

Impact of Globalisation and Liberalisation on Administration

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Abstract - Globalization is a process of interaction and integration among the people, companies, and governments of different nations whereas Liberalisation refers to laws or rules being liberalized or relaxed, by government. This paper attempts to examine the impact of globalization and liberalization on government. Changes that are sweeping rapidly across the business world have forced businesses and nations to adapt by striving to change old economic behaviour's and traditional practices. Issues that arising out of globalization have rapidly altered the nature and scope of public administration. No longer confined to the analysis of the structure of the administration. Many functions of public sectors are being abstract and the interaction and copying of the public and private sectors has been increasing, which has been proving beneficial to the public sector to make it efficient, accountable, transparent, and competitive. This paper also examines the negative impacts of globalization on Indian administration like Flexibility in policies, increase in production, lessen the burden of work of administration with less control on economic and commercial activities.

Keywords - Globalisation, Liberalisation, Administration

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INTRODUCTION

The key strategy adopted for growth and progress in most developing countries during the 1950s and 1960s was a heavy reliance on the planned economy with an emphasis on public sector participation in economic development. The public sector was expected to generate surpluses for accelerated economic growth and socio-political development. Many developing countries in Africa, Asia and Latin America pursued this model of development vigorously, but within two and three decades, it becomes an illusion. Against the background of a series of global recessions in 1970s and 1980s, the economies of developing countries began to collapse particularly under the strains of severe external debts which began accumulating in the late 1970s. Public sector investments produced less output, lower yield and consequently very little surplus if any for growth. As a result, pressures began to mount globally for a change in the strategies of growth which posed a number of important questions to policymakers.

The policy of globalization and liberalization in the developing societies and accompanying forces of market economy have given rise to problems of governance and questions of far-reaching substantial and procedural importance. While the substantial questions relate to the specific policy contents in respects of the security, welfare and developmental programs of the citizens in general, and the people belonging to the backward areas and lower classes in

particular, the procedural questions relate to the impact of globalisation and competitiveness on the problems of governance and policy processes. There seems to be a circular relationship between the substantive aspects of the policies of the state undergoing structural transformations, and its procedural and institutional prescriptions.

Conceptual Framework:

Public administration today is reflecting in large part the changing practices of government, especially in the developed world. The practices of traditional Public Administration have come under increasing attack from neo-liberal economists, interest group theorist and rational choice scholars who have provided intellectual inputs to the politicians determined to reduce size and scope of public sector. This is scarcely surprising since the theoretical changes have tended to emphasize the significant extent to which political administration is political and part of the political process of determining "who gets what". Approaches to Public Administration are also embedded in wider conceptions of the state, relationship between state, market and citizenship. Changes in the ideological climate, are therefore likely to have a decisive impact on public administration that is what is evident now.

Waves of reform have swept through the public sector over the past several decades under societal pressures and demand including both national and

international. These changes have been piecemeal and fragmented and not integrated into clear visions regarding planned change in government. The market model of governance has been holding center stage since the 1980s. Drawing upon the basic thrust of this model, several new models were constructed to articulate emerging new trends in governance. For instance, the participatory model, that concentrates on the participation of the lower echelons and even the clients and citizenry has been a direct rebuttal of the traditional hierarchic model in public administration. Similarly, the idea of flexible government goes against the conventional model of permanent employment.

The debate directs our attention to a more flexible and open-ended vision of government. As long as democracy is valued as it has been ably put, the big questions of public administration. Public administration diminishes its role in society if understand primarily in terms of managing public agencies. The Minnowbrook first and Blacksberg manifesto have both raised the issue of democratic government in the public interest and what is relevant in the third world is that public administration is being crippled in the name of structural adjustments which invokes the market model of governance in utter disregard of the crucial development role of the state in developing societies. The interest of Public administration are no longer people-related; they are instead capital related. And here lie the peril of externally induced administrative reform through which most of the third world countries are passing today.

In terms of administrative theory building, the current emphasis on 'public management' via the market model of governance needs to be viewed in proper historical perspective. Historically, two contrasting vision have guided the pursuit of administrative analysis (a) **the managerial vision** and (b) **democratic vision**. In liberal democracies, both public bureaucracy and democratic polity have gained in importance almost simultaneously due to the specific historical circumstances in which they have emerged. But since the articulation of the Wilsonian paradigm and later the POSDCORB formulation, analysts have often been tempted to overemphasize managerialism with its predilection for efficiency, economy and effectiveness. The more central pursuits of public administration like achieving a democratic polity, improving the instruments of collective action, creating conditions for good citizenship and increasing societal learning are of no concern for public management advocates. A major flaw in the managerial perspective is its inordinate interest in organizational concerns and measures of organizational survival. There is in this move a misplaced emphasis on 'instrument' at the cost of purpose. Public administration as management undermines, if not altogether bypass, the over-arching perspective of a democratic polity. The sustained capacity of the political system for collective action, effective citizenship, and developing and nurturing the civic structure for protecting citizen's rights and promoting collective life are of vital significance for any public administrative in a democracy. The new public

