

Fatemi, Mahboubeh; Behmanesh, Mohammad Reza

Article

New public management approach and accountability

International Journal of Management, Economics and Social Sciences (IJMESS)

Provided in Cooperation with:

International Journal of Management, Economics and Social Sciences (IJMESS)

Suggested Citation: Fatemi, Mahboubeh; Behmanesh, Mohammad Reza (2012) : New public management approach and accountability, International Journal of Management, Economics and Social Sciences (IJMESS), ISSN 2304-1366, IJMESS Int'l Publishers, Houston, TX, Vol. 1, Iss. 2, pp. 42-49

This Version is available at:

<http://hdl.handle.net/10419/70131>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<http://creativecommons.org/licenses/by-nc-nd/3.0/>



New Public Management Approach and Accountability

Mahboubeh Fatemi and Mohammad Reza Behmanesh
Attar Institute of Higher Education, Mashhad, Iran

A new paradigm for public management, called "New Public Management", has emerged since 1980s that is formed to confront the present problems. This model is originated from the fusion of economic theories and private sector management techniques. The most important particulars of this model are decreasing government size, the decentralization of management authority, the emphasis on efficiency, effectiveness and economy. This paper examines how New Public Management (NPM) impacts on fulfilling different aspects of accountability in the public sector. In the Traditional Approach of Accountability, politicians and civil servants are liable to elected authorities but in this approach, they should be liable to people. Therefore, in NPM there is a shift of accountability from the political to the managerial sphere and from input and processes to output and outcomes. The results show under this approach, operational and managerial accountability fulfill political and financial aspects of accountability.

Keywords: Accountability, corporate responsibility, management

JEL: G34

Increasing awareness in society regarding transparent functioning of government has improve accountability concept. Now, governments are forced to the systems of budgeting, accounting and their financial reporting which uncovered new approaches of management. Administration government which also called model of traditional fundamental campaign which was based on an accurate model of the bureaucracy and under control of political leadership. Default fundamental pattern of bureaucracy is that government officials must be neutral which is motivating factor for their general interests, non-interference in politics and implementation of guidelines for politicians. Model of Traditional administration government, which is the strongest and most successful theory

of management in public sector, is being replaced with other models (Hughes, 1998). The reasons of replacing is that in pattern of traditional tendency toward being bureaucratic, is work on process rather than outcomes, and emphasizing on instructions rather than emphasis on results. Since 1970, many criticism about incompetent bureaucracy was done such a way that forced governments to focus formal instructions to modify by results. Traditional pattern theories and how to operate now is old and in any way does not consistent with today's changing community needs (Hughes, 1998). Therefore a new approach for public management, with title new public management was evident. This approach was used for the first time in 1980 when Prime Minister of England Margaret Thatcher, with a neoliberal approach of governance has formed the restructuring of the

public sector especially under the reform initiatives adopted by Thatcher in UK. In early 1990s, above term were used to describe public sector reform in Britain and New Zealand. These reforms include a conceptual plan was created for the, structuring changes in organization and managing government. In early 1990s, this approach in the United States with situation floating economic and difficulties in domestic provide services, was accepted and remembered it term "the People's Government" . Problems such as accumulated debt and environmental changes external extreme, the role of public sector has seriously questioned, and increased pressure for change management in the public sector (Yamamoto, 2003). According to extension of this approach in the public sector, the question is whether this perspective able to performance public responsible as one of the basic responsibilities accepted by governments, in citizens as major supplier of financial resources institutions the public sector? This paper is the first introduces approach new public management and principles and criticism has been exerted on it and definition of responsible and its variants have been described and finally, has been investigated ability of this approach in performance responsible public of governments.

Importance and origins of new public management

Today many countries, consider the principles of New Public Management (NPM) efficacious for public sector reforms. This issue is evident by growing number of countries that have suggested these principles. Organization of Economic Cooperation and Development, World Bank and

International Monetary Fund (IMF) fans ardent this reform throughout the world. The principles of new public management, raised not only in industrialized countries, members of the Organization Economic Cooperation and Development, such as Australia, Canada, New Zealand, England and America, but also in developing countries such as India, Jamaica and Thailand are also considered new public management. Recently, this principle also presented to Asian countries through support programs set up by the World Bank and International Monetary Fund (IMF). With this trend, there are many possibilities that above approach will extend to other countries in the future. The bureaucracy Because of intransigence based on legal system and top-down decision-making processes, is annoying (Yamamoto, 2003).

