

# The Bureaucratic Organizational Structure Reform in the New Public Management Movement

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**Abstract:** With the progress of society, the functions and scale of administrative agencies have been expanding, and handling complex administrative agencies affairs has become a challenge. The existing simple administrative system cannot meet the needs, prompting people to seek a new system. The bureaucracy, as a rational system for effectively implementing public policies, emerged in response to this need. Bureaucracy emphasizes efficiency, discipline, and other rational principles, reflecting the efficiency and orderly organization of social organizations, with clear responsibilities and standardized operations. The New Public Management (NPM) movement criticizes its centralized rigidity, the influence of officials' motives on operations, and therefore seeks changes in personnel, structure, operation, and morality. However, the inefficiency of administrative agencies is not only due to bureaucracy, but also brings new challenges from marketization and decentralization. This article aims to improve the New Public Management model through administrative agencies integration. Overall, the New Public Management movement is a continuous revision of bureaucracy, rather than a fundamental transformation.

**Keywords:** New Public Management; Bureaucratic Organization; Organizational Institutional Change; Bureaucratic Organization

## 1. The Basic Characteristics of Bureaucracy

In his theory, Max Weber argued that bureaucratic organizations are based on legal authority and are considered the most efficient administrative organization form in modern states<sup>[1]</sup>. He stated: "Purely bureaucratic administrative management, i.e., a centralized, document-based bureaucracy, is characterized by precision, stability, discipline, thoroughness,

and hierarchy, in other words, it is perceived by those in power and administration as adherence to rules, honesty, high efficiency, and widespread coverage. In other words, from the perspective of form, this system can adapt to any task requirements and has the potential to achieve the highest degree of perfection from a technical standpoint. In this sense, bureaucracy surpasses other types of management models in terms of formal rationality, technical rationality, and efficient stability, thereby establishing itself as a classic organizational model in the field of modern management." Thus, bureaucracy stands out among various management categories and models due to its form rationality, extreme pursuit of technical rationality, and efficient and stable operation, becoming an indisputable classic organizational structure in the field of modern management.

In Weber's bureaucratic organization theory, in personnel management, based on the principle of value neutrality, bureaucracy adheres to the traditional public administration's principle of political-administrative dualism, establishing bureaucrats as administrative officials and engaging in policy implementation work. In bureaucracy, through technical design such as labor division, hierarchical control, focusing on the factual domain rather than the value domain, and open selection, it discards value rationality factors, achieves administrative organization operation's "depersonalization," and realizes absolute control from the top down, completely based on principles such as scientificity, technicality, and logic, and achieves "formal rationality" in the operation of administrative organizations on the basis of tool rationality.

In terms of the operation of administrative systems, the technical superiority of bureaucracy is manifested in its "precision, speed, clarity, continuity, discretionary power, uniformity, strict hierarchical relationships, and reduction of friction and expenditure of manpower and material resources." According to Weber, bureaucratic organizations are

primarily characterized by hierarchical structures, clear divisions of labor, documented work decisions, separation of administrative and legislative powers, professionally trained administrative personnel, and impersonal management<sup>[2]</sup>.

## **2. Criticism of Bureaucracy by the New Public Management Theory**

It is undeniable that although the bureaucratic system has played an important role in the field of social governance and public services with a series of significant advantages such as rigorous and orderly, clear responsibilities and standardized operation, its inherent limitations and drawbacks have become increasingly prominent as time goes by. In the late 1970s, faced with many challenges caused by bureaucracy, such as decision-making lag, efficiency bottleneck, lack of flexibility, and insensitive response to rapidly changing social needs, a profound public management innovation movement emerged, which is known as the new public management movement today<sup>[3]</sup>. The advocates of the new public management movement believe that the bureaucratic organizational structure constructed on the basis of Weber-Wilson paradigm is the root of the continuous malpractice of contemporary government, and criticize the bureaucracy from the perspective of organizational behavior and public choice theory..

From the perspective of organizational structure, bureaucratic organizations adopt a centralized and hierarchical structure, which shows the characteristics of rigidity and slowness, so it is difficult to adjust and adapt efficiently and quickly in the face of the ever-changing social environment. At the same time, the bureaucratic system puts too much emphasis on the formulation and implementation of rules and regulations, resulting in the lack of innovation and autonomy of employees. Too strict rules and regulations make employees lack the space to exert their creativity and imagination, resulting in the decline of organizational innovation. Moreover, the lifetime employment system of the bureaucracy leads to the loss of incentive mechanism, which makes the civil servants lack enough enthusiasm and motivation to work, resulting in low efficiency. From the perspective of public choice theory, the "self-interest" and "altruism" motivation of

individual officials have a significant impact on the overall operation of bureaucratic organizations<sup>[4]</sup>. From the perspective of individual officials, any official has a dual role - administrative personnel and social personnel. The identity of administrative personnel drives officials to serve the public interest more and seek the welfare of citizens more, showing the "altruistic" motivation of individual officials. The identity of social personnel drives officials to consider some of their personal interests, thus showing "self-interest" motivation. However, most bureaucratic organizations choose to treat officials as perfect "politicians" when analyzing the motivation of officials, and analyze officials' behavior only from the perspective of bureaucratic organization environment and society, but ignore the influence of officials' "self-interest" on bureaucratic organization behavior. The "self-interest" motivation of employees should also be taken into account. When officials perform their social functions, apart from the desire to serve the public interest, they should also consider the impact of personal interests on the behavior of officials. After all, officials will also attach great importance to the behavior beneficial to themselves, as long as there are differences in interests among individuals. The dominance of individual interests will inevitably produce differences between the performance of individual social duties and the value judgments of others.

