Principles of New Public Management : Challenges in Higher Education

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The term New Public Management was coined by scholars from UK and Australia (Hood, 1991 and Jackson, 1991), who were working in the areas of public administration. New Public Management (NPM), which emerged in the 1980s, was an approach to run public service organizations more like a business and to improve the efficiency of the Government by using private sector management models. New Public Management borrowed ideas and management models from the private sector to make the public sector more focused on priority of citizens who were the recipient of the services or customers to the public sector. New public management system also proposed a more decentralized control of resources. This concept proposed a new perspective of the organizational design in the public sector; however after a decade, the meaning of this term in discussions and debates underwent several turns and twists. Some scholars choose to define it as the introduction of new institutional economics to public management and some used it to refer to changes in pattern in policy making. New Public Management, hereinafter referred as NPM, was designed to develop and explore a quasi-market structure where public and private service providers would be the competitors of each other in an attempt to provide better and faster services. For e.g. In UK the purchase and provision of healthcare was split up between National Health Services or NHS and Government funded GP fund holders; this increased efficiency as the hospitals now needed to provide low cost mechanisms to win both patients and funds.

In the late 1970s, financial crises, bureaucracy, the heaviness of administrative procedures, and a decreasing level of public trust increased the discontent with the public sector. Since then, public sector organisations and administrations in all over the world tried to modernize themselves so as to increase their efficiency and effectiveness, to enhance their performance and productivity and also to orient their services to be more responsive to the expectations of

their citizens (customers). This discontent led to the introduction of new managerialist ideas in the public sector and has been called the New Public Management. Thus the core focus of the New Public Management was on financial control, value for money and increasing efficiency, a command and control mode of functioning, identifying and setting targets and continuous monitoring of performance to attain the goals of 3Es, i.e., 'Economy', 'Efficiency', 'Effectiveness', handing over the power to the senior management, introducing audits at both financial and professional levels, using transparent means to review performances, setting benchmarks, greater customer orientation and responsiveness, deregulating the labor market, encouraging more entrepreneurial management than bureaucracy with high retrospective accountability requirements upward and introducing new forms of corporate governance. With the passage of time NPM started focusing on newer version of quasi-market system and emphasized on the creation of more fragmented or loosely contracted public sector organizations at the local level and relied on management of contract instead of management of hierarchy. It brought into forth the need for contracting out the non strategic functions, delayering and downsizing. Introduction of new managerial concepts like Management by Influence, creating network for of organizations, creating strategic alliances between the organizations and moving away from standardized service forms to more flexible and varied service forms became its primary themes. NPM tried to realign the relationship between public service managers and their political superiors by making a parallel relationship between the two.

Although the origins of NPM came from Anglo-Saxon regions, it expanded to a variety of other countries of Africa and Asia in the 1990s. In Africa, downsizing and decrease of user charges, as well as contracting out of services in the areas of waste management, cleaning, laundry, catering and road maintenance became popular. Performance contracting became a major theme in crisis ridden states of the world. NPM's characteristics, like marketisation, privatisation, managerialism, performance measurement and accountability were being introduced in many sectors, including health and education. The local management of the educational institutions adopted managerialist principles and the heightened influence of stakeholders in the daily management of academia. At the higher education level, institutions were expected to shift towards full-fledged corporate organisations. Since the end of the 1980s, the education system in the countries adhering towards new public management approach has gone through major reforms.

This paper investigates the way ideas connected to NPM reforms have been introduced and interpreted in the educational sector. Leadership and accountability became the dominant themes in this respect.

Based on the studies of selected policy documents from the last two decades, three areas of discursive struggle can be identified from a teacher-centered perspective:

- ideologies and the national history of schooling
- the contested issues of teachers' professionalism
- strategies for modernising and improving education.

The teacher-centered perspective is important for those interested in public policies and education, first, because of the teachers' expertise within the domain of education. Teachers' requirements in terms of resources, their opinion as to what measures are relevant, and the requirements they highlight in education, ought to be considered while going for the construction of policies in education.

The perpetuation of the neoliberal model and the logic of NPM introduced in India raise questions related to the extension and greater complexity induced in the system of imparting education. The insatiable attempt for standardizing and regulating diverse aspects related to education as per the NPM logic in order to improve its results and elevate the level of quality makes the case for a country with diversity very difficult and complex. The experimentation with NPM reforms in education has been criticized to have transcended a regime-shift from dictatorship to democracy. The quest for quality education since the beginning of NPM in India is said to have affected the teachers' professional role in the Indian society and has put a challenge for actually attaining quality education.

