

Full length Research Paper

Reforms of the public sector in the light of the new public management: A cases of Sub-Saharan Africa

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Accepted 10 April, 2012

The aim of this paper is to talk about reforms of the public sector in the light of the new public management (NPM) with special emphasis of some selected Sub-Saharan African countries. The origin, rationale and chief characteristic of the 'new public management' was explained. Thereafter, a discussion was made on the trends, rationales and principal characteristics of the public sector reform program of the past two decades and the extent to which these reforms were influenced by the principles of new public management. Finally, the successes, challenges, limitations and constraints of the reforms and reform processes were highlighted. The paper is based archival research, where secondary data sources have been used. Reform programs through NPM is not only aim at ensuring the adequate management of machineries of government, but also effective public service delivery through the building and strengthening institutional capacity, and by introducing results-oriented management techniques. The paper demonstrated the variants of the new public management approach being introduced in the public sector reforms of developing countries, with special attention on Sub-Saharan Africa. However, it needs to be noted that the new public management approach may not be a cure to the problems of public administration. Hence, a wise selection and adoption of some elements of the NPM may be beneficial.

Key words: Public sector reform, new publish management, public administration, Sub-Saharan Africa.

INTRODUCTION

The doctrine of the new public management (NPM) was emerged in the 1980's in New Zealand, Australia, Britain, and the United states. It was spread to OECD countries in the 1990's and from them to the low income countries through international agencies like the World Bank, Commonwealth Secretariat and management consultancy groups (Des, 2002).

The aim of this paper is to talk about reforms of the public sector in the light of the new public management characteristics of the 'new public management' will be explained. Thereafter, a discussion will be made on the

trends, rationales and principal characteristics of the public sector reform program (PSRP) of the past two with special emphasis of some selected Sub-Saharan African countries. First, the origin, rationale and chief decades and the extent to which these reforms were influenced by the principles of NPM.

Finally, the successes, challenges, limitations and constraints of the reforms and reform processes will be highlighted.

THE NEW PUBLIC MANAGEMENT AND THEIR CHARACTERISTICS

The new public management is a fundamental transformation in the academia of the public sector from the changes that happened in the last three decades. The main premise in the NPM is that more market orientation in the public sector will lead to greater cost-efficiency for

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Abbreviation: PSR, Public sector reforms; PSRP, public sector reform program; OECD; organization for economic cooperation and development; NPM, new public management; SAP, structural adjustment programmes.

governments, without having negative impact on their service provisions.

The new paradigm in the delivery of services in government calls for a business approach to running the affairs of state, and requires the application of marketing and production techniques to the field of public administration. To this effect, mechanisms such as decentralization, privatization and performance management are being adopted with a view to improving the responsiveness of governments to public concerns, improving the quality of public goods and services, increasing the efficiency of service delivery and promoting accountability and ethical values (ECA, 2003).

In the model of public management, the following identified radical changes of the existing practices are vital (Minogue, 1998).

1. Reforming of the public sector, particularly through privatization;
2. Reforming and slimming down central civil services;
3. Contracting public services to the private sector and creating internal markets for competition and better service provision;
4. Improving efficiency, especially through performance auditing and measurement.

The rationales of the new public management

The criticisms of the centralized, inefficient, un-accountable, over extended state has produced a transformative conception and intensive efforts to the implementation of the new public management (ibid: 33). NPM encompasses features including a minimal government, de-bureaucratization, decentralization, market orientation of public service, contracting out, privatization, performance management, etc. These characteristics indicate a clear contrast with the traditional model of administration, which embodies a dominant role of the government in the provision of services, hierarchical structure of organization, centralization and so forth.

For most cases where NPM has been especially driven by the need for improved efficiency in service delivery and reduced costs. Minogue has identified three important reasons or rationales for the birth of the New Public Management. These include pressures of financing, quality of service and ideology.

