The Role of Good governance in Transmitting the Influence of New Public Management and Leadership in Public Servants' Performance BAMBANG ISTIANTO^{®*1}. ALBERTUS WAHYURUDHANTO^{®2}

ABSTRACT:

Grounded in the relationship-based view, the current study aims to examine the impact of new public management and leadership on the performance of civil servants via an underlying mechanism of good governance practices. Data has been collected from the leaders and officials of civil services in Jakarta, Indonesia, via purposive sampling techniques. Data were analyzed using structural equation modeling in SmartPLS 3.0. Findings revealed the significant influence of the new public management in strengthening the perceptions of good governance among the civil servants, resulting in their higher performances. Likewise, results also revealed the significant influence of public leadership in building positive perceptions of good governance, leading to the increased productivity of the civil servants. The current study is a valuable addition to the existing body of literature by uniquely exploring the impact of new public management and leadership together in enhancing perceptions of good governance among the civil servants utilizing the relationship-based view. Moreover, theoretical and practical implications, along with the future research directions, are discussed in detail.

Keywords: New Public Management; Public Leadership; Civil Servant Performance; Perceived Good Governance; Relationship-based View

ABSTRAK:

Penelitian ini bertujuan untuk menguji dampak manajemen publik dan kepemimpinan baru terhadap kinerja pegawai negeri melalui mekanisme yang mendasari praktik tata kelola yang baik. Data dikumpulkan dari pimpinan dan pejabat pegawai negeri sipil di Jakarta, Indonesia, melalui teknik purposive sampling. Data dianalisis menggunakan pemodelan persamaan struktural di SmartPLS 3.0. Temuan mengungkapkan pengaruh signifikan manajemen publik baru dalam memperkuat persepsi tata kelola yang baik di kalangan PNS, sehingga kinerja mereka lebih tinggi. Demikian pula, hasil penelitian juga mengungkapkan pengaruh signifikan kepemimpinan publik dalam membangun persepsi positif tentang tata kelola pemerintahan yang baik, yang mengarah pada peningkatan produktivitas pegawai negeri sipil. Studi saat ini adalah tambahan yang berharga untuk kumpulan literatur yang ada dengan secara unik mengeksplorasi dampak manajemen publik baru dan kepemimpinan bersama-sama dalam meningkatkan persepsi tata kelola yang baik di antara pegawai negeri dengan memanfaatkan pandangan berbasis hubungan. Selain itu, implikasi teoritis dan praktis, bersama dengan arah penelitian masa depan, dibahas secara rinci.

Kata kunci: Manajemen Publik Baru; Kepemimpinan Publik; Kinerja Pegawai Negeri Sipil; Persepsi Good Governance; Tampilan berbasis hubungan JURNAL STUDI PEMERINTAHAN

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AFFILIATION: ¹Politeknik Transportasi Darat-STTD, Indonesia ²Sekolah Tinggi Ilmu Kepolisian, Indonesia

CORRESPONDENCE: bambang.istianto58@gmail.com

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INTRODUCTION

Central and regional governments face immense pressure on state-owned companies and public sector organizations to improve their performance (Wei, Guo, & Su, 2021). This pressure further leads to the development of new public management systems (Hartanto, Agussani, & Dalle, 2021a). The primary focus of the New Public Management (NPM) is to ensure performance-based management all over the country (Hayati & Aviana, 2021). The NPM movement began in the late 1970s and early 1980s. Its first practitioners emerged in the United Kingdom, and at the beginning of the 21st century, developing nations also started to follow it (Felício, Samagaio, & Rodrigues, 2021). The public service performance reflects the output efficiency of the public sector that contributes to the policy objectives (Felício et al., 2021). Besides, research shows that certain obstacles to serving the community result in a negative administration image, reflecting little bureaucratic accountability, low responsibility and responsiveness, and poor service public services, hence depicting a negative image of the administration (Hamid et al., 2020). These obstacles further point out a need to offer a management system to provide guidelines and facilitate the public servants to perform their duties efficiently and effectively to reflect the best outputs (Hayati & Aviana, 2021). Hence, the focus of the current study is to examine the impact of new public management and public leadership on the performance of public servants via an underlying mechanism of goodgovernance.