management cult poses peculiar problems for third world public administration, as it tends to strengthen bureaucracy further, impeding the development of alternative people institutions so necessary for both generating the social capability to govern and creating more democratic spaces outside of central bureaucratic administration. Under pressure from the external donor agencies, momentous changes have been taking place in the third world public administration. On the one hand, the structural adjustment policy tends to downsize government and allow the market more free play: the governance concept, on the other hand, has tended to move away from the traditional model of the organisation of formal government and instead recommend a plurality of societal actors. In this, the observation of Arturo Isabel is of considerable relevance the problem is actually to enhance the quality of government not so much to reduce its size.

Impact on Administration:

Under the changed circumstances, the traditional concept of public administration revolving around a sheltered bureaucracy is no longer viable. For instance, in the recently posed public choice perspective, the question has been raised why the bureaucratic form of organization should have monopoly over providing public goods and service. It has been alleged that bureaucratic failures, which are numerous in reality, affect society badly both immediately and in the long-run. There are various options available for the delivery of public goods and services and society may benefit from the many supplier's syndromes. It is not necessary that the government should always assume the role of a direct provider of goods and services; instead, governments operate indirectly as enablers allowing non-government agencies to operate directly in a wide range of social activities. Contracting out and privatization in many forms are now the hallmarks of what is commonly known as 'the new right' philosophy of governance.

The publication of **Reinventing Government in 1992** was a watershed in the growth of new public administration in the sense that it has sought to redefine the functions of government. The authors argue in favor of entrepreneurial government that is certain to bring about radical changes by-

- (1) Improving public management through performance, measurement and evaluation,
- (2) Reducing budgets,
- (3) Downsizing the government,
- (4) Selective privatization of public enterprises and

(5) Contracting out in selective areas.

It is evident, that with the global changes in the role of government, public administration is currently engaged in an act of soul-searching. Some of the major theoretical concerns in the discipline, as it has been shaped in response to inputs from both the developed west and non-western societies, are:

- (a) The application of public choice theory to public administration, seeking to assess the relative importance of both market and state as contending providers of public good.
- (b) Decentralization and democracy-underlining the participation and empowerment of people at the grassroots.
- (c) The inadequacy of the Weberian notion of 'rational bureaucracy' in the post colonial states is being assailed as self aggrandising, priority-distorting, and budget-maximizing.
- (d) Organizational pluralism striving to ensure absolute freedom of individuals in choosing without interference. As a consequence, suggestions are being offered for load-shedding of government, privatization, decentralization, and empowerment and also the encouragement of NGOs in the voluntary sector.
- (e) 'Performance partnership' in the form of different levels of government come together corresponding to a public-private joint venture. Also the networking of government, NGOs and private agencies is being suggested and pursued.
- (f) Small governments in terms of downsizing and grassroots people's efforts are another idea being broached now. In this context, the decentralization of government and people of efforts is being advocated. Another kindred suggestion is the reconceptualization of the government's role. Also, a re-examination, and assertion of public interest have led to the revival of interest in this core concept. Neo-institutionalization in the form of institutional capacity-building is being advocated and institutional studies are gaining in importance.
- (g) The transparency of governance and an open, citizen-friendly administration via a citizen charter are now being advocated. Also, the gender issue has been brought to the fore, arguing that public administration has virtually been a male preserve. Alongside the discourse of bureaucratic rationality, there is a need for the juxtaposition of the discussion of domesticity, connoting feelings, emotions and human warmth.

PRESENT SCENARIO AND ITS ANALYSIS

This paradigm shift in public administration analysis in the developed west has had a ripple effect on the third world as well. In the post-colonial third world, radical socio-economic transformation within as short a time span as possible has been a basic agenda item of governments, in a situation of relative absence of a socially responsible private sector. Also, there has been a general skepticism about the role and efficacy of an essentially control oriented, people-avoiding, and rule-bound colonial bureaucracy. The idea, therefore, gains ground that public organisations have to be people-oriented rather than structure-oriented under the changed circumstances in which governance has acquired a completely different meaning compared to its traditional connotation.

Despite being one of the most widely used concepts in the contemporary public administration, governance has been either simplistically decoded or misunderstood and abused. This has obviously been reflected in its practical implications and therefore it is extremely necessary to delimit its scope before engaging in any discussions on its implications in Indian administration. Governance can be defined as the manner in which power is exercised in the management of a country's social and economic resources for development. Subsumed in this broad approach is economic governance by which is meant 'sound development management'.

There are four key components of governance:

- Accountability
- Transparency
- Predictability
- Participation

Accountability and transparency converge on the right of citizens to information regarding government transactions, predictability refers largely to the system of law and justice encompassing the laws of contract and property and the system of judicial settlement of disputes without loss of time and at affordable costs for all concerned. The fourth criteria of governance is participation, the process through which the public at large can function as a watchdog over governmental activities and the use of public resources as well as provide feedback to the government on the ability and efficiency of public services.