Formal bureaucracy have their own unique benefits, but at the same time it does not focus to grow individuals, rather than taking risks, escape from risk strengthen to managers, rather than efficient use of resources, waste of resources into teach managers and ultimately increases your confidence but is slow in movement. The 1970s have witnessed the acceptance of policies reduced size of government statrd a new period of theoretical discussions between economists. The main reason of reducing bureaucracy government as defined by theorists were twofold. The first reason is believed that the bureaucracy greatly restrict individual liberty (Hughes, 1998). This discussion turned to reduced the scope the government and bureaucracy. The second reason, economists

believe that the traditional bureaucratic pattern without incentives is necessary; therefore, efficiency is also lower (Hughes, 1998). These ideas will lead to public choice theory. This Theory is emphasized on the greater inefficiency in government. Thus, inefficiency of government can be reviewed models and corrected operations and their activities is based on market concepts of competition and efficiency and making-like business of such institutions will resolved (Babajani, 2010).

Principles of New Public Management

New public management approach is started by setting objectives in terms of operational budgeting and with resource allocation, whereas, implementation efforts will continue to produce and provide goods and services. In this approach, emphasis on achieving results and success rate through achieving the goals will be measured (Babajani, 2010).

New public management founded based on a series of principles these, can be expressed as follows.

The first principle: Emphasis on management skills for active, objectively and voluntary control of organizations.

The second principle: Defining standards and criteria for measuring performance through determining the objectives and indicators success.

The third principle: Emphasis on use of output controls, instead of using input controls.

The fourth principle: Moving toward separation units and decentralization in public sector.

The fifth principle: Moving toward greater competition in the public sector that leads to lower costs and better standards.

The sixth principle: Emphasis on private sector management styles.

The seventh principle: Emphasis on efficiency, effectiveness and economic efficiency to use the resources (Hood, 1991).

These principles stated that managers in governmental organizations should form more active control and personal management to move towards effective management (Yamamoto, 2003). According to these principles they should perform their duties from the viewpoint of accountability than determine obligations as executives of public sector should have skills as executive managers in the private sector have professional skills (Yamamoto, 2003). New public management does not emphasis on processes (inputs) but on efficiency (outputs). The reason for this is the difficulty in calculating the efficiency of public services and controls according to which public funds are spent. On the other hand, accountability for outputs is specified clearly by targets, success indicators and criteria for performance measurement. Fourth principle emphasize on decentralization of governments and analysis governmental units integrated into separate units. Separation activities policy implementation from policy-making was one of public sector reforms that is based on the principle of decentralization new public management (Yamamoto, 2003). The main purpose of implementing such policy is decentralization to create units of management and delegate authority so that fast and flexible

decisions can be made. The new public management approach provides competition in public sector, this competition can lead to savings in use of resources and improvement in the quality of public services.

New Public Management as a global approach

According to Hood (1991), this approach is the result of combining two different ideas. The first idea of conventional economics, which is based on representation theory founded management and the second idea, oriented management which is the idea about reforming public sector and is originated from private sector (Yamamoto, 2003).

Successive OECD studies show that NPM approach is globally convergent. Key reforms include more focus on results and added value for money, the reform delegate options and increase flexibility, strengthen accountability and control, service oriented and customer oriented and changed relationships with various levels of government. Kettl (2000) also believed that moving towards this approach were due to the number of nations that had reform in a short period in its agenda and were considered because of the similar strategies adopted (Yamamoto, 2003). Hood (1995) states that these principles are not accepted equally by all member countries of the organization for economic cooperation and development. He says Japan, United States, Germany and Switzerland compared to countries like England and New Zealand are countries that seem their governments less focused on accepting these reforms in the 1980s. (Hood, 1995)

Pollitt (2002) believe one reason for difference is that different countries have different views in terms the public sector and attitudes about government roles and features. He also says different governments, have not the capacity to make reform.

The criticism on the new public management

Some criticism on the new public management approach is as follows:

Economic foundation: Few researchers believed that the economy as the foundation of the economic system has correctness and the validity for the private sector has, but its application in the government has not results (Hughes, 1998).

Created field of corruption: New public management may lead to increased corruption between policy makers and heads of the bureaucrats who looks abroad to privatization and outsourcing.

