries to impose a new culture in public administration by changing the attitude of public administrators. It encourages employees “to think about citizens as ‘customers’ to be served instead of ‘clients’ to be managed” (Kettl, 1997: 452). According to Light (1997:51), “A performance-based system seeks its impact through incentives. Goals are the primary input into a performance-based system, evaluation/auditing and benchmarking the primary managerial activities, measurable results the outputs, and higher performance the outcome.”

Despite the widespread application of NPM, there are serious debates about the effectiveness and universal applicability of performance-based and result-oriented public sector reforms. One group of scholars (Bale and Dale, 1998; Savas, 2000; 2005; Osborne and Gaebler, 1992) argues that New Public Management increases the efficiency of government operations, reduces costs in delivering public goods, and enhances the quality of public services. They further argue that empirical evidence also indicates that some countries experienced higher economic growth by adopting neo-liberal economic policies and market-based public sector reforms. On the other hand, some other scholars (Schick, 1998; Radin, 2006; Brinkerhoff & Brinkerhoff, 2015) argue that the purpose of the public sector is not like the private sector. They are different in terms of goals, principles, and service deliveries. Scholars argue that result-orient and market-based new public sector reforms distort the main objectives of government services. They argue that NPM failed to address broad-based socio-economic development challenges such as social inclusion, poverty reduction, and long-term sustainability of the economy and the political system in many countries (Brinkerhoff & Brinkerhoff, 2015).

This article aims to discuss the ideological basis, diverse experiences, and strengths and weaknesses of NPM. The research is entirely based on secondary sources, and secondary information has been extensively used to explain, analyze, and reinforce the arguments. This paper is divided into the following sections: section one discusses major tides of reforms in the western world and, more specifically in the United States in the last one hundred years, to make the public sector more efficient, cost-effective, accountable, and responsive; section two talks about different versions of public sector reforms adopted by various countries in the last three decades; and section three presents significant strengths and weaknesses of NPM, and section four synthesizes the paper and makes a conclusion.

2. Four Tides of Reforms in Public Sector Management in the United States

After the fall of the Soviet Union, the United States became the sole superpower in the world during the 1990s. The United States exported its political and administrative experiences to many other countries by using its political and economic dominance and by utilizing various international organizations such as the World Bank, the International Monetary Fund (IMF), and various non-governmental international organizations (INGOs). As a result, the administrative experiences in the United States became the

foundation of administrative reforms in many other countries. As a result, the paper discusses the administrative practices of the United States in the last one hundred years to understand the rationale behind the current market-based administrative reforms in other parts of the world.

Public sector reform is not a new phenomenon. It has a long history, and governments all over the world need to reform their administrations in making them more efficient, responsive, accountable, and productive to address new challenges. Many developed countries such as the United States, Great Britain, and Germany have a long history of public sector reforms to make their government agencies efficient, honest, and responsive. In the last one hundred years, various governments in the United States launched different types of administrative reforms to make public administration cost-effective, transparent, accountable, and efficient. Different presidents, as well as the Congress, governors, and local mayors, initiated various reform agendas to make public administration accountable, efficient, and 'result-oriented'. Paul C. Light (1997) divided U.S. reform experiences into four broad categories: War on Waste, Scientific Management, Watchful Eye, and Liberation Management, and each carries a different opinion of the government and its employees and employs different implementation strategies. These four categories also influenced the advocates of New Public Management.

Scientific Management was the dominant administrative management philosophy from the 1930s to the 1960s. But it lost popularity in the 1960s, but some of its basic features are still relevant and part of modern management practices and reinvigorated in recent years in various administrative reforms in the United States and other countries (Light, 2006; Arnold, 1995). Other management philosophies such as liberation management and watchful eye started to gain popularity at the beginning of the 1960s. All these four management philosophies are not fundamentally contradictory, and some components of each approach stay side by side in various administrative reform initiatives (Light, 2006; Arnold, 1995). Those four categories or tides of reform are the basis of New Public Management (NPM) initiated mostly in the 1980s and 1990s.

