

The Influence of New Public Management (NPM) and Organizational Culture on Employee Performance

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ABSTRACT

This article aims to analyze, synthesize and draw conclusions regarding New Public Management and organizational culture. This article is a literature review study using qualitative methods. The results of this research are *New Public Management* has an impact on employee performance and organizational culture has an impact on employee performance. The conclusion is *New Public Management* and organizational culture will have an impact on employee performance.

Keywords : *New Public Management; Organizational culture; Employee performance.*

INTRODUCTION

Effective human resource management is an important component of organizational strategy in the era of globalization. Where Human resource management is a comprehensive business activity that aims to attract, develop and retain personnel who have the skills and knowledge necessary to achieve organizational goals and provide their best efforts. Successful human resource management has the potential to influence company value in the long term.

A good public sector organizational culture will be reflected in the organization concerned, which can be seen from good public service performance supported by good leadership. (Indrawati, 2017). In this condition, the government acts as a manager and is obliged to be responsible to citizens, because all managerial authority basically comes from the people. Achievement of government performance will be realized if government organizations and their staff effectively carry out managerial practices, comply with applicable laws and regulations, demonstrate expertise in their fields, and show high dedication to public services. The wider community wants improved public sector management to ensure the production of high quality products through the application of public management concepts that prioritize public services. The concept in question is New Public Management (NPM). The NPM concept is an important consideration in public sector reform. Performance measurement is one of the core concepts of NPM, so NPM ideas are also relevant to the challenges of public sector performance management. In addition, the implementation of NPM and Organizational Culture mandates improved services for those who depend on basic human needs for daily activities. This can be

achieved through efficient human resource management.

Employee effectiveness is a component that can help achieve company goals. Organizations or companies engaged in manufacturing and services in order to survive longer and generate profits and benefit the environment and the organization itself, must be quality oriented.(Agustin et al., 2022). Good human resource management will make the company able to work together with employees so that it can realize company goals and be able to provide maximum performance to the company which can have an influence on company value both in the short and long term.(Putri et al., 2023).

This article examines the impact of NPM and Organizational Culture on employee performance. In this article, the author presents several problem formulations that are commonly discussed in literature review articles. The aim is to emphasize the importance of focusing on the literature review and the research methodology used. The formulation of the problem is the important points that are discussed in the article, namely:

1. The influence of New Public Management on employee performance.
2. Influence **organizational culture on employee performance.**

LITERATURE REVIEW

New Public Management (NPM) is a decentralized management system with management tools such as monitoring (controlling) and comparison (benchmarking) which applies private sector work practices to the public sector to create efficiency and effectiveness of good local government performance (Good Governance) so that it will create public welfare. The aim of NPM theory is to improve efficiency and effectiveness, and improve performance accountability(Puteri et al., 2023). The application of the New Public Management concept has resulted in a drastic change in public sector management from a traditional management system that is rigid, bureaucratic and hierarchical to a public sector management model that is flexible and more accommodating to the market. The application of the NPM concept can be seen as a form of modernization or reform of public management and administration, depoliticization of power, or decentralization of authority that encourages democracy. These changes have also changed the role of government, especially in terms of the relationship between government and society(Hughes, 2012).

The NPM concept has replaced the old principles of public administration with a new set of principles or doctrines. These doctrines are the doctrine of contracting out, decentralization, giving greater freedom to managers, increasing citizen or customer choice, deregulation, organizing so that there is competition, and determining effectiveness based on measuring results. In implementing these doctrines, public managers must be leaders and entrepreneurs and must practice governance. However, this leader/entrepreneur is still a bureaucrat. Therefore, ironically, although NPM will throw away bureaucracy, in reality, the new public management replaces bad bureaucracy with good bureaucracy by calling good bureaucracy by another name.(Frederickson et al., 2012).

Organizational culture has many meanings. According to(Luthans, 2009), organizational culture is the norms and values of an organization that will behave in accordance with the prevailing culture so that it is accepted by its environment. Organizational culture is a tool that is able to unite interactions between employees and connect employees with the organization or company, because with the strong organizational culture of a company that influences employees, employees will feel they are part of the company or organization, thereby influencing the performance of these

employees.(Tanuwibowo, 2014).

Basically, the needs of human life are not only material, but also non-material, such as pride and job satisfaction. Each individual tends to be faced with things that may not have been previously expected in the process of achieving desired needs so that through work and growth in experience, a person will make progress in his life. Performance is a condition that must be known and communicated to certain parties to determine the level of achievement of an agency's results in relation to the vision carried out by an organization as well as knowing the positive and negative impacts of operational policies taken. With information regarding the performance of a government agency, necessary actions can be taken such as correcting policies, straightening out the main activities and main tasks of the agency, materials for planning, determining the level of success of the agency in deciding on an action, and so on. It can be concluded that performance is a comparison of the work results achieved by employees with predetermined standards. Performance also means the results achieved by a person, both quality and quantity in an organization in accordance with the responsibilities given(Adri, 2017).

METHOD

This research is a literature review study that provides an in-depth investigation of the influence of New Public Management and organizational culture on employee performance. The article writing method used is a qualitative method. In qualitative research, more emphasis is placed on analyzing deductive and inductive thinking processes as well as analyzing the dynamics of relationships between observed phenomena using scientific logic(Alaslan et al., 2023).