Nature of Different: Schick (1996) says this approach limits the responsibilities of public sector and will undermine values and the collective interests (Schick, 1996). Metcalfe (1998) believes that public management is not done only by one organization, but also includes cooperation between organization and coordination centers at levels of government or between commercial institutions, organizations independent consultancy and other agencies. Metcalfe (1998) also expressed that an important feature and highlighted government has diversity in organizations and agencies; shapes and sizes are different and has several actions.

Ignoring the values: according to differences in public and private management, this approach has been criticized due to elimination of values

such as fairness, equality, honesty and being impartial (Denhardt, 2000). Emphasis on the problem less scrupulous, and recognizes reason that created this problem by relying on external controls and conservative management duplication of to the private sector management (Schick, 1996). Although measuring and prevent loss of values and moral principles is very difficult, but can be measured with rigor (Yamamoto, 2003). Deleon and Green (2001) stated that reducing laws and regulations and increased flexibility will lead to administrative corruption. In public sector, external political forces affects internal management systems and as a result it affects the policies and management. Therefore, performance measurement and accountability may be having less effective tool for output controls the public sector (Deleon and Green, 2001).

Accountability

The concept of accountability and the life history is at equal footing as political and democratic system has roots in the philosophy of political literature. The modern systems based on concept such as accepting the "right to know the facts" and right answer for people (Bakhtaki,2007). In other words, concept of accountability as one of the most original tasks of government and right accountability for citizens as one of the most original citizenship rights in the public sector. Public accountability is a sign of modern democracies. If power holder's decisions or their policies are not accountable, democracy will remain only on paper. The reason is that public accountability is a social norm, in the

communities who form their assumptions that accountability is primary in any business. Concept of accountability, something is far beyond the concepts such as word like answer. What is hidden in this important concept. It is necessary to describe the purpose and concept of " public" public accountability. General concept of public accountability is at least about two different features. The first feature related to dominate it on all aspects of social life and the second concerns those who have powers from government and are allowed to spend public funds. Public accountability is defined in the dictionary as "The person's obligation to describe and provide logical reasons about the acts that are done" (Oxford Dictionary,2003). In other words, accountability is a duty which in its implementation persons, provided satisfactory explanations for fulfilling responsibility that has undertaken and provide necessary reports. Accountability involved double duty doing, and the obligation to provide the report.

Types of accountability

Traditional characteristics of structural and services environment and government activities leads to highlight role of the concept of public accountability in financial reporting, accounting systems and other components of internal control system of the public sector and government.

The dimensions accountability can be expressed as follows (Habibi, 2006):

The traditional accountability: This type of accountability can be investigated from the perspective of legal and management. Legally, the person governs, will ask others to try in

accordance with provisions of intellect. from the perspective of managerial way, overcome problem, assign responsibilities and creates a hierarchical structure of accountability. This structure was proposed by Max Weber.

The new accountability: In new pattern of relations between citizens and administrative system rather than that is established by the politicians is directly connected. This model has two fundamental faults, have likelihood of the humans error and vulnerable to corruption.

Beyond the paradigm accountability: While passing through traditional management pattern, a kind of new attitude or new paradigm of public management occurred for management of government. This new model tries to assign more tasks to the private sector. In new public management pattern called beyond the paradigm, managers have an entrepreneurial role and show attitude to people that they believe in authority of customer. Also, In this pattern privatization, deregulation, minimum government intervention, maximum role of market and reduced size of government is considered. Government would act as status navigator and supervisor therefore there will be a direct accountability in front of customers and government is also accountable. In attitudes beyond this paradigm (the new public service), government has to act as servant and empower citizens by creating shared values among them (Habibi, 2006).

In relation to accountability in modern democracies, there are three major problems. First, relationship between political authority and accountability entities is often poor. Second,

political officials often are incapable to define the clear, precise objectives and criteria that is essential for accountability, and third, the type of organizational structure often does not allow managers to approach politicians for accountability. Other aspects of public accountability can be used such as financial, operational, political, and social accountability (Babajani, 2008).

Financial accountability: In this level, managers of organizations are liable to use public financial resources clearly. According to framework of laws and regulations and are accountable about their decisions.

Operational accountability: This accountability is carried out to achieve operational objectives which are the pre-defined, in terms of efficiency and effectiveness and use of financial resources in order to achieve the goals.

Political accountability: The accountability against entity that has political background.

Social Accountability: It is commitment, while delegating powers to a formal relationship which should be transparent.

Management accountability: This accountability can be made against a senior manager (Rashidpur, 2005).

