Drivers of Public Sector Reforms in Pakistan: A Comparison of NPM with Alternative Reform Drivers

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Abstract

Like other countries, Pakistan is making efforts to modernize its institutions to deal with formidable and complex challenges that it confronts. Public sector reforms in Pakistan reflect different models— some borrowed and some indigenously discovered—since early 1950s. Each model has its strengths and limitations with a moderating being played by the peculiar politico-administrative contexts of the country. The study in question was aimed at finding out the drivers of public sector management reforms in order to know how far they reflect local realities and how much they have been influenced by international trends. Data was collected through interview with senior government officials and various public reports. The results do not provide any counter-intuitive finding but show that there are points of convergence and divergence in different reform drivers in Pakistan vis-à-vis the reforms informed and led by New Public Management (NPM) model.

Keywords: Public sector reforms, New public management, Alternative reform models

Introduction

Public sector reforms under the so-called New Public Management (NPM) are widespread and seem to have many commonalities around the world. These reforms have strong advocates in the Anglo-American countries and international organizations (such as World Bank, UNDP, and IMF) have played a vital role in spreading such reforms to developing countries including Pakistan. Individual actors including consultants, bureaucrats, and political leaders too have had their part in introducing reforms in public organizations.[1] How much the NPM-driven reforms have resulted in real change is a question which still demands a convincing answer rooted in empirical evidence.[2] Many practitioners and researchers believe that NPM accounts for majority of reforms in the public sector but attributing all changes and innovation to NPM is a distortion of the evolutionary character of public management

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practices. The purpose of this paper is to identify the drivers of public sector reforms in Pakistan and to assess their relative significance.

The succeeding part of this paper briefly explains the construct of NPM and discusses its role as a prominent driver of reforms in government. It is followed by a comprehensive discussion and analysis about other drivers of public sector reforms in Pakistan with examples from different organizations in addition to NPM as a competing driver. The main conclusion of the paper is that there is sufficient evidence which suggest that alternative drivers have had considerable impact on the nature and direction of public sector reforms in Pakistan. The results of this paper suggest that indigenous reforms appear to be more sustainable and effective than those borrowed from other countries regardless of the contextual differences.

The Need for Reforms
"Public Sector Reforms refer to interventions that affect the organization, performance and working conditions of employees paid from central, provincial or state government budgets".[3] It has been referred to at another place, as "Public Sector Reforms is a planned intervention to raise the level of public service performance. It must have carefully defined goals and a strategy to attain those goals".[4]

Like many other countries, Pakistan tries to reform public organizations to make them more effective and vibrant for meeting various challenges including the demand for socio-economic development and security. More specifically, factors such as declining public finance, macro-economic crisis, gradual domination of the market economy, and terrorism have forced the government to modify its bureaucratic machinery. Some reform measures have yielded positive outcomes but others have not moved beyond political pronouncements. Bureaucracy in Pakistan is still haunted by problems of corruption, elitism, inefficiency, and lack of responsiveness.[5]

NPM as a Driver of Reform
Many scholars have tried to define NPM (New Public Management) and its origins in order to understand its strengths and limitations. The key proponents of this approach come from "Chicago School Economics" including Tullock, Niskanen, Buchanan, and Osborne and Gaebler who emphasized market principles and greater use of private sector management practices with a view to reducing the size of public bureaucracy and making it innovative, responsive, and efficient. NPM, as a management philosophy, focuses on decentralization and devolution, result-based accountability, managerial discretion, contracting out government services, fewer rules and regulations, and reducing

complexity.[6] Hood contends that NPM has originated from convergence of two different streams of thought.[7] One is the 'New Institutional Economics'[8] based on public choice theory of Buchanan and Tullock,[9] Transaction-cost economics,[10] and Principal-agent theory[11] which equates politics with market phenomenon. The other is 'Managerialism' which gives supremacy to private sector management practices in improving efficiency and effectiveness.[12] The spread of NPM-driven reforms in different countries was the outcome of apparently universal agreement that they yield benefit to all kinds of political/cultural contexts.[13] NPM has, however, been criticized on many grounds. For example, Schick asserts that NPM takes a narrow view of the public sector and weakens collective values of probity, equality, and impartiality.[14] Moreover, public administration is rarely the responsibility of a single organization; rather it demands inter-organizational coordination and cooperation horizontally and vertically.[15] According to Deleon and Green,[16] reducing rules lead to administrative corruption due to rent-seeking behavior of public servants. NPM also fails to pay proper attention to the involvement of citizens in decision-making because it views citizens as clients or customers.[17] Moreover, NPM emphasizes achievement of a single organization/individual rather than its contribution to the overall purpose of the state.[18]

Reforms under the NPM model were started in Pakistan during 1990s and were informed by neo-liberal of economic development as enunciated by the "Washington Consensus" of liberalization, deregulation, and privatization This model was sponsored and promoted by international institutions such IMF (International Monetary Fund), World Bank (WB), and UNDP (United Nations Development Program) under Structural Adjustment Program (SAP). Despite political upheavals, the reform model remained intact and so many SOEs (Stated Owned Enterprises) such as PTC (Pakistan Telecommunication), GTS (Government Transport Service), and Banks were privatized with fragmentation of WAPDA (Water and Power Development Authority) into different electric supply companies. A recent wave of reforms under NPM model focuses on the policy-execution dichotomy as a means of Socio-economic development.[19] Many agencies such as HEC (Higher Education Commission), NDMA (National Disaster management Authority), and TRA (Telecom Regulatory Authority) have been created to promote professionalism and completion.

