
NEW PUBLIC MANAGEMENT AND ETHICS

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Abstract

New Public Management (NPM) is a business-oriented approach to public administration that has existed for many years. While there are mixed opinions on NPM's level of effectiveness, I believe that the more pressing question is if it is ethical. This paper seeks to answer said question by utilizing Terry Cooper's insights on ethics. By discussing various matters and providing multiple illustrations, such as NPM's relationship to privatization, contracting out, elites, and everyday citizens, this work concludes that NPM is not an ethical methodology to public administration.

Keywords: New Public Management (NPM), Ethics, Privatization, Contracting Out, Elites

1. Introduction

The managerial approach in public administration presupposes that social, political, and economic problems can be resolved through management. This paper will critically analyze the proposition that New Public Management (NPM) is inherently ethical in respect to applying scientific processes to social, political, and economic problems. More specifically, this paper will identify NPM via multiple scholars, utilize Terry Cooper's thoughts on ethics, and display how NPM is not inherently ethical. Cooper's insights on ethics are being used because he is notable in this field. I will be using real-world examples to advance my points because this is a superior way to enhance an assertion.

2. New Public Management

Multiple scholars have offered insights on NPM. Since many scholars presented concepts related to NPM as opposed to a precise definition, I will begin with experts who defined NPM and then discuss scholars who articulated major NPM concepts. Dong (2015) defined NPM as an approach to public administration which believes that there is no essential difference between the management of the public and private sectors, and applies business techniques to the public sector, with the common direction of these efforts being to construct an administrative science (p. 47). Meier and O'Toole (2006)

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defined NPM as a managerial method used in the public sector which taps into market forces to encourage greater attention to the production of services by allowing public sector managers to perform their job efficiently, while treating citizens like customers (p. 11). Zia and Khan (2014) defined NPM as a managerial approach that mirrored the private sector, assuming that this style would equate to strong efficiency in the public sector (p. 433).

Hood (1991) identified concepts associated with NPM, including a movement towards privatization and away from core government institutions, the slow down or reversal of government growth, a more international agenda focused on public management, and the development of automation in information technology to expedite the distribution of public services (p. 3). Hood (1991) and Zia and Khan (2014) felt that NPM is likely a self-serving movement developed by and to promote the interests of the elites (p. 9; p. 437). Kettl (2005) believed that NPM was built on the concepts of marketization or contracting out of public services, governmental productivity, service orientation, decentralization, and accountability (p. 2). Lynn (2006) saw NPM as focusing on outsourcing, efficiency, and customer service satisfaction (p. 107). Rhodes (1996) felt that NPM was predicated on the privatization of governmental services that limited input and the capacity of legislation, while promoting superior governance of markets, resources, and fiscal allocations. Spicer (2001) viewed NPM as involving contrasting out, eliminating 'red tape,' holding administrators accountable for measuring results, and empowering employees (p. 4). Riccucci (2010) noted that NPM utilizes private sector management tools in the public sector, such as contracting out and running the government more akin to a business (p. 38). Savas (2000) stated that NPM applies the concepts of contracting out, service delivery, market incentives, and deregulation (p. 318). Gruening (2001) felt that NPM encompassed contracting out, privatization, decentralization, budgeting, and the streamlining of administrative structures (p. 2). Denhardt and Denhardt (2011) asserted that NPM encompasses achieving policy objectives through private and nonprofit agencies via contrasting out and decentralizing public organizations from the government (p. 27-28). Kearney and Mareschal (2014) identified NPM as an approach to improve the governmental performance via privatization, managerialism, and decentralization (p. 202). Hughes (1998) believed that NPM displays a trend toward the marketization of the public sector, often under privatization or contrasting out (p. 19). Thompson (2003) felt that NPM involves contracting out, governmental decentralization, information technology, and a balanced budgeting (p. 334).

3. Ethics

Cooper has written extensively about ethics. Cooper's (2006) book *The Responsible Administrator* provided multiple frameworks for ethical behavior from the micro to the macro levels, in respect to public administration theory, business, and even everyday life dilemmas. Given that Cooper presented so many insights on ethics on numerous levels,

it is my opinion that the best way to answer this question is to identify the key ethical tenets that Cooper advocated, and relate them to aspects of NPM.

Cooper (2006, 2004) noted that ethics "considers what is meant by principles such as justice, veracity, or the public interest, their implications for conduct in particular situations" and called the public interest the most widely recognized touchstone for public administration ethics, just prior to offering his identification of it via the question, "are you acting on behalf of the broad shared interests or limited particular ones?" (p. 2; p. 399). Cooper saw championing the public interest as key to ethics, and he believed that public interest equates to a methodology or administrator acting for the broad shared interests.

