For over two decades a wave of public sector management reforms has swept through developed, transitional and developing countries. The role and institutional character of the state and of the public sector have been under pressure to be more market-oriented and private sector-oriented, initially in developed countries and later in some developing countries.

The article concentrates on New public management (NPM). The authors give a theoretical description and the key components of New public management, human resources management influenced by NPM.

As underlying and fundamental aim of the new public management reform program is to transform management of public organizations into a business-like management. NPM incorporates the importation of private sector management systems and techniques into the public services.

Seeking for the effectiveness of public institution’s activity the importance of human resources becomes especially evident, because it is not only the most important resource of public organizations, but also the most sensitive field, therefore when managing it, it is necessary to invoke modern prime methods and refer to the new human resource management scientific research results.

The main change trends of the HR system management in the public sector should be the following ones:

- The expansion of the employee development possibilities. The quality of the state institutions depends on the knowledge and qualifications of employees and the ability to use them.
- The stimulation of the workers independence and creativity. The greater freedom of activity should be given to the civil servants encouraging their unconventional behavior.
- The stimulation of good results and competitiveness. The greater orientation of workers to the final goal but not to the rules and procedures. The competitiveness enables to render the services of a better quality.
- The development and expansion of collaboration, communication and information exchange.
- The participating management style.

The paper is divided into three parts. The first part examines the conception of New public management. Human resources management in public sector is introduced in the second part. The research on the ability to adapt the main NPM principles at Lithuania’s municipalities is presented in the third part.

Keywords: public organizations, New public management, human resources management.

Introduction

Free-market economy raises new requirements for the public organizations management. New public management is trying to adopt the efficient business organizations management elements in public administration management.

The idea of the New public management has been the ability to use the business guidelines of the private sector realization that the government institutions should take over not only the business techniques but business values as well. Injection of market forces, commercial criteria and competition has been central to NPM-style reforms (Aucoin, 1990; Hood, 1995; Osborne, Gaebler, 1992; Pollitt et al. 1998, 1993).

The analysis of this topic has important implications on major current theoretical and practical issues, including these (Rainey, 1999):

- privatization of public services;
- allocation of functions and tasks among sectors;
- the nature of the sectors themselves;
- the dimensions that define the sectors, including their complex overlapping and blurring with the third and nonprofit sectors;
- administrative reforms and organizational change;
- and the theoretical and practical analysis of major administrative topics, such as organizational goals, structure, and individual motivation and work attitudes.

A review of the literature suggests that NPM is not a homogenous whole but rather it has several, sometimes overlapping, elements representing trends in public management reforms. Its components and features have been identified by a number of writers, including Hood (1991, 1995), Dunleavy, Hood (1994), Ferlie et al. (1996); Pollitt (1993, 1994); Osborne, Gaebler (1992).

Research object – the practise of New public management.

The objective of this paper is to disclose the theoretical and practical aspects of the main principles of New public management.

Research methods - the analysis of scientific literature, logical analysis, empirical research, conclusion formulation.
The conception of New public management

The idea of the New public management has been the ability to use the business guidelines of the private sector realization that the government institutions should take over not only the business techniques but business values as well.

For a long time the state service was accepted as something stable and unchangeable. But at present when the market globalization quickly expands and the economies rival in the situation of hyper-competition the need for the state service able to create benevolent conditions for the development of the economy and the capital attraction and the stimulation of the production growth rate arise.

The classic formulation of NPM (Hood, 1991) holds that it is comprised of seven doctrines:

1. A focus on hands-on and entrepreneurial management, as opposed to the traditional bureaucratic focus of public administration (Clarke and Newman, 1993).
2. Explicit standards and measures of performance (Osborne et al., 1995).
3. An emphasis on output controls (Boyne, 1999).
4. The importance of the disaggregation and decentralization of public services (Pollitt et al., 1998).
5. A shift to the promotion of competition in the provision of public services (Walsh, 1995).
7. The promotion of discipline and parsimony in resource allocation (Metcalfe and Richards, 1990).

To this formulation the eight doctrine – that of the separation of political decision-making from the direct management of public services can reasonably added (Stewart, 1996).

S. Sozen and I. Shaw (2002) have pointed out that the New public management is focused on three English “E” letters: economy, efficiency and effectiveness.

