

Public Systems Management

G. Suma & Dheeraj

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Sample Preview of The Chapter

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PUBLIC SYSTEMS MANAGEMENT

Public Systems Management: Concept, Nature, Scope and Characteristics



INTRODUCTION

The term Public Systems Management has been dynamic and constantly under change, more so in the past few decades in light of modernisation. It is looked at a more broader sense than ever before. There is more amount of clear responsibility fixed on public administrators and they are looked upon as agents for cost effectiveness in public sector enterprises. We can say that public sector management has evolved itself from public administration.

CHAPTER AT A GLANCE

PUBLIC SYSTEMS MANAGEMENT: CONCEPT

The term organisation, generally to a layman means a group of systems working towards a predetermined goal. For a business or a private organisation the penultimate goal is generally to make profit. But for a public system, though it has a goal as in private organisation here, the goal is not profit making but public interests. Therefore, the framework of functions and characteristics are totally different. External factors such as globalisation have an impact on public system while formulating guidelines and goals. For example: For over the years, the management of public

administration has become more responsible and answerable. The bureaucratic setup is slowly being weared off and there is more emphasis towards achieving the formulated or predetermined targets. The public systems work within the framework of the public interest without overstepping the law, politics or state. Private enterprises are mainly focused on profit earning and are driven by market forces whereas, public systems are mainly focused on the public at large and are generally not affected by the market forces.

Therefore, it can be said that PSM involves the framework and functioning of public services. This gives the state bureaucracies to give a facelift to the government as in corporate functioning.

Though the concept of public administration looks very efficient and effective, practically there have been large gaps between what has been formulated and the achievements *per se*. The answerability factor was very low, therefore the seriousness in achieving the desired results was lacking. This over the years has led to drastic changes in the concept of public administration itself. After all these institutions were supposed to be working with the interest of public at large in view. The main changes brought about in this area were in regard to:

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- (i) Privatisation and de-regulation.
- (ii) Setting up of market like mechanisms.
- (iii) Decentralisation.
- (iv) Debureaucratisation.

The different theories that have emerged over a period of times in this respect are:

- (a) **New Right Philosophy:** The school of thought emphasised the idea of non-interference by the government or independent functions. It assumes that in involvement of state leads to overshooting budgets non-performance of administrators, over production of unwanted services and therefore leading to inefficiency and waste. The other key measures of this philosophy are reduction in inflation, lower taxation, increasing the role of the market in providing public services and institutional and constitutional reforms.
- (b) **Public Choice Approach:** This approach broadly believes in reducing the role of the state, limiting the discretionary power of the politicians, keep public monopolies at the minimum and control functions of government agencies.
- (c) **Property Rights Theory:** This theory looks into the performance based incentives prevalent in private sector with respect to their effectiveness in public sector domains.
- (d) **Principal Agent Theory:** This theory propagates clear demarcation between the owner and management which is very helpful in assigning responsibilities and therefore increases the answerability function as well.
- (e) **Organisation and Management Literature:** This looks into adapting private sector functioning modules into public sector for effective results. This propagates decentralised management for effective delegation and responsibility bearing management, in adopting market type mechanisms for making services more consumer friendly and lastly focusing on performance instead of blindly following the procedures that are laid down.

NATURE OF PUBLIC SYSTEMS MANAGEMENT

As we say the only constant in this world is change. Therefore, any system to retain its core has to undergo constant change to fit in the ever-changing world. Similarly, there has been constant evolution of different system such as political and administrative keeping in mind the best interest of the public. Public Systems Management has been defined by many as “Administration and Management of both direct and indirect institutions engaged in the public policy-making exercise and in delivery of public services”. The core areas of PSM are on results, efficiency and quantification.

With respect to governance, it lays focus on:

- (i) Ensuring the government plays a less active role in day-to-day functioning.
- (ii) More emphasis on the results.
- (iii) Keeping the requirements of customers in mind.
- (iv) Putting market mechanisms in place in those areas which cannot be privatised.

SCOPE OF PUBLIC SYSTEMS MANAGEMENT

With the ever-changing scenario of public- private enterprises, the extent of role play by the government in public systems the scope of public systems management is limited to:

- (i) Giving importance to attaining results instead of blindly following the guidelines.
- (ii) Putting across the market principles such as competition, contracting etc.
- (iii) Making public administration with the customer as the core.
- (iv) Less interference from the governments and independence to these agencies for better functioning and answerability in case of any under-achievement.
- (v) Assigning fixed responsibilities to the employees, thereby motivating them for better results.
- (vi) Making employees more customer centric.

PUBLIC SYSTEMS MANAGEMENT: CONCEPT, NATURE, SCOPE AND CHARACTERISTICS / 3

- (vii) Making the functioning of these units more flexible, goal-oriented and reducing bureaucratic interference.
- (viii) Ensuring that there is a positive form of corporatisation of these units for goal attainment.

Kettle in 2002 points out the basic concerns that are looked into by the New Public Management initiatives. These are:

- (a) Productivity,
- (b) Marketisation,
- (c) Service-orientation,
- (d) De-centralisation,
- (e) Policy,
- (f) Accountability for results.