India and some other developing countries, including OECD countries started to initiate reforms in educational sector with a focus on four key characteristics of NPM: marketization, budgetary reforms, autonomy complemented by accountability, and a new management style. 'NPM pattern' was implemented with the rationale of 'modernisation' of higher education, but in respect to the outcome, substantial differences between the developed and developing countries can be identified. Differences can also be found in respect to the implementation of NPM-based reforms, that is, the timing, their intensity, and their content.

The concept of NPM is not a straight jacket, which fits everyone in the same style. Moreover, NPM takes it for granted that that private practices, business concepts, techniques and values can improve public sector performance, as Christopher Hood thought(1995). This perspective actually upholds obvious superiority of private sector techniques and assumes that its implementation in the public sector automatically will lead to an improved performance. But its efficacy depends on lots of other considerations, like organizational distance between policy implementation and policy making, quality of entrepreneurial leadership, mechanism of input and output controls, effectiveness and transparency in evaluation and performance management and audit, the disaggregation of public services to their most basic units and a focus on their cost effectiveness, growth of the markets, competition and contracts for resource allocation and service delivery within public services, the reorientation of attitude to treat service users as customers etc. The basic idea of the reforms can be highly comparable, which stresses some kind of uniformity, but local issues and attributes leave wider space for differences in implementation/execution, as well as in outcome. NPM not only proposes a 'general belief' and a 'basic idea', but also suggests various ways for implementation of this general belief in the concrete with various levels of intensity and at different periods. In this sense, NPM is principally an umbrella concept, accommodating variety of visions and missions regarding framing and implementation of the policies of public management.

The pro-NPM literature assumes that the application of business methods will make public sector less expensive, more efficient, and more responsive to its customers/clients. The opponents argue that NPM undermines the values of public service or social utility service. According to the critics, NPM creates fragmentation, diminished coordination, lower social cohesion and negative consequences on personnel and particularly in an increasingly pluralist world application of NPM often confronts with negative experiences, due to varied peculiarities of the public sector.

During the last decades higher education institutions (HEIs) have underwent lots of reforms; emergence of the knowledge society, increased competition, and demographic evolutions are the chief reasons for these reforms. At the same time economic crises led to budgetary restrictions by the governments, i.e. governments are reducing their expenditure on higher education and have increasingly introduced the market as a new coordination mechanism. There has been an increasing trend of using management principles such as

liberalisation and privatization in higher education sector. Those reform tendencies aim to increase the efficiency and the effectiveness in the higher education sector like other policy domains.

But the problem is that the principles of NPM cannot be implemented everywhere in the same way or in the same degree. Diversity remains the only constant factor in a multinational country like India. Not only the national context, but also regional and localized elements deserve adequate attention, while thinking in terms of implementing market based NPM concept in higher education.

In Higher Education, where institutional autonomy and academic freedom should be the fundamental values, the compatibility between the rationale of the reform policies, global market based competition, privatization in the substantive field and need to impart value based education as a social utility component is a debatable issue. The socio-political and economic environments in which these higher education institutions are supposed to operate leave a problematic space of dilemma for higher education sector. The situation more acutely becomes threatening and government intervention becomes boundless as the stakeholders in these higher education sectors are potential voters and their teachers are often identified by the political leaders of a country as the manipulators of these votes. Application of NPM philosophy, in this situation takes a very complicated form than in most other policy fields and ultimately education suffers a lot.
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This overall skepticism has led to a period of post-NPM paradigms. Many other concepts evolved, like the concept of 'whole of-government' or 'digital-era-governance'; The concept of 'whole of-government' emphasizes integration and coordination instead of the economic perspective and the perceived disaggregated effect of NPM reforms is expected to be reduced. The concept of 'digital-era-governance' emphasizes the role of IT-centered changes and focuses on reintegration, need-based holism and digitization, striving to reintegrate functions into the government; this concept attempts to connect technological, organizational, cultural and social effects. A newer perspective is 'New Public Governance'(NPG), wherein public management reforms encourage a variety of interactive forms of governing that are less 'centered' and more focused on interactivity, transparency, collaboration and participation between stakeholders and networks. Educationists and the policy makers will

have to think over the issue so that the dignity and freedom of higher education institutions are retained, their autonomy and quality are enhanced, but their mode of operation can be moderated by accountability to the cause of education only.

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