



New public management in developing countries

An analysis of success and failure with particular reference to Singapore and Bangladesh

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Abstract

Purpose – The purpose of this paper is to explore and analyse the factors influencing the relative success and failure of new public management (NPM) initiatives in the developing world, with particular reference to Singapore and Bangladesh.

Design/methodology/approach – Secondary materials have been extensively used, interpreted and reinterpreted to substantiate the arguments. The analysis has been confined to two countries. However, the experiences of NPM initiatives of other countries have also been analysed to strengthen the arguments.

Findings – There are some critical factors such as the advanced level of economic development, the existence of a formal market economy, the rule of law, the advanced level of administrative infrastructure and state efficiency for the success of NPM-oriented reforms. To a large extent, Singapore fulfills these conditions. Bangladesh is lagging behind these conditions, and has achieved very little in NPM initiatives. The findings also indicate that there is still a greater role of the state in socio-economic transformation in general and implementation of market-oriented reforms in particular.

Practical implications – The Singapore case offers ample lessons for low-income developing countries such as Bangladesh who are struggling with their administrative reforms.

Originality/value – The value of the paper lies in clearly delineating the factors of success and failure and relating these to concrete cases on a comparative basis. More importantly, analyses of the Bangladesh case could be of immense value to state decision makers of Bangladesh and countries with similar socio-economic and political standings.

Keywords Public administration, Developing countries, Singapore, Bangladesh

Paper type Case study

Introduction

Over the last two decades, public management has undergone substantial changes in both developed and developing countries. The modern administrative system came into existence in the nineteenth century. Until the 1960s, the interventionist character of the government was quite evident in production, provision and regulatory activities. The features of this interventionist state were clearly set out by Max Weber with strong echoes from other scholars. Policy-administration dichotomy, rule-based administration, meritocracy, career system, impersonality, division of labour and hierarchy are the essential characteristics of the system (Peters, 1996). The contributions of the old system were enormous. However, since the 1970s, the old administrative model has come under severe criticisms for various reasons. This has



given rise to the emergence of the new public management (NPM) model. Common (1998) and Minogue (1998) observe that fiscal crises of governments, poor performance of the public sector in different arenas, imperious bureaucracy, lack of accountability, corruption, changes of people's expectations and the emergence of better alternative forms of service delivery have contributed to the emergence of the NPM model. Whatever the reasons of its emergence are, the new model promises a leaner and better government, decentralisation, empowerment, customer satisfaction and better mechanisms of public accountability. A consensus has now emerged, signifying the partnership between the state, the private sector and civil society organisations in different activities. The objective is to relieve the government of over-burdens and engage others who are more efficient in producing goods and services and providing them to the people.

Over the last two decades, many developed countries have implemented the NPM model. Following the paths blazed by developed countries and the pressures imposed by the international donor agencies, many developing countries have been trying to reshape their administrative systems along the logic of NPM. This article is a modest attempt to analyse the relevance of the NPM model to developing countries with particular reference to Singapore and Bangladesh. It argues that the very nature of the politics, institutional development, and socio-economic dynamics influence the NPM initiatives. With these parameters in place, some developing countries such as Singapore have become relatively successful while others such as Bangladesh have failed in implementing NPM programmes. This article attempts to expound the factors that contribute to the success or failure of the NPM model in the developing world.

What is new public management?

There is no doubt that the traditional model of public administration played a historic role in the economic transformation in many countries, including a few countries in the developing world. However, despite this contribution, it has come under incessant pressures since the mid-1970s. The first set of criticisms focused on major economic problems:

- governments were too large, consuming too many scarce resources;
- governments were involved in too many activities, whereas alternative means of provision existed for many of these; and
- growing inflation, excessive costs and excessive bureaucracies resulted from state intervention (Minogue, 1998; Hughes, 1998).

There was a call for "reinventing" government on the basis of a market economy (Osborne and Gaebler, 1992). Expressed in economic terms, the formula was preached by the World Bank, the International Monetary Fund, the Organisation for Economic Cooperation and Development, and so forth. This also became a powerful instrument for change in developing countries, which had to accept the prescriptions of the international donor agencies to get financial assistance (Turner and Hulme, 1997; Knack, 2001).

The second aspect of criticisms relates to the pattern of administration. This traditional model of administration is rejected as being inefficient, costly, rigid, corrupt, unaccountable, and unsuitable to an age seeking more dynamic models of social and economic development (Hughes, 1998).

Thus, these two criticisms have paved the way for the emergence of a new model, with different incarnations, such as “new public management” (Hood, 1991), “market-based public administration” (Lan and Rosenbloom, 1992), “managerialism” (Pollitt, 1990), “reinventing government” (Osborne and Gaebler, 1992) and “post-bureaucratic” model (Barzelay, 1992). Whatever the incarnation is, they provide similar premises, although there are significant country-specific variations, and NPM’s overall suitability for different regimes remains uncertain (Mascarenhaus, 1993; Masser, 1998). It represents a major shift from the conventional public administration in various ways. Putting together various perspectives, Pollitt (2001, pp. 473-4) argued that there were a number of general elements of the new model accepted by most commentators:

- a shift in the focus of management systems and management effort from inputs and processes to outputs and outcomes;
- a shift towards greater measurement, manifesting itself in the appearance of batteries of performance indicators and standards;
- a preference for more specialised, “lean”, “flat” and autonomous organisational forms rather than large, multi-purpose, hierarchical bureaucracies;
- a widespread substitution of contract or contract-like relationships for hierarchical relationships;
- a much wider than hitherto use of market or market-like mechanisms for the delivery of public services (including privatisation, contracting out, the development of internal markets, and so forth);
- a broadening and blurring of the “frontier” between the public and private sectors (characterised by the growth of public/private partnerships of various kinds and the apparent proliferation of “hybrid” organisations); and
- a shift in value priorities away from universalism, equity, security and resilience and towards efficiency and individualism.

