

# New Public Management Critical Riview

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## NEW PUBLIC MANAGEMENT CRITICAL REVIEW

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**Abstract:** The emergence of various criticisms directed at public sector organizations eventually gave rise to a public sector management reform movement, namely the concept of New Public Management. In the NPM concept, all leaders or managers are encouraged to be able to find new and innovative ways to get maximum results or to privatize government functions. This research is part of a qualitative research using a systematic review approach. Systematic review is a method that uses previous evidence-based evidence through review, evaluation, structured evaluation, classification and categorization. Because the steps and strategies for carrying out a systematic review are well planned and structured, this method is very different from the method used only to convey literature studies. Based on the results of the analysis that has been carried out, several things that have become critics regarding the implementation of NPM are: 1) decentralization can have a negative impact on community participation, especially in social policies. 2) Refers to the application of management techniques from the private sector to the public sector. Many academic commentators such as Pollitt (1990) and Armstrong (1998) argue that most fields of public service and administration have distinct political, ethical, constitutional, and social dimensions, and that these factors make the public sector different from the private sector. 3) National culture influences the implementation of NPM. Another factor to consider is national culture, which means that NPMs can be very suitable for governance reform in developed countries, but in developing countries, NPMs can lead to more corrupt governments due to deficiencies in fulfilling the principle of accountability. 4) Institutional Issues Challenges in implementing management Modern society in the country emerged as a result of institutional problems, lack of law enforcement, capital, and human resource capabilities. In addition, developing countries continue to implement reforms that are unrelated to or even contrary to the goals of the NPM. Packages on the NPM agenda have not been fully executed.

**Keywords:** New Public Management; Critical Review; Public service; government.

## INTRODUCTION

Essentially the goal of reform is to improve public sector performance and increase transparency and accountability. More broadly, this is a manifestation of the desire towards good governance. The implementation of Good Corporate Governance in company management is very important because it can directly provide clear guidance in making the right and responsible decisions and enable safer company management so as to increase the value and trust of partners or the community (Kristanto et al., 2021). These days, public sector organizations are often portrayed as unproductive, inefficient, of low quality, and lacking innovation or creativity. The emergence of various criticisms directed at public sector organizations finally gave rise to the public sector management reform movement, namely the concept of New Public Management. In the NPM concept, all leaders or managers are encouraged to be able to find new and innovative ways to get maximum results or privatize government functions. They no longer lead by sweeping all work (rowing), but by "directing" which means controlling, leading, and also directing strategic things only (Sri Hartati, 2020).

The concept of New Public Management is one that is offered in the management of public sector activities in Indonesia. The term New Public Management, known in the 1980s, underwent several changes and then regained popularity around the 1990s. This is interpreted as an alternative in managing public sector organizations that have been

considered less successful (Hening & Kumara, 2019). In general, changes in the implementation of New Public Management aim to: (1) increase efficiency in the public sector, (2) increase the responsiveness of public sector institutions to clients (society), (3) increase accountability in the public sector, stated by (Business, 2020) The main target of the New Public Management model is the organization and emphasis on the economy and efficiency of service units in the delivery of public services. New Public Management as a moderation variable. Demonstrate a performance measurement system with the type of monitoring and centralization that directly affects organizational performance. In the same vein noted that NPM has brought cost-effectiveness and service effectiveness benefits to public management, as well as increased efficiency and value for money by focusing on performance management and auditing. Other observers also believe that NPM encourages governments to focus on efficient production of quality services. In addition, NPM replaces a highly centralized hierarchical organizational structure with decentralized management because NPM involves restructuring and streamlining the public sector, including reorganization and streamlining of the central civil service (Minogue, 2001b). New criticism of public management.

NPM has three main components, namely incentives, competition, and disaggregation. Incentives emphasize performance-based payment systems and mandated contracts. Incentives are also correlated with meritocracy, as a way of distributing income, power, wealth, opportunity, honor, and social recognition