Public accountability and the new public management

In new public management approach two types of accountability may be considered; accountability to politicians and accountability to customers. In this approach, there has been a shift of accountability from political circles to management and from inputs and processes to outcomes and results. In approach mentioned

efficiency and performance is the main focus of accountability. However, efficiency is not guaranteed for social and political correct judgment and to perform management accountability may also lead to reduced political accountability (Christensen, 2002).

Traditional bureaucratic model with emphasis on limited freedom, the implication of accountability results in respecting the rules has been a successful model in management. Proponents of the New Public Management believe that increase in customer options will lead to freedom of managers and empowerment of political control. Today, managers in public sector around the world are looking to greater freedom require more attention to increase the accountability. So, system with freedom of managers without increasing the accountability can be developed by reducing powers of politicians. The traditional model of management of public sector increase the freedom and authorities of managers which expand the scope of their accountability (Christensen, 2002).

In financial accountability, the government and owners of right units convince that the budget has to comply with laws and regulations; resources according to legal permission may be earned and used in order to achieve the objectives and implementation of programs and approved activities considering legal restrictions and prevailing annual budget. In the area of operational responsibility of accountability, government and units should base their performance on operational aspects such as efficiency and effectiveness while using financial resources (Babajani, 2008). In the new public

management approach the main focus is on getting results and achieving the goals. Therefore, this approach focus on performance and operational accountability of governments and against the people (Babajani, 2010).

CONCLUSION

The new public management as one of the approaches dominant in public sector management, uses series of strategies. Improving the performance of public sector institutions increased the competence of these institutions. In this approach, management methods private sector, including components such as privatization, reduced government size, outsourcing and customer focus is used and with the flexibility and softened in management structure and evaluation and performance measurement. Efficiency and effectiveness can consider in the public sector. Mentioned approach is also considered in terms of accountability, so that in this approach, two types accountability has been raised, accountability to politicians and accountability to customers (the people). In this approach criticism also discussed relation to accountability that can speak criticism on more accountability than the performance without regard to political accountability because looking to management accountability may occur reduce sense of political accountability. Thus, under this approach, performance the public accountability of governments towards citizens of the management aspects are done, but subsequently may be occur undermine accountability of political and despite the importance the effectiveness and efficiency that

provides the possibility of performance operational accountability, are not considered financial aspects of accountability.

Schick, A. (1996). The Spirit of reform: Managing the New Zealand state sector in a time of change. The State services Commission and the Treasury, 25–26.

Yamamoto, H. (2003). New Public Management–Japans Practice. Institute for International policy Studies, 1–10.

REFERENCES

- Babajani, J. (2010). Challenges of public sector financial reporting. *Hesabras*, 48: 96–97.
- Babajani, J. (2008). The Analysis theatrical and legal basis of 2008 budgeting new approach of view accountability, *Hesabdar*, 194: 4–5.
- Bakhtaki, B. (2007). The role of accountability in promotion quality of public services. *Accounting Knowledge and Research*, 9: 35.
- Christensen, T. (2002). Symposium on Accountability, Publicity & Transparency New Public Management: Puzzles of Democracy and the Impudence of Citizens. *The Journal of Political Philosophy*, 10 (3): 286– 288.
- Deleon, P. & Mark, T. (2001). Corruption and the new public management. In Johns, L. R., James, G. & Peter S. (Eds), *Learning from International Public Management Reform* : 621. Elsevier Science.
- Denhardt, J.V. & Denhardt, R.B. (2000). The New Public Service: Serving Rather than Steering. *Public Administration Review*, 60 (6): 549–550.
- Habibi, A. (2006). Standards of new accountability. www.aftabir.com.
- Hood, C. (1991). A public management for all seasons? *Public Administration*, 69: 4–5.
- Hood, C. (1995). Contemporary public management: A New Global Paradigm? *Public Policy and Administration*, 10 (2): 98–105.
- Hughes, A. (1998). New governmental management, Routledge, New York.
- Metcalfe, L. (1998). Accountability and effectiveness: designing the rules of accounting game. Paper presented in International Conference on Accounting for the New Public Management, Venice, 1–11.
- Pollitt, C. (2002). Agency Fever? Analysis of an International policy fashion. *Journal of Comparative Policy Analysis*, 277–278.
- Rashidpur, A. (2005). Accountability and accountable government. *Tadbir on Management*, 16 (160): 22.