Osborne and McLaughlin (2002) have discussed four distinctive stages of development of public management:

- (1) the stage of minimal state;
- (2) the stage of unequal partnership between government and the charitable and private sectors;
- (3) the stage of welfare state; and
- (4) the stage of the plural state.

The NPM model is very much part of the fourth stage, of the plural state. However, echoing the British experience, Osborne and McLaughlin (2002) argue that NPM did not end with the market-based model of Thatcher. Recent developments have shifted the focus of the plural state from the marketisation of public services towards governance, thus making it as the pre-eminent task of public management. Governance has been defined in various ways. One definition is the exercise of political power to manage a nation’s affairs (United Nations Development Programme, 1995, p. 18). Governance can be understood in terms of three major components:

- (1) the form of political authority that exists in a country;
- (2) the means through which authority is exercised in the management of economic and social resources; and
- (3) the ability of governments to discharge government functions effectively, efficiently, and equitably (United Nations Development Programme, 1995, p. 18).

The public sector is no longer defined solely in relation to the presence of the government as a planner or service provider. Rather, the planning, management and provision of public services is seen as something to be negotiated between a number of actors, including the government, the civil society organisations and the private sector (Osborne and McLaughlin, 2002, p. 4). All these actors are to coordinate and network with each other through horizontal linkages that are both non-hierarchical and non-bureaucratic (Chandhoke, 2003).

Despite its tremendous appeal the new model has not been welcomed uncritically. There is apprehension over the conceptual basis of the new model. Particularly, conflicting value positions underlying the debate exist. This is compounded by a tendency to blur the distinctions between the public and private sectors and, perhaps as importantly, often to treat the public sector as homogeneous in organisational terms rather than a differentiated system of organisations with different tasks, values and relationships often linked into complex policy networks (Gray and Jenkins, 1995). Questions are raised whether the new model has sufficient conceptual coherence to provide an alternative to public administration as either a theoretical construct for academic research or an approach to the management of public services (Osborne and McLaughlin, 2002, p. 6).

Concerns are also expressed regarding structure and accountability of administration. Accountability in conventional system was rested on certain practices such as fixed salaries, rules of procedure, tenured service, and clear lines of division between public and private sectors. On the surface, it appears that lack of such well established practices might encourage non-accountability and ethical problems (Hood, 1991, p. 16). The much-publicised British and New Zealand models have proved controversial, with anxieties developing about public accountability (Minogue, 1998, p. 25).

Doubts are also mounting regarding its universal applicability. Such bodies as the World Bank and the International Monetary Fund have adopted and promulgated it as a universal panacea for both public service and civil society failures across the world (McCourt, 2001). Particularly, the applicability of the new model in the developing world has come under clouds as many developing countries do not just fulfill some preconditions for its effective implementation (Minogue, 2001; Zafarullah and Huque, 2001, p. 1381; Manning, 2001; Sozen and Shaw, 2002; Perez, 1991; Larbi, 1999).

There are also socio-cultural obstacles in reforming the administrative system along the NPM model. NPM initiatives are difficult to implement where there are social and cultural inertia (Zafarullah and Huque, 2001; Prashad, 2002; Lodhia and Burritt, 2004; Ray, 1999). Very often, the legitimacy of the state is also questioned (Sozen and Shaw, 2002). State-civil society relations also remain problematic. The civil society has also not also been able to put enough pressures on state apparatus to implement reforms (Sozen and Shaw, 2002).

Preconditions for the success of the NPM model

There are some preconditions for successfully implanting the new public management approach. There should be a reasonable level of economic development and experience of the operations of markets, since NPM principles are essentially market-oriented. However, there is a range of factors required before markets can be effective. A well-developed judicial system is required to provide the rule of law. Markets are ineffective without the rule of law, for example to ensure compliance with contracts. A sound judicial system can offer guarantees and manage conflicts in an objective and independent manner.

The new model assumes that the basic administrative processes are in order in the administrative system. They work as a foundation upon which a market-oriented system such as NPM can be implemented. It essentially means that the classic Weberian model should be in place, which ensures an efficient and control-oriented system. These external controls are the building blocks for a formal, rule-based and honest public sector. Managers learn the skills to manage on their own, build trust between central controllers and line managers and confidence between citizens and government. The system also encourages managers to internalise a public ethic of proper behaviour (Schick, 1998, p. 130). Once these basic conditions are fulfilled, central controllers tend to ease the regulations by giving line managers discretion in operating their programmes. Schick (1998, p. 130) put it nicely:

Politicians and officials must concentrate on the basic process of public management. They must control inputs before they are called upon to control outputs; they must be able to account for cash before they are asked to account for cost; they must abide by uniform rules before they are authorized to make their own rules; they must operate in integrated, centralized departments before being authorized to go it alone in autonomous agencies.

Another precondition for successful implementation of NPM programmes is the state capacity (Monteiro, 2002; Hughes, 1998; Schick, 1998; Bale and Dale, 1998). State capacity implies a condition where the state is able to take any reform measure decisively. This state capacity is thus characterised by institutional, technical, administrative and political factors (Grindle, 1996). Institutional capacity is marked by the ability of these countries to uphold the authority of governments, to legislate and implement laws and to hold public officials accountable in terms of these laws (Wallis and Dollery, 2001, p. 251). Technical capacity is evident when key decision-making bodies manned by qualified people are insulated from the pressures of unproductive clientelist groups (Wallis and Dollery, 2001, p. 252). Administrative capacity is characterised by the state's ability to undertake basic administrative functions and provide basic human services. This is particularly critical in so far as the NPM reform package is concerned. Administrative incapacity is used as a pretext for some NPM interventions such as privatisation, corporatisation, and contracting out. But Wallis and Dollery (2001) observe that, in the absence of the state's efficient role in discharging the minimal functions such as provision of public goods and services, economic infrastructure, law and order, and judiciary, the state is unable to implement the grand programmes of privatisation, corporatisation and contracting out (Wallis and Dollery, 2001, p. 253). Political capacity refers to the ability of the state to mediate conflict, respond to citizen demands, allow for representation of interests, and provide opportunities for effective political participation at different levels. It also serves to

promote political stability and enhance the basic legitimacy of the state (Grindle, 1996, p. 44).