Cooper (1987) felt that justice would be the central internal good which follows from public interest and referred justice as a "fairminded orientation" (p. 325). Given this and that Cooper (2006) often associated justice with fairness, it follows that Cooper believed that justice equates to being fair and equitable to all parties.

Cooper's final tenet is a critical analysis of the situation. Cooper (2006) noted, "ethics takes what is given or prescribed and asks what is meant and why. So ethics as related to conduct is critical reflection on morality toward grounding moral conduct in systematic reflection and reasoning" (p. 2). Cooper (1987) stated that once ethical principles and virtues are identified, one should use their analytical techniques to interpret these principles (p. 321). My interpretation of Cooper's diction is that subsequent to evaluating if an action acts for the public interest and upholds justice, an administrator should conduct a concentrated and critical analysis of a prospective decision. This analysis may include alternatives, such as NPM, and administrators should make a choice which supports the public interest and justice.

4. Insights of Scholars on NPM and Ethics

There were multiple scholars who directly or indirectly addressed the issue of if NPM aligns with ethics. Hood and Jackson (1991) suggested that NPM downplays public service or social responsibility due to the bottom line goals that it fosters (p. 117). Jespersen and Greve (1999) believed that NPM threatens "traditional values like equity, due process and general public interest" (p. 146). Zia and Khan (2014) noted that NPM is criticized for "eroding the traditionally respected values and ethics of civil servants, such as fairness and equity" (p. 436). Box (1999) suggested that the concerns regarding social injustice and fairness of governmental action are warranted in regards to a business approach to government because this model may result in the loss of citizen self-determination in the creation of public policy (p. 19).

5. Business/NPM Ethics

The underlining concept behind NPM, as noted in my discussion from scholars and directly stated by Box (1999), is "running government like a business" (p. 19). This

concept does not lend itself to ethical behavior, and there are examples from the business sector that strengthen this point. In 2016, the Consumer Financial Protection Bureau discovered that Wells Fargo illegally opened over two million unauthorized banking accounts without the knowledge or consent of its customers and Enron and Lehman Brothers declared bankruptcy in 2001 and 2008 respectively for creatively planned financial frauds or extreme deceptive ethical practices, with Lehman Brothers removing \$50 billion in commitments from its balance sheet in 2008 (Veetikazhi, & Krishnan, 2019, p. 90; Li, 2010, p. 37; Azadinamin, 2013, p. 6).

6. Contrasting Out and Privatization

Contracting out and privatization are main tenets in NPM. Contracting out and privatization are often executed to alleviate public sector economic problems by prospectively lowering the overall cost of an enterprise, and social or even political problems may be addressed depending on what is being contracted out or privatized. I will now provide examples and address if each upheld Coopers ethical tenets.

Bozeman (2007) noted that CH2M Hill in Sandy Springs was hired to provide services traditionally offered by the public sector in the 2000s. CH2M Hill almost completely ignored Sandy Springs' homeless population in its efforts, as poverty was deemed to be a non-priority (p. 41-43). CH2M Hill did not uphold the public interest because homeless people are part of the general public and they would have been pleased if Sandy Springs' local governance assisted them during challenging times. CH2M Hill also failed to champion justice because it was unfair to focus on select areas, such as Sandy Springs' turf wars, and disregard the destitute population. Sandy Springs' administrators did not critically or holistically analyze their choice to contract out via CH2M Hill because if they had done so, they would have accounted for the homeless population and executed a more suitable plan to assist all residents.

Bozeman (2007) articulated that the United States contracted out services for the Iraq War in the 2000s. Bozeman stated that a serious issue via the privatization of military services is the loss of transparency and public accountability, which is underscored by multiple contract abuse cases and in that private contractors had the same duties as soldiers, but severely lacked the training of the armed forces (p. 30-31). Since safety is a fundamental need, such contracting did not uphold the public interest and was unjust to all individuals. I believe this glaring ethical shortcoming showcases a lack of critical analysis.

Savas (2000) pointed out that private proprietary programs in New York offering training to prospective beauticians, truck drivers, and other vocations, were often accused of flagrant abuses. These institutions were charged with enrolling students who were incapable of completing the program and failing to assist them in finding a position upon graduation. Administrators at such institutions did not consider the public interest of the actual students that they were enrolling because their chances of completing the program were tenuous, and even if they graduated, they received no help via job

placement (p. 274). There is also little justice for the students that enrolled in these programs because they were investing their time, energy, and capital into advancing their education and livelihood, while administrators knew that it would be difficult for them to complete these tasks. Since I believe the goal of educational administrators should be to create an environment for student success, these institutions did not critically analyze their administrative plans.