1. Financing and cost reasons: The rising government expenditure together with poorer than anticipated economic performance has questioned the effectiveness of large public organizations; therefore, implementing the new public sector management reforms is found to be important as the components of NPM reforms involves expenditure and cost reduction.
2. Quality questions: In the new public management citizens are defined as active customers of government

services than active recipients. Hence, the language used in NPM reflects consumerist orientations of the private sector management methodology (ibid).

3. Ideological reasons: For some from the political arena, the NPM reforms may be seen as a means of establishing and reinforcing their power at the centre, as they are distancing themselves from the uneasy problems of implementation at the decentralized levels (Dunleavy and Hood cited in Minogue, 1998: 20). However, the major theme in NPM as in the neo-liberal was that government to prohibit self-interested politicians and bureaucrats from abusing publicly provided resources. According to Minogue (1998) the neo-liberal ideology postulated a minimized role of the public sector and greater reliance on the private sector in the belief that the private sector management practices was what the public sector needed for efficient and effective service provisions.

Key elements of the new public management-mechanisms of public sector reform

It is believed that a high level of involvement and participation of the citizens is conducive to sustainable development. The key elements of the new public management such as decentralization, privatization, contracting out and partnerships with civil society, including non-governmental organization (NGOs), offer important inter-organizational avenues for bringing about or increasing participation, whilst ensuring more effective and efficient public service delivery (ECA, 2003).

Privatization

Privatization refers to any shift of activities or functions from the public to the private sector; and more specifically, any shift of the production of goods and services or a shift of control and responsibilities from state to private sector. Privatization, or the transfer of state assets to the private sector, is a central component of downsizing (Starr, 1989). As explained by Hope (2001) privatization has several forms. These include:

1. Commercializing of government services which are contracted out to an outside agency;
2. Joint ventures between government agencies/ ministries and private entities;
3. Sale of some government services or functions, such as water supply or telecommunications, to the private sector;
4. Management contracts for the private sector to manage specific government functions or services such as postal services;
5. Leasing of government assets that are used to provide public services; and
6. Granting of concessions to private entities to operate

and finance public services delivery in part.

Out-sourcing/contracting-out

Contracting-out or out-sourcing refers to buying in of goods and services from sources which are external instead of producing and providing these goods and services. The job of the public organization is to specify what is needed and let the private or voluntary sector supply it.

Contracting may be done between a public organization and a private firm or between one public organization and another. The rationale for outsourcing is to encourage competition between service rendering organizations in the belief that competition will promote cost-saving, efficiency, flexibility and responsiveness in the delivery of services. Hence, contracting out leads to cost savings from inefficient public bureaucracies that are more intent on satisfying the wishes of producer groups than of consumers. Out-sourcing is one method of privatization which emphasis on efficiency and service delivery as private contractors can be fined for poor quality, delays and lack of reliability (ECA, 2003).

Performance management

The NPM attempts to make the public sector lead by a notion of efficiency using the model of private sector management. Efficiency gains are assumed to be achieved through monitoring of performance, financial and professional auditing. Monitoring will require a system of performance management and the performance indicators can be used as basis for rewards and incentives of employees.

Performance based management increases political accountability by making it easier for managers to match targets with political priorities. Politicians can hold public managers accountable for their performance, and also performance targets can make service provision more transparent to customers (Ferlie et al., 1996).

Decentralization

The concept of decentralization is one of the central elements in changing the public sector and construct of the new public administration (Hope, 2001). Decentralization can be defined as the transfer of authority or responsibility for decision making, planning, management, or resource allocation from the central government to its field units, district administrative units, local government, regional or functional authorities, semiautonomous public authorities, parasitical organizations, private entities and nongovernmental private voluntary organizations (ECA, 2003).

Decentralization involves delegating of greater authority to the officials who are working at the field, closer to the problems. It can therefore overcome the severe limitations of centrally controlled planning of centralization (Cheema and Rondinelli, 1983). Moreover, decentralization might allow greater representation for various political, religious, ethnic, and tribal groups in public decision making that could lead to greater equity in the allocation of government resources and investments. Hence, decentralization can improve allocative efficiency through matching services with citizen preferences, increases service production efficiency and cost recovery.