Where the developed world fulfils most of these requirements, many developing countries do not. However, a few developing countries like Singapore fulfil certain aspects of these requirements and have been relatively successful in implementing selected items of the NPM model while others have failed.

Relative success in NPM experiments: the case of Singapore

It is worth mentioning here that nowhere in the developing world has the complete package of the NPM model been implemented or is it being considered for implementation. These are all piecemeal efforts undertaken by different governments in different parts of the developing world (Polidano, 1999). Singapore is one of the countries that has not unequivocally accepted all the items of the NPM model (Turner, 2002).

Singapore, a city state of a little more than four million people, is a classic example of sustained economic growth with equity. The system of government is based on the Westminster model. Singapore has made political stability and effective governance the primary objectives of the state at the expense of political and social pluralism. Another important hallmark of Singapore is the pervasive role of the state in economic and social spheres (Cheung, 2003; Jones, 1999; Yu, 1997; Haque, 1999; Quah, 2003).

Since its independence in 1965, Singapore has endeavoured to reform its administrative system. In the past, the main predilection underlying these reforms was a state-centred approach emphasising a dominant role of the state and public bureaucracy to expedite development without constraining the activities of the private sector (Haque, 1999, p. 47). Once the new state of Singapore assumed power, it concentrated on establishing core principles. From these core principles, there has evolved a system of public administration characterised by meritocracy, status, a strong generalist administrative elite, a clear system of performance and financial accountability, and an uncompromising commitment to combat different forms of corruption (Jones, 1999, p. 18; Quah, 2003).

Since the early 1980s, there have been considerable changes in the public administration system influenced by a market-oriented management. Particularly, after the launch of the PS21 (Public Service for the 21st Century) initiative, the management principle used in the private sector “is fast becoming a buzzword in the public service. A number of government departments which deal with the public directly now have a McDonald’s-like approach to service” (Ibrahim, 1995, p. 32). Lim Sing Guan, the Permanent Secretary of Public Service Division of Singapore observed:

Much of what is practised in PS21 starts from ideas and lessons read and learnt from successful private sector corporations. We feel a great deal of affinity with them – their management approaches, their customer-orientedness, their productivity standards, their drive to excel (quoted in Haque, 1999, p. 48).

Systematic reforms along the NPM model started back in 1989. There were budgetary and institutional reforms. The Block Vote Budget Allocation system was introduced in 1989. Through this, ministries were allowed to manage their budget allocations and to transfer funds and manpower from one programme to another. It was followed by another budgetary reform known as the Singapore Government Management

Accounting System (SIGMA). It provides computerised financial management information so that managers can track and analyse the cost of their services, products or activities and to gauge their cost effectiveness (Jones, 1999, p. 8; Cheung, 2003). The Block Vote Budget Allocation System was further complemented by the “Budgeting for Results” initiative, introduced in 1994. Ministries and statutory boards are required to set precise and quantified targets in relation to both costs and outputs for their programmes and activities. Ministries are also required to set performance indicators (Cheung, 2003; Turner, 2002; Jones, 1999). The Singapore government has also introduced zero-based reviews of ministries undertaken by the Auditor General’s Office, which acts as a further powerful tool to identify inefficient, wasteful or unproductive activities (Jones, 1999, p. 10).

The government created a large number of “autonomous agencies” (AAs) in 1996 and 1997. The initiative now covers more or less the whole public service except the Ministry of Defence and the Internal Security Department. These agencies enjoy substantial discretion in prioritising their programmes, apportioning financial and other resources, and delivering services (Cheung, 2003).

Singapore’s reform has also embraced corporatisation, deregulation, and divestment. The government has corporatised key statutory boards, namely Singapore Telecom, Singapore Broadcasting Corporation, and the Public Utility Board’s five subsidiaries (Cheung, 2003; Turner, 2002). It is important to note that the government maintains a controlling stake, with a state investment or holding company retaining a total or majority ownership of the equity of the newly corporatised entities. However, before full-scale corporatisation, some peripheral services of statutory boards were transferred to government-linked companies, being newly created as subsidiaries of those boards from which they were derived (Cheung, 2003). Corporatisation has also been extended to the public health service through the incorporation of government hospitals (Turner, 2002; Jones, 1999). The government has also embraced divestment of some government-linked companies in which it has a controlling stake through the ownership of all or a majority of share capital.

NPM-oriented reforms are found in public human resources management systems. In 1995, major personnel functions such as recruitment and promotion were delegated by the Public Service Commission (PSC) to ministries. The government has made an important move towards a more open personnel management structure. The government is willing to recruit private sector employees as long as they fit into the service. The government has taken an initiative under which Administrative Services are posted out on a regular basis to both public and private business organisations for two to three years. The obvious reason is the exposure of Administrative Service officers to the business environment (Haque, 1999, pp. 54-5; Jones, 2002, p. 85).

NPM-oriented initiative is also exemplified by instituting client-orientedness in the public sector. The upgrading of counter and processing services in public offices is an important initiative. Attention has been given to weeding out unnecessary rules, procedures, and red tape. Appropriate organisational and managerial techniques were instituted in the 1980s and 1990s, including the Work Improvement Team (WITSs), Service Quality Centre, Staff Suggestion Schemes, and the Service Improvement Unit, which were borrowed from the private sector in order to enhance the quality, productivity, and improvement of the public service (Haque, 1999; Turner, 2002; Cheung, 2003; Jones, 1999).

