New Public Management: A Tribute to Margaret Thatcher

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Abstract
As the world bids farewell to Margaret Thatcher, it is time to recount for the iron lady’s contribution to the developed and developing world, on how to reform public institutions and become accountable to their citizen. To that effect, this article presents main features of New Public Management (NPM) model developed by hard-core scholars from Western Countries using the tenets of Thatcherism. The features have helped the Great Britain and other countries to molest state controlled economy and the resultant inefficient and ineffective public sector. Now in the new world order, the shift from the inefficient traditional public management and the need for governance reform is justified. Its proponents are fanning the paradigm shift for improved economic efficiency and effectiveness. Although the founder of the model, Margaret Thatcher has died, the features and elements of NPM remain key and instrumental for the developing countries. The author argues with examples that the uptake of NPM model, as an instrument of governance reform, provides clear benefits in developing countries.

Key words: Margaret Thatcher, New Public Management Model, governance reform, public good.

1.0 The Origin and Concepts of New Public Management
It all began with Margaret Thatcher the prime minister of the UK in the 1970s. The concern, during that era, was on the development of new mechanisms for accountability of the public sector. As Oliver and Drewry (1996, p.1) argue “the years since 1975 when Margaret Thatcher became the prime minister have been particularly associated with radical programmes to reform public services –both substantively, in terms of the nature and range of services provided by the state, and institutionally, in terms of the way in which service provision is organized and funded”. At the time, the state seemed to dominate and controlled public services while was not able to efficiently and effectively deliver quality services to its citizens.

Scholars and academicians during that time in the UK took up the challenge and developed a model, as envisioned by Margaret Thatcher, to substantiate the applicability of the radical shift from traditional to New Public Management. Now in the new era of globalization, the model is used to challenge the state led economy. As noted in the Commonwealth Secretariat (1996, p.iv) that “with increasingly global markets, national economic policies are now tested against international yardsticks of competitiveness”. In principle the model is designed to decentralize the mode of state operations. As OECD (1995, p.29) confirms that, “devolving authority and providing flexibility are corner-stones of the reforms aimed at improving performance”. Today, the shift is justified and the level of the uptake of new public management is global. Its proponents are fanning the paradigm shift because it is instrumental for both improved economic efficiency and effectiveness in human development. New Public Management model is crafted with features which serve as instruments of governance reforms currently sweeping most of developing countries, especially in Africa. For the purpose of this article and in the quest for justifiable Thatcherism, it would be relevant to first unpack the term governance before we turn into the features of NPM as crafted by the hard-core scholars of Western Countries.

2.0 Concepts of Governance
The term governance has always been linked to government. Although there is no agreed definition, its framework provides basis for questions and clarifications. For example, Kato (2000, citing Asian Development Bank) defines governance which the World Bank acknowledges, as “the manner in which power is exercised in the management of country’s economic and social resources development. States with good governance exercise their powers through state institutions and organizations that are accountable and transparent to the general public”. Arguably, the framework of the definition may have been one of the main drivers which Margaret Thatcher used to steer in reforming public services in the UK.

However, the definition advanced by Kato on the concept of governance cannot pass without being critically challenged. The use of the term ‘manner’ and state institutions alone leaves a lot more questions than answers. Does the use of the word ‘manner’ refer to, for example, such terms as delegation, de-concentration, deregulation, divestment or devolution of powers by the central government? Where is the locus of government power of decision-making? And who are the stakeholders in this context? Grindle and Thomas (1991, p.50) caution that “centralization of decision-making responsibilities tends to increase government’s power and
decrease its accountability to the population”. This would have been the main concern for Margaret Thatcher of the government continued trap of dominating and controlling public services.

UNDP (1997,p.7) further expounds the definition and identifies stakeholders of governance and argues that “governance includes the state, but transcends it by taking in the private sector and civil society”. In view of UNDP definition, I note devolution of the state powers to the private sector and civil society. In this definition I also note the unlocking potentials of people through local institutions that emanate from the state, private sector and civil society.

Arguably, with no doubt, a sense of co-responsibility and equity in public service delivery is therefore contested in Thatcherism wave. The governance concepts in this respect focus more on the human development as a right and not privilege something which calls for a New Public Management practices. To that effect, three didactic areas from Kato and UNDP may therefore be constructed as shown in table 1 below:

Table 1: Three didactic areas of Governance.