Public administration in the postmodern era has been vilified for being inflexible in performing its role as a regulator of private interests, as a builder of common good and as a social benefactor (Zajac, 1997; Box, 1999; DeLeon, Denhardt, 2000). However, protecting core public sector values of collective citizen deliberation and the public interest are equally important as feeding the demands of a market-oriented, customer-pleasing and self-globalizing public administration. Critics of the anti-government movement argue that if government were to function as a business, it would logically be forced to neglect many of the special purposes it was created to serve. For example, addressing chronic poverty or balancing legitimate commercial interests with consumer safety. This presents public administrators with a set of challenges quite different and more difficult than the satisfaction of customer desires (Wamsley, 1990; Mintzberg, 1996; Carnevale, 1995).

To fulfill this difficult and complex role, public managers turn to specific approaches practiced in the private sector, such as total quality management (TQM), business process reengineering (BPR), strategic management, benchmarking etc. (Rosenhoover, Kuhn, 1996; Holloway et al., 1999).

However, relatively little is known about the implementation of the abovementioned management techniques in public agencies and even less about their success. The amount of research devoted to e.g. strategic management, TQM, BPR, etc. in the public sector continues to lag significantly behind comparable studies of the private sector and is characterized by definitional inconsistencies, which demonstrate that the maturity and acceptance of these practices is far greater in the private sector.

The complexity of defining organizational performance in the context of public administration is widely recognized as one of the distinguishing features of public sector management (Boyne, 1996). Managers face multiple interest groups that place different obligations on many dimensions of public service performance (Carter et al., 1992, Boyne, 1996).

Public managers continue to try hard to enhance performance through the implementation of various modernization and change programs. The thrust of these changes or re-invention efforts varies with the organization, as does the vocabulary that describes it. Terms such as re-invention, re-organization, re-engineering, organizational change/success/excellence, are often used interchangeably to refer to projects that aim at improving the quality, efficiency, and effectiveness of public services (Osborne, Gaebler, 1992; Drucker, 1989; Frederickson, 1996; Durst, Newell, 1999).

The key components of NPM according to Larbi (1998) are pointed out in Table 1.

Human resources management in the public sector

During the last decade there has been a rapid emergence of interest in human resource management by making public services more “business-like” (Blyton, Turnbull, 1992; Storey, 1992; Legge, 1995).

Whatever the specific constraints and motives are, it appears that fundamental changes in public sector HRM have occurred (Boyne et al., 1999). First, the conventional pattern of “paternal management” has given way to “rational management”. According to Farnham and Horton, a rational style of HRM “is driven by the demands of those leading public organizations for effective job performance, high quality of output, service to customers and value for money “(1996).

The emphasis on customer needs and financial performance has resulted in the devolution of power to line managers rather than personnel specialists, which in turn has reduced the priority given to issues such as equal opportunities and staff training.

A second change in public sector HRM is that uniform and standardized employment practices have been replaced by flexibility and differentiation. Public services no longer offer a guarantee of a “job-for-life”, pay which is determined by grade in the hierarchy, or promotion based on seniority. Instead, many workers are offered part-time or temporary contracts, and the salary and career prospects of staff are linked to line managers’ perceptions of their
performance. The growth of flexibility is reflected in a number of areas. In local government, some councils have “opted out” of national pay bargaining (Bryson et al., 1993). Furthermore, the widespread imposition of competitive tendering on local councils has resulted in many short-term employment contracts in Direct Service Organizations, because there is no guarantee that a service contract will be retained when retendering takes place. Flynn (1994) argues that this has resulted in an unwillingness to invest in staff training.