Many reform programmes described above have been consolidated into a more coordinated public service initiative known as PS21 (Public Service for the 21st Century), which intended “to nurture an attitude of service excellence in meeting the needs of the public with high standards of quality and courtesy” (Quah, 2003, p. 177). PS21 now comprises four core elements:

- (1) staff well-being;
- (2) Excellence through Continuous Enterprise and Learning (ExCEL);
- (3) organisational review; and
- (4) quality service.

Failure in NPM experiments: the case of Bangladesh

There are variations in the adoption of NPM items for those countries that have had little success in the NPM experiments. A variant of this type of category involves those countries where the basic infrastructure of management is not developed enough to undertake market-oriented reforms, though these countries show a tremendous amount of zeal in embracing these reform efforts. The role of the international donor agencies is paramount in all these countries. They can hardly resist the policy prescriptions of the donor agencies. Bangladesh is an example of this category.

Bangladesh emerged as an independent nation in 1971 after a bloody war with West Pakistan. After independence, it adopted a parliamentary form of government with the Prime Minister as the head of the government and the President as head of state. From August 1975 to November 1991, military and quasi-military regimes ruled the country with a presidential form of government. The military government of General Ershad was overthrown by a people’s uprising in December 1991. Again through a constitutional amendment, in 1991 Bangladesh went back to a parliamentary form of government (Sarker, 1991; Ahmed, 1980; Sobhan, 1993).

Like many other post-colonial societies, Bangladesh inherited a strong bureaucratic system from its colonial rulers (Alavi, 1979). However, over the years its performance has been subjected to severe criticisms. There are endless complaints about how the public bureaucracy works in Bangladesh. The bureaucracy has become mired in non-transparent and corrosive practices. Widespread financial indiscipline, deterioration of law and order, insecurity of individual rights, violation of rules on the road and in a vast range of activities have all emerged as routine events in national life. These are the result of a predatory approach to the responsibility of governance (*Daily Star*, 2001b; Sobhan, 2004).

Since the emergence of Bangladesh as a sovereign state, different governments have attempted to reorganise the administrative system. The clamour for radical change in public administration was raised in the early 1980s by international donor agencies as part of their engagement with the Bangladesh government for structural adjustment programmes. Although a couple of committees and commissions were constituted in the 1980s, their recommendations did not reflect the true spirit of what is known as NPM. International donor agencies took the onus and funded a few studies in 1993 (Rahman *et al.*, 1993; United Nations Development Programme, 1993) and 1996 (World Bank, 1996). The most important recommendations of the Public Administration Sector Study in line with NPM included introducing strategic management in all public offices, integrating planning and budgetary systems and the establishment of

results-oriented management systems through setting of objectives and measures of outputs and impacts (United Nations Development Programme, 1993, pp. 103-10). Its directions for change included the infusion of responsiveness, transparency and accountability into the administrative system (Zafarullah, 2003, p. 283). The Overseas Development Administration of the British Government sponsored a tour of four secretaries of the Bangladesh government in the UK. On the basis of their study tour the group submitted a meticulous report on administrative reforms. The report contained recommendations relating to the improvement of the functioning of the civil service by addressing issues of merit-based recruitment and promotion, incentives for standards of performance, the improvement of financial management and so forth (Rahman *et al.*, 1993). It should be mentioned here that the recommendations, in many ways, resembled civil service reforms in Britain. The World Bank Study also made a comprehensive study and made suggestions to introduce competitive and market-based public administration system in Bangladesh. It called for redefining the frontiers of the public sector (expanding the scope of operations for the private sector and non-governmental organisations); enhancing the level and nature of accountability and responsiveness; streamlining regulations, laws and processes, and overhauling the rules and processes and maintaining an efficient, committed and professional public service (World Bank, 1996). It should be mentioned here that none of the recommendations of the said studies were implemented.

The newly elected government of Sheikh Hasina constituted the Public Administration Reform Commission (PARC) in January 1997. The commission submitted its report in June 2000. The commission was given the mandate to recommend policies, programmes and activities to improve the level of efficiency, effectiveness, accountability and transparency in public organisations and to enable them to fulfill the government's commitment to ensure socio-economic development and reach out its benefits to the people (Government of Bangladesh, 2000, p. xi). The terms of reference were very broad. The commission, in its report, categorically mentioned that it had taken the NPM perspective in suggesting measures to improve public administration. The recommendations of the Commission that are NPM-oriented or close to the NPM model are summarised below:

- *Improving the delivery of services.* Determination of missions and functions; introduction of performance monitoring and result-oriented performance audit; delegation of powers to subordinate and field offices; separation of judiciary from the executive; introduction of performance standards and citizen's charter; introduction of market-based salaries for public officials.
- *Reforming the Civil Service.* Merit as the basis for appointment, posting and promotion; senior management pool consisting of higher positions for greater mobility; wages and salaries linked to cost of living index.
- *Reorganising institutions and rationalising manpower.* Reduction of the number of ministries; some activities of 28 organisations should be contracted out.
- *Restructuring field administration and decentralisation.* Transfer of functions, personnel and budget of several departments to *Zila Parishad* (District Council) and *Upazila Parishad* (Sub-district Council); transfer of development planning authority to councils.

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- *Reducing wastage and promoting value for money.* Strengthening of Comptroller and Auditor General's Office; rationalising public financial management system; stopping irrational system losses in different sectors; involvement of the private sector in the transport pool; enactment of comprehensive consumer protection law; privatisation of state-owned enterprises within the capacity of market absorption; streamlining rules to reduce corruption and wastage of funds; turning existing public sector hospitals into limited companies; increase of users' fees in respect of services/utilities.
 - *Combating corruption.* Appointment of Ombudsman; allowing more private companies to cut down on monopoly power; deregulation of non-core activities; reduction of discretionary powers of public officials; updating anti-corruption laws; establishment of an Independent Commission Against Corruption (ICAC).

