

Public Organization and Management
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Lecture - 05
Foundations of Public Management – V

Hello, dear learners, let's continue the discussion on the distinctive characteristics of public management and public organizations. So far we have discussed various organizational roles, structures, and processes. In the previous session, I talked about strategic decision processes, incentives, and incentive structures. In this session, we are going to talk about work-related attitudes and behaviors as the distinctive characteristics of public sector organizations.

What are the differences, and what is the research evidence on the differences between the work-related attitudes and behaviors of public sector employees and private sector employees? Now, a number of studies have pointed out and, of course, provided evidence about the differences in the work-related values of public sector employees. For example, some of the studies say that public sector employees attach lower value to money and perhaps give much more importance to intrinsic values. Very, very important because the reason is a higher level of public service motivation. Now it is very interesting to note here that if people are not motivated by extrinsic factors such as pay, promotions, and rewards in terms of incentives, what is it that is working with these people in terms of their attitudes and behavior towards public jobs? The one aspect that is a differentiating factor is the public service motivation as a value among public sector employees.

Now in terms of other behaviors, let's talk about work engagement or satisfaction. These are all the important variables worthy of consideration. Work engagement, organizational commitment of public sector employees, and professionalism in public sector employees are all important work-related attitudes and behaviors that require discussion. Research says that in terms of the work-related aspects, attitude, and behaviors, public sector employees were found to possess lower levels compared to private sector organizations, managers, and employees. They say that the level of satisfaction among these general employees is generally high according to the research evidence provided in the paper by Professor Hal G. Rainey, but it tends to be consistently somewhat lower than that of their private comparison groups. The reasons could be different. Maybe the private sector people are showing higher levels of engagement in their work or showing a higher level of commitment because of reasons such as extrinsic factors. But in the case of public sector employees, there could be some other differences, maybe in terms of how they want to contribute to the betterment of society. What are their service-oriented values?

Another important thing that I think needs to be discussed is the reward-performance relationship. So when we talk about public sector organizations and say that the rewards given to private sector employees are linked to their performance outcomes. Now the study says that there is no clear relationship between performance and the differences in the perceived reward performance relationship between public sector employees and private sector employees. So what motivates private sector employees may not motivate public sector employees and vice versa. So, these are the important points, you know, that are worthy of consideration as far as pointing out the differences between public and private sector organizations, and these, of course, are the important distinctive characteristics of public sector organizations.

The last is the organizational and individual performance. Now, it says that because the employees who are working in public sector organizations, they are largely controlled. You know, the exercise of control from the external agencies is largely effective. They are cautious in terms of their actions. What kind of caution? Being non-innovative is not an option.

They don't want to experiment with innovation in the organizations because they say they are being controlled. The exercise from the outside world is much greater. There is a public opinion. They are being continually watched. So, they are very, very cautious about their actions and being non-innovative.

But the evidence I mentioned before is also a kind of mixed evidence. Some studies say that the public organization context gives a greater platform for challenging work assignments to public managers where they can actually indulge in entrepreneurial behavior. But there are other studies that say these people are very, very cautious in terms of their behaviors as far as individual performance is concerned. Now, the other researcher also says that we have both kinds of evidence available for this thing. There are studies which say that entrepreneurial activities can be done much more in the public sector organization, perhaps not in the private sector organization.

But there are other studies which say that government organizations can provide a better platform for this. So these are some of the characteristics that, according to the research published in the Journal of Management, characterize public organizations as distinct from private sector organizations. With this, we will come to the concluding portion of this particular module, which is why we are talking about effective public management, and why it is required that the government and public organizations should perform effectively and efficiently. First of all, the success of any government policy, program, or regime And of course, in fact, democracy itself is vital to success. So, what happens is, if we don't do effective public management, we will never be able to succeed in achieving the purpose and objectives of the public policy programs and their impact on the general public out there.

And also because we are to satisfy the citizens of the country, the government and public organizations are working for the betterment of the citizens. It requires that the public organizations and government indulge in the effort to enhance the efficiency and effectiveness of the operations of these organizations. Another important aspect of this is that crisis situations and related consequences require strict management of public organizations. So, in order to better respond to the government's handling of these crisis situations, strict management of public organizations is required. So perhaps if the management controls and effective management practices are not in place, the government's response to handling a crisis situation will be difficult.