Besides, research reflects the significance of using NPM in the current government institutions based on the demands of the majority, who are more aware and interested in public affairs after the intrusion of modern information and communication technology (Düren et al., 2019; Hayati & Aviana, 2021). They expect the public servants to apply the general management-oriented concept in public services to produce high-quality products and depict superior performances. Hence, it is vital to ana-

lyze the extent to which new public management reflects good governance practices that lead to the high productivity of the public servants (Indahsari & Raharja, 2020; Masud & Hossain, 2021).

In addition, nowadays, the phenomenon of leadership is the center of attention among scholars of public administration all over the globe (Crosby & Bryson, 2018; Schwarz, Eva, & Newman, 2020). Leadership is conceptualized as "the process of influencing others to understand and agree about what needs to be done and how to make it, and the process of facilitating individual and collective efforts to accomplish shared objectives" (Yukl & Becker, 2006, p. 8). The researchers also highlighted the need to align the public organizational goals to better transmit them in the common interest of the public and generate high public values (Vogel, Reuber, & Vogel, 2020). This further motivates the organizational members to perform at their best levels to satisfy the public in the country. In connection with that, the leader's important role has been widely recognized and acknowledged (Stazyk & Davis, 2020). However, the type of leadership that can prove effective in the public sector needs more clarity and exploration (Vogel et al., 2020). Besides, scholars have demonstrated that the elements of publicness in the unique settings of the public sector should be the core essence of public leadership (Tummers & Knies, 2016; Vogel et al., 2020).

At the same time, various measures have been derived from the literature to define the type of leadership required in the public sector (Tummers & Knies, 2016; Yang & Ren, 2020). Simultaneously following the relationship-based view, Tummers and Knies (2016) argued that the extent to which leaders support their followers to handle issues linked with the public sector determines the type of leadership based on the four roles, including network governance, political loyalty, rule falling and accountability of the leaders towards the public (Schwarz et al., 2020). In addition to the conceptualization of public leadership in the context of the public sector, the extent to which it affects

the performance of the public employees has been given scant attention (Hamid et al., 2020; Kumari et al., 2020). Additionally, good governance reflects government entities' responsiveness, accountability, and transparency while deciding about public affairs in their best interest (Mansoor, 2021). Hence, the current study aims to examine the impact of public leadership on public servants' performance via an underlying mechanism of good governance practices.

At the same time, the current study has been conducted among the civil servants of Jakarta, Indonesia. Jakarta is the capital and the largest city in Indonesia. Simultaneously, Indonesia is among the countries where NPM in managing local governments has been reported with an utmost significant impact on various affairs, including transparency, accountability, and responsiveness of the government institutions (Turner, Prasojo, & Sumarwono, 2022; Wicaksono, 2018). Besides, to improve the civil servants' quality and productivity, plenties have been imposed, and early retirements have been witnessed with lower ministrations and lower performers and vice versa (Hayati & Aviana, 2021). In addition, although several studies have reported the significance of NPM based on intelligence (Hayati & Aviana, 2021) and the quality of human resources in the government sector (Turner et al., 2022) however, its impact on performance has been least explored in Indonesia. Hence, the current study is a valuable addition to the existing body of literature and aims to answer the following questions.

- I To what extent new public management and leadership are significant to improve the performance of the civil servants in Indonesia?
- I To what extent do new public management and leadership impact Indonesia's good governance practices?
- Do good governance practices positively influence the performance of the civil servants in Indonesia?
- I Is the association of new public management and leadership with the civil servants' performance in Indonesia mediated

by good governance practices?