i) War on Waste

War on waste is the oldest reform philosophy all over the world. It was the dominant administrative reform agenda during the 19th century and early decades of the 20th century (Light, 1997). Various federal and state governments in the United States implemented various policies related to the War on Waste such as requiring annual accounting of expenditure, auditing and investigating fraud and irregularities, preserving the requisition power to the Congress to prevent waste, creating the office of Inspector General to provide policy directions for other departments and act quickly against fraud and corruption (Light, 2006). Due to distrust of the government, proponents of this model proposed various institutional safeguards to prevent waste and fraud (Light, 2006). The broad goal of the war on waste is simple that is: "economy, efficiency, and effectiveness of the government" (light, 1997: 26). Followers of this model want to reduce waste, prevent fraud, and abuse and misuse of power by administrators (Light, 2006). Frederick Mosher wrote, "To the politicians and the general public, the argument was single and simple – economy in government, to which efficiency and legality would contribute" (in Light, 1997: 26). Mosher's statement is also relevant to contemporary public sector

management. People want more services, but they do not want to pay extra taxes for those services. The only way to provide more services is to decrease the cost and increase the efficiency of the services. This old management philosophy is also one of the foundations of new public management. The goals of NPM are to create a government that 'not only works better but also costs less' (Light, 1997). To reduce costs in public service deliveries, NPM proposes competition among various providers, public-private cooperation, and flexible management.

ii) Scientific Management

Scientific management is the easiest to define among these four tides of reform movements (Light, 1997). The basic goals of scientific management are to make administration efficient, capable, and cost-effective. Many great administrative thinkers such as Frederick Taylor, Luther Gullick, Lyndall Urwick, and great practitioners such as Louis Brownlow contributed tremendously to making scientific management popular. Theorists of scientific management schools make two things popular: first, specialization of work is required for efficient and cost-effective management; and second, coordination of work to make work easier and less repetitive (Light, 1997). Proponents of scientific management favor a tight chain of command in the administration and presidential leadership (Light, 2006). During the 1940s and 50s, scientific management was the key administrative philosophy. Its relevance hardly disappeared although it had lost its glory after the 1960s (Light, 1997). Its key ideas strongly influenced subsequent administrative reforms. New Public Management (NPM) has incorporated many ideas of scientific management such as efficiency, effective coordination, and elimination of overlapping and duplication of work. NPM suggests decentralized, market-oriented, and customer-friendly public administration, but it also is based on efficiency, cost-effectiveness, and responsive government (Light, 1997).

iii) Watchful Eye

In the war on waste, proponents of watchful eyes are also distrustful of government bureaucracy (Light, 1997). But they have different suggestions to make the government accountable. Proponents of the war on waste suggest strong enforcement of the law but advocates of watchful eye suggest a transparent and open government, access to information, open meetings, and checks and balances of power that prevent misuse and abuse of power by any branch of government, and they trust that "sunshine is the best disinfectant for misbehavior" (Light, 2006: 7). They argue that government activities should be transparent and visible through disclosures of government reports and open meetings. They further argue that open and transparent procedures reduce arbitrary use and misuse of power and decrease administrative corruption. This management philosophy is also part of new public management. Proponents of NPM propose an open and transparent government for administrative efficiency.

iv) Liberation Management

The terms 'reinvent government' or 'liberation management' gained popularity in the 1990s. It is different in many ways from the other three tides of reforms. Wars on waste and a watchful eye are distrustful of government but advocates of liberation management emphasize empowering employees. Proponents of this movement argue that excessive rules and regulations inhibit and discourage public employees from carrying out their tasks. This approach focuses on team building, empowerment of managers and

employees, and flexible management. Former U.S. Vice President Al Gore launched the National Performance Review (NPR) in 1993 to reinvent the U.S government based on private sector experiences. The fundamental assumptions of Gore’s report were: first, federal and private sectors are similar in their characteristics and need to respond similarly to solve the problems; second, federal government agencies should behave like a private enterprises and initiate new ideas and programs; third, the job of the bureaucrats is to satisfy their clients like customers.