## **3. Construction of Organizational Form of New Public Management Theory**

On the basis of deep reflection and criticism of the shortcomings of the traditional bureaucratic system, the new public management movement constructs a new framework of government governance system. Its ideological core is deeply influenced by the concept of neoliberalism, and focuses on redefining the functional positioning of the government in social and economic activities and its interaction with the market economy. The new government and market structure of "big market leading, small government regulation" is clearly proposed, aiming to promote the thorough innovation and reconstruction of the government organization system and management mode by transferring the efficient organizational structure and advanced management strategy of private enterprises to the public sector<sup>[5]</sup>. With the in-depth

implementation of the concept of enterprise government, governments of various countries have gradually carried out a series of changes in organization and management mode.

In terms of personnel management, the reform of the new public management first focuses on streamlining institutions and reducing personnel. In view of the increasing financial pressure on the government and the difficulty of maintaining a huge government organization, streamlining the administration has become an inevitable choice to ensure the effective use and reasonable allocation of public resources<sup>[6]</sup>. In addition, with the transformation of government functions and the widespread implementation of public service outsourcing policies, the responsibility for the supply of a large number of public goods and services originally undertaken by the government has begun to shift to all sectors of society, resulting in a corresponding reduction in the demand for institutions and personnel by the government itself. Second, the traditional lifelong career security mechanism is undergoing profound changes. As the cornerstone of the civil service system, the lifetime employment system has been seriously challenged under the impact of the new public management reform. In places such as Canada, Australia and the United States, for example, lifetime job security, once considered a privilege of the public sector, is gradually giving way to fixed-term employment contracts, which are gradually being replaced by fixed-term contracts. Third, the human resource management model between the public and private sectors tends to be integrated. For a long time in the past, there was a significant difference between the public and private sectors in the handling of labor relations in Western countries, and the former was subject to public law.

In terms of organizational structure design, the government's practical strategy includes the following two points: First, it takes the lead in advocating the distribution, miniaturization and flat transformation of the public service system<sup>[7]</sup>, advocating the establishment of professional institutions with high execution efficiency or decentralized units with certain autonomy, and authorizing them to carry out the functions of public project execution and public service provision. In this context, the old complex structure of a single minister was divided into a series of small executive entities,

each with a specific role, focusing on the provision of one or a few public services, and the old large organization was reduced to a small number of senior civilian officials who made up the policy, planning and coordination center. Through this decentralized transformation of the organization, the size and highly centralized bureaucracy are effectively reduced, and a more agile, open, collaborative and innovative flat organization model is spawned. The second is to actively carry out market-oriented reforms, aiming to transform the hierarchical relationship within the bureaucracy into a market-driven principal-agent mechanism, which is fully reflected in the "executive agency" reform practice in the United Kingdom and New Zealand. In this type of reform, the political tasks are clearly separated from the day-to-day administrative tasks, with the former being controlled by the ministerial level and the latter being delegated to an independently functioning executive body, thus achieving a logical separation of decision-making and executive powers. Each executive agency has an executive director, who may come from the traditional civilian system or may be selected on a contractual basis, so that the original subordinate relationship is replaced by a flexible contractual relationship.

In terms of organizational operation mechanism, the reform measures of the government are mainly reflected in three aspects: First, the decentralization management mode is implemented in the distribution of authority, and the discretion of various departments and agencies in personnel management is enhanced<sup>[8]</sup>. For example, during the Thatcher government in Britain, the civil service department was abolished and the human resource management functions of the central government were devolved step by step to each business department until the grass-roots managers. The core idea of this measure was to enhance the overall management efficiency by empowering managers with greater decision-making power. While granting subordinates greater discretion, they are required to have a clear value concept guidance, because only by reaching a consensus on value cognition can officials at all levels ensure that their purposes and results can maintain a high degree of coordination with superior strategies when exercising their free decision-making

power. Second, through privatization and outsourcing of public services, the government's operation process was fundamentally changed, and a parallel network of contract organizations was added to the original hierarchical bureaucratic structure. Today's public managers need to switch flexibly between vertical chains of authority and parallel models of negotiation and cooperation. In the parallel relationship, a new power relationship is built based on the principle of contract, which requires civil officials to master the corresponding marketization skills and knowledge to ensure the efficiency and adaptability of the organization's operation. The third is to focus on results-oriented management, which closely links the pay of civil servants to their actual work performance. In the process of reform, the traditional process-centered management model is gradually replaced by a results-oriented management model, which is complemented by the introduction of a performance appraisal system in government departments, which directly relates work performance or results to salary.

