Beyond New Public Management Paradigm: The Public Value Paradigm and its Implications for Public Sector Managers

By Malang B. S. Bojang
Kocaeli University

Abstract - It has been well over two decades now when new public management emerged as a management paradigm. As a management doctrine, new public management is centered on private sector practices implemented in the public sector. Although it has registered some success stories but most of the intended objectives were not met. The public value concept emerges as a response to the weaknesses of new public management and to better equip public sector managers to create public value for the society. The purpose of this study is to explore and evaluate public administration paradigms beyond new public management and to assess public value implications for public sector managers. This study employed cross-sectoral scope review of the extant literature and adopted a narrative approach. In-depth data was collected from top database searches of American and Australian Administrative journals.

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I. Introduction

Public administration is a discipline that has managed to comply with the ongoing changes and continuous renovation at all stages during the globalization process. Public administration as an academic discourse has undergone plethora of transformation ushering in different paradigms at any given period of time—from traditional administrative system, New Public Management (NPM), to Post-New Public Management—Public Value, Value for Money. These frequent paradigm shift did not only signal the challenges faced by the public sector but also the continuing search pattern for better and efficient governance in the public sectors.

Although some scholars argued that 1976 marks the born day for public administration as a new identify field (Frederickson, 1976), a modern understanding of public administration as a discipline began in U.S. as response to the administrative system attributed with the spoil system. In the late 19th century, the management apparatus of many states was in disrepute and positions were often based on partisan politics and party loyalties. This was characterized with frequent change of administrative personnel, uselessness, inefficiency, and corruption were rampant (Gruening, 2001; Weber, 1956; Stone and Stone, 1975; Schachter, 1989). These problems led to the progressive movement that stresses on political reforms such as interventionist state, politics-administration dichotomy, merit principle and financial accountability (Wilson, 1887, Waldo, 1948). The progressive register some success stories but not enough to fend against great depression and social welfare problems in 1970s. These challenges mark the genesis of NPM paradigm in the 1980s. It is a way of reorganizing public sector closer to private sector methods. After a decade or so since its emergence (NPM), new paradigms are sorted for in public management—Post New Public Management paradigms.

Like other social sciences discipline, public administration suffered from definition vagueness. This made Waldo to term the field of public administration as having identity crisis in his article ‘Scope of the Theory of Public Administration’ published in 1968. A similar view was lamented by a German scholar Lorenz Von Stein who contended that public administration is the worst of all studies due to its differing and complex concept (Rutgers, 2010). On these backgrounds, it is worthwhile to clarify key concepts such as New Public Management and Public Value in this study.

New public management is the daring paradigm of public administration yet a clear-cut definition remains elusive. To some scholars, it is perceived as ‘management argument’ and ‘administrative philosophy’ (Hood, 1991; Kalimullah et al., 2012), an administrative principle and a reform strategy which many Organization for Economic Cooperation and Development (OECD) nations executed in 1980s (Hood, 1991). It entails not only the structural, but also organizational and managerial transformations in the public sector of these countries (And roniceanu, 2007:154). For others, NPM is a management doctrine focusing on organizational design in public sector and reinventing government (Kalimullah et al., 2012; Osborne and Gaebler, 1993). However, this study opted for the definition given by Pollitt. According to Pollitt (1994) NPM is an ideology or a particular management styles and techniques which many of them borrowed from the private for-profit sector (Pollitt, 1994:1).

Public value on the other hand, a term first coined by Mark Moore (1994; 1995) eradicate the
traditional thinking of post-bureaucratic and post-
competition failures that preoccupied the new
management discourse (Hefetz and Warner 2004;
O’Flynn, 2007). For Kelly et al. (2002) public value are
those values state created via services, laws regulation
and other actions. Stoker (2006) describes it as ‘more
than individual likings of the users or producers of public
services. For the purpose of this study, public value
refers to a multi-dimensional construct – a collectively
articulated, politically mediated preferences consumed
by the citizenry– formed not just through ‘outcomes’ but
also via processes which may generate trust or fairness
(O’Flynn, 2005).

To this end, the purpose of this study is to
explore and evaluate public administration paradigms
beyond NPM. The article aims to examine emerging
approaches by reviewing NPM and distinct it with public
value paradigm. This study also emphatically refutes the
idea that NPM is based on public choice and
managerialism theories only. The study seeks to answer
two main questions: What are the implications of public
sectors managers in public value paradigm?

Conventional wisdom opined that public choice theory
and managerialism are the genesis of NPM (Aucoin,
1990; Dunsire, 1995; Schedler, 1995). Is this formula
comprehensive and exhaustive?

The initial plotting of wider literature of public
value and NPM, the researcher employed cross-sectoral
scope of review. The wide sectoral scope informed the
researcher’s decision to adopt a narrative approach.
Wider range of literature and a summary explanation and
interpretation of the literature were employed (Mays
et al. 2005; Aveyard 2007). In-depth data was collected
from top database searches of American and Australian
Administrative journals.