Alternative Drivers of Public Management Reforms
Besides NPM-inspired reforms, there are other drivers which have led to changes in public administration in Pakistan. They include:
   i).   Social Justice and Empowerment Drive

ii).   Humanization Drive
iii).   ICT revolution

Social Justice and Empowerment Drive
One major driver of public administration reforms is greater demand for inclusiveness of disadvantaged groups in public service and decision-making at all levels of government.[20] This is especially true in the case of Pakistan where many groups belonging to tribal areas, women, and minorities have had historical disadvantages in access to employment opportunities in government, getting leadership positions, and participation in democratic process.[21] Since partition, there have been efforts in Pakistan to bring backward regions at par with others through quota system in civil and military bureaucracy[22] in addition to affirmative action as a policy of positive discrimination. In order to ensure grassroots participation in decision-making, there have been attempts to devolve administrative and financial powers through local government systems.[23] The devolution of power to local level was a remarkable effort during Musharraf regime (1999-2007). More importantly, the Musharraf regime (1999-2007) introduced various reforms that led to free media (particularly electronic media) which, in turn, provide an effective platform for public accountability of the sitting government.[24] Citizen empowerment can also be seen from government initiatives to increase greater professionalism in public bureaucracy through extensive training and socialization of public servants in institutions like NIPA (National Institute of Public Administration) and National School of Public Policy.[25] Public-private Partnership (PPP) is another area which has been in focus as a development paradigm in Pakistan since 1990s. This model advocates transfer of ownership to the public through creating some kind of joint ventures which not only ensures greater transparency and efficiency but also sustainability of the projects.[26]

Humanization Drive
The third major driver of public administration reform in Pakistan is the humanization of public service. There has been a visible shift from "mechanistic thinking" toward human relations. This alternative way of thinking gives more importance to employees as "whole persons" in the sense that they come to work organizations not as instruments and machines but as humans with feelings, beliefs, and different attitudes. The shift is reflected in a broad movement toward human resource management which emphasizes interpersonal relations, sensitivity to employee needs, and employee involvement.[27] The pioneer of this approach to management include McGregor,[28] who distinguished

between *theory x and theory y* wherein he emphasized the role of environment and supervisor is critical in determining employees' performance. Drucker also rejected the philosophy of *management by control* [29] and advocated a new approach which gives more importance to job enlargement, job enrichment, and participative & consultative management. This model is seen as reaction to the dehumanizing aspects of Taylor's scientific management reflected in emphasis on standardization of instruments, precise performance standards, and positions (rather than people). The humanization model of public administration reforms is associated with the quality of work life and philosophy that views employees as whole persons with interests and needs inside and outside the organization that must be balanced and reconciled.[30]

Public sector reforms in Pakistan reflect the humanitarian model in more than one ways. Many public organizations have set up human resource departments with responsibility to work as administrative expert, employee advocate, change agent, and strategic partner.[31] Though HRM (human resource management) is in embryonic stage, particularly in the public sector, but many factors have led to a change in thinking about employees.[32] In addition to HRM, the government of Pakistan has introduced many reforms in the public organizations (e.g. PIA, FBR, and State Bank etc) that recognize individual importance. However, there is still much to be desired given the dominance of traditional public administration model.

ICT Revolution
The third driver of public management reform in Pakistan is the ICT (Information and Communication Technology) revolution. Information technology changes whatever it touches including the government. The governments employ ICT to process and disseminate information as a crucial element in making rational and timely decisions.[33] Moreover, computers in government make it possible to compile and analyze information pertaining to performance of an organization for greater transparency and accountability.[34] In other words, information technology (IT) not only improves organizational efficiency and effectiveness but also promotes democracy. The concept of e-government captures the government drive to facilitate access of the general public to various services it provides.[35] In addition to creating virtual structures, ICT leads to downsizing and creation of networks designed to break traditional organizational boundaries.[36] In Pakistan, the extensive use of internet by public agencies (such as registration departments, tax authorities, postal services, libraries, and public utilities etc.) has led to efficient service delivery.[37]

Conclusion

This review of public sector reforms in Pakistan makes some patterns apparent. First, Pakistan has not fully embraced the market-based reforms. There is low level of interest and experimentation with NPM-inspired reforms mainly due to evolutionary character of Pakistani bureaucracy and peculiar socio-politico context. In some cases, such as pay reforms and contracutalization of public services, NPM has shown its presence but in the core bureaucracy, it has been rejected. Notwithstanding some rhetoric and policy documents supporting NPM, reality on the ground largely remains unaffected. However, some key elements of NPM package including privatization, contracting out of public services and emphasis on result-based performance signals a shift in the way government does or intends to do its business. Despite this shift, there are competing drivers which determine the nature, pace, and direction of changes in the public sector. There alternative drivers are not only integrally related to one another but in some cases can also be seen as converging with NPM ideals. Government reforms such as introduction of local government, emphasis on equal employment opportunities, fair treatment of public servants, and valuing diversity etc. all point to the internal dynamics of public sector reforms. The impact of ICT on how the government does its business is profound and conspicuous. E-government gives citizens full time access to government services and reports through web portals. The use of such portals makes it possible to have alternative forms of organizations including partnering (public-private partnership), virtual organizations, and networking. In a nutshell, reforms in Pakistan have to be seen as entangled in contextual factors reflecting local realities and different agents of change. Thus, attributing every change in the public sector in Pakistan to one particular model is misleading and myopic. This study suggests that in future public administration reforms in Pakistan will be largely affected by the public demand for social equity and democratization and the use of modern technology to make the government more efficient, responsive, and accountable.

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