

The shadow economy exists in any country in the world. To reduce its existence, the recommendations contained in the text should be used.

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THE CONCEPT OF NEW PUBLIC MANAGEMENT

The field of public administration has been rife with debate about the New Public Management over the past decade. Interpretations of its origins and evolution, in particular, have become polarized [4]. Unfortunately, there is no exact answer to this question, however, there are many different theories and interpretations. After more than a decade of spirited debate, neither its supporters nor its critics can quite get a handle on what the new public management is and, in particular, on what is new about it-let alone on whether, taken as a whole, it is a good [5].

The model of the “New Public Management” (NPM) – public management practices originating from the private sector – was coined in the work of the British and Australian theorists Christopher Hood and Michael Jackson, *Administrative Argument* (1991) and again in 1991 by Christopher Hood when carrying out a study on the evolution of the public management styles of OECD countries back in the 1980s. Christopher Hood traced a pattern within the various styles of public management and styled a singular concept that would provide an explanation to public organizations’ establishment, although he

mentioned the fact that those public administrations he analyzed had found unique manners to perform the reform process [3].

Despite not having an exact definition, NPM has a set of ideas: competition between public and private service providers; decentralization and delayering of government bureaus; more choice for citizens; benchmarking and output measurements; performance contracts and other financial incentives for public servants; creation of internal markets; and assimilation; within the public sector, of private-sector management techniques including better risk-management [5].

First, it should be reemphasized that NPM is a way of explaining phenomena that already existed in practice. Activities consistent with what would later come to be called "New Public Management" existed in America at the national level and at the state and local levels long before the underlying theories of NPM were developed [1]. What this means is that New Public Management is a new concept that contains already used features. It is an old experience redefined.

The emphasis on performance that appears to distinguish the New Public Management from past administrative traditions is nothing new. Characteristics that foster effective governmental performance-adaptability, efforts to build capacity and resources, customer service, and a sense of mission-appear in federal organizations during different eras of the twentieth century and were common before 1950 [1].

Old Public Management is a classical bureaucratic form of organization described by Max Weber as an ideal type of rational forms of government, that due to the principle of law statehood is marked by the high levels of predictability for politicians and citizens. Typical features of bureaucratic organization are primarily:

- division of labor based on functional specialization;
- precisely fixed hierarchy of authority;
- system of rules, which establishes the rights and obligations of officials;
- system solutions of performance situations (standardized processes);
- impersonal relations between people;
- stimulation or promotion on the basis of professional competence in relation to the principle of service stairs;
- compliance with the principle of business papers.

Theoretical foundations of New Public Management are based on two theoretical approaches to the roots of the NPM concept:

- public choice theory (public choice);
- management theory [2].

All in all, NPM still has a long way before it becomes implemented into real life practices in Ukraine. The complexity of the tasks of public administration is that the changes in the Ukrainian government structures observed in recent decades have failed to overcome the cumbersome, non-transparent administrative-command system which is a shadow of the previous Soviet system, to create an effective public administration.

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