The recommendations of the Commission mentioned above indicate that many recommendations, though not all, resemble the overtones of NPM. Considering the current state of the Bangladesh administration, there is justification to go for a comprehensive restructuring. However, despite its strong appeal, the Bangladeshi version of the NPM package remains unimplemented because of numerous factors. A few piecemeal efforts such as contracting out some public services and privatisation of public enterprises are under way. Repeated attempts to corporatise a few state entities have failed because of pressures of trade unions (*Bangladesh Observer*, 2005). Privatisation and financial sector reforms have been on the agenda for quite a long time since the structural adjustment programmes in the 1980s. After independence the Bangladesh Government pursued state-led development strategies. The government nationalised major industrial and commercial enterprises. During the period 1976-1992 about 500 state-owned enterprises (SOEs) had been sold or returned to their former owners. Since the creation by the Government of the Privatisation Commission in March 1993 as the special agency to implement the programme of divestiture of SOEs, to date 33 SOEs have the final approval for sale from the Government. It is worth mentioning that 17 SOEs have so far been handed over to new buyers since March 1993. Letters of intent have been issued for nine SOEs to be handed over to new buyers during the same period. Moreover, decisions to offload the shares of nine public limited companies have been taken (Privatisation Commission, 2005). It can be said that progress is being marred by bureaucratic bungling, patronage distribution and massive corruption (Uddin, 2005).

Analysis of the success and failure of NPM-oriented reforms

It has been mentioned that there are some preconditions for the success of the implementation of NPM-oriented reforms. Singapore fulfils many of these preconditions. On the other hand, a country like Bangladesh does not fulfil these preconditions due to its very socio-economic and political systems.

Level of economic development and basic public administration processes

It has been mentioned that the NPM model was an innovation of the developed world with a distinct socio-economic, political, technological and cultural background. These countries have got an advanced level of economic development and well-developed administrative infrastructure. NPM is typically used to improve existing institutions

where the bureaucracy is already conversant with basic public management processes. Singapore, to a great extent, fulfils this condition. Starting from scratch, Singapore has achieved significant economic growth. Singapore is one of the few countries in Asia that can boast having management fundamentals right. From the very beginning Singapore has focused on meritocracy, solid institutional frameworks, the rule of law, proper control structures, checks and balances and accountability in the public administration system. Singapore attained substantial success in combating corruption (Quah, 2003; Cheung, 2003). By the time NPM came to prominence, the public bureaucracy in Singapore had attained sophistication in administration. Lim observes:

Singapore has succeeded because of clean and effective government, free of corruption, meritocratic, efficient and responsive, fair and impartial, able to offer Singaporeans continuous improvement in their quality of life with economic progress and a safe and secure environment [...] These characteristics will continue to be important in Singapore life. They form the fundamentals of good governance (quoted by Cheung, 2003, p. 154).

Singapore is one of those countries in the developing world in which economic development and modernisation of public management have proceeded in tandem. Modernising the public sector means establishing reliable external controls which eventually emerged as building blocks for a formal, rule-based, and honest public sector in Singapore. Once external control systems were established, Singapore moved to internal controls – an essential ingredient of the NPM model. Internal control gives managers broader discretion; it shifts the focus from *ex ante* to *ex post* audit, from control of individual actions to control within a broad band, from reviewing specific actions to reviewing systems. Singapore illustrates the progression from external to internal controls and thence to NPM-type arrangement. Budgetary reforms discussed earlier illustrate this progress – from line-item budgeting to block budgets to budgeting for results (Schick, 1998).

Unlike Singapore, Bangladesh's public administration has failed to establish solid institutional frameworks, rule of law, proper control structures, checks and balances and accountability. Distortions in the administrative structure have been common phenomena (Sarker and Pathak, 2000; Sarker, 2001; World Bank, 1996; Siddiqui, 1996; Zafarullah, 2003; Huda and Rahman, 1989; Hannan, 2004; Sobhan, 2004). Corruption, over-politicisation of administration for narrow partisan interests, factional strife in administration, bureaucratic bungling, inability and ineffectiveness in rule application, flouting basic civil service rules, and cumbersome procedures are some of the distortions that indicate a lack of basic public management orientation among public servants. Under this situation, it is extremely difficult to implement the market-oriented NPM system.

Political commitment

The commitment of political leadership is a driving force behind the implementation of administrative reform efforts. In Singapore, there has been consistent support from the political leadership for implementing reforms. In the early age of administrative modernisation, the political leadership demonstrated its commitment to meritocratic and corruption-free administration. Lee Kuan Yew, the former Prime Minister of Singapore, on numerous occasions expressed his commitment to a competent, neutral, and honest civil service.

Our first goal in Singapore was to shape the government into an effective instrument of policy. This required strong, fair, and just leaders, who would have the moral strength to command the respect of the people [...] Corruption, which we regarded as a cancer, had to be eradicated as soon as detected (quoted by Quah, 2003, p. 171).

In the NPM era, once again political leaders have shown a positive attitude towards reforms. Reforms and innovations are largely initiated by leaders, and then promoted top-down with great administrative efficiency and determination. While engaging themselves with some pragmatic aspects of the NPM model, political leaders have ensured that the state remains the guiding force in economic management (Cheung, 2003).

