CHAPTER-I

Introduction
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The experiences of the last three decades suggested the emergence of the doctrines of the New Public Management (NPM) in public healthcare service delivery system. In recent years, public management has moved towards a set of market centric neo-liberal assumptions; it is often seen as a part of the neo-liberal agenda of the 1980s (Hunter: 2003) and to a large extent it has been implemented in countries of by right wing governments as part of the public sector reform. The NPM is based on two fields of discourse or paradigm, known as the public choice approach and business type of managerialism. The NPM has emerged by using the best practices of private models of public service delivery system, namely functional autonomy, flexibility competitiveness and performance management.

The public choice theory and Neo-Taylorism are central to the NPM. It refers to market-based individual choice, self-interest and allocative efficiency (Haque: 2007). The NPM goals and structure are based on the principles of business management, which include division of work by Adam Smith; performance-based remuneration by F. W. Taylor; Management by Objectives (MBO) by Peter Drucker; science of administration (Politics and administrative dichotomy) by Woodrow Wilson; and bureaucratic theory by Max Weber. In recent years public management has moved towards a set of market-centric approach to service delivery, especially in social welfare services including healthcare. Consequently various continents have witnessed managerial reforms in healthcare service delivery.
Public organizations were created for human services but the critics of the traditional system revealed the multiplicity, and complexity of problems, including lack of accountability and meager performance. Hence, two reasons have been identified for the reform process, which include both economic and financial crisis. Basically, the NPM continuously contributed to the introduction of neo-liberal ideas into healthcare service provision. These changes in healthcare include, introduction of Performance Based Budgeting (PBB), Benchmarking, Total Quality Management (TQM), Business Process Reengineering (BPR), creation of autonomous organizations or semi-government organization or agencification, corporatization of healthcare services, outsourcing of healthcare service delivery, including contracting-in and contracting-out, social marketing and Public Private Mix (PPM) or Public Private Partnerships (PPP) in healthcare service delivery. The NPM emerged as a tool and technique to revitalize the delivery of social welfare services, in the assumption of improving accountability (staff), efficiency (result), economy (cost) and quality of service by improving its performance. Even after three decades of this reform, there are limited empirical studies to show the implications, strengths and weaknesses of the NPM in provision of social welfare programmes especially in healthcare service delivery.

The traditional public policy was based on the ideology of ‘welfarism’ to serve the community. In India, provision of social welfare services is the constitutional responsibility of the State in order to promote welfare of the people, especially the vulnerable sections—women, children, scheduled castes, scheduled tribes and minority. Growing population and complex problems have created the need for structural changes in the public system. Consequently, this has brought heavy pressure on the State to revive the traditional public system into a new public system.
During this period, the public system was heavily relying on public resources, especially the financial and the managerial capabilities. However, the public health system faced scarcity of financial resources, trained medical personnel, appropriate medical technology and professionally trained healthcare managers. Therefore, exploring alternative institutional arrangements for service delivery became necessary. At the same time, donor support from international organizations, including bilateral and multilateral agencies, with their condition based financial support influenced the system.

In the wake of 'the New Economic Policy (NEP)', need for a structural reform was felt. As a result, cutback or downsizing, outsourcing in the form of contracting-in and contracting-out, social marketing, PPM took place in the public system assuming that these would improve the healthcare delivery system. Due to the increasing complex issues in the public health system including corruption, poor managerial capacity, constantly increasing rate of out of pocket expenditure and social and economic inequality, there were immense pressures from the bilateral and multilateral agencies to introduce the Health Sector Reforms (HSR).

There is a need for efficient use of healthcare management services, including use of innovative technology and access to appropriate technology. Healthcare services with respect to management tools and techniques to be used in public-funded health facility institutions gain importance. The study has been conducted by obtaining the views of stakeholders in selected health facility institutions in Vellore district, Tamil Nadu. This research seeks to investigate the delivery system for drug delivery services from the perspective of their effective operation.
In this study the term 'autonomy' is used to denote the role of semi-government organization in healthcare service delivery. To some extent, characteristics of the autonomous organizations fall in the framework of the NPM. This study identifies Tamil Nadu Medical Service Corporation limited (TNMSC) as one of the most important doctrines of the NPM practice in healthcare services provision, as we have conceptualized autonomous organizations as the most important component or strategy of the NPM.

The NPM is considered as a general reform tool with focus on reorganization of public sector organizations by incorporating best practices of the private sector. Hence, the lean management techniques have been incorporated with the system to deal with the growing needs of the community, complexity in service delivery and lack of managerial guidelines in healthcare management; due to which the system was facing incredible challenges. As a result, health institutions were subjected to fundamental change in organizational design and financial arrangement.

In specific, the study aims to understand the NPM practice in healthcare service delivery through a case study of TNMSC. Also, the study aims to explore the dynamics and complexity of the TNMSC and its role in provision of drugs in selected government healthcare institutions, including district hospitals, taluk hospitals, Primary Health Centers (PHC) and Health Sub-centers (HSC) in Vellore district, and its role in improving beneficiaries’ access to drugs. It employs a case method and system approach to study the role of TNMSC role in drug management at various government health institutions.
Outline of Thesis Chapters

In the following chapters, we discuss the theoretical orientation and doctrines of the NPM, general profile of the study area, selected cases and case synthesis. This thesis is divided into seven chapters including this introductory chapter I.

Chapter II, we will elaborate the emergence of the NPM model in the public sector and its theoretical components, including the doctrines of the NPM. Many explanations have been offered to account for the concept and classification of various elements of the NPM, but a few have emphasized the critical issues and implications of the NPM. In brief, this chapter highlights the significance and scope of economic and management theories, including scientific management theory F. W. Taylor or Taylor’s norms of work, Management by Objectives (MBO) put forward by Peter Drucker, public choice theory, principle agent theory, Woodrow Wilson’s science of administration and Weberian theory of work. Further, it discussed the factors that have influenced the NPM model, the classification pattern, and origin of the NPM.

Chapter III discusses the relevance of the NPM and healthcare service delivery. It also describes the principles of the NPM in healthcare in the developed and developing nations.

Chapter IV discusses research methodology including conceptualization, study objectives and rationale of the study. Further, it discussed the study area, the demographic and health profile, systems approach, case study method, sampling and research tools. Study limitations have also been presented.
In Chapters V and VI, the empirical findings of this research have been presented. Chapter V highlights the emerging issues related to management of government health facilities by studying a specific case of drug management through centralized drug procurement and distribution system. In addition, this Chapter discusses an overview of case studies, including case location, infrastructure and catchment area. The study area includes case studies of government district headquarter hospital located in Wallajapet, government taluk headquarter hospital located in Tiruppattur, government primary health centers located in Pudupettai (Rural area) and Pudurnadu (Tribal area).

Chapter VI concludes the response of stakeholders towards role of TNMSC in drug management in Vellore district, Tamil Nadu. Also it provides a synthesis of case studies of the role of TNMSC in drug management at the selected government healthcare institutions in Vellore district. It focuses on managerial issues related to drug management in the government health facility institutions by TNMSC. It highlights the issues related to funds allocation, role of district drug warehouses in supply of drugs, quality check, timely availability of drugs and drug utilization, and patient feedback. Furthermore, this Chapter broadly discusses stakeholder’s perspectives, including the perspectives of officials (policy makers), head of district drug management, health facility managers, pharmacists, nurses, field workers, patients and patients’ attendant.

Finally it offers recommendations in order to improve the public healthcare services delivery system. In Chapter VII, the relevance of professional management tools, including Management Information Systems (MIS), Quality Control (QC) and
efficient resource management, financial and human resources management in health facility performance management has been highlighted. It is evident that the whole approach of TNMSC is to ensure timely availability of drugs along with superior quality in the public healthcare service delivery system. In general, the overall performance of TNMSC shows a positive result due to efficient use of professional management tools and techniques. A need for structural changes in public healthcare service delivery system to maintain/enhance Total Quality Management (TQM), which includes quality management for both provision of healthcare services and the process and to ensure patient’s relation management has been suggested.

The result shows that TNMSC is an example of some of the general and best practices that could be learned from the public sector. In countries like India, there is absolutely no need for the NPM kind of practices with private business wisdom. But there is a greater need for structural reforms in the health system, including changing the mindset of policy makers, service providers (implementers) and researchers, in the public health system. The example of TNMSC gives lessons in reforming public sector enterprises by giving autonomy (both financial and managerial autonomy) in order to make the public enterprises efficient. This study, argues the need for Strategic Public Management (SPM) techniques, based on open system and contingency perspectives, in the management of public health institutions in developing countries, especially India.

The best system could be viewed by considering its cost recovery mechanisms, service efficiency, quality management (both process and production), timely availability of service and patients’ satisfaction. It is evident that TNMSC model has
proved to be a paradigm shift in the traditional health service delivery system. Therefore, it gives excellent lessons for new avenues in public health management system. It includes flexibility in management control, autonomy to decide day-to-day functions, increased participation, decentralized control and incentives for the best practices. Finally, it might bring about changes in both organizational (coordination, performance, executive leadership, etc.) and community participation.