In order to answer the above-mentioned
questions, this article is organized into two key sections.
The first section deals with qualitative analysis of NPM
and emerging issues in public administration discourse—i.e. post-new public management
paradigms. This is followed by a discussion on public
value paradigm in management. Here the two models
(NPM and Public Value) are juxtaposed and significant
implication for public managers in practice examined.
The study is concluded with some policy
recommendations and questions pose for future study
highlighted.

II. FROM NEW PUBLIC MANAGEMENT
PARADIGM TO EMERGING ISSUES IN
PUBLIC SECTOR

Public administration as an academic discourse
has transformed to meet contemporary changes. The
evolution from new public administration to NPM has
been a subject of debate amongst researchers, raising
certain probing questions. The presence of contending
paradigm in public administration did not only
strengthen the future of the field but it also allows
theoretical breakthroughs to co-exist (Doorgapersad,
2011). The progression of public administration comes
in different paradigmatic sphere—from classical or
traditional public administration, neoclassical public
administration, new public administration, new public
management, to post-new public management and
emerging issues in administration. It is noteworthy to
briefly spot kick the evolution of public administration to
aid our understanding of contemporary emerging
issues.

In the 19th century, administrative apparatus in
U.S and Europe were dominated by spoiled system
coupled with patronage politics, massive corruption and
unbearable welfare conditions. In a bid to respond to
these challenges, the progressive movement led by
Frederick Taylor’s scientific management, Weber’s
(1946) bureaucracy, and Wilson’s (1887) policy-
administration division, opined for one best way in
eradicating administrative incompetence and
corruption—i.e. advocating for administrative efficiency
(O’Flynn, 2007; Gruening, 2001). These traditional
theorists built on organization theories to supplement it
with management principles. The agitators anticipated
public managers to build on this management principles
to perform the following functions: Planning, Organizing,
Staffing, Directing, Coordinating, Reporting and
Budgeting—or, in Luther Gulick’s shorthand: POSDCORB
(Gulick, 1937: 13).

In the aftermath of second world war, scholars
started to re-evaluate and challenge traditional model of
administration. These critics were led by Herbert Simon
and set the foundation for neoclassical public
administration. Simon contends that administrative
principles are not scientific, but inconsistent proverbs
that were drawn from common sense. He therefore,
encouraged extrication of values from facts and
separating science into pure and applied branches
(Simon, 1976). Simon and colleagues are in favor of
behaviorism, structural functionalism, and systems
to theory that under pins welfare economics and decision
theory (Gruening, 2001:4).

The neoclassical public administration was
dared by new public administration is ts dominated by
behavioral and positivist research. Concerning about the
future of public administration, Dwight Waldo invited
only young scholars of the discipline for a conference.
These young gentlemen, full of energy and spirit initiated
a movement called New Public Administration (NPA).
This movement arose as a response to the failures of
classical and neoclassical public administration—
attributed with discrimination, injustice, inequality. The
conference participants seek for re-orientation and that
democratic structures and social equality should be a
priority and not just efficiency of public sector (Marini,
1971). However, the failure with new public
administration was that it did not propose much more than this normative re-orientation.

During the 1980s and 1990s, the public sector environment has evolved due to ideological and economic transformation. Economic crisis in 1970s is a case in point which defined the function of government grounded on Keynesian economic management and the universal welfare state (ÖMÜRÖNÜLŞEN, ????); imperious bureaucracy, meagre performance coupled with inadequate accountability in public sector, wide spread corruption etc., have given rise to the emergence of NPM (Sarker, 2006).

The NPM paradigm began in the late 1970s and early 1980s. It was first developed in Britain under Prime Minister Margaret Thatcher and in the local governments in the U. S. due to ill economic recession and tax revolts (Gruening, 2001). It is an administrative doctrine and reform tool for most of OECD countries in late 1970s (Hood, 1991; Pollitt, 1993; Androniceanu, 2007). In part at least, NPM was a reaction to perceived weaknesses of the traditional bureaucratic paradigm of public administration (O’Flynn 2005; Stoker, 2006). Its focus is on economic, efficient and effective delivery of public services. The NPM paradigm is sum up in seven dimensions or elements:

1. Hands-on professional management;
2. Explicit standards and measures of performance;
3. Greater emphasis on output controls;
4. Disaggregation of units in the public sector;
5. Greater competition in the public sector;
6. Private sector styles of management practice;

It is vital to note that NPM is not a homogenous whole but rather have numerous parallels and overlaps, but also significant variances in the way NPM is professed. This component features were recognized by a host of scholars including Hood (1991, 1995), Dunleavy and Hood (1994), Flynn (1993), Pollitt (1993). Key essentials comprise various forms of decentralizing management within public sector—autonomy and devolution, budgets and financial control, market-type machineries, privatization, and increasing emphasis on performance, outputs and customer orientation (Rahman et al., 2013; Islam, 2015).