Table 1

The key components of new public management

<table>
<thead>
<tr>
<th>NPM component</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>hands-on professional management in the public sector</td>
<td>active, visible, discretionary control of organizations from named persons at the top, “free to manage”.</td>
</tr>
<tr>
<td>explicit standards and measures of performance</td>
<td>definition of goals, targets, indicators of success, preferably expressed in quantitative terms and to which managers would be required to work</td>
</tr>
<tr>
<td>capping or hard budgets</td>
<td>make budgets more transparent in accounting terms with costs attributed to outputs rather than inputs - output-oriented budgeting</td>
</tr>
<tr>
<td>greater emphasis on output controls</td>
<td>resource allocation and rewards linked to measured performance; break up of centralized bureaucracy-wide personnel management; performance agreements</td>
</tr>
<tr>
<td>emphasis on greater discipline and parsimony in resource use</td>
<td>cut direct costs, raise labour discipline, resist union demands, limit “compliance costs” to business, downsize</td>
</tr>
<tr>
<td>new forms of corporate governance</td>
<td>move to board of directors model; shift power to the strategic apex of the organization</td>
</tr>
<tr>
<td>shift to disaggregation of units in the public sector</td>
<td>break up formerly “monolithic” traditional bureaucracies into corporatized units or separate agencies operating on decentralized “on-line” budgets and relating with one another and with the centre on an “arms’-length” basis</td>
</tr>
<tr>
<td>decentralizing management authority</td>
<td>replace traditional “tall hierarchies” with flatter structures formed and reformed around specific processes (e.g., issuing licenses) rather than traditional functions (e.g., personnel, finance)</td>
</tr>
<tr>
<td>organizational development and learning; explicit attempt to secure cultural change</td>
<td>radical decentralization with performance judged by results; explicit attempts to manage cultural change combining top-down and bottom-up processes, use of mission statements and more assertive and strategic human resource function</td>
</tr>
<tr>
<td>purchaser/provider split</td>
<td>clear separation (organizational and financial) between defining the need for and paying for public services, and actually providing those services</td>
</tr>
<tr>
<td>shift to greater competition in the public sector market and quasi-market type mechanisms</td>
<td>move to contracting and public tendering procedures to stimulate competition between service-providing agencies</td>
</tr>
<tr>
<td>stress on private sector styles of management practice</td>
<td>move away from military style “public service ethic”; greater flexibility in hiring and rewards; greater use of public relations techniques</td>
</tr>
<tr>
<td>customer orientation; emphasis on quality</td>
<td>make public services more responsive to the wishes of their users</td>
</tr>
<tr>
<td>changing employment relations</td>
<td>put increasing number of public service staff on contracts that are term-limited (not permanent), performance-related and locally rather than nationally determined</td>
</tr>
</tbody>
</table>

Thirdly, there has been a move from collectivism to individualism in industrial relations, particularly for managerial staff. Bailey (1994) argues that “perhaps the most dramatic change in the public sector over the last decade has been the redefinition of the concept of equity, from one based on notions of “the going rate” and a “rate for the job”, to one based on lab our market and individual performance criteria”. This is exemplified in the reduced role of trades unions in negotiations on employment conditions (Colling, Ferner, 1995) and the introduction of performance pay in some parts of the public sector (Cutler, Waine, 1994).

Finally, public organizations have lost their status as “model employers” - they were redefined as laggards in their approach to HRM. The traditional pattern of HRM in the public sector is, by assumption, a barrier to better organizational performance. As Farnham and Horton (1996) argue, public organizations “are no longer the
model for private sector employers to follow. From being leaders of people management policy and practice, the public services have become followers of what is perceived to be the best practice in the private sector”.

HR system of public institutions has several essential problems that have the greatest influence on the readily expressed criticism concerning the shortcomings of the public sector. The most important of them are as follows: the lack of the motivation to strive for the results, the status of the civil servant, the lack of the possibilities to develop and raise the qualification, imperfect systems of the promotion and payment for the job, automatic career promotion, and the personnel selection system that should be reformed.

The pursuit to create the effective state service and to successfully fulfill the reform of public administration the system of the human resources should be further developed in series enabling to successfully implement the goals and priorities of the state management.

The philosophy of the development of HR system defining the values and principles with the help of which the institutions will implement their aims should be created. The mission of the state institutions is the realization of the legal norms in the state administrating the anticipated public functions.

The concept of HR system management should be prepared paying attention to the objectives of the public administration reform, the general requirements for the public service, the purpose and mission of the state institutions and the nature of their activity, personnel politics and management principles.

Every novelty requires HR system and those who can implement it. The reform of public administration is the reform of the mentality of civil servants.

The following tasks are raised to the state institutions from the point of view of public administration:

- To estimate the position of state institutions in the state administration structure.
- To estimate the work trends, principles and means.
- To make due changes of the organizational structure, striving for the closer relationship of the subsystems of public administration.
- To cooperate the efforts of public administration institutions and the professional specialists for the implementation of the public administration reform.

