

PUBLIC MANAGEMENT REFORMS IN JAPAN: AN ANALYSIS INTO THE PROSPECTS OF INTRODUCING NEW PUBLIC MANAGEMENT

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Introduction

In the past two decades, an unparalleled wave of reforms struck the public sector across the globe particularly with a view to restructuring the traditional model of public administration (Minogue, 2000). These reforms were felt necessary by many developed and developing countries in order to ensure effective and efficient management through privatizing enterprises (earlier extensive public sector), right sizing government departments, downsizing the number of employees, and decentralization (greater management and authority) as well as introducing performance measurement and so on, while providing high levels of public services. Moreover, reforms were essential in response to the continuous political, economic and social pressures. In order to ensure good governance, better management, economic prosperity, social cohesion, environmental sustainability and confidence in public institutions in the government, the last two decades or so has inflicted the whole world to choose the concept of new public management (NPM) paradigm or NPM-style reform away from the traditional public management style (Organization of Economic Cooperation and Development, OECD-PUMA, 2000; Turner and Hulme, 1997).

Despite some limitations in the NPM (Hughes *et al.*, 2000; Minogue, 2000; OECD-Focus, 2000), the introduction of globalization, rapid technological progress and growing influence of the society with the increased pressure from the international capital flow have necessitated the introduction of NPM. Recognizing the fact, in the early 1980s the United Kingdom (UK), United States (US), Canada, Australia, New Zealand and some other European countries embraced the philosophy of NPM (Lane, 2000). Japan (the most industrialized country in Asia) has not been an exception to this phenomenon. In the Asian countries Japan undertook administrative reform around the same time (Elliot, 1989), although support from the politicians to go down the same road was at 'embryonic' stage (Carlile, 1997).

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Indeed, in Japan, administrative structure was required to be modified as the economic growth was not expanding rapidly as before during the period from the '1960s and early 1970s to the slower growth in the 1980s' (*ibid.* 3). Over the years the government of Japan has been active in overhauling its Public Management (hereafter PM) with the intention of addressing the issues and problems in responding to 'the new era, a public administration that lets people act more on their initiative, that is open to, and trusted by people, and providing a high quality administrative service' (OECD, 2000b:1). Keeping these things in mind, the following objectives of the paper can be set.

Objectives of the Paper

The main objective of the paper is to find answers to the following questions:

- Does the reform processes in Japan favor NPM?
- What are the obstacles to the implementation of NPM in Japan? and
- What measures can be followed to overcome those barriers?

This is basically a study based on secondary data (literature review) with a special emphasis on the reform initiatives undertaken in Japan, particularly considering the prescriptions of the NPM, which are being adopted in the PM of the developed and developing countries across the world for ensuring efficient and effective management. Thus it attempts to pull together the findings derived from the secondary data in order to understand their broader implications. Apart from this, it also tries to assess and review PM, and the success of applicability of NPM in Japan.

The paper is divided into seven main parts. Section III provides a brief synopsis of PM and NPM focusing on the seven doctrines agreed among the scholars around the world. Section IV examines the characteristics of Japanese PM, and at the same time Japan's reform experience has been highlighted in Section V. Section VI deals with the recommendations made by the Administrative Reform Council (ARC) way back in 1997. Moreover, Section VII spells out the recent reform plans put into action to bring the desired result in the PM in Japan. Finally, Section VIII emphasizes the need for taking up the NPM model in Japan in line with the varieties of model adopted by the UK and US in particular. The paper ends with some brief concluding remarks in Section IX.

PM and NPM: An International Perspective

Indeed, PM as a concept can be defined, ‘as the problem of how to design and operate public services and the detailed work of executive government...it matched a mood for reform in state bureaucracies, making government more “business-like” and laying greater stress on the role of managers’– to achieve objectives with maximum efficiency and effectiveness as well as shouldering the responsibilities of results in particular (Hughes, 1998; Hood, 2000:3). On the other hand, the essence of NPM states that:

The ‘new public management’ has the following central doctrines: a focus on management, not policy, and on performance appraisal and efficiency; the desegregation of public bureaucracies into agencies which deal with each other on a user-pay basis; the use of quasi-markets and contracting out to foster competition; cost-cutting; and a style of management which emphasizes, amongst other things, output targets, limited-term contracts, monetary incentives and freedom to manage (Hood, 1991 quoted by Hughes, 1998:2).

Over the ten years or so, there have been profound changes in the nature of public administration. These changes have occurred in different ways in different countries. But there has been enough cohesion for critics to talk about the NPM. The concept of NPM brought with it a managerialist revolution in the public sector. NPM dominated the PM scenario of the developed countries since the origin of the concept. The main theme of NPM, if stated in a single sentence, would be to steer the ship, rather than row it (Osborne and Gaebler, 1992). Although there has been much debate regarding the nature of NPM, the guiding principles of NPM have basically been agreed among scholars. According to Hood, it may be summarized in the following seven doctrines:

1. *Hands-on professional management* in the public sector. This means letting the managers manage, or as Hood puts it ‘active, visible, discretionary control of organizations from named persons at the top’. The typical justification for this is that ‘accountability requires clear assignment of responsibility for action’.
2. *Explicit standards and measures of performance*. This requires goals to be defined and performance targets to be set, and is justified by proponents as ‘accountability requires [a] clear statement of goals; efficiency requires a “hard look” at objectives’.