The cost of the public sector organizations could also be lowered through downsizing that is, redundant or irrelevant staffs are reduced which will lead to a drastic reduction in the payrolls (Ferlie et al., 1996).

Major characteristics of NPM

According to Borins (1995), the major characteristics of the new public management include:

1. Providing high-quality services that citizens value;
2. Demanding, measuring, and rewarding improved organizational and individual performance;
3. Advocating managerial autonomy, particularly by reducing central agency controls;
4. Recognizing the importance of providing the human and technological resources managers need to meet their performance targets; and
5. Maintaining receptiveness to competition and open-mindedness about which public purposes should be performed by public servants as opposed to the private sector or non-governmental organizations (Borins, 1995: 5 to 11).

THE PUBLIC SECTOR REFORMS OF THE PAST TWO DECADES WITH SPECIAL REFERENCE TO DEVELOPING COUNTRIES: SUB-SAHARAN AFRICA

The origins and motives of public sector reform programs (PRSPs)

Many countries with different economic, social, political, cultural and historical attributes all engaged in the same common agenda called public sector reforms. For Kiggundu, the reasons and motives of these reforms vary from country to country. In the developed industrial countries of the north, for instance, the reform was driven by the demands of citizens and tax payers for an improved public services, a smaller role for governments at all levels, private sector participation, and reduced tax burdens.

For transition economies, the aim of PRS was to speed up the democratic development process development

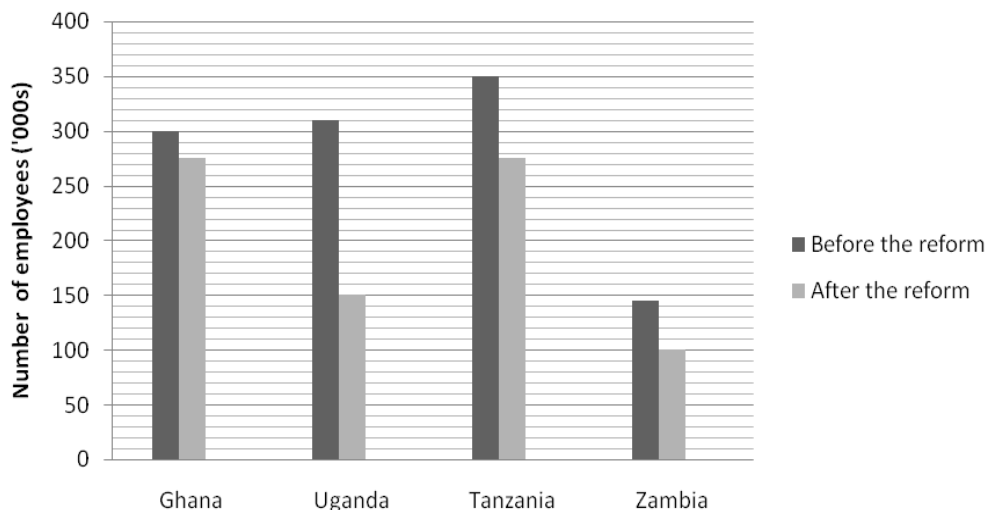


Figure 1. The effect of structural-oriented public service reforms on the reduction of the number of employees. Source: The graph is developed based on the data reports from Mutahaba and Kiragu (2002: 53).

process and the economic market reforms through breaking down the authoritarian institutional structures.

In developing countries, including those in Africa, the reforms were undertaken in the framework of the structural adjustment programs (SAP) (Kiggundu, 1996). The public sector reforms in Africa, therefore, were not locally initiated and internalized rather externally imposed, which explains the bases for the challenges in the reforms implementation process.