In Bangladesh, the experiences of the last three decades suggest that the political leadership has never been serious in its attempt to overhaul the administrative system (Khan, 1998, p. 173). While campaigning for electoral victory the major political parties always emphasise reforming the administrative system. After assuming power, they never translate their intention into reality. With elections every five years, short-run political calculations have dominated decision making as the political leadership perceives the immediate political costs of administrative reforms to outweigh the longer-run benefits. Therefore, in the Bangladesh context political commitment is circumscribed by clientelist politics, which is responsible for distracting the political leadership from embarking on comprehensive reform programmes (World Bank, 1996; Sarker, 2004; Sobhan, 2004).

State capacity

Effective governance has been the hallmark of post-independence Singapore. The fact that Singapore never promoted political and social pluralism is attributed to the local conditions, and this has helped the state become extremely efficient and capable. This capacity is manifested in:

- having qualified people in the public service and keeping state decision makers insulated from clientelist groups (technical capacity);
- helping public managers to undertake basic administrative functions efficiently and to provide basic services to the people (administrative capacity);
- empowering state decision-makers to formulate and execute laws without resistance (institutional capacity); and
- maintaining political stability (political capacity) (Quah, 2003; Cheung, 2003; Schein, 1996).

The state capacity remains a serious hurdle in the process of NPM-style reforms in Bangladesh and other developing countries (Sobhan, 2004; Arellano-Gault, 2000; Heredia and Schneider, 1998). The message is like this: we need “government” before we “reinvent” it. Many developing countries such as Bangladesh have experienced institutional failures in recent times. Institutional incapacity is marked by the inability of the Bangladeshi government to uphold authority in different spheres of society. Indiscipline is visible in all sectors. The government’s inability is also found in legislating and implementing laws and in holding public officials accountable in terms of these laws (Yunis and Mostafa, 2000). Technical failure is also an incessant phenomenon in state administration. The Bangladesh administration has failed to

attract qualified people. Promotions are based on a clientelist nexus, not on merit. This clientelist nexus is based on the political party affiliations of bureaucrats. Over the last 34 years, all governments have tried to woo civil servants for petty party interests. In doing so, they have inducted people under the spoil system, promoted people on party or other petty considerations, politicised the Public Service Commission by appointing people to this constitutional body on party affiliations, and tampered with the selection process to choose party loyalists (Khan, 1998; Ahmed, 1986; Siddiqui, 1996; Sarker, 2004). It is essentially politicisation of bureaucracy. But it does not mean using bureaucrats to serve a particular party ideology – it means the use of bureaucrats to promote private agendas of politicians (Sobhan, 2004; Hannan, 2004; Ali, 2004).

Technical inefficiency is further manifested when bureaucrats are unable to insulate themselves from the clientelist lobbies exemplified by their grip over the state's economic management (Sobhan, 2002; Islam, 2004; Uddin, 2005). Administrative inefficiency is quite evident in the Bangladesh state structure. This is particularly critical in so far as the NPM reform package is concerned. There are examples that the state in Bangladesh, over the years, has been struggling to perform basic administrative functions (Shelley, 2004; Zafarullah, 2003; Hannan, 2004). It is worth mentioning here that without this administrative efficiency the grand programmes of privatisation, corporatisation and contracting out cannot be implemented effectively (McCourt, 2002, p. 232; Muhith, 1993; Akram, 1999; Golooba-Mutebi, 2003).

Political capacity in Bangladesh is seriously constrained by a lack of effective political institutions, political confrontation, criminalisation of politics and instability. This in turn undermines the legitimacy of the state, resulting in the state's inability to undertake successful reform programmes (Perez, 1991; Sozen and Shaw, 2002; Sarker, 1991; Khan, 1989, Sarker, 2004; Sobhan, 2004; Islam, 2004).

A few concepts such as the rule of law, clientelist politics, political culture and corruption have been cited as critical variables undermining state capacity with implications for the reform programmes. At this point, these concepts need further explanation.

Rule of law

Although Singapore is an Asian country and informality is visible in society, it has not been a dominant feature in state economic management. It has been superseded by the rule of law. This rule of law has helped Singapore in establishing a formal market economy and achieving tremendous economic growth (Schick, 1998). However, there is a serious concern pertaining to the presence of the market economy in Bangladesh (Sobhan, 2002; Islam, 2004). Schick (1998, p. 127) observes that most developing countries "tend to have an informal economy with relatively weak specification of property rights and other formal processes to regulate economic activity". This applies to Bangladesh as well. Hughes (1998, p. 219) raises an important issue: "... it is one thing to adopt a market and managerial approach, but yet another to have markets work". There are a number of factors inhibiting the operations of the market. Of them, the rule of law remains the most important ingredient. Bangladesh is facing enormous difficulties in establishing the rule of law. The judiciary has remained under the tutelage of the bureaucracy, leaving the rule of law in danger. Lower echelons of the judicial system have been seriously corrupted (Sobhan, 2004; Shelley, 2004; Hannan, 2004). The scenario has been described by Soto (quoted in Schick, 1998, p. 127) as a

phenomenon of informality in the Peruvian economy that resembles Bangladesh. It is “a grey area which has a long frontier with legal world and in which individuals take refuge when the cost of obeying the law outweighs the benefits”. In Bangladesh, in recent years, the number of unlawful killings has increased many-fold (*Daily Star*, 2001a). The use of gangsters or hoodlums under the patronage of dominant political leaders in killing political opponents is also widespread (*Daily Star*, 2002b). The number of extortionists is increasing day by day under the tacit support of the law-enforcing agencies and dominant political leaders. This is essentially the criminalisation of politics. Many political leaders now increasingly use these hoodlums as political resources in contention for political office and state patronage to access public resources (Sobhan, 2004; Chowdhury, 2002; Islam, 2004). This scenario depicts a situation of non-governability. If the situation continues to prevail, how can the government be reinvented? Moreover, the situation further reduces the government’s plan to contract out public services and privatise state-owned enterprises. In fact, this acts as deterrent to private sector development and foreign private investment in Bangladesh. There is evidence that hoodlums backed by the ruling party terrorise the tendering system and forcibly take contracts from different government agencies (*Prothom Alo*, 2001, 2003; *Daily Star*, 2005).