The case study of Lithuania’s municipalities

The object of the research is municipalities of Lithuanian cities and districts. The research work entirely focuses on council workers; both civil servants and employees working under employment contracts.

Questionnaire is the method of the research. The research questionnaire is formed following the recommendations made by foreign and Lithuanian scientists (Bitinas, 1998; Leedy, 1989; Kardelis, 2002; Tidikis, 2003). While carrying out the survey, 222 respondents out of 10 municipalities were asked to fill in the forms. The research was carried out in the period from March to June 2007.

The questionnaire consists of 86 close-type interrogative questions, which are put into 3 sections. In Section 1 an attempt is made to diagnose the attitude of the respondents towards the practice of public sector institutions. The given statements reflect diagnostic features of both Traditional (bureaucratic) and New Public management. The approval of statements 1,2,3,7,8,12 reflects NPM, while the approval of statements 4,5,6,9,11 - the traditional approach.

The aim of Section 2 is to find out what is the present and what is the desirable situation of the work regulations and the requirements the council workers have to meet. The approval of statements 5-14 reflects NPM, while the approval of statements 1-4 and 15 indicates the orientation to the features of the traditional management.

The purpose of Section 3 is to find out the present and the desirable human resource management policies in the municipalities by identifying the main aspects of the research including Personnel Strategy, Personnel planning, Personnel Selection, Personnel Adaptability, Personnel Evaluation, Career Organization, Education and Development, Payment and Motivation, the level of Self-government.

This article provides the data about the respondents and analyses the results of the main answers to the questions of Section 2. The distribution of respondents by municipalities is presented in Table 2.

Table 2

<table>
<thead>
<tr>
<th>Municipalities</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaunas city</td>
<td>60</td>
</tr>
<tr>
<td>Kaunas district</td>
<td>23</td>
</tr>
<tr>
<td>Neringa</td>
<td>17</td>
</tr>
<tr>
<td>Kedainiai</td>
<td>23</td>
</tr>
<tr>
<td>Ignalina</td>
<td>14</td>
</tr>
<tr>
<td>Jonava</td>
<td>17</td>
</tr>
<tr>
<td>Marijampole</td>
<td>26</td>
</tr>
<tr>
<td>Rietavas</td>
<td>10</td>
</tr>
<tr>
<td>Klaipeda</td>
<td>17</td>
</tr>
<tr>
<td>Utena</td>
<td>15</td>
</tr>
<tr>
<td>total</td>
<td>222</td>
</tr>
</tbody>
</table>

The distribution of the respondents by status is given in Figure 1.

Characteristic features of the Traditional (bureaucratic) Management are applied to the work regulations of council workers.
Figure 2. Features of Traditional Management

They include strict practice regulation, strict duty hierarchy and priority for work process over results. This is illustrated in Figure 2. 72% of the respondents claim that the employees’ practice is strictly regulated by laws and rules.

Figure 3 illustrates the results of the questions about the NPM requirements which the employees have to meet and the necessity of their application.

Figure 3. NPM requirements

According to the respondents the main requirements are strong personal responsibility (204), valuation due to the results (195), stimulation of initiative (184) and big freedom of action (169).

Conclusions

The essence of the new public management is to use the business provisions of the private sector in the public sector reducing the bureaucracy and striving for the greater effectiveness and turning to the market and the clients’ needs.

Despite the fact that the public sector is defined as a rather stable, secure structure with little if any external influence, the changing social, economic and political situation expands the scope of the qualification requirements for the state employees. These requirements stress the importance of the professionalism of human resources (HR), encourage and motivate the employees to intensively strive for the new knowledge and corresponding skills, to acquire more various abilities and competences, to effectively plan one’s activity, to be able to work individually, to act qualitatively in some special surroundings, corresponding the changes of that time and to think strategically.

The HR system in the public sector is closely related with the creation of the new quality because its goals are to create the modern and rational system of the state management. But at present there is no suitable correspondence of public management with the priorities of the long-term development and the ways of their implementation and the means in the sphere of human resources’ development.

The research at Lithuania’s municipalities showed that characteristic features of the Traditional (bureaucratic) management are applied to the work regulations of council workers. Respondents mentioned a strict practice regulation, strict duty hierarchy and priority for work process over results. 72% of the respondents claim that the employees’ practice is strictly regulated by laws and rules.