Walters (2000) described a case in Miami where Work and Gain Economic Self-sufficiency (WAGES) Board, a public-private partnership that oversees the implementation of welfare reform, worked on said programs in the 1990's. WAGES failed to make even a minor impact on case loads, resulting in the government handing the program over to a community college (p. 35). People in need of welfare are generally struggling and considering that WAGES barely assisted these individuals, this partnership did not advance their public interest. WAGES' actions also lacked justice because its job was to help welfare applicants, and failing to do so constitutes as unfair treatment. Finally, Miami administrators did not critically analyze the situation because WAGES failed to assist people in dire need.

7. Universal Utilization

Universal utilization refers to the ability for a method to be effective universally or in all regions. NPM's utilization in any region may alter economic, social, or political issues.

Scholars have pointed out that NPM is highly ineffective in underdeveloped nations. Kettl (2005) noted that in order for NPM to stand a chance at being effective, the region in which it is executed must harbor a good governance and functioning financial and social system (p. 69). Hughes (1998) believed that NPM is ineffective in developing countries because they have little experience in the operation of markets, lack suitable administrative capacity, are often corrupt, and harbor tenuous governmental systems (219-223). Savas (2000) felt that the government must be able to monitor a contractor's performance, which is often not the case in underdeveloped countries (p. 75).

Per examples to strengthen this point, Samaratunge, Alam, and Teicher (2008) discussed NPM reforms in Bangladesh in the 1990s, such as contracting-out, privatization, and prospective financial efficiency. The results of NPM were very alarming, as dozens of senior public servants were arrested, corruption and bribery were prevalent, and there was almost no accountability in Bangladesh's governmental system (p. 38-40). Sri Lanka implemented similar NPM tenets in the 1980s, which resulted in labor unions resisting fixed-term employment contracts and privatization displayed very little success due to inadequate institutional arrangements to enforce financial transactions and minimal safety nets for employees (p. 35-37).

In contrast, NPM has been successful in certain areas in developed regions, such as the UK and New Zealand. Lynn (2006) and Pollitt and Bouchaert (2000) noted that the Next Step agency that started in 1988 in the UK under NPM was a boon to this region and

Dong (2015) pointed out that NPM implementations in the UK in 1986 led to a marginal increase in economic growth (p. 103). Goldfinch (1998) presented positive NPM results in New Zealand, such as enhanced efficiency and financial surpluses in the 1990s.

Under Cooper's tenets, NPM is not acting on behalf of the broad shared interest, as it is my opinion that said interest would be for all areas of the world to potentially achieve under any presented methodology. As showcased, NPM is a methodology that generally only stands a chance of success in developed countries, and it will likely fail in underdeveloped countries. This clearly shows a lack of justice amongst municipalities, and this aspect of the critical analysis of NPM may not have been heavily taken into account.

8. Elites

Recall that Hood (1991) and Zia and Khan (2014) stated that NPM may equate to the elites controlling how society is governed (p. 9; p. 437). Mosher (1968) identified elitism as the elites being a small group in any society which harbors differentiation from other members and possess critical power regarding the decisions that are made for society (p. 19-21).

Scholars have discussed the relationship between elite influence and ethics. McFarland (1987) pointed out that plural elitism "leads to a politics of particular elites controlling their own turf, and trading the divisible benefits amongst themselves to maintain the power base of each" (p. 134). Pokharel (2019) felt that elites are unified with intense power, while non-elites are diverged and powerless (p. 173). Farzmand (1999) suggested that organizational elites may be influenced by government or society elites to carry out their will in additional sectors, implying that their power extends into multiple arenas (p. 325). Baumgartner and Jones (2009) believed that "many areas of the American political and economic system appear to provide continuing benefits to the same group of privileged elites, with few signs of change" (p. 3). Cooper (1987) called justice, as associated with ethics, a key principle of a democratic society, while Mosher (1968) deemed "one of the greatest problems of American democracy is the nature of the membership, the control, and the coordination of these multifarious elites" (p. 325; p. 21). Considering that this all strongly suggests that the elites affect economic, social, political, and virtually any area, it is unsurprising that Box (1998) believed that elites are powerful and people should be wary of government by elites (p. 11).

Per an example, Ogy (2000) noted that there were substantial issues regarding waste collection in Benin City as a result of contracting said services in the 1990s. The major problems included that the private operators simply withdrew their services due to a rise in operational costs and service charges scarcely kept pace with the cost of service provision. The case stated that contracting such services out was strongly influenced by the will of the elites (p. 114).

McFarland's (1987) quote and the Benin City illustration best showcase that elitism does not advocate for the public interest or justice, as it very much favors the limited desires of elites. A critical analysis was not put into the execution of elitism because it does not take into account the will of all individuals, just those of the elites.