Under the influence of globalization, the neo-liberal governance ideology underlines reforms as a means to (a) reorganise and downsize the government, (b) set-up a performance-based organisation, (c) adopt private sector management practices and (d) promote customer-orientation of administration. The governance approach emphasises 'three dimensions of civil service reform: institutional environment, economic management, and pay/incentive systems. These three dimensions are interlinked. Institutional environment is indicative of 'the mission of the state'

especially its ideological preferences whereby the state defines its relationship with the private sectors, non-governmental organizations, and other professional and community associations. Economic management dwells on the quality of the core economic management functions of the polity such as the budget, financial management, and policy management. The importance of a pay/incentive system is obvious because of two reasons: (a) by providing attractive pay packages, one can make civil service the most sought after profession; (b) a satisfied civil service is perhaps the best guarantee for better delivery of services. There is no doubt that these three-dimensional characteristics of civil services reform are drawn on a realistic assessment of the process of administrative reform in any concrete situation. The reform package needs to take into account the administrative profile of the country in question which means both the institutional and economic environments. A patrimonial bureaucracy is, for instance, always partisan and thus resistant to Weberian normative values. Ignorant of this dimension, no reform package will yield results and the exercise of civil service reform will remain merely academic. Thus, better pay and incentives may not be an effective device unless the institutional environment is also tuned to appreciate the neutral character of civil service.

Public administration today reflects in large part the changing nature of the practice of government especially in the developed world. The practices of traditional public administration have come under increasing attack from neo-liberal economists, interest group theorists, and rational choice scholars who have provided intellectual inputs to politicians determined to reduce the size and scope of the public sector. This is scarcely surprising since the theoretical changes have tended to emphasize the significant extent to which public administration is political and is part of the overall process of determining 'who gets what'. Approaches to administration are also embedded in wider conceptions of the state, the relationship between the state, market, and citizenship. Changes in the ideological climate are, therefore, likely to have a decisive impact on public administration. Management in the public domain should rather be, as the argument goes, designed to support and express the political processes that govern that domain. Within such a theoretical conceptualization, civil society- as a sphere of association between, the state on the one hand and family and kin groups on the other- acquires massive significance. Not only has civil society become integral to governance it has also replaced the centrality of the state in governance. This fits in perfectly well with the growing popularity of neo-liberal ideas where states are identified as inherently predatory, bureaucrats inevitable rent-seekers, and politicians always venal pursuers of power in order to secure profits. Then the notion that citizens could so much better look after themselves through association in civil society, was, of course, immensely attractive.

In respect of Promoting human security and challenges for governance, there are several themes for an effective strategy of governance which include:

- (a) Redefinition and narrowing of government responsibilities to those functions that only government can discharge effectively, with a view to down-sizing government;
- (b) Systematic efforts to reduce subsidies by targeting them to the poorest segments of society;
- (c) A vigorous drive to divest commercial undertakings and concerted program to deploy user charges for economic services rendered by government;
- (d) Systematic induction of information technology tools and modern management practices to enhance efficiency of governance.
- (e) Resource generation through transparent sale of under-utilised public properties such as land; and
- (f) Urgent introduction of modern management practices in departments which provide well-defined objectives like tax collection and above all a determined political commitment to truly effective expenditure management.

CONCLUSION

Successful management of public finances is closely linked to both fiscal responsibility legislation as an instrument to assist fiscal consolidation and to institutional reforms necessary to nurture modern economic growth. The effective functioning of the market economy requires legal and administrative structures that ensure the basics of law and order and provide for economic implementation of economic laws, such as the law of contract, which encourage the growth of the market economy and the creation of income and wealth. In order to meet the challenges of governance for promoting human security, a four-pronged strategy needs to be adopted at this juncture of the evolution of the Indian polity: which may as well be relevant for other developing countries.

After more than 50 years of independence, India's achievements in regard to life expectancy, literacy, health, and poverty alleviation compare unfavourably with many other developing countries. The record is very uneven across various states. Furthermore, there are disquieting trends in regional disparities with respect to overall economic development, which needs to be addressed by a combination of central government policies and more determined efforts by lagging states to avail of opportunities for

faster development. It is very necessary that effective public programs implemented through local participation and accountability must become the norm for future progress. To sustain and accelerate the growth of the economy and employment, while ensuring low inflation, the economic policies followed in India must combine fiscal discipline with rapid economic reforms wherever necessary. The NGOs, intelligence, seasoned and honest administrative institutions would provide an environment for constituents of civil society to play a constructive role in the process of governance. The post-liberalization phase has witnessed amendments in many economic laws and changes in governance style to deal with a changing environment. In this regard, to make reforms sustainable and favourable both political and bureaucratic institutions.

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