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT NEW PUBLIC MANAGEMENT (NPM), PERCEIVED GOOD GOVERNANCE, AND CIVIL SERVANTS' PERFORMANCE

New public management focuses on performance-oriented public sector services, cost and procedural efficiency, dividing public bureaucracy into work units, results-based accountability, bureaucratization, and liberty of the managers and leaders to lead institutions in a better direction with fair competition (Martinez Guzman, 2020). Hence, it is appropriate to apply in public sector management. Simultaneously, it is very important for the leaders of the government agencies to optimally apply the concept of NPM for improving the public servants' performances to facilitate the public at large (Hyndman & Liguori, 2016). Besides being a paradigm, NPM's theoretical base is rooted in the economy where individual interests are aggregated, and individuals as customers are given more importance (Hamid et al., 2020).

Simultaneously, the government only plays its contingent role in creating and support the functions of market mechanisms and accountability of such mechanisms to ensure the success of its policies in the public's best interest (Arayankalam, Khan, & Krishnan, 2021). Hence, organizations working on the NPM model have clear objectives and performance targets that serve as obligations towards managers or employees to achieve in the best possible manner. Additionally, the organizations which set performance targets are closely linked with performance standards and measures, which further provide the best practices and values hence determining the success or failure of the organization (Martinez Guzman, 2020). Previously, NPM has been linked with the intelligence of civil servants (Hamid et al., 2020).

At the same time, the current study postulates that it is a source of enhancing the perception of individuals towards good governance and leading such perceptions towards the best performance of the civil servants to facilitate the masses and maintain the law

and order situations in the country. Hence, based on the relationship based-view and the above arguments, it is hypothesized that;

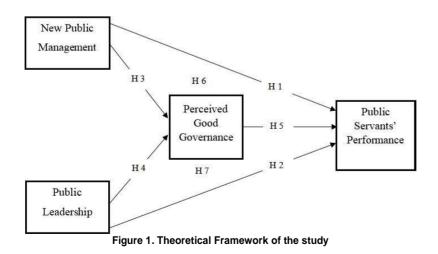
- **H1.** New public management is positively associated with civil servants' perceptions of good governance.
- **H3.** New public management is positively associated with civil servants' performance.
- **H6.** Civil servants' perceptions of good governance mediate the association of new public management and their performance.

PUBLIC LEADERSHIP, PERCEIVED GOOD GOVERNANCE, AND CIVIL SERVANTS' PERFORMANCE

Leaders' interactions with other individuals depict their leadership qualities (Yang & Ren, 2020). Researchers reported that emotional regulations and awareness became vital factors influencing the communication quality and resultant satisfaction of the individuals during social interactions (Tummers & Knies, 2016). Leaders' ability to carry out the leadership roles by influencing individuals or groups of individuals/followers for achieving organizational goals has been conceptualized as leadership (Schwarz et al., 2020). Simultaneously, in the context of public sector leadership, several characteristics of leaders have been identified by the scholars, including achievement of the public interest, identification of success based on set standards, development of strategies for achieving success, analysis of the consequences of the actions made at various levels, strategies implementation details, achievement of the broader goals by motivating stakeholders and members, etc (Mittal & Dhar, 2015; Schwarz et al., 2020; Vogel et al., 2020). Of all these objectives or characteristics of good leadership, the productivity of the organization stands at the top (Vogel et al., 2020).

Researchers revealed the significance of leadership in managing country affairs (Lerra, 2021), persuading people (Demja & al Shurif, 2021), gaining competitive advantages (Ali & Anwar, 2021), and building foreign relationships (Cheng & Zhu, 2021). Likewise, researchers reveal the significance of good leadership in enhancing the perceptions of good governance among the citizens (Hartanto et al., 2021b; Mansoor, 2021). However, the current study is established on the relationship-based view that postulates that when leaders make decisions in the best interest of the public, the followers end civil servants perceive them as accountable, responsible, and transparent towards the public and the employees. Hence, they get motivated, which further makes them perform in their best possible way. Thus, following the abovearguments, it is postulated that;

- **H2.** Public leadership is positively associated with civil servants' perceptions of good governance.
- **H4.** Public leadership is positively associated with civil servants' performance.
- **H5.** Public leadership is positively associated with civil servants' performance.
- **H7.** Civil servants' perceptions of good governance mediate the association of public leadership and their performance.