FINDINGS AND DISCUSSION

This research examines 10 journal articles to gain an in-depth understanding of implementation *New Public Management* and Organizational Culture on Employee Performance.

Table 1. Literature Review Journal

No.	Name of Researcher & Year of Publication	Method	Research result
1	(Indrawati, 2017)	The sampling technique used was the purposive sampling method.	The research results show that organizational culture has no effect on the relationship between NPM and public sector managerial performance.
2	(Ainanur & Tirtayasa, 2018)	Exploratory research with a Likert scale.	The results of the research show that: simultaneously there is a positive and significant influence between the variables of organizational culture, competence and motivation on

			employee performance in the Langkat Sawit PKS processing PT. Perkebunan Nusantara IV.
3	(Sudaryana, 2018)	Associative with a quantitative descriptive approach.	Organizational culture has a significant influence on organizational commitment. The coefficient of determination (KD) is 16.49%, meaning that the influence of organizational culture on organizational commitment is 16.49%. while the remaining 83.51% was influenced by other variables not studied.
4	(Haqqi Ilmaniar, 2018)	Quantitative data and qualitative data, primary and secondary data sources.	Organizational culture has a positive and significant effect on performance. Organizational support has been proven to have a positive and significant effect on performance.
5	(Ami Jayanti & Nazwirman, 2020)	This article uses Population and Sample	NPM and organizational culture influence employee performance.
6	(Hartati, 2020)	Qualitative descriptive method with a phenomenological approach	The application of the NPM concept in Indonesia cannot yet be implemented by all government institutions/agencies.
7	(Krisna, Dedi Andika, Adya Hermawati, 2021)	Researchers collected data using questionnaires, interviews and documentation. Data analysis using PLS.	These results are supported by descriptive statistics of organizational culture, competence and performance which have high average values. However, unlike leadership, this variable is not able to increase competence or performance, either directly or through competence mediation.
8	(Agustin et al., 2022)	Qualitative Methods and Literature Review	Results from the literature review: Organizational Culture (X1) influences employee performance (Y); Competency (X2) influences employee performance (Y); Knowledge Management (X3) influences employee performance (Y).

9	(Princess, et al., 2023)	Qualitative research and library research.	The results of this literature review are that NPM has an impact on employee performance, organizational culture has an impact on employee performance, competency has an impact on employee performance.
10	(Detson Ray Halomoan Sitorus, 2023)	The research uses a questionnaire, Simple Linear Regression Analysis	The research results show that transformational leadership has a positive and significant effect on employee work motivation. The work motivation possessed by employees can fulfill what is expected in the view of new public management, including fast and adaptive service to change

New Public Management Affects Employee Performance

New public management(NPM) is an embodiment of public sector bureaucratic reform by emphasizing changes in government governance to make it effective and efficient. Both in terms of financial management and public service governance. NPM in financial management provides changes to the traditional budget system which is rigid, bureaucratic and hierarchical, becoming more flexible and pro-community interests.(Haryani et al., 2023). NPM is a public management theory which assumes that management practices in the private sector are better than management practices in the public sector. Therefore, to improve the performance of the public sector, it is necessary to adopt some of the management practices and techniques applied in the private sector(Latanza Indahsari & Jaja Raharja, 2020)

Based on the results of research by(Putri et al., 2023)in the title The Influence of NPM, Organizational Culture and Competence on Employee Performance with the results of NPM research having an impact on employee performance. Application of ideas often found in the private sector such as concepts**NPM is a management strategy that aims to improve performance, accountability and efficiency in the public sector. Public service is the main focus of NPM because it can focus on performance, less bureaucracy, accountability for results, public administration divided into work units, efficiency and cost reduction and administrative flexibility to manage the business in a competitive way and healthy.**

Organizational Culture Influences Employee Performance

Based on the results of research by(Ami Jayanti & Nazwirman, 2020)in the title Employee Performance Model: Leadership, Work Culture, and Motivation with the conclusion of the research results showing that the research results show that work culture

has a significant positive effect on performance. Then, based on the results of research by (Haqqi Ilmaniar, 2018) with the title The Influence of Organizational Culture and Organizational Support on Employee Performance with Knowledge Management as an Intervening Variable at Pt. Telekomunikasi Indonesia Witel Surabaya with research results that organizational culture has a positive and significant effect on performance. The increasing organizational culture will result in increasing employee performance.

Competitive advantage can be generated by an organizational culture that combines elements of knowledge, specialty and social relationships. Based on the idea that culture creates competitive advantage, it can be said that culture influences performance. From the description above, an analysis can be made to show the influence of organizational culture on employee performance - a positive and important influence. Based on this discussion, an analysis can be produced which shows that organizational culture has a positive and significant impact on employee performance.

CONCLUSION

Based on the description, findings and discussion that the author has discussed previously, the author concludes to create a hypothesis for further research regarding the influence of New Public Management and organizational culture on employee performance, namely:

1. The influence of New Public Management on employee performance
2. The influence of organizational culture on employee performance.

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