CHARACTERISTICS OF PUBLIC SYSTEMS MANAGEMENT

Broadly speaking, Public Systems Management looks into giving a freehand to the public units for effective functioning and also reducing unnecessary and unwarranted interference of external agencies. It is more customer centric and thereby more accountable and goal-oriented. The basic characteristics of Public Systems Management can be broadly pointed out as follows:

- (i) Improving the service quality provided to the customers.
- (ii) Taking into consideration and also give serious importance to customers's needs and choices.
- (iii) Reduce the rigidity in the working of these organisations.
- (iv) Unnecessary hierarchical positions are done away with.
- (v) Each individual is given tasks which can be evaluated with respect to the targets achieved.
- (vi) There is an aspect of practicality aspect of competition and dealing with it is an effective and efficient manner.
- (vii) It is a more democratic way of performing tasks.

- (viii) Market mechanisms are given more importance in comparison to bureaucratic mechanisms.

- (ix) It believes in anticipating the problems that are likely to arise and be ready with the solutions.

An important fact of Public Systems Management is not to undermine the involvement of the state in totality, but to:

- (a) Ensure there is high degree of transparency and accuracy instead of following procedures.
- (b) De-centralising of activities and involving the state in strategic areas.
- (c) Changing the overall work culture in a way compromising for better results.

SELF-ASSESSMENT QUESTIONS

Q. 1. Prepare a brief note explaining the changes that have taken place in the west during 1980's and their impact on the discipline of public administration.

Ans. In 1985, it was felt by the then General Secretary of Russia that fixing the Soviet economy would be nearly impossible without reforming the political and social structure of the Communist nation. It was he who did call for fast paced technological modernisation and increased industrial and agricultural productivity and he attempted to reform the Soviet bureaucracy to be more efficient and prosperous. He also initiated the concept of state acceptance of production. A number of reformist ideas were discussed by politburo members. One of the first reforms Gorbachev introduced was the anti-alcohol campaign begun in May, 1985, which was designed to fight widespread alcoholism in Soviet Union. Prices of Vodka, wine and beer were raised and their sales were restricted. It was pursued vigorously and cut both alcohol sales and government revenue. Other than Russia during latter half of the 1990s the governments of some western countries took the initiative to reform the health sector informed by the ideas and design of the World Development Report 1993-investing in health. The health policy of these countries sought a more prominent role for the private sector and NGOs in the provisioning of services. It clearly stated the inability of the state to

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provide services and also allowed and encouraged private practice by government doctors, (World Bank, 1997) some of the indicators of health sector reforms were:

- Permission to foreign providers of medical care.
- Encourage private health industry.
- To lease spare capacity in public facilities to private practitioners.

These were some of the changes that have taken place in the west during 1980s and impact on the discipline of public administration with reference to the health sector.

Q. 2. Write a note on structural adjustment initiatives undertaken in any one of the countries of Organisation for Economic Co-operation and Development (OECD) or any developing country and assess their influence over its administrative system.

Ans. The main aim of undertaking structural adjustment initiatives in developing countries is to point out the shifts in comparative advantage, emergence of new sources of Competition. Technological advancement at more than a rapid pace and also distinct change in consumer preferences. The scenario has completely changed from what it was in the 1970s and 1980s to the present day where, China and India have emerged as competitive suppliers and also large consumers of goods and services, which also includes depleting natural resources which calls for structural changes and development opportunities as well shifting society concerns also means that making the case for open markets work at focusing more on the impact of liberalisation on the environment and also poor and vulnerable groups within the society. The adoption of appropriate, coherent and well sequenced domestic policies in the framework of a comprehensive national development strategy is at the heart of a successful, adjustment process yet this requires political leadership efficient institutional frameworks as well as adequate infrastructure facilities. Development cooperation also plays a critical role in supporting the adjustment process in developing countries.

ADDITIONAL IMPORTANT QUESTIONS

Q. 1. Discuss in detail the scope of public systems management and point out the concerns these initiatives address.

Ans. Present day governments believe in result based government and this requires a professional working atmosphere in place. This can be achieved when there is accountability and responsibility. Performance improves when there is an incentive as in the case of corporate sector. Therefore, the scope of public systems management includes:

- (i) Importance should be given to the end result rather than to the means of achieving the result.
- (ii) Putting itself through competition so that high standards of quality are maintained at all times.
- (iii) The public administrations core focus has to be the customer always.
- (iv) Taking help of other non-government organisations etc. to implement the organisations policies successfully.
- (v) De-regulating government activities to make it goal focused.
- (vi) Give authority and responsibility to its work force to ensure coordination.
- (vii) Moveover from traditional methods of working and adapt to the changes taking place and also be prepared with the future in mind.
- (viii) Bring in a culture of corporate world where importance is given to performance, evaluation, autonomy to the organisation.

The basic concerns pointed out by Kettle (2002) that New Public Management initiatives look into are:

- (i) **Productivity:** How can the government ensure more production per person while minimising costs?
- (ii) **Marketisation:** This aims at bringing the market forces into the organisational set up and aiming to do away with the bureaucratic maladies.
- (iii) **Service-orientation:** This aims at keeping the consumer the focal point and ensuring the service provided to him is in sync with what has been promised.
- (iv) **Decentralisation:** The people coming in direct contact with the general public should be given the authority to use their decision-making for the benefit of those people.