The international specialized agencies such as the World Bank, the United Nations Development Programme (UNDP), bilateral European donors and other multilateral agencies have been actively supporting civil service reforms. PSRP has given emphasis in the UN and its specialized agencies, especially in the areas of economic management, good governance, and democratic development of member countries (ibid: 157).

The focus of structural adjustment programmes (SAPs) was to contain budget deficits of the rising government expenditures. This was assumed to be achieved through privatization which was expected to lower the overall size of the public service, reduce pressure on fragile administrators, free resources for vital tasks, and allow for better utilization of scarce administrative skills (Mutahaba and Kiragu, 2002: 50).

The trends and features of the public sector reform programme

According to Matabaha the administrative sector reforms has three important features. The first feature is the need for the state to provide an environment that is conducive to the private sector development, decentralization of

functions, privatization, and commercialization of non-functioning or unnecessary public enterprises. The second one focuses on efficiency measures, such as pay reform (linked to performance), continued skill development and upgrading, to enhance public management performance.

The third feature involves adoption of measures for enforcing the accountability of the public sector through increased transparency, openness and active citizen participation (ibid: 52). African countries undertook reforms in the framework of the previous three reform features. The trends of PRSP which are based on of these features are explained subsequently.

First trend: Cost reduction and contentment/structural oriented public sector reform

In this wave of PSR, the rationale was to make government lean and affordable using cost reduction and containment measures, rationalising the state machinery, diversifying non-core operation, retrenching redundant staff, removing ghost workers, freezing employment to control the wage bill. This reform program was implemented in countries like Ghana, Uganda, Tanzania, Kenya, and Zambia. As it is depicted on Figure 1, the number of central government employee was reduced in all of the reforming countries.

In Kenya, 10% of the total public service payroll was reduced after the reform. In Uganda and Tanzania, there was successful effort to minimize in kind pay benefits; however, the objective of lowering wage bill was not successful as the reduction in staff numbers was more than offset by the real rises in pay levels. Hence,

downsizing public employees may not be necessarily meant that public expenditure would be reduced.

According to Kiragu (2002), as identified in his research the following are the most critical limitations of the cost reduction and containment public sector reforms.

Firstly, the SAP driven structural oriented PSR failed to impact positively on service delivery because the interventions was mainly focus on cost reduction, where freezing in recruitment directly undermine the existed capacity which affect the improvement of services provisions.

Secondly, there was little support of the reform programme and there is lack of ownership and commitment to its implementation.

Thirdly, because of the arrow political understanding and support for structural public sector reform programmes, except those directly responsible for managing the macroeconomic situation, would seize every opportunity to block or reverse implementation measures.

Second trend: Focus on capacity building for improved service delivery

As public services continued to deteriorate under the structural PSRPs, there was political and public pressure to focus on improving these services. From the first wave of reform, many countries realized that freezing in recruitment directly undermine the existed capacity and that weak capacity was the root cause of the problem of the poor delivery of services. Hence, a shift of reform from cost reduction and containment to capacity building during the 1990's (ibid).

The key interventions in this reform scheme includes enhancing staff skills through on-the-job and short term training , Improving management systems and structures, restoring incentives and improving pay, and improving the work environment.

The capacity building-oriented PSRPs did not to have any noticeable impact on service delivery in the African countries. The capacity building measures were not holistic in many instances rather they were piecemeal and fragmented. Moreover, the absence of effective pay and incentives reform, which remain critical to sustainable capacity building is the other significant shortcomings of capacity focused PRSPs.

The salary of the public servants was remained low even though resources were released from retrenchment. This consequently results in unethical conduct in ways of morale and bribery and corruption were on the rise. Therefore, service delivery continued to deteriorate in this wave of PRSPs which lead to the third trend of public sector reform (Mutahaba and Kiragu, 2002: 50).

Third trend: Focus on improved service delivery

A third wave of public sector reform came into being

because of the perceived inadequacies of the first and second waves and six other impetus for the reform programmes to focus on service improvements (ibid).