<table>
<thead>
<tr>
<th>Table 1: Competing Perceptions and Components of Npm Paradigm</th>
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<tr>
<td>− hands-onspecialized administration</td>
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<tr>
<td>− the need to shift to a more quasi-market form</td>
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<tr>
<td>− move for a better competition and good contracting relationship in the public sector through open space for effective competition</td>
</tr>
<tr>
<td>− private institution management practices, approaches and technique are the emphasis</td>
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<tr>
<td>− output controls are the main focus</td>
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<tr>
<td>− standards and performance indicators are spell out clearly</td>
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<tr>
<td>− emphasis is on discipline in resource use; and wider transparency in budget</td>
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III. The Public Value Paradigm in Administration

Public value has emerged to reformulate the two divergent approaches in public administration discourse—i.e. the progressive public administration and NPM. Public value theorists not only aimed to reformulate contrasting paradigms nor rejecting them, but acknowledge the important dimensions of public administration in a more inclusive way. Public value is a sub-field within the discourse of public administration. Public value developed during the massive global financial crisis that began in 2007 from which the private sector sink to an all-time low (Turkel and Turkel, 2016:2). Public value combines government actions coupled with resource management, collaborative governance and democratic administration. Arguably, public administration now appears moving towards public
value as a reaction to multi-sector deficiencies of classical administrative policies (Turkel and Turkel, 2016).

Public value is a buzzword in recent times. This is because of the wider attention it received among scholars and practitioners in the field of administration (Moore 1994, 1995; Bozeman 2002; Alford 2002; Kelly et al., 2002; Stoker 2006). The importance of public value is not only limited to considering government actions but also appraising policy decisions and creating service delivery (O’Flynn, 2007). Public value first proposed by Mark Moore (1994, 1995) refuted the classical theories and their perception on market and government role (Hefetz and Warner 2004). In other words, public value indicates a change from strong philosophical positions of market versus state provision which draws on Moore’s work. Public value would necessarily emphasize on values valued by the citizenry more (William and Shearer, 2011).

Public value supporters recognize the unique dichotomy between public sector and private sector. These features are summarized in Moore’s (1995) strategic triangle concept where he deliberates on the importance of aligning the authorizing environment, operational and administrative capabilities, and values, objectives and mission to create public value. Similarly, Stoker (2006) also highlighted service delivery as a major point of departure between public and private sectors. The importance of this distinction cannot be over emphasized since politics is vital in public value paradigm. The dominant subject in public value study that seeks to answer the question, “what does government activity contribute to society?” The public value perspective centers on the “strategic triangle”—the core framework of the public value approach. The three critical elements of this framework are: (a) legitimacy and support, (b) operational capacity, and (c) the public value account (Witesman, 2016; Moore, 1995). Similarly, Kelly et al., (2002) also identified three dimensions or components of public value—i.e. services, outcomes, and trust.

### Table 2: Paradigms to Public Administration

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Classical public administration</th>
<th>New public management</th>
<th>Public value</th>
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<tbody>
<tr>
<td>Public interest</td>
<td>Public objectives defined by politicians</td>
<td>Driven by individual references, customer choice</td>
<td>Individual and public preferences and choices via consultation</td>
</tr>
<tr>
<td>Performance goal</td>
<td>Supervising inputs</td>
<td>Supervising inputs and outputs</td>
<td>Multiple goals ranging from trust, results, public satisfaction and outputs</td>
</tr>
<tr>
<td>Accountability model</td>
<td>Departmental and Parliamentary accountability</td>
<td>Performance contracts and consumers accountability via market mechanisms</td>
<td>Multiple methods from citizens supervising government; consumers as service users; tax paying public as funders</td>
</tr>
<tr>
<td>Main delivery system</td>
<td>Orderly division or self-regulating profession</td>
<td>Private sector complementing public agency</td>
<td>Both public and private sectors to increase customers choice</td>
</tr>
<tr>
<td>Approaches to public service</td>
<td>Public service monopolized by the public sector</td>
<td>Skeptical of public institution due to ineffective management. Stress on consumer service</td>
<td>Little or no monopoly coupled with effective management of resources</td>
</tr>
<tr>
<td>Public participation</td>
<td>Electoral rights limited and asserted pressure on officials</td>
<td>Surveys on user satisfaction though limited</td>
<td>Holistic and multi participatory—users, citizens, keys take holders</td>
</tr>
<tr>
<td>Managers objective</td>
<td>React to political direction</td>
<td>Targeted objectives meet</td>
<td>Respond to citizen choice and soliciting trust via quality service delivery</td>
</tr>
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The three things government can do which will be value by the citizen includes: services, outcomes and trust. Citizens as users of public service derived satisfaction similar to those purchased from the private sector. Therefore, user satisfaction is a priority for public sector managers. Good customer services, reliable and timely information, and choice all boost and influence user satisfaction. With regards to value outcome, this may vary over time but often overlapping. Such outcomes may include good health care system, well educated public, productive workforce etc. Attention is paid more on outcomes by the public sector. Arguably, the value of trust is the best of the three dimensions and it deals with issues of legitimacy and confidence. Solid relations between citizens and government could only be built on trust. Lack of trust and confidence will not
only destroy public value but the intended target will be left unfulfilled. For instance, 1980s and 1990s was a case in point where massive declined in public confidence led to poor welfare service delivery. As a result, the main objectives of these institutions were not met as they were compromised. Trust is highly appreciated by the public as it reassures a feeling of belonging, reduces resentment of government actions and increases confidence that government is likely to make good decisions (Kelly et al., 2002:17).