based on what they deserve (David & Amey, 2020) in Indonesia, the New Public Management (NPM) approach that has been applied in Indonesia since 1999 with the issuance of Presidential Instruction (Inpres) Number 7 of 1999 concerning Accountability of Government Agency Performance. NPM is an approach that seeks to change the rigid, slow, and inefficient bureaucracy by importing private business concepts, techniques, and values, so that the government can provide effective services to citizens, and also emphasizes efficiency (EGAWATI, 2022). (Business, 2020) states that NPM has performed its duties and various elements of NPM are stopped or withdrawn quickly. Instead, they see DEG as the primary alternative and characterize it with three elements, namely: 1) Reintegration includes returns from institutions, co-governance, re-governance, restoration of central processes, radical reduction of production costs, reengineering office functions, concentrating procurement and specialization and simplification of networks; 2) Needs-based holism includes client-based or organization-based reorganization, for example, interactive information search and query, data warehousing, end-to-end service reengineering, and agile government processes; 3) Digitization processes include electronic service delivery, new forms of automated processes, radical disintermediation, active channel streaming, facilitating isocratic administration and co-production, and moving towards open book governance. However, in the practice of NPM management, every country or institution

that runs it still experiences various problems. This study will explain the criticism of the implementation of NPM.

## MATERIALS AND METHODS

This research is part of qualitative research using a *systematic review* approach. *Systematic review* is a method that uses previous evidence-based evidence through boxing, evaluation, structured evaluation, classification and categorization. Because the steps and strategies for conducting systematic reviews are well planned and structured, this method is very different from the method used only to deliver literature studies (Sugiyono, 2016). *Systematic review* is a type of evidence synthesis in which broad or narrow research questions are formulated, and data directly related to systematic review questions are identified and synthesized. Data were collected through a literature review of previous research. Then, it is inferred through deductive reasoning (general to particular). A literature review is a systematic approach of previous studies related to research questions, both in a broad and narrow scope. There are several previous studies and studies on NPM that can be used to help answer the questions in this study. In addition, this study used secondary data. The following will be illustrated the flow of this research.

## RESULTS AND DISCUSSION

New criticisms of public management: Although the idea of NPM has spread internationally and

many countries have introduced reforms associated with it, there have been some criticisms of it. Before examining these criticisms, it is important to emphasize that NPM is not a definite set of actions. Some observers believe that NPM is best seen as a menu from which choice can be (Van De Walle & Hammerschmid, 2011). The menu is long, as can be seen from the discussion in the previous section, and different countries make contrasting choices that lead to variations in the form of NPM found in certain countries, some of the things that become critical regarding the implementation of NPM are:

1. This implies the paradox of centralization through decentralization.

To illustrate this point, (Batley, 2004) notes that giving public administrators more authority to manage programs can result in a concentration of decision-making with them. Therefore, NPM can lead to centralized decision-making by public administrators, instead of promoting decentralization in public organizations as it claims. decentralization of partnerships and networks. In this strategy, NPM is accompanied by a process of decentralization and devolution according to the principle of vertical subsidiarity, where institutions closer to society are

considered capable of framing problems and implementing solutions. However, if not entrepreneurship, decentralization can negatively impact community participation, particularly in social policy. (Christensen, 2010) On the other hand, social risk can be delegated without adequate resources. When it comes to building networks, it needs to be focused on partnerships, networks, shared services, and new ways to work together. In addition, public-private partnerships are needed, where the public sector and the private sector share the risk of incoming resources to generate more value for the benefit of both sectors. Partnerships for public action have existed for a long time, and many historical examples of partnerships can be cited.

2. Refers to the application of management techniques from the private sector to the public sector.

While NPM has encouraged the use of private sector management techniques, there may be risks associated with the adoption of some private sector practices (Erlie, 2005). Many academic commentators argue that most areas of public service and administration have different political, ethical, constitutional, and social dimensions, and these factors make the public sector different from the private sector. A

Complementary view is given (Savoie, 2002), which argues that NPM is fundamentally flawed because private sector management practices are rarely adopted in government operations. For them, NPM is not suitable for the public sector because it has more complex objectives, more complicated responsibilities, and a more turbulent political environment than the private sector. In addition, the relationship between administrators. The main characteristics and components of NPM which usually emphasize efficiency, even innovative solutions, can work well in private business amun, in addition to having an efficient and innovative government, the government and the public sector also need to think about public values, such as justice, fairness, representation, and participation, are important values to be achieved (Kirana & Majid, 2022). Market-oriented governments often use private market structures to solve problems rather than administrative processes, such as service delivery or administration and control through legislation. By providing fiscal incentives, for example, so that private companies or members of society behave in this way contribute to the resolution of social problems.