THEORETICAL FRAMEWORK OF THE STUDY

RESEARCH METHODS

An affirmative and descriptive research approach has been utilized in the current study. The current study population includes the leaders and officials in the city of Jakarta, Indonesia. The Slovin formula was used to assess the sample of the study for generalizing the results to the overall population (Zikmund et al., 2013) in the context of leaders and officials in Jakarta. Based on the above calculations, the current study projected respondents were 450 people, or around 30% of the total structural officials in Jakarta. Besides, a purposive sampling technique was utilized to select the sample (Dalle et al., 2020; Mansoor & Wijaksana, 2021). For data collection, researchers visited various regional government organizations in Jakarta city. the whole data collection procedure started in January 2021. By the end of eight months till September 2021, researchers were able to collect the data of 362 respondents. Simultaneously, a survey questionnaire consisting of 29 items of all study constructs was used to collect the data. The new public management seven items scale was adapted from Hamid et al. (2020). Public leadership was measured with an eleven item scale adapted from Vogel et al. (2020). To measure perceived good governance, a seven-item scale was adapted from Bennett et al. (2019). Finally, public service performance was measured with four items adapted from Hamid et al. (2020). "A 5-point Likert scale ranging from 1=strongly disagree to 5=strongly agree was used to assess all study constructs". Demographically, the majority of the public servants who participated in the survey were males (73.4%) and married (61.4%). The average age of the respondents was 40.2 years. About half of the respondents were graduates (49.1%). At the same time, 27.6% and 22.5% were undergraduates and postgraduates, respectively.

DATA ANALYSIS AND RESULTS

To analyze the data, SmartPLS 3.0 software was used. Partial Least Square (PLS) depicts a variance-based structure equation

modeling analysis that measures the structural and measurement models to assess the psychometric properties of the measures and test the hypothesized relationships.

ASSESSING THE MEASUREMENT MODEL

"The Structural Equation Modelling (SEM) analysis has been performed in SmartPLS 3.0 software". The simulation analysis

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Table 1. Reliability and Validity Results

"Note: CR=Composite Reliability; CA= Cronbach Alpha; AVE=Average Variance Extracted."

depicted that the qualification of the study respondents positively influenced their performances in public services. Hence, we controlled their qualification while testing hypothesized paths. Next, "Cronbach's á (CA)" and "Composite Reliability (CR)" were assessed and reported to establish the measures' validity and reliabilities (Henseler, Ringle, & Sarstedt, 2015; Mansoor & Wijaksana, 2021). As Table 1 presents, the values of CA and CR were in the acceptable range as recommended by scholars, i.e., > 0.70 (Mansoor & Paul, 2022; Sarstedt, Ringle, & Hair, 2017). Moreover, the "factor loadings" of all the study items were above 0.70, and the AVE "Average variance Extracted" of latent constructs was above 0.50 (Dalle et al., 2020; Hair et al., 2010), hence establishing the convergent validity of all the study constructs (Mansoor, 2021; Sarstedt et al., 2017).

DISCRIMINANT VALIDITY

We used the "Heterotrait-Monotrait (HTMT) ratio" for assessing the discriminant validity of the measures (Henseler et al., 2015; Noor, Mansoor, & Rabbani, 2021). The values of the HTM ratio, as shown in Table 2, are above 0.90, depicting the independence of all study constructs.

Constructs	Mean	STD.	1	2	3	4
New public Management	3.95	1.01	0.738			
Public Leadership	4.12	0.81	0.611	0.764		
Perceived Good Governance	3.89	1.07	0.597	0.523	0.729	
Public Servants Performance	3.91	0.98	0.536	0.467	0.502	0.748

Table 2. Heterotrait-Monotrait Ratio

"Note: The square roots of AVE's of the constructs are shown in bold in diagonal."