Table -1: The Four tides of Reforms

	View of Government and Its Employees	
Implementation Approach	Trusting	Distrusting
Centralized	Scientific management	War on Waste
Decentralized	Liberation management	Watchful eye

Source: Light, Paul C., (2006). “The Tides of Reform Revisited: Patterns in Making Government Work, 1945-2002,” *Public Administration Review*, January/February, p – 6

Scientific management and the war on waste support centralized administration for efficiency and control. Advocates of liberation management and watchful eye support for decentralized public sector management and a system of checks and balances among various branches of the government to prevent misuse and abuse of power. Supporters of scientific management and liberation management have trust in the public sector, but advocates of the war on waste and watchful eyes lack trust in government agencies. As a result, they suggest various institutional arrangements such as The Office of the Inspector General to keep public administration accountable to the government which decreases waste and creates efficiency.

3. Performance-Based and Result-Oriented Administrative Reforms: Different Versions

After the end of the Second World War, many governments in the west increased the role of states and created new institutions and organizations in providing various welfare services to their citizens. Similarly, many developing countries also increased the role of the states and their institutions due to a lack of entrepreneurial class and private sector institutions aiming to modernize their economies and societies. However, state institutions were unable to provide desired change. Since the 1980s, western countries realized that existing state institutions are inefficient and costly. Many western governments launched market-based and result-oriented administrative reforms in the late 1980s. Gradually, other countries also introduced the same type of administrative reforms. Kettl (2005) divided western administrative reform movements into two broad types: first, Westminster reforms such as in Great Britain, New Zealand, and Australia, mainly relied heavily on privatization and other market-type mechanisms by focusing only on output and slightly on administrative restructuring. Second, the U.S model is based on public-private partnerships and contracting out government services.

i) Reform: Westminster Style

At the beginning of the 1980s, the governments of Britain, New Zealand, Australia, and other West European countries initiated massive public sector reforms. The main aims of those reforms were to reduce the role of the government in economic management, impose market-style discipline in government activities, flexible and decentralized public administration, and performance and result oriented government activities.

In Britain, Prime Minister Margaret Thatcher initiated result-driven administrative reform in the early 1980s. Massive privatization was the main agenda of her administrative reforms. She privatized many big British corporations such as British Petroleum (1979), British Telecom (1984), British Airways (1987) Rolls Royce (1987), and British Airport Authority (1987) (Savas, 1992). Above privatization, her government reorganized the British civil service into a set of executive agencies and provided enough flexibility to perform their duties. She changed career-long civil service positions for the head of the executive agencies and introduced short-term performance-based chief executive recruitment systems in both the public and private sectors (Roberts, 1997). The government set up performance goals for the managers of public agencies and measured their performance against those goals (Kettl, 1997).

New Zealand was another country that drastically reformed its public administration. Before these reforms, it had a large public sector that provided a wide range of public services to its citizens. However, during the early 1980s, it faced severe economic problems due to competitive globalization, and the internal inefficiency of the government. At the beginning of the 1980s, the government initiated a market-oriented, and result and performance-based administrative reform (Kettl, 2005). Most of the management ideas in New Zealand came from the private sector, where corporate managers enjoyed enough flexibility and autonomy in managing their enterprise. But they were not accountable and responsible for their work performance. Kettl (2005) explains some characteristics of these reforms: (1). **Privatization** - The government privatized many big state-owned enterprises such as telephone, post offices, airlines, and oil companies. The government sold more than twelve big companies to the private sectors. The purpose of privatization was to increase efficiency and generate revenues for the government. (2). **Performance contracting** - The government decided to hire chief executives based on performance with five years contracts instead of lifetime tenure. The government gave chief executives enormous power in hiring, firing, and playing with their employees. The criteria to judge the performance of chief executives was the output of the organization. (3). **Output budgeting**: the performance of the government managers was determined based on the output of the organization. The government also introduced extensive accounting systems “to make managers manage” (Kettl, 1997: 448). Similarly, some other western countries such as Canada, Sweden, and Australia also initiated drastic administrative reforms based on market orientation, performance, and results.

ii) Reforms: American Style

American reforms were gradual and comprehensive. When President Regan came to power, he initiated result-oriented administrative reforms. He concluded on one thing: big government is not good for the economy. The private sector in the United States was not so big unlike in other countries such as the United Kingdom and New Zealand.