So, it is important that effective public management be practiced. The management practices in public organizations should be effective in dealing with the issues of ensuring timely responsiveness, fairness, equity, and accountability. And for all these reasons, effective public management is required. And then there are heightened expectations from the citizens. Citizens want the government to perform at the highest level.

Because the benefits they are going to receive from the government will suffer if the government organizations do not function effectively and appropriately, So, it is important for the government to actively consider how to meet the expectations of the citizens by increasing the effectiveness and efficiency of its organizations and the functioning of the government itself. Another very important aspect of this is that when we talk about the global world and engage with other nations in terms of our interdependence with them, we are trading with them and participating in various international forums. Now, when our interdependence exists within the global economy, it requires efficient regulation and reliable administration of government functions. So, as a country, we do not want to come across as a nation that is not good at management practices in government sector organizations. Because we are portraying an image to other nations of what kind of government and government organizations exist in India and how efficient and effective they are, So, when we enter the global platform, we should not portray ourselves as a country that is not taking care of the effective operation of its public organizations.

Perhaps it is an important indicator for other national contexts to see which country contexts are performing well in terms of their public management operations in government and public organizations. And perhaps, in terms of learning best practices, there is no harm in learning from the other country's context regarding which public management model has worked well and succeeded in that organization. So that is also the reason why effective public management is very much needed in today's context. Then, the public administration intellectual apparatus was not sufficient to cater to the needs and problems of the 21st century, such as coordination and control issues. So, it requires a certain kind of reform to come into the picture to help organizations enhance their efficiency and effectiveness. Very, very important.

We'll talk about the reform of new public management from the perspective of whether private sector practices can be implemented in government sector organizations to increase their functioning, and NPM is one such reform that caters to this particular perspective of enhancing the effectiveness of public organizations. The other reason is that there are external pressures, not only from within the nation but also from outside of it. For example, we have the Sustainable Development Goals. United Nations, we have been part of another global forum. For example, the International Labour Organization is mentioned.

These are also the agencies that are putting some kind of pressure on the nation to do something for the betterment of the economy and the general public, right? So, these external forces and pressures are ideas that threaten the status quo of national welfare-state programs. For example, if you look at the International Labour Organization, the idea is that the standards of labor and the rules governing those standards are, you know, appropriate in terms of ensuring that they are beneficial for society. So, when this kind of pressure is present, the country context is making changes and trying to implement important changes in the rules, regulations, procedures, and laws, how will we address these problems and handle social issues like this? Look at the sustainable development goals in terms of providing quality education and access to decent work for people. All these challenges and issues require significant attention from the government to be addressed in depth. To handle all these kinds of situations, we need to start talking about effective public management.

So, these are some of the reasons why the effective management of public organizations is important. And there, it also requires that reforms be brought into context so that they can ensure how, going forward, the functioning of the government and public organizations can be further enhanced for the overall economic development and betterment of society. Now, if we actually don't do this—if we don't manage public management and public organizations effectively—what will the consequences be? As you mentioned, there are three important roles of managers, which I discussed in accordance with the article on the conception of public management by Professor Mark H. Moore. According to him, purpose, political authorization of actions, and operational capacity are very important managerial roles.

But if we do not integrate and if we do not practice effective public management, what will happen? Failure will result in the integration of purposes, political authorization, and operational capacity. Now, if we do not integrate these three important public manager roles, we will not achieve the public policies and programs that we have set for the general public, will we? So, the failure of integration will happen. Then, ineffective public management can also lead to outcomes that have little value and provide less satisfaction to beneficiaries. So, who are the beneficiaries of the public sector

organizations and government? We are talking about the citizens of the country. They are the ultimate beneficiaries of public policies and programs.

So, if the public programs and policies are not managed effectively, what will happen? It will not have much value. The benefits will not reach the ultimate beneficiaries. They will be less satisfied with the benefits, public policies, and programs. And what is most unfortunate in this situation is that it is going to portray an image of the government and public organizations as very negative in terms of being ineffective and inefficient in the minds of the citizens. So, it is important that effective public management practices are present in public organizations and, of course, in government organizations to take care of the interests of the general public.