According to the respondents, the desirable situation of the work regulations and the NPM requirements the council workers have to meet are strong personal responsibility (204), valuation due to the results (195), stimulation of initiative (184) and big freedom of action (169).

References

Naujoji viešojo vadyba: teorinis ir praktinis aspektai

Santrauka


Naujosios viešosios vadybos šaliniu sektoriaus praktikoje viešas ir priklausomai nuo teikimo, tiek ir praktiniu aspektai, nes veikia ir šių tyrimų kryptis pagrindiniai teisių ir įmonių veiklos vaga į ir suvokti. Daugybė autorių raiškai sprendžia uždavinius naujosios viešosios vadybos praktikoje, pastebėja, kad viešosios vadybos aspektai, ţmogiškųjų išteklių vadyba, gamybos augimas, kapitalo institucijos veikla ir kredito poreikis veikia viešosios vadybos srityje. Naujosios viešosios vadybos principai yra ne vien tiek teoriniu, bet ir praktiniu atžvilgiu. Tai teigiama daugybė autorių: Pollitt ir Harrow, 1992; Metcalfe ir Richards, 1990 ir kt.

Tyrimo objektas – Naujosios viešosios vadybos praktika.

Tyrimo tikslas – atskleisti teorinių ir praktinių naujosios viešosios vadybos pagrindinių principų aspektų tyrimo metodai – mokslinės literatūros analizė, loginė analizė, empirinių tyrimų, įvairių formulavimų, verslo ir viešosios organizacijų, veikiančios įpažinimą į aplinkoje, būdingu tiems viešosios vadybos srityms. Jų analizei svarbi tiek teorinių, tiek praktinių aspektų, nes veikia ir šių tyrimų kryptis (Rainey, 1999):

- Viešųjų paslaugų privatizavimas;
- Pačių sektorių priimtis;
- Užduočių ir funkcijų padidinimas tarp sektorių;
- Pagrindinio sektoriaus persidengimo ir susiliejimo aspektai;
- Administracinių reformos ir organizacinių pokyčių;
- Pagrindinių vadybos klausimų - organizacijos tikslai, struktūra, požiūris į darbą, motyvacija - analizė.

Rinkos ekonomika kelia naujų reikalavimų viešųjų organizacijų vadybai. Naujosios viešosios vadybos esme – viešajame sektoriaus tiekti privatus sektoriaus verslo nuostatas, mažinant biurokratizmą, siekti didesno efektyvumo ir nuostatos ir įtakos rinkos bei vartotojų poreikius. Pagal klasikinę NVV formulą ji remiasi įvairios pagrindiniais teiginiais:

1. Antrepreneriškas vadybos, kaip priešingybė tradiciniam biurokratiniam administravimui (Clarke ir Newman 1993);
2. Aiškūs veiklos rodikliai ir standartai (Osborne et al. 1995);
3. Orientavimasis į rezultatų kontrolę (Boyne 1999);
4. Viešųjų paslaugų agregavimas ir decentralizacijos svarba (Pollitt et al. 1998);
5. Konkurencijos teikiant viešiasios paslaugos skatimas (Walsh 1995);
6. Orientacija į privataus verslo vadybos principus (Wilcox ir Harrow 1992);
Pagrindinėmis ŢI valdymo pokyčių kryptimis viešajame sektoriuje siekiant didesnio efektyvumo (ekonomiškumo, efektyvumo, našumo).

Darbuotojų ugdymo galimybių plėtra; 
Darbuotojų savarankiškumo ir iniciatyvumo skatinimas; 
Konkursergavimų ir geres galutinių rezultatų skatinimas; 
Komunikacijos, pasiūkino informacija, bendradarbiavimo plokš;
Dalyvavimą pagrįstos vadovavimo stiliaus taikymas.


Tiriamojo visuma – savivaldybių darbuotojai – valstybės tarnautojai, valstybės politikai ir dirbantys pagal darbo sutartis. Anketos tiriamojo dalis sudaryta iš 86 klausimų, kurie sujungti į 3 blokus.

Pirmajame blokėje vizualiai parodyta Naujosios viešosios vadybos diagnostikos metodas.