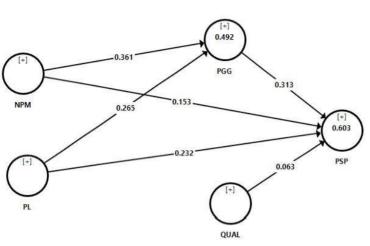


Figure 2. Full Measurement Model

ASSESSING THE STRUCTURAL MODEL Direct hypothesis

As shown in table 3 results revealed that, new public management ($\beta = 0.153^{**}$, t = 3.980) and public leadership ($\beta = 0.232^{**}$, t = 5.020) had a positive significant impact on the public servants' performance. Results presented that showed that new public management ($\beta = 0.361^{***}$, t = 7.809) and public leadership ($\beta = 0.265^{**}$, t = 6.177) positively influence good governance perceptions of a nation. At the same time, perceptions of good governance practices positively impacted the public servants' performance ($\beta = 0.313^{***}$, t = 7.325). Thus, supporting hypotheses H 1, 2, 3, 4, and 5 of the study.

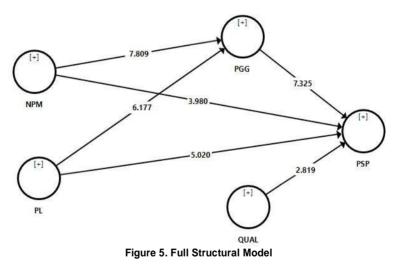
Moderating Hypotheses

A significant indirect impact of new public management ($\beta = 0.326^{***}$, t = 7.467) and public leadership ($\beta = 0.309^{***}$, t = 7.023) on public servants' performance via an underlying mechanism of perceived good governance was found by the results. Hence, hypotheses H6 and seven were supported, as presented in Table 3.

			J		
	Hypotheses	Std. Beta	t-Value	p- values	Supported
H1	NPM→PSP	0.153	3.980	0.007	Yes
H2	PL→PSP	0.232	5.020	0.001	Yes
H3	NPM→PGG	0.361	7.809	0.000	Yes
H4	PL→PGG	0.265	6.177	0.000	Yes
H5	PGG→PSP	0.313	7.325	0.000	Yes
H6	NPM→PGG→PSP	0.326	7.467	0.000	Yes
H7	NPM→PGG→PSP	0.309	7.023	0.000	Yes

Table 3. Hypothesis Testing Results

Where: *CD*= Covid-19 Dissidence; *ASI* = Attitude to Self-isolation; *DOS*= Distrust in Official Statistics; TP = Threat Perceptions.



DISCUSSION FINDINGS OF THE STUDY

Following the relationship-based view, the current study has been conducted in Jakarta, Indonesia, to examine the impact of new public management and leadership on civil servants' perceptions of good governance and their resultant performance in the public's best interest. Applying a detailed empirical testing technique, the results revealed that new public management has a significant impact on the public servants' performance. These findings are supported by previous studies, which depicted the significance of new public management in enhancing the intelligence level of the public servants and their productivity at various levels (Christensen & Lægreid, 2011; Düren et al., 2019; Indahsari & Raharja, 2020; Zafra-Gómez, Rodriguez Bolivar, & Munoz, 2013). This further reflects that the governments which effectively and efficiently manage their public servants by plying new technologies and techniques, particularly in the form of incentives and penalties, the civil servants are more motivated and perform at their best levels in the workplace.

Simultaneously the results also revealed the significant influence of the new public management in building and promoting positive perceptions of good governance among the civil servants. Based on the previous studies, which reflect that new public management is a source of depicting governments' transparency and accountability (Hayati & Aviana, 2021; Klenk & Reiter, 2019; Lapuente & Van de Walle, 2020), the current study findings can be explained that when the civil servants are confident about their government officials, sincere with the public, and they are satisfied with their decisions based on the transparency and accountability of such decisions, they value the governance system more and believe in the good governance of the government officials.