Now, when we talk about the issues, challenges, and problems with the existing managerial practices of managing the organization, reforms have a special place in enhancing the performance of this organization because all these reforms, which have taken place over time, have kind of guaranteed or promised to enhance the functioning of these organizations. So one such reform that was very prominent in the 1980s was the New Public Management (NPM) reform. Major changes occurred in the management of public services during the 1980s. Now, what is NPM being discussed? New public management reforms involve various radical changes, such as privatization, contracting out services, bringing managerialism to public organizations as it has been practiced in private sector organizations, and implementing stronger performance management.

Now, New Public Management has proposed this kind of reform for public sector organizations to improve their functions. Now, this term was coined by Christopher Hood in 1991 in an article entitled "A Public Management for All Seasons." So this article is also mentioned on this slide. You can refer to this article. But I will also suggest reading the article by Ferlie (2017) that I mentioned. It is also a very interesting article because it actually tells you about the, Greater knowledge, you know, in depth about the concept of new public management, along with its advantages and disadvantages, is essential. Now, let's look into the details of what this new public management is all about. What are, you know, the core features—I would say—the doctrinal components of new public management proposed by Christopher Hood in 1991? The first of these core features is about hands-on professional management. Meaning, there should be active and visible discretionary control given to the top person in the organization, the identified person in the organization, who is free to manage the function of the organization and take responsibility for the actions of the organization and, of course, for the organization's performance. Why is it required to bring in this kind of hands-on professional management? Because the idea is that if there is a clear assignment of responsibility for actions, it will lead to accountability.

So, when accountability is present, there is a clear assignment of responsibility, and individuals are held accountable for their actions. So, it can lead to enhanced effectiveness and efficiency in organizations. And more specifically, we are talking about a public-sector organization. Then come the explicit standards for measures of performance. Meaning, we are talking about, you know, when we discuss the distinctive character of public sector organizations, we mention that the goals of public sector organizations are vaguer, more intangible, that there is a multiplicity of goals, and that their goals are in conflict.

The idea of this particular component, a core feature of NPM regarding standards of measurement and performance, is the clear definition of goals, targets, and indicators of success. Preferably expressed in quantifiable terms. Now, it serves two purposes. One reason is that accountability requires clearly stated goals. For example, somebody to whom you are giving accountability would want you to clarify the goals as much as possible because they are being held accountable for them.

They should be very clear about the goals they are required to achieve. Second, efficiency requires a very hard look at the objectives. It cannot be subjective; it should be very, very objective in terms of its measurements. We can't have a situation in which people are struggling to find out what they are supposed to do because it will create issues related to efficiency. The third core feature is a greater emphasis on output control, meaning, resource allocation, and rewards should be linked to performance. Now, the justification is that the stress should be on the results rather than on the procedures. We say that the ends justify the means. So, the focus is on the end. The performance will be evaluated based on the results that people have achieved, not on the basis of the procedures they used.

So, the focus is on the results. That is the core feature of the new public management reform. The next important feature is the shift to the disaggregation of units in the public sector. This means that breaking up the monolithic unit, a single unit, into various units in the corporate unit styles, and, of course, operating on the decentralized budgets and units should be arranged in such a way that they are very close to each other at arm's length so that they remain manageable. So, what are we creating? Manageable units, and of course trying to gain efficiency advantages from the use of contracts, is important. Inside and outside the public organizations. Then comes the shift to greater competition in the public sector. Encouragement of the practice of increasing competition in the public sector is essential. Moving to term contracts and public tendering procedures is justified if there is rivalry among public sector organizations; they will try to enhance the effectiveness and efficiency of their organizations to win the tenders. And it can actually lower costs and increase the standards of operation in the organization.

So, it is very important. Then there is stress on the management styles in the private sector. We talked about the concept of managerialism. Can the practices of the private sector also be applied to management? Public sector organizations. Now, what kind of practices are we talking about? We are talking about greater flexibility in hiring and rewards, setting the rewards, and designing them. Can we have this kind of flexibility in public sector organizations? What will it do? We will need to use or adopt proven private-sector tools for public management.