In terms of the professional ethics of public officials, market-oriented business models such as public-private partnerships, outsourcing and public service procurement have improved efficiency to a certain extent, but they have also brought unprecedented risks and challenges to the integrity of public services and their interactions with the competitive private sector<sup>[9]</sup>. In the face of such problems, the new public management movement puts forward three countermeasures: First, it requires public officials to show their entrepreneurial spirit, not only to adhere to the core values of traditional public services such as non-favoritism, fairness, and law-abiding, but also to keep pace with The Times and accept new values such as transparency, efficiency, accountability, and responsiveness that reflect the new trend of public management. Second, strengthen the moral norms of public officials through legislation. In view of the greater discretion of public officials in their work under the decentralization reform, the phenomenon of abuse of power is likely to intensify. Therefore, the moral code based on the rule of law has become an important defense line to restrain and prevent the abuse of public power. Thirdly, we should attach great importance to the role of moral prevention mechanism in professional

culture. A key role is played by professional socialization, which is a process of sensitizing civil servants to ethical issues through education and training, the dissemination of values, and the internalization of ethics and codes of conduct. In addition, some countries, such as the United States, have set up full-time ethics advisers in government departments to provide professional consulting services and guidance on whether civilian staff's behavior is in line with the code of ethics.

#### **4. Rethinking and Revising the Organizational Form of New Public Management**

The New Public Management Movement (NPM) advocates surmount and subvert the traditional rational bureaucracy, but in practice, the basic form of bureaucracy still exists, only the form has changed. While the NPM criticizes bureaucracy and attempts to improve efficiency through reforms, simply abandoning bureaucracy does not automatically improve government effectiveness. The following points illustrate this point: 1. Government-market relationship: NPM blames government inefficiency on bureaucracy, but excessive government intervention in the market is also a cause. Postwar Keynesianism led to the expansion of the state, and simply abandoning bureaucracy would not solve the underlying problem. 2. Personnel management: NPM makes the civil service system more market-oriented, but the job security of civil servants is weakened, and the salary competitiveness is insufficient, which affects the talent attraction. The performance-based pay system is complex and easy to ignore non-material incentives, while the employment system may lead to unfair recruitment. 3. Organizational structure design: Although decentralized management improves performance, it leads to government fragmentation and affects policy consistency. Despite reforms such as flattening implemented by the NPM, the government has retained many bureaucratic features such as a hierarchical structure and executive authority. 4. New challenges: NPM introduces market competition mechanism, but also brings problems such as the impact of economic fluctuations on the stability of public services. Economic control means may fail in areas where public services are difficult to quantify,

and the concept of customer first may undermine the principle of fairness and justice. Therefore, the new public management movement does not completely deny the bureaucracy, but adjusts the bureaucracy according to the changes in the administrative environment and learns from the experience of the private sector. Although the slogan calls for the abolition of bureaucracy, the reality is to moderate its adjustment. While the new public management movement in Britain has improved the efficiency of the public sector, it has also been criticized for ignoring the integrity, consistency and fairness of public services. Decentralization has increased flexibility but led to a fragmented government structure. In response, scholars such as Perry Hicks and Patrick Denham propose holistic governance, which emphasizes cross-sectoral collaboration, the integration of resources and services to solve complex problems, improved coordination of policy development and implementation, and enhanced collaboration between different sectors. Hicks pointed out that fragmented governance has multiple dilemmas, including shifting responsibility, project conflicts, duplication of effort, and miscommunication. Holistic governance aims to overcome these problems through the integration of institutions with similar functions, the implementation of a large department system, timely re-government, and strengthening central regulation. The British and American governments, for example, have created integrated ministries to improve efficiency, sometimes renationalising services from privatisation. Compared with the new public management, holistic governance focuses more on using information technology to revolutionize the bureaucracy, rather than breaking it completely. The goal of holistic governance is to improve the quality and efficiency of public services by improving the integrity and synergy through technology while maintaining the existing structure. Although the two differ in approach, they both strive for efficient, high-quality and low-cost service delivery<sup>[10]</sup>.

## 5. Epilogue

The new public management movement was the product of the late 1970s and early 1980s. In this broad and far-reaching reform trend, the impersonal value concept contained in the

bureaucracy itself gradually became the focus of government innovation. Therefore, the new public management movement is committed to breaking the shackles of the traditional bureaucratic organizational form, so it especially emphasizes the construction of decentralized and fragmented organizational form. However, this reform itself has led to many problems in personnel management and organizational structure, which has led to the criticism of the whole government governance theory, and attempts to use modern information technology to transform the traditional bureaucracy, rather than completely abandon it. It can be seen that the core of both bureaucratic and decentralized organizational forms lies in adapting to specific organizational environments, rather than making absolute value judgments on a single organizational model. In the future research, on the one hand, the relationship between the new public management movement and bureaucracy should be further explored on the basis of further clarifying the orientation of the value concept of the new public management movement. On the other hand, we should promote the clarification of bureaucratic problems and further overcome the drawbacks brought by bureaucratic system.

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