3. National culture influences the implementation of NPM.

Another factor to consider is national culture, which means NPM can be very suitable for governance reform in developed countries, but in developing countries, NPM can lead to more corrupt governance because there is a lack of meeting the principle of accountability. (Winarno & Retnowati, 201) Even according to , NPM can lead to unfair outcomes that occur due to decentralization. In addition, the government needs to start two-way communication to build digital government in Indonesia because public participation is believed to be the core of digital government. In developing digital government, the Indonesian government needs to start involving the public in its design, so that the platform is not only built from the government's point of view. Governments can try bottom-up approaches because they work from citizens, businesses, and stakeholders, also allowing for more interaction, experimentation, and bargaining for what is needed at the bottom (Mamuko & Adnan, 2021).

(Andrews, 2003) observes the 'administrative culture incompatibility' affecting the implementation of Western-developed reforms in Western and Asian societies. He points to differences in cultural values where Western societies are represented

by values such as individualism, utilitarian self-interest, achievement orientation, and Asian societies by values such as collective family values, community connections, seniority and reciprocity. Research conducted by the country also highlights the importance of 'interpersonal relationships' in the Asian context, particularly in Confucian-influenced societies (such as China and Vietnam) where professional and personal relationships are integrated through social interactions (such as home visits, gift-giving meals). The increase in cultural references to the analysis of public management reform is only a recent phenomenon. This is not always the case, and previously culture was only used in a prescriptive or rhetorical sense (Borins, 2003) agrees that while there is some interlinkage between culture and public management, it is not systematically and explicitly incorporated with reference to adequate theory. They argue that in empirical social science the concept of culture seeks to explain differences in the behavior of diverse groups of actors in objectively similar situations. (Batley, 2004) offers a layered vision of culture, consisting of macro, meso, micro and nano approaches in the perspective of public sector

reform. These approaches mainly differ in what they use as units of analysis. At the macro level, the unit of analysis is society, at the meso level it is administrative and professional, at the micro level it is the organization and at the nano level it is the office within a particular organization or group of work. This paper examines culture from macro and meso perspectives to examine Bhutanese culture. Geert Hofstede's Value Survey (VSM) module, which uses organisational theory and psychologists.

#### 4. Institutional Issues

Challenges in implementing modern public management in the country arise as a result of institutional problems, lack of law enforcement, capital, and human resource capabilities. In addition, developing countries continue to implement reforms that are unrelated to or even contrary to the goals of the NPM. The package on the NPM agenda has not yet been fully executed. (Hanifah, 2018) Like the problems that occur in Indonesia, the Evaluation Results of the Ministry of PAN-RB reveal that there are several problems in the process of implementing performance management in Indonesia, especially the inability of government agencies to (1) set

strategic and target-oriented goals; (2) determine a measure of success that describes the degree of achievement of the goal / goal; (3) determine activities (programs and activities) that have an impact on achieving goals/objectives. This condition can be seen from the results of the 2016 performance accountability review which shows that very few government entities have obtained a minimum rating of B. (good). Assessment B (good) is the minimum score for performance management maturity in government agencies. A number of problems arise as a result of government agencies' lack of understanding of the reasons for their existence and commitment to growth. In addition, government agencies' knowledge of the concept of value for money, which is a way of life for very low performance-based budgets. Government agencies are accustomed to the budgeting paradigm of budgeting lines, which focus only on financing inputs without considering whether input finance will produce outputs and outcomes that have an impact on development

## CONCLUSIONS

Based on the results of the analysis that has been carried out, some of the things

that become critical related to the implementation of NPM are: 1) decentralization can have a negative impact on community participation, especially in social policies. On the other hand, social risk can be delegated without adequate resources. When it comes to building networks, it needs to be focused on partnerships, networks, shared services, and new ways to work together. In addition, public-private partnerships are needed, where the public sector and the private sector share the risk of incoming resources to generate more value for the benefit of both sectors. 2) Refers to the application of management techniques from the private sector to the public sector. Many academic commentators such as Pollitt (1990) and Armstrong (1998) argue that most areas of public service and administration have different political, ethical, constitutional, and social dimensions, and these factors make the public sector different from the private sector. 3) National culture influences the implementation of NPM. Another factor to consider is national culture, which means NPM can be very suitable for governance reform in developed countries, but in developing countries, NPM can lead to more corrupt governance because there is a lack of meeting the principle of accountability. 4) Institutional Problems The challenges in implementing modern public management in the country arise as a result of institutional problems, lack of law enforcement, capital, and human resource capabilities. In addition, developing countries continue to implement reforms that are unrelated to or even contrary to the goals of the NPM. The package on the NPM agenda has not yet been fully



executed.

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