Advancing Economic Management through Effective Public Management: A Call for Interdisciplinary Collaboration

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In the ever-evolving landscape of global economics, effective public management in countries stands as a linchpin for shaping the trajectories of nations. The intricate interplay between public policy, governance structures, and economic management has become increasingly apparent, emphasising the need for a multidisciplinary approach to address contemporary challenges and foster sustainable development.

Scholars such as Stiglitz (2000) have highlighted the critical role of public sector management in economic development, arguing that well-functioning institutions and transparent governance are essential for fostering prosperity. Moreover, empirical studies by Barro (1991) and Rodrik (2000) underscore the importance of effective public policies in driving economic growth and reducing inequality.

Dynamics of effective public management

Recent research has further elucidated the dynamics of effective public management in economic contexts. For instance, a study by Andrews et al. (2021) underscores the importance of adaptive governance structures in responding to complex economic challenges, emphasising the need for agility and resilience in public