There is also a web of inter-locked exchanges among political elites, bureaucracy and business elites (Khan, 1989). Quadir (2000) has provided a systematic analysis of how different regimes in Bangladesh have endeavoured to consolidate political power by embarking on economic liberalisation programme. The business community offers political leaders political and financial support. In return, they receive from the state legal and illegal, formal and informal economic and political concessions, including discouraging relevant financial institutions from effectively designing and implementing tighter credit policy, overlooking large-scale tax evasions and non-enforcement of legal provisions from the state. More importantly, the way public enterprises were sold to the industrial groups at a give-away price clearly signifies patron-clientage relationships. Empirical evidence suggests that the buyers get subsidised credit from government financial institutions. Eventually, they become wilful defaulters (Chowdhury, 2002, p. 980). This indicates that without efficient market mechanisms in place, any attempt to introduce the NPM model is bound to fail, which is evident not only in Bangladesh but also in other developing countries (Lodhia and Burritt, 2004; Sarker and Pathak, 2003; Golooba-Mutebi, 2003). Ramamurti (1999, p. 148) observes:

The sad reality in low-income countries is that weak government is matched by equally weak markets. Privatisation not only moves assets from the public to private sectors, it often also moves them from the formal to the informal sector, because much private activity is deliberately kept outside the vision of the state.

Clientelism

Akin to the concept of informality is the existence of clientelism in the institutional, administrative and political spheres. It has devastating effects in stifling the capacity of the state in pushing through the radical reform measures. At this point we define clientelism as a subset of relationships pertaining to a wide range of patron-client transactions, which are found in most developing countries (Khan, 1989). This practice

operates through social networks and organised clientelist lobbies. As regards social networks, these have different names in different countries – *tadbir* in South Asia (Siddiqui, 1996), *wasta* in the Middle East, *guanxi* in China, *wa* in Japan, *inhwa* in Korea (Kurtz *et al.*, 2001) and *wantok* in the South Pacific. It is essentially informality in government, which means the subordination of formal practices to the informal order dictated by social networks and clientelist lobbies (Schick, 1998; Riggs, 1964; Clapham, 1985). This practice opens the door to corruption and inefficiency, and promotes widespread evasion of civil service rules and other controls, distrust of government and inattention to outputs and results of public programmes (Schick, 1998; Sobhan, 1993; Khan, 1989; Macdonald, 1998; Larmour, 1997; Ray, 1999, Nath and Chand, 1998). Although Singapore has glimpses of neo-patrimonialism it has never dictated the reform programmes, whereas in Bangladesh the clientelist practices have really undermined radical reform efforts (Khan, 1989; Chowdhury, 2002; Sarker, 2001; Cheung, 2003).

Corruption

Akin to clientelism is the prevalence of widespread corruption that may hamper implementing the NPM package (Polidano, 2001; Hughes, 1998). It has already been observed that Singapore has an overwhelming success in combating corruption (Quah, 1999, 2003). Therefore, it is not a problem in Singapore so far as NPM is concerned.

According to Transparency International, Bangladesh is the most corrupt country in the world (Islam, 2004). The Bangladeshi administration has been plagued by both political and administrative corruption, although bureaucracy is the main contributor to this syndrome. Corruption is an old phenomenon. In recent years, it has reached its peak (Sobhan, 1993; Khan, 1999; Zafarullah, 2003; Sobhan, 2004; Islam, 2004). One report suggests that since independence corruption has accounted for a staggering 540 billion taka in only three sectors of the economy – privatisation of industries, banking and insurance and the *Upazila Parishad* (Transparency International, Bangladesh Chapter, 1999, p. 2). In fact, it is difficult to find any sector of the government without corrupt practices (Kochanek, 1993, pp. 258-63; Khan, 1999). Almost all forms of corruption are found in politics and administration in Bangladesh: bribery, abuse of authority, nepotism, favoritism, patronage, theft and deceit (Khan, 1999; Haque, 2001b; Sarker, 2001).

Corruption has particular implications for the NPM-style reforms. While NPM's prescriptions of contracting out and privatisation sound well to curb corruption, it is argued that a system already affected by over-politicisation and corrupt practices will create increased opportunities for private accumulation and patronage distribution (Turner and Hulme, 1997, pp. 233-4; Hughes, 1998; Haque, 2001a, b). Signs are already evident in the privatisation of state enterprises and contracting out (Akram, 1999; Uddin, 2005; Sarker, 2001).

The role of international donor agencies

The role of multi-lateral and bilateral donor agencies in stimulating reforms in the developing world is quite evident. There are arguments and counter-arguments about the role of the international donor agencies in the reform programme. Farazmand (1998) argues that Western prescriptions of reforms have not helped poorer developing countries perform well. Attempts to impose Western organisational and institutional

structures on the developing world have been counterproductive (Ray, 1999; Macdonald, 1998; Turner and Hulme, 1997; Knack, 2001). North observes that Third World and Eastern European countries may not be able to implement the formal political and economic rules of Western market economies because of their very nature of informal norms and enforcement characteristics (North, 1995, p. 18). Turner and Hulme (1997, p. 249) also observes that promoting the “one size fits all” approach is misleading because of different organisational environments.

Being an aid-dependent country, Bangladesh has always remained susceptible to the pressures of the international donor agencies in formulating and reformulating its reform agenda. The prescriptions of the donor agencies for administrative reforms in Bangladesh have brought few results. A number of factors can be discerned in this respect. The donor agencies have failed to make the political leadership and the public bureaucracy understand that their prescriptions will bring positive results. The World Bank study of 1996 is a case in point. It proposed comprehensive reform programmes along the NPM model. However, it received little appreciation from the local political and bureaucratic leadership for the proposed reform programmes (Khan, 1998; Schacter, 2000). There is also little appreciation of local conditions such as the level of corruption, lack of fundamentals in public management and severe crisis in governance (Sobhan, 2002, 2004). Of late, they have come to realise that adequate attention must be paid to social and political obstacles in the design of reforms and priorities must be focused on establishing the rule of law, reducing corruption and improving service delivery (*Daily Star*, 2002a).