For example, we talked about how, in public sector organizations, we have less control, which means administrators feel that they have more constraints than their counterparts in private sector organizations when it comes to hiring. Setting the rewards or pay structures and deciding on the promotions of public sector employees are reasons why their behavior and attitudes are not aligned with the performance outcomes. In comparison to the private sector. So this particular stress on bringing in a private sector style of management, wherein we want to see greater flexibility in terms of human resource management processes, will lead to the enhancement of the efficiency and effectiveness of public organizations. Finally, the pursuit of efficiency means doing more with less.

According to this particular core feature, it discusses cutting direct costs, disciplining labor, raising labor discipline, and resisting the demands of the unions. We need to ensure and check what the resource demands are, and we have to do more with less, which is more about the efficiency aspect of performance, as we discussed previously in the other sessions. One of the important indicators of government organizations' performance, not only in government but also in the private sector, is efficiency, which makes one aware of significant performance criteria. But we're talking about how this particular core feature of NPM stresses doing more with less, as the output should be greater given the level of inputs we have, and we try to use it in such an optimal way that the outcomes are improved. You know, it's better to do more with less in terms of efficiency.

These are some of the features of the NPM proposed by Christopher Hood. But I am not saying that these features ultimately lead to the enhancement of the effectiveness of public organizations. There is a lot of criticism of the concept of New Public Management in public-sector organizations. There are researchers who argue that the overemphasis on managerialism in organizations can undermine the purpose of public sector organizations in achieving public policy objectives and programs. Now, this particular reform of new public management, though promising, looks effective in terms of enhancing the efficiency and effectiveness of the organization; however, it has also received a great deal of criticism.

And I suggest that the learners go through the articles and various contributions of the researchers to find out who the critics of this particular reform is. When we talk about another module on NPM related to collaborative governance in the subsequent weeks, we

will discuss in much greater detail the advantages and disadvantages of New Public Management. And what are the other reforms that came after New Public Management, and what are we discussing in terms of reforms to enhance the efficiency and effectiveness of public organizations? With this, we have reached the last section of this particular session, which is about comparative public management. Now, comparative public management shows that in different country contexts, the practice of management in public organizations largely varies due to the varying contexts of the countries.

The types of government are different. The structures, policies, and processes are very different and vary from one country to another. So, the practice of public management is diverse. Now, the idea is that whenever there is a proposal for new models of public management, this particular aspect should be taken into consideration. The context is very important in devising or proposing new models of public management because it largely influences the relationship between management and performance. In what kind of context, and within what kind of rules and regulations, is management's relationship to performance largely based on varying contexts? And there are multiple dimensions to this particular context, both external to the organization and internal to it.

Now, when we talk about the external aspects and dimensions of the context, we are discussing the political and general environments. So, the general environment consists of the social environment, the technological environment, and the political environment, all of which are part of the external environment. So, all these environment-related dimensions are actually going to define what kind of public management practices will be appropriate, depending on the context. And there are dimensions that are internal to the organization, such as goals, structures, hierarchies, processes, and professionalization. So, depending on that, how public management is going to be practiced will vary.

For example, if you look at the professionalization and talk about the labs, you are discussing the research institutions. For example, we talk about NASA and ISRO, two highly professional organizations that require a lot of expertise in understanding science. So, it is important to consider what kind of public management will be practiced in these organizations depending on the different contexts, isn't it? Because these organizations are to be guided by the norms of their professions, and you know the standard procedures of those professions, don't you? So, it is very important to consider how different contexts are taken into account while proposing and devising new models of public management and to see in what kinds of situations different types of models will be effective in enhancing the performance of organizations. So, with this, we conclude Module 1. The focus of the module, as I have mentioned before, was on enhancing the understanding of public management, including its meaning and scope, drawing the differences and similarities between public and private sector organizations, and discussing the relationship between public management and public organizations, as well as why effective public management is important.

Distinctive characteristics of public organizations conclude our discussion on NPM reforms and comparative public management. In the next session, we will build on the approaches from the different schools of management thought to enhance our understanding of management practices.