In addition, the current study also revealed the significant influence of public leadership in building and enhancing good governance perceptions among the civil servants and the resultant increase in performance. These results can further be related to the previous studies, which depicted the significance of leadership styles and leadership qualities in enhancing the public perceptions of leaders and building trust among the public (Crosby & Bryson, 2018; Demja & Al-Sharif, 2021; Place & Vardeman-Winter, 2018; Purwanto et al., 2020; Xie et al., 2018). Whereas utilizing these previous studies, it can be considered that in the public service sector, when the public servants are convinced about the fair and transparent leadership of the government representatives, they are satisfied with the governance

system (Schwarz et al., 2020; Vogel et al., 2020). As a result, they considered themselves responsible for performing their duties to continue that chain of good governance to benefit the public and the country.

Likewise, the results revealed that when silver civil servants are satisfied with the governance system, they value their productivity and believe in hard work to enhance their performances. Finally, the current study also revealed the mediatory role of good governance to transmit the significance of the new public management and leadership in enhancing the civil servants' performance based on their satisfaction level with the measures taken by the government officials and perceptions of their fair leaderships. These results further prove the significance of the new public management measures and strong leadership characteristics for motivating the civil servants to be loyal to their jobs and to their country. They believe that every action is linked with the faith and future of the citizens. Hence, they try their best to perform their duties efficiently to generate a prosperous economy and enhance sustainable practices in the country.

THEORETICAL AND PRACTICAL IMPLICATIONS

The current study offers several theoretical and practical implications for academicians, policymakers, and government entities. First, the current study has uniquely been established on a relationship-based view that postulates that performances can be enhanced based on building good relationships at individual and institution levels (Rao et al., 2020). Hence, government institutions should focus on building a good relationship with the stakeholders, especially with the civil servants holding sensitive positions and are in direct contact with the public and responsible for the decision-making related to the public. Secondly, the current study presented that the new public management can efficiently and effectively be utilized to enhance the civil servants' positive perceptions of their leaders and government bodies to work for the betterment of the public, which further motivates them to perform at their best level to facilitate the masses.

The results also revealed the significance of leadership in the public sector context where decisions are made to enhance the confidence of the public servants and facilities are provided to them so that they feel connected to themselves as a part of the government and further enhance that connection to the public level. In other words, they can act as a bridge between the government and the public to decrease communication barriers and increase public confidence in government entities. This can only be established by working on the new public management model and focusing on public leadership. The public servants' views and suggestions of the civil servants and the masses should be considered seriously and attentively.

Finally, as the results present, good governance practices act as a bridge between transmitting the characteristics of new public management and public leadership, enhancing the productivity of the civil servants. Hence, the new public management system should be applied to all the developing and developed nations to make their civil servants feel connected with the government at all levels, which can further send signals of transparency, accountability, and responsiveness to the government, resulting in the enhanced performance of the civil servants based on the transparency model.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Despite several strengths, the current study has a few weaknesses that will bring valuable policy insights into public management literature if addressed in the future. First, the current study has assessed the influence of new public management and leadership in developing and enhancing civil servants' positive perceptions of good governance and resulting in high performance. However, the contingent role of the civil servants' interest in the job and their intelligence level has not been examined. Future researchers can also explore and better understand the diverse type of factors that influence the performance of civil

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278 servants. In addition to that, the significance of religiosity in connecting the civil servants to their jobs and performing their duties can also be assessed in the future to understand better their mindset add motivating factors. Finally, the current study followed a cross-sectional research design where data was collected at one time. In contrast, in the future, time-lagged or longitudi-

their mindset add motivating factors. Finally, the current study followed a cross-sectional research design where data was collected at one time. In contrast, in the future, time-lagged or longitudinal studies can be conducted where civil servants' perceptions can be analyzed at Time 1, and their performances can be assessed in Time 2 for generalizability and to reduce the common method business issues.

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