<table>
<thead>
<tr>
<th>Governance Management practices</th>
<th>Rights to development</th>
<th>Democratisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance between the State, Civil Society and Private Sector</td>
<td>human rights</td>
<td>Participatory processes</td>
</tr>
<tr>
<td>Efficient and accountable management of resources</td>
<td>Equity in public service</td>
<td>Consensus orientation</td>
</tr>
<tr>
<td>Transparent policy framework (rule of law – legal frameworks)</td>
<td>Rule of law (on rights issues)</td>
<td>Responsiveness</td>
</tr>
</tbody>
</table>

Source: The author’s illustration

From the author’s illustration in table 1, it can be deduced that Kato and UNDP definitions of governance is about placing people’s participation at the heart of development. Developing countries embarking on governance reforms may not escape the application of these three didactic areas of governance which Margaret Thatcher, through the New Public Management Model, has been pushing the Great Britain to take it up.

Building on the forgoing conceptual understanding of governance, it is difficult to resist from advancing the notion of New Public Management model and the relevance of its features. Features of NPM, as presented in the section that follow, serve as instrument of governance reform which, essentially, is public sector reform aimed at delivering human development, the course for Margaret Thatcher.

3.0 Features of New Public Management

The New Public Management (NPM) model has considerable and guiding features of transforming traditional public management. For example, McCourt and Minogue (2001, p.20, citing the World Bank) argue that “a significant feature of the reforms was the belief that the state had become too large and overcommitted, and that the market offered superior mechanisms for achieving the efficient supply of goods and services”.

There is noticeable range, though, of NPM features as observed by Scheduler and Proeller (2002, p. 164) that “the literature on NPM or its national models and their elements and instruments is vast”. See for example in McCourt (2001, p.236), Cheung (2003 p.3), and OECD, 1995, p.26-28, Minogue (2001, p.20-43). However, a summary from these literatures may culminate to at least five prime features of NPM as follows: first, “deregulation of management structures, decentralizing budgetary and financial management; second, conversion of government departments into autonomous executive agencies and privatization units; third, evaluation of performance based on outputs rather than inputs; use of contracts; fourth, introduction of competition and internal markets; greater use of market resource allocation; and fifth, extending public-private partnership and privatization”. In what follows, each of the NMP features has briefly been explained.

3.1 Deregulation of Management Structures.

Traditional public sector structure is challenged to devolve their structures such that there is greater freedom and autonomy in planning and decision making without reference. This includes fiscal decentralization and institutional development so as to improve performance. As OECD (1995, p.109) notes, “devolution will improve performance by reducing dead-weight losses associated with central controls”. This is very crucial.

3.2 Government Autonomous Agencies

This feature is driven by the concept of competitiveness of managers with public participation. As OECD (1997, p.97) explains, “The creation of agencies has the primary objectives of ensuring clear accountability from performance and the definition of performance targets is meant to create a sustained pressure for continuous improvement and value for money”.

3.3 Evaluation on performance based.

The emphasis of this feature is on the input output relationship for outcomes in terms of measuring performance. It is not about how much input has been used, it is about what results have been accrued from what level of
3.4 Introduction of competitions.
This feature profoundly explains the reliance on the market rather than the state. As World Bank (2000, p.7) argues, “public sector reform requires not only internal bureaucratic change but also voice and competition”. Public choices determine the level of quality of services needed. The feature mainly focuses on the economic gains, efficiency and effectiveness in quality and diversified choices.

3.5 Public-private partnership and privatization.
Privatization is one of the radical features of NPM as it refers, according to Cook (2001, p.153), to the “transfer of productive assets from public to private ownership and control”. It is a feature of reform meant to challenge the monopoly behaviour of state and broaden consumers’ access to diversified choices. This feature is tied together with informed regulatory procedures of the state so as to reduce cost and increase efficiency. More importantly is for the public sector contracting out and outsourcing that encourages competitive tendering for better quality public services.

4. Uptake of NPM model in African countries
In what follows is an assessment of the uptake of NPM model in Africa. Based on the foregoing discussion on the features of NPM model as an instrument for governance reform, it follows that the application of the model provides clear benefits in developing countries, African countries in particular. Hope in McLaughlin et al (2002, p13) testify that “since early 1980s, significant efforts have been made in sub-Saharan Africa towards the reform and transformation of public sector management”. However, literature indicates that some countries have demonstrated modest progress while others have been caught in a disappointing situation.

African countries have been criticized for embracing centralized governance and rent-seeking behaviour. The behaviour is claimed to have greatly affected the public sector and undermined human development. McLaughlin et al (2002, p.213, citing Hope and Chiko) argue that “state bureaucracies in Africa under-perform, are invariably too large and corrupt and lack a sense of responsibility and accountability”. However, in the contemporary human development we observe a wave of globalization coupled with strong citizen pressure on diversified demands for public service.

In response to the critics and emerging irreversible citizen pressure and global market orientation, African governments have yielded to no choice other than resorting to applying the NMP model as a means for carrying out governance reforms. This is evidenced in McCourt and Minogue (1998, p. 6) that, “there are considerable pressures on developing and transnational economies to adopt the whole range of governance reforms”. The need to accommodate the on-going governance reforms that apply imported New Public Management Model of reforms becomes inescapable in developing countries, particularly Africa.