Therefore, the massive privatization of state-owned enterprises was not required in the United States (Kettl, 2005). Therefore, the Regan administration followed a privatization strategy by contracting out much of the government work to private enterprises for better quality services with less cost. Similarly, the Clinton administration initiated massive administrative reforms in the United States. Vice President Al Gore launched the National Performance Review (NPR) in 1993 to reinvent the federal government. The main slogan of the reform was "Work better, cost less" (in Kettl, 2005: 24). Most of the reform ideas of NPR came from David Osborne and Ted Gaebler's book *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector* published in 1992. NPR has four premises: first, public and private sectors are similar in terms of objectives and principles; second, federal government agencies should be viewed as entrepreneurial bodies which function best in a competitive market environment; third, the size of government is big, and should be decreased; fourth, federal agency management should be tied and made subordinate to budgetary priorities and processes (Roberts, 1997).

The authors of the book argue that both liberalism and conservatism are unable to solve the problems of the American administration. They rejected wholesale privatization of government organizations and at the same time bureaucratic unaccountable governments. They suggested public-private partnerships in government activities with competitive, market-oriented, flexible, performance-based and result-oriented, and customer-focused public administration (Osborne and Gaebler, 1992).

iii) Public Sector Reforms in Developing Countries

Developing countries are very different in political, economic, social, and cultural history. They are also different in terms of the size of the public sector, domestic resource base, donor dependency, and institutional capabilities to implement reforms (Therkildsen, 2006). Due to these differences, different countries adopted different strategies for reforming their public administrations. However, despite differences, there are some common elements. One of the main components of public sector reforms in developing countries is **capacity building** (Bangura, and Larbi, 2006). The capacity building became prominent after the 1990s due to the failure of implementing structural reforms in less developed countries because of the weakness of various state institutions (Bangura, and Larbi, 2006). In many developing countries, bureaucrats were inefficient and corrupt. They were also unable to provide cost-effective services due to the lack of capacity (both technical and administrative) to solve complex socio-economic and technological problems. The main emphasis of capacity-building reforms was improving the technical capacities of the civil servants in the formulation and implementing of public policies, strengthening the capacity of training institutions, improving financial management and accounting system, and at the same time creating positive attitudes toward work (Bangura and Larbi, 2006). Anti-corruption measures and the development of codes of conduct were also part of civil service reforms in many developing countries (Hope, 2002). Many countries have also downsized their civil service by reducing the number of surplus employees through voluntary retirement, forcing retirement, and stopping the hiring of employees to increase the efficiencies of their administration (Hope, 2002). Privatization and contracting out public services are other components of public sector reforms in developing countries. The main reason for privatization was that state-owned enterprises in developing countries were inefficient, over-bureaucratic, and loss-making ventures.

These were a serious burden on the national economy. Government service provisions were also inefficient and costly in many developing countries. To improve service efficiency and reduce costs, several countries contracted out road maintenance to private contractors, and some other countries transferred port and airport management to private firms. Similarly, many countries assigned municipal services such as cleaning, waste collection, security, and maintenance services to private bidders (Larbi, 2006).

4. Arguments in Favor of New Public Management

From the rational choice perspective, the main criticism of traditional public administration is that the reward system in bureaucratic administration does not promote efficiency, cost-effective resource allocation, and cost reduction. Instead, politicians and bureaucrats have the incentives to increase public spending for their benefits and rents at the cost of collective or national interests (Batley and Larbi, 2004).

Rational choice theorists argue that cost reduction is difficult without any automatic disciplinary mechanism. Only competition and market forces can ensure efficient resource allocation, cost reduction, and flexible public administration (Batley and Larbi, 2004). Advocates of NPM (Kettl, 1993; Kettl and Dilulio, 1995; Kettl and Milward, 1996; Lynn, 2006) argue that the efficiency and effectiveness of government agencies depend on the responsiveness of the government. This group of scholars recognizes the important role of the government to regulate the economy, but they vigorously oppose both public and private sectors' monopolies (Savas, 2000). According to them, both public and private monopoly is perilous for the economy. It distorts economic efficiency, and it has also negative consequences for distributive justice. On the other hand, competition encourages investment and improves service quality, and improves customer satisfaction (Savas, 2000; Osborne and Gaebler 1992).