9. NPM Scientific Processes

NPM's scientific processes are severely flawed. NPM being ill-defined, inconsistency via the merging of the private and public sectors, and scholars' feedback about how NPM is even quantified strengthen this insight. All of this relates to prospective social, political, and economic problems because quantifying if a management style is successful is key to discerning if it will be continually used. This all ultimately connects to ethics.

Hood (1991) noted that NPM is "ill-defined" and just "manager speak," Bozeman (2007) called NPM "more of a catchphrase" for management reform, Pollitt and Bouchaert (2000) felt that NPM is a "bundle of desperate elements," Zia and Khan (2014) noted that NPM is just "an umbrella term," and Meier and O'Toole (2006) referred to NPM as "so-called NPM," suggesting that they were unsure about what this style involved (p. 4, p. 9; p. 76; p. 174; p. 434; p. 141). Hughes (1998) articulated five different names for NPM, such as "entrepreneurial government" and a "post-bureaucratic program," and when a concept has that many names, it is often ill-defined (p. 52). Riccucci (2010) summed this up via her assertion that NPM "lacks a consensus over its boundaries or identity" (p. 38). If administrators do not even know what NPM is, it will obviously be challenging to measure.

NPM uses private sector methods to attempt to measure the output of the public sector, but scholars have noted serious issues with evaluating results in this fashion. Allison (2004) and Denhardt and Grubbs (2003) all pointed out that the private and public sector are a stark contrast, as the main goal in the private sector is to earn a profit, while the goals in the public sector often vary and are much more nuanced (p. 290; p. 401) Drechsler (2020) additionally noted that a major flaw of NPM is that private sector principles were transferred to the public sector without accounting for their fundamental differences (p. 220).

NPM's lack of clarity and the glaring disconnect between private sector values being transferred to the public sector are major reasons that NPM is not scientific, and many scholars have identified this serious issue. Kettl (2005) described the goals of American NPM reform as "fuzzy" and Hughes (1998) felt that NPM harbored "unclear specifications" (p. 40; p. 77). Pollitt and Bouhaert (2000) stated that different measures of performance via NPM are used in various countries, thus not making their measurements uniform. Moreover, Pollitt and Bouhaert (2000) suggested that the performance measures of NPM are often crafted by administrators, the very same administrators who either mandate or are in charge of any enterprise using NPM (p. 87). Performance measures of NPM are what administrators need or want them to be to

showcase that they have made progress in achieving their goal, and thus they are not scientific.

Recalling Bozeman's (2007) Sandy Springs illustration, CH2M Hill program director Hirsekorn lauded the NPM utilized in this scenario by saying that CH2M Hill reduced the likelihood of minor turf wars. This is one prospective measurement, and Hirekorn's failing to acknowledge the glaring homeless issue exemplified the point that a lack of measurement means that an administrator can praise NPM based on whatever criteria they see fit.

Recalling Savas' (2000) proprietary educational programs illustration, from a NPM standpoint, the institutions were successful in that they increased enrollment and profits via tuition payments. However, said institutions were enrolling students who were incapable of doing well in the program, many dropped out, and these institutions did not assist the students that actually managed to graduate to garner employment (p. 274). An administrator at any of these schools could omit these issues to make it seem as if NPM was a success.

This complete lack of scientific measurements displays the most glaring prospective breach in ethics per Cooper's insights. Having no concrete scientific measurements means that administrators executing NPM can actually work on behalf of a limited few, and ultimately present their results to the public as if they was acting on behalf of the board shared interest, because they can showcase even a very slight glimmer of success in the enterprise, while minimizing or even concealing monumental failures. Evidence of this was shown via Bozeman and Savas' cases. This clearly does not harbor justice to the general public because it allows for extreme deception. Any administrator who acts in such an unscrupulous fashion has not done a critical analysis on NPM, lacks good judgment, and can be seen as unethical.

10. Critical Evaluation and Conclusion

My critical evaluation on NPM granted insight into Cooper's (2006) thoughts that "ethics takes what is given or prescribed and asks what is meant and why. So ethics as related to conduct is critical reflection on morality toward grounding moral conduct in systematic reflection and reasoning" (p. 2). What was prescribed to administrators years ago was NPM and why it was offered was to allegedly improve general government efficiency, but certain scholars, such as Hood, have asserted that it was actually prescribed by and for the elites. What was meant by NPM was a management style that may appear suitable upon a very brief first glance, but a critical reflection actually reveals an inherently unethical methodology.

This paper serves as my "critical reflection" toward the lack of ethics associated with NPM. Under every section and case study, the takeaway was that NPM is not inherently ethical and my "systematic reflection and reasons" were offered. My recommendation

for NPM is that administrators should reject it, instead implementing a style which upholds all of the tenets of ethics articulated by Cooper and other scholars.

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