These six factors include:

1. The need to demonstrate early results;
2. Public demands for transparency and accountability;
3. The shift to market economies and private sector- led economic growth;
4. Influence of “new public management”;
5. The need for PSRPs to support sector-wide approaches; and
6. Pursuit of an integrated systems approach.

Public sector reforms: Applications of the new public management

In this section, emphasis is paid on some public sector reforms of different kinds which may fail under the first, second or third wave. These reforms include decentralized management, contracting out and cost recovery.

Decentralized management

Decentralized management is one of the approaches in an effort to “debureaucratize” the hierarchies within the public service. The main idea is to give freedoms for managers in managing their sections in order to achieve the most efficient output. According to Bangura (2000), there are five main dimensions to decentralized management. These include:

1. Breaking up of monolithic bureaucracies into autonomous agencies;
2. Devolution of budgets and financial controls;
3. Promotion of quasi-markets in public sector transactions;
4. Separation of provision and provisioning functions; and
5. Development of new forms of corporate governance and board of directors' model for the restructured public service.

In decentralized management, the public bureaucracies are downsizing, contracting out tasks and breaking up into more autonomous units or agencies. Downsizing is important to maintain the size and the cost of the public sector affordable and to lower the growing fiscal crisis and budget deficits in developing Africa. As it is explained in the first trend of public sector reform, governments around the world have responded by putting limits on the size and cost of the public sector. For instance, the Zimbabwean civil service has also been cut by about 12% since the commencement of civil service reform in 1991 (ECA, 2003).

Contracting out

Like it is explained in out-sourcing/contracting-out as a mechanism of reforming a public sector, contracting out legal agreement, but this is for the supply of goods or the provision of services by other actors. It may be between a public organization and a private sector. The responsibility of the public organization is to specify what is wanted and let the private or voluntary sector provide it (Larbi, 1999).

Even though contracting out is not new to administration in government, the extension of the practice to activities that have traditionally been carried out by in-house bureaucratic arrangements including various activities within public health and water services, is new idea of the NPM. With this regard, in Zimbabwe, non-clinical health services such as cleaning, laundry, catering, security, maintenance and billing are contracted out, while clinical services are contracted out on a limited scale.

According to World Bank report cited in Larbi (1999) contracting out infrastructure projects by governments in 10 African countries created managerial autonomy of the operators enabled them to run efficient, impartial and transparent operations free from political pressures. This enabled them to complete projects largely on schedule, with cost overruns of only 1.2% of the portfolio compared to average cost overruns of 15% in the case of public procurement. They also regularly obtained unit prices of 5 to 40% lower than those obtained by the government through official bidding (ibid).

Cost recovery/user fees

This is part of the cost recovery measures and efforts to share the cost of publicly financed services with users. This is done by charging consumers for public services represent an attempt to diversify financing for public services and reshape public spending (ECA, 2003). User fees have been implemented at different levels of education in Ghana, Kenya, Malawi and Uganda, and in other countries which were implementing SAPs (Larbi, 1999).

It need to be noted that cost recovery does not only set emphasis on increasing finances, but also on preventing over-use of services by consumers by making the latter more cost-conscious. In terms of raising funds the introduction of user fees in health care, in Guinea-Bissau, for example, contributed between 30 and 45% of the operating costs of health services.

Senegal adopted user fee to pay for pharmaceutical products. A representative national sample revealed that the contribution of user fees to public health facilities was 5 to 11% for hospitals, 8 to 23% for health canterers, 14 to 35% for health posts and 87% on average for health huts. A study in seven public health facilities in Adamaoua Province of Cameroon reveals that an efficient low-cost

care become available locally, people used it than a distant facility that might be free (ECA, 2003).

Challenges and constraints of the public sector reform

The public sector reforms have identified to have the following critical challenges and constraints. First, public reforms need to have a strategic visioning to the country's political, governance, macroeconomic, and social development. However; reforms of transition and developing countries fail to be effective since they often initiated and funded by external donors pursuing a different and sometimes conflicting agenda unrelated to the needs and realities on the ground (Kiggundu, 1996). Second, the public sector reforms lack sustaining political and community support since the reform effort is perceived as externally driven with a limited local understanding, commitment and ownership. The reforms are depends on too much external resources, conditionality, intellectual and professional leadership.