Another argument in favor of NPM is that the public and private sectors are not fundamentally different, and they will not organize and manage differently (Dawson and Dargie, 2002). The public sector can use various private sector management tools and can learn from private sector operations, service deliveries, and management practices. In many instances, private sector management and service provisions are more efficient, cost-effective, competitive, and flexible. Proponents of NPM argue that “government agencies should adopt practices that have been found useful in the private sector” (Denhardt and Denhardt, 2000: 551). Kaboolian (1998:190) points out that NPM relies on “market-like arrangements such as competition within units of government and across government boundaries to the non-profit and for-profit sectors, performance bonuses, and penalties (to) loosen the inefficient monopoly franchise of public agencies and public employees.”

Another pragmatic reason for public sector reforms was the fiscal crisis of many countries. Due to the over-expansion of the public sector and public services, many countries and more specifically poor countries face a severe economic and fiscal crisis in the 1970s and 1980s due to over-expansion of the public sector. The fiscal crisis forced those countries to initiate public sector reforms to reduce the fiscal burden of the state (Batley and Larbi, 2004).

Another reason for public sector reforms was the idea of good governance in the 1990s (Batley and Larbi, 2004). Many developing countries face serious economic difficulty

due to poor performance and ineffectiveness of the state institutions. An efficient, flexible, responsible, accountable, and transparent public service was seen as a precondition for good governance. Different donor agencies including the World Bank and International Monetary Fund (IMF) also impose some governance-related and public sector-related preconditions for their aid and loans that forced many countries to adopt New Public Management (Batley and Larbi, 2004).

5. Arguments against New Public Management

The authors who oppose performance-based and result-oriented public sector reforms argue that the public sector and private sectors are different, and it is hard to compare them in many respects due to the differences in the very purposes of their existence. In the private sector, profit is the main criterion to determine whether an organization is efficient or not. However, the public sector has multiple and distinct political, constitutional, ethical, and social goals that make the public sector different from the private sector. The public sector does many jobs such as educating people, serving the poor, and improving environments that are very difficult to provide by the private sector and also difficult to measure efficiency by using a single yardstick (Radin, 2006; Mongkol, 2011). Beryl A. Radin (2006) argues that new public management wants to separate public administration from politics is simply impossible. Balancing different conflicting goals and values is one of the characteristics of the democratic system. As a result, using private sector goals and rationale in public sector management is dangerous and irrational because of the contextual differences

Some other scholars (Landau, 2004; Gormley, 1996; Mongkol, 2011) are also critical of the privatization of some critical functions of government such as national security, air traffic management, and lower-level education. Those who oppose the privatization of Air Traffic Control (ATC) argue that economic rationality is one aspect of airport management. However, other aspects such as national security and the security of the passengers are also important. They argue that ATC is a public good and it needs to be considered in that way. Another major criticism of privatization is that it hurts the poor in general and workers in particular, and only benefits the privileged and powerful (Birdsall and Nellis, 2005). Privatization reduces job opportunities, increases insecurity, forces the poor to take jobs with low pay, and gives opportunities to the rich to become richer (Birdsall and Nellis, 2005). Naff (1991) argues that privatization threatens job security, pay and benefits, and the collective bargaining capacity of government employees. It also hurts most needy and vulnerable people most of those in need of state provision and welfare safety nets (Larbi, 2006). Another major complaint against privatization is that even if privatization contributes to improving managerial efficiency and financial performance, it has negative contributions to wealth and income distribution. It also weakens local political order and community values (Birdsall and Nellis, 2005). In general, privatization and contracting out public services produced a better result in western developed countries and some successful East Asian countries. However, many other countries (especially Latin American and African countries) faced tremendous difficulties at least in the short term, because of massive privatization. Most of those countries were inadequately prepared for privatization (Birdsall and Nellis, 2005).