What are the implications for public sector managers in public value paradigm? In his strategic triangular framework, Moore (1995) redefined public managers policy role. It supports the platonic role for public managers as custodians and guardians of public interest (Talbot, 2009). Public value is about policy deliberation and it concerns with who consume what. On a personal level, citizens benefit from using public services. However, many a times the things value by citizens may be in conflict with the public and due to this in mind, public value could sometimes transcend beyond individual self-interest. More so, it is about collective interest. These collective interests must be translated in to results (Alford and Hughes, 2008). Moore (1995) contends that it may be naive to conclude that public managers create outcomes that are valued; the outcomes must worth the cost of private consumption and comparative advantage use to produce the desirable results. Only then can we argue that public value has been created. (Moore, 1995: 29).

In public value, needs and wants of collective citizens is what count. However, these preferences differ from individual to individual and are often in conflict with each other. At the same time, these likings evolve with time. Therefore, what is of value for the public is the utmost challenge for public managers. In a democratic society, public managers must engage with their political environment as this will help them to carry their job in a more useful and effective way—the achievement of performance targets. Public managers have multiple goals which include achievement of performance targets, steering networks of providers for the creation of public value, making and preserving trust, and responding to the collective preferences of the citizenry (O’Flynn, 2007:360).

IV. Conclusion

Some scholars have hailed NPM as a new paradigm, a reform tool for public sector effectiveness (Osborne and Gaebler 1992; Borins 1994; Hughes 1998; Islam, 2015) as NPM challenged the classical public administration as too cumbersome, bureaucratic, inefficient, unresponsive and unproductive. Public sector failed to meet the present-day demands of their citizens—as citizens expect government to produce results (Behn, 1998). As a reform mechanism, NPM emerged as a response to these inefficiencies coupled with poor social welfare in 1970s. NPM reform have registered some success stories in UK, New Zealand, Australia, USA, Canada and some OECD countries. As a normative concept that provides services that citizen value coupled with increased autonomy of public managers to enhance efficiency in the public sector could be the reasons for its success.

The study opined and argued that NPM has divergent and often competing dimensions. Therefore, this study challenged conventional wisdom that NPM emerged from ‘only’ public choice theory and managerialism. From the wider literature, this paper argued that NPM emerged from a variety of theoretical underpinning and therefore, only limiting NPM to managerialism and public choice theory is incomprehensive. This finding corroborates with Gruening (2001) who argued that NPM reforms were influenced by several ideas and theoretical perspectives—i.e. managerialism, public choice theory, management theory, classical public administration, neoclassical public administration, policy analysis, principal-agent theory, property-rights theory etc. From these, we can deduce that NPM is a mixture of values that aimed to solve administrative challenges.

Arguably, it may be fair to called this period an era of post-new public management period. NPM like previous administrative paradigms faced common inadequacies. first, continuous repetition of basic administrative problem—i.e. one best way orientation. Secondly, unclear literature with regards to the application of the public sector. From all indications post-new public management is not a major reform like NPM, but an effort to accurate some of its unplanned consequences through recentralization and re-regulation.

As a buzzword, public value catches the attentions of scholars and practitioners alike. The study argued that NPM and public value complement each other for efficiency in the public sector. Both recognized the vital role played by public manager in achieving the desire outcomes. As value creation is a top priority for public sector managers just like private sector managers. Public managers acknowledged the holistic and pragmatic approaches to deliver services that citizens value most. Public value offers not only a holistic and pragmatic approaches to deliver services that citizens value most. Public value offers not only a yardstick for government performance but also guide well informed policy decisions. The potential benefit of public value is that it develops as a tactic that is rooted in every day practice.

Much of the literature on public value is normative and this study therefore recommend for more empirical research on public value application and value creation in the public sector. The study further recommends for future research on power and heterogeneity in relation to public value management.
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