The planning and designing of reforms in developing countries fail to take account of existing institutional and management capacities. These reforming countries are highly constrained by weak capacity and resource limitations which hamper implementations of plans and programmes for improvement and expansion of services.

Furthermore, in a vicious cycle, poor budgeting and financial management practices exacerbate the problems of capacity and resources constraints (ibid). Third, public sector reforms may fail to attain their objectives if we do not have the institutional capacity to manage and coordinate the entire reform effort, communicate with the various domestic and international stakeholders, improve customer service, contain corruption, reduce cost and size, democratize and protect human rights and alleviate poverty. Moreover, the public sector institutions in Africa have been affected by problems of inefficiency, poor coordination, poor management and institutional capacity, non-existent salary policies and political interference. These resulted in an environment where the programmes and strategies of African economic recovery, which were based on the theorem of NPM, could not be implemented in full (Kiggundu, 1996; Larbi, 1999). Forth, the declining social values is also one of the major challenges to public sector management reforms in the Africa where the values such as integrity, honesty, dependability, helpfulness, impartiality, courteousness, and fairness are gradually disappearing from the public services. This study would argue that, this could be resulted from the non-existence of effective incentives of performance and the low wage bill for the public servants that exist in most of the African countries. Lastly, effective and sustainable implementation of public sector reforms, especially reforms in the areas of administration of most reforming countries are impended by lack of equipment, supplies, computers and vehicles, poor physical plant,

inadequate pay, and a general lack of work values motivation and attitudes (Kiggundu, 1996).

CONCLUSION AND IMPLICATIONS

To conclude, reform programs through NPM are not only aimed at ensuring the adequate management of machineries of government, but also effective public service delivery through the building and strengthening institutional capacity, and by introducing results-oriented management techniques. The paper has demonstrated that variants of the new public management approach being introduced in the public sector reforms of developing countries including Sub-Saharan Africa. The adoption of the practices of NPM seems to have been beneficial in the cases, for example, cost savings by contracting out infrastructure projects (Larbi, 1999). However, the challenges in implementing and applying the NPM also highlighted.

The first wave of PSRPs failed to impact positively on service delivery because of little or no direct link to improvements in services. The current public reforms are still stigmatised by the pains of such first wave structural reform measures as retrenchment, employment freeze, cost-sharing, etc; second, to the extent that the reforms entail change, there are large constituencies who perceive threat and resist change.

While public services continued to get worse or stagnate under the structural PSRPs, as it did not address the main issues of implementation of policy and accountability. The emphasis was on policy making only, on the command and control of the state and the government rather than on policy implementation, including the institutions accountable for it and for the delivery of services (Mutahaba and Kiragu, 2002:50). The implementation of NPM needs capacity and it became clear that the existence of a modernized and highly efficient public sector is a critical prerequisite for private sector development. However, the public sector in African countries is at infancy stage which need first given a hand to grow than rushing for reforms through NPM.

The application of NPM in African countries should not be about right or wrong, good or bad. There is concern about what Larbi call context. There is a need to take context into account. The application of NPM in crisis states needs to be contingent upon whether or not prevailing contexts or conditions are suitable. It may be that some NPM components are more suitable in certain contexts than others. For example, in countries with high levels of corruption and patronage a key question will be whether NPM will help reduce this or whether NPM will

permit malfeasance at higher levels than were previously possible. That is, would NPM solve the problems of old public administration or would it create new, more intractable problems? In other contexts, it may be advisable to consider whether aspects of NPM will enhance or undermine political stability (Larbi, 1999).

It needs to be, hence, underlined that the new public management approach may not be a cure to the problems of public administration. Hence, a wise selection and adoption of some elements of the NPM may be beneficial.

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