Some authors (Shick, 1998; Larbi, 2006) argue that radical reform measures in developed countries such as New Zealand and the United Kingdom are not equally applicable in less

developed countries. Countries differ in terms of institutional capacity, economic and social conditions, and cultural norms. The implementation of radical reforms requires effective and efficient state institutions. However, most of developing countries lack effective state institutions that seriously hamper the implementation of reforms. The World Bank, the main proponent of market-based public sector reforms, also acknowledged the importance of state institutions for policy implementation (World Bank, 1993). Former World Bank President James D. Wolfensohn argues that the success of privatization depends on some preconditions such as good governance, a good judicial system, a financial system that works, and a harmonious social system (in Kettl, 2005). He further argues that “it is impossible, for example, to privatize in a nation without a well-developed system of competitive markets” (Kettl, 2005:69). A successful privatization program can increase social welfare and efficiency gains, but a corrupt process may produce inefficiency (Chong and Lopez-de-Silanes, 2005). In many developing countries, the bidding processes of privatization were obscure and inefficient. Intentionally, politicians and bureaucrats crafted bidding processes obscure that allow them to extract huge rents for themselves or their followers (Chong and Lopez-de-Silanes, 2005; Dunleavy and Hood, 1994; Larbi, 2006). Contracting out public services also requires proficient government administration to monitor and evaluate the work of private operators, which is absent in many developing countries. In many instances, contracting-out public services increased costs and decreased service quality.

6. Performance-Based and Result-Oriented Public Sector Reforms: An Assessment –

It is evident from American experiences (four tides of reforms) that public sector reform is a continuous process, and the focus may shift on various issues at different times. New Public Management (NPM) is part of this process. During the 1980s and 1990s, donors, policymakers, and public sector reform experts focus on market-based and result-oriented public sector reforms based on private sector experiences. Developed western countries such as the United States, Great Britain, and New Zealand initiated result-oriented public sector reforms. Over the past three decades, NPM has spread all over the world, both developed and developing countries, with different varieties. Many governments have initiated efforts to improve the quality and reduce the cost of government services by adopting different market-driven strategies. Different governments also try to restructure bureaucratic agencies, redefine organizational missions, and decentralize decision-making processes to make government functions more efficient and accountable. However, the evidence shows that the results of administrative reforms are mixed (Pollitt 2000, Pollitt and Bouckaert, 2004). In general, developed countries are more successful in reforming their governments due to their well-developed market-based system and institutional capabilities. However, delivering public services in developing countries is much more complicated due to limited resources, diverse users, and inadequate administrative capacity. Within developing countries, some are more successful than others due to their institutional capabilities and stable political order. Although most developing countries adopted substantial reform initiatives, actual implementation and positive outcomes are very limited due to a lack of institutional capabilities and dysfunctional politics. Light (1997:1) argues that the problem is “not too little management reform in government, but too much.” The objectives of the new administrative management reform in developing countries are too ambitious and that

creates confusion and policy contradictions (Light, 1997). In many instances, many developing countries were forced to accept market-oriented public sector reforms due to pressure from donors. However, they were not prepared to implement market-oriented economic and administrative reforms. Many scholars (Larbi, 2006) argue that it is better to adopt targeted and more focused, and result-oriented reforms. Countries differ in terms of institutional capacity, economic and social conditions, and cultural values and norms. It is necessary to consider local context and conditions in reforming public administration.

7. Conclusion

New Public Management was the dominant approach to reform public sector organizations in many countries in the last three decades. However, the usefulness of this approach has weakened in recent years, particularly in developing countries due to its failure to address many socio-economic and critical political challenges such as social inclusiveness, equitable distribution of resources, and empowerment of the poor and marginalized people. NPM originated in a few developed countries that have institutional and political capabilities to implement many objectives of NPM. However, the capacity of the state was and still is very weak in many developing countries. The leaders also had limited knowledge and abilities to implement market-oriented administrative and economic reforms. In many instances, due to the lack of state capacity to implement complex tasks successfully, privatization and deregulation enhanced the power of ruling elites and marginalized most of the people. The one-size-fits-all approach regarding administrative and economic reforms did not work in many developing countries due to socio-economic, institutional, and cultural differences. However, the important components of NPM such as privatization, public-private partnership, performance management, efficiency, flexibility, and responsiveness in public sector management will remain the important framework for reforming public sector organizations in the future.

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