In fact, modest examples from African countries explain both the applicability of the concepts of governance and clarity of its benefits. OECD (1995, p.16) is optimistic with the on-going governance reforms in the developing countries and argues that “there are signs of improved performance and emergence of a result-oriented culture”. It follows therefore that, when African countries embarked on the reforms may have envisaged benefits of applying the NPM model.

There are examples that justify the applicability and benefit of the NPM model for undertaking governance reform. For example, literature shows that Ghana and Tanzania are amongst African countries that applied the NPM model and modestly benefited from the governance reforms.

Noticeably, Ghana and Tanzania positively applied governance reforms that embraced a more participative, flexible and voluntarism approach. Space for participative processes was welcomed to justify for political will and sound outcomes both in private sector and civil society. This is also evidenced by Tsikata in Kayizzi-Mugerwa (2004, p.30) that, “Ghana and Tanzania provide interesting contrast of sub-Saharan Africa’s reform experience. Though situated in politically volatile regions of the continent, they have so far managed to steer clear of political destabilization and have been able to introduce and maintain political pluralism”. If any of the developing countries, like Ghana and Tanzania, modestly succeeded and sustained the uptake of the governance reforms then, the application of NPM model is likely to provide clear benefits. A modest success is also evidenced in Polidano (1999, p7) that “Tanzania’s programme appears particularly close to the UK model, with 12 agencies created in 1996 and another 60 in the candidates waiting wing”. So far, according to the Tanzania government, “the private sector itself in Tanzania has evolved institutional mechanisms of interactions and consultations with the Government through umbrella organisation such as the Tanzania Chamber of Commerce Industry and Agriculture (TCCIA), Confederation of Tanzania Industries (CTI), the Tanzania Private Sector
Nigerian civil service has remained weak, inefficient and incapable of reforming itself, let alone the economy. A plausible explanation relates to the endemic corruption and rent-seeking opportunities, inappropriate incentives by policymakers and institutions and participation in policy making by the population are key ingredients of both...
and draws on input-output relationships of the private sector. Its application to developing countries depends on highly knowledgeable civil service staffs and policy makers to interpret and articulate the model to the local context. Such capacity of skilled policy makers and implementers are hardly available in African. As Turner and Hulme, D (1997, p. 47) argue, “developing country policy-makers and implementers are frequently hamstrung by lack of knowledge. Their actions are more likely to be guided by guesswork rather than systematic analysis”. Questionably, the ongoing governance reforms in sub-Saharan Africa are bound to fail if the NPM model is mechanistically applied.

In sum, for NPM model to provide clear benefits there has to be ownership without conditions attached to its success, political will of the leadership and capacity in place of the executives to pursue the needed governance reforms. However, the uptake trend of the model in African countries is promising and there modest examples that justify the benefits of what NPM model offers.

5. Conclusion

The article has discussed the origin of NPM model and presented five main features of the model. The origin of NPM dates back to 1970s in UK when the former Prime Minister Margaret Thatcher initiated the public service reform. The tenets of the New Public Management are the drivers of good governance. The notion of governance has been presented to justify for the New Public Management Model. The model is about the determination to making public services more responsive to improving public good to the needs of the people. The NPM model is argued to represent “the radical changes needed to introduce a transformed and entrepreneurial model of public management and would be established by the five features identified in this article. They include: first, deregulation of management structures, decentralizing budgetary and financial management; second, conversion of government departments into autonomous agencies and privatization units; third, evaluation of performance based on outputs rather than inputs; use of contracts; fourth, introduction of competition and internal markets, greater use of market resource allocation; and fifth, extending public-private partnership and privatization. These features are clear and serve as guide to developing countries to reform their traditional public management system. The five main features of NPM are crucial for developing countries to reform their public institutions.

In fact, it has been argued in this article that the application of NPM model provided clear benefits in developing countries in Africa, such as Ghana and Tanzania. The benefits are linked to the determination of making public services more responsive to improving public good to the needs of the people. The article has contested that the uptake of the model in African countries is promising and there modest examples that justify the benefits of what NPM offers. The author has drawn examples from Africa and argues with optimism from OECD (1995) that “there are signs of improved performance and emergence of a result-oriented culture”. However, the author questions the practice of the reforms process and disputes that the practice predisposes challenging scenarios in African countries. The practice of the reforms in terms of lack of ownership, lack of political will and coercive conditionality has been questioned. Despite the challenges and misgivings as a way forward, contemporary reforms need to be fanned where they show potential. Yes, Margaret Thatcher has passed away, but deserves a tribute as she has left the world, especially African countries, with candid discipline and practical model of reforming and managing public institutions for public good.

References


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