The primacy of the state and rule-based administration

The NPM model stipulates that it provides solutions to many dysfunctions that the administration in the developing world is facing. However, contemporary evidence suggests a different scenario. The experiences in East and Southeast Asia suggest that the state may have a different relationship to society than in some of the Western countries that have championed NPM (Turner, 2002). The states in these countries have played a significant role in stimulating economic development. Refuting the conventional wisdom that markets are superior to state intervention, the states in these countries have demonstrated efficiency in transforming their societies by performing both direct and indirect roles. They are truly entrepreneurial states (Cheung, 2002; Cheung and Scott, 2003; Leung, 2003). Turner (2002) aptly observes that if states perform poorly in the quest for development this does not appear to disturb the popular belief that it is their task to produce development. It is rather an inadequacy of the NPM model to grasp the essence of the role of the state in Asian countries. It is evident that state institutions in East and Southeast Asia have always dominated the scene and the market for practical purposes has seldom been independent of state power. Their outstanding economic performance is largely because of the presence of a strong state (Cheung and Scott, 2003). The case of Singapore is particularly important here. There is a perception that Singapore, like some developed countries, has abandoned its long-standing philosophy of state-directed governance (Haque, 1999). However, in reality Singapore is a classic exemplar of an excellent blend of state and market forces (Cheung, 2003). Despite the rhetoric of privatisation, Singapore has still retained state ownership and decided to run these as corporate entities. The same is true with other success stories (Leung, 2003). In other reform measures it has taken a very cautious

and selective approach (Turner, 2002). Cheung (2003, p. 155) argues that the recent reform has not sought “to reduce the role and importance of the state as such, but has rather been aimed at maintaining the same strong administrative state by means of refining its role to keep it in step with the latest developments and future challenges”. This experience of Singapore in particular and of East Asia and Southeast Asia in general can be an example for other developing countries such as Bangladesh. Many developing countries have suffered adverse effects such as poverty, unemployment, low economic growth, trade imbalance, external debt and dependence (Haque, 2001b, pp. 226-9; New Zealand Overseas Development Assistance, 1997; Cook and Kirkpatrick, 1998, pp. 251-64; McCourt, 1998; Caufield, 2002; Clarke and Wood, 2001; Knapman and Saldanha, 1999). However, such consequences have not been observed, particularly in Singapore.

Some softer aspects of the NPM model can be implemented without serious problems. Schick (1998, p. 129) observes that “significant progress can be made through a logical sequence of steps that diminish the scope of informality while building managerial capacity, confidence and experience”. He also observes that emphasis must be given to the rule-based system of external control. It will give managers the skills to manage on their own, build trust between central controllers and line managers and confidence between citizens and government, and encourages managers to internalise a public ethic for proper behaviour (Schick, 1998, p. 129). The World Bank report shares the same view and opines that countries can begin by providing greater clarity of purpose and task and by introducing performance measurement on a selective, sequential basis. When output measurement is strengthened and credible controls over inputs are instituted, managers can be granted more operational flexibility in exchange for greater accountability for results (World Bank, 1997, p. 97). Bennett and Mills (1998) argue that where the government’s capacity is weak, direct service provision may be a lower-risk delivery strategy. McCourt (2002) is of the opinion that the public administration mode, with its emphasis on probity and due process rather than outcomes, is appropriate to countries where corruption is a real problem.

The World Bank report also puts enormous emphasis on establishing a foundation of law, maintaining a non-discriminatory policy environment and investing in basic social services (World Bank, 1997). The need for the rule of law is also underscored by Hughes (1998). He argues that a foundation in law is a must for markets to work. This includes the establishment of property rights, the protection of property rights from criminals, and a fair and reasonable judiciary. The experiences of Singapore in particular and other South East and East Asian countries in general are glaring examples of how capacity building in the public sector paves the way for economic modernisation and further modernization of administration along the NPM logic (Cheung, 2002, 2003; Schick, 1998; Turner and Hulme, 1997; Common, 2003; Leung, 2003; Cheung and Scott, 2003).

Conclusion

The NPM framework was proposed to make public sector administration more efficient, effective and responsive. A number of measures have been suggested for improving the performance of the public sector in developing countries. Many developing countries have endeavoured, over the years, to implement reform measures,

although the rate of implementation of reforms is not satisfactory. It is worth mentioning here that the complete package of the NPM model has not been experimented with anywhere in the developing world. Some developing countries such as Singapore have always been selective in choosing the items of reform. Singapore's relative success reveals that it was very cautious in embracing the NPM formula. There are many developing countries, such as Bangladesh, that have not given enough consideration to selecting NPM items. In many cases, they have embraced the NPM formula under pressure from international donor agencies. Their success in implementing reform measures has been very limited. It has been observed that the problems in the political economy of these countries have largely been responsible for the non-implementation of reform programmes.

This article has also highlighted the significance of the old mode of administration in the developing world. Particularly, the state of Singapore has played a pioneering role in socioeconomic transformation. Singapore and other countries in Southeast and East Asia have also shown that even with the dominance of the state in the economy and the polity, certain aspects of the NPM model can be implemented successfully. They have gone for privatisation in selected cases. They have introduced corporatisation in certain sectors. They have also put performance measurement and service quality on the agenda. All these can be done only if the basic parameters of governance are present. These experiences could be an eye-opener for other developing countries that are striving hard to transform their economy and society.

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