Meeting Peoples Needs Best?

The Impact of New Public Management on the Third Sector

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During the last decades, the public sector has been revolutionized. Hierarchy, the classical mode of steering has been replaced by new public management that translates into a business-like approach towards the production of public goods and services even in the welfare domain. What does this mean for the third sector? Were nonprofit organizations beneficiaries of the new mode of governance because welfare production has been shifted from the public to the nonprofit sector? Or on the contrary, are governments, particularly at the local level, increasingly more inclined to co-operate with the business sector even in the core fields of nonprofit activity, such as health care, sports and leisure?

We have to keep in mind that the answer to the question how to meet peoples needs best constitutes the outcome of historical developments. Against this background, new public management significantly departs from the past. Worldwide competition and cost-efficiency have developed into the most important guidelines for service provision, irrespective of the traditional modes of co-operation between the third and the public sector.

The paper addresses the topic how nonprofit organizations in the neighbouring countries of the Netherlands and in Germany cope with the new environment of new public management. Since the new public management reform heavily affected the local level, the analysis focuses on the local or community level. There are good reasons for choosing the two neighbouring countries: Firstly, the Netherlands served as a role model for Germany when the country embarked on the new mode of public management. Secondly, from a comparative perspective the two countries stand for a most similar cases approach. Two areas of nonprofit activity are specifically taken into account: health care and sports. The reasons for choosing these two fields are twofold: Sports constitutes the most popular area of nonprofit activity with thousands of clubs and millions of members in both countries. Secondly, in both countries, health care and particularly hospitals have been undergone significant changes during the last decades.

The paper will analyse these changes and discuss the impact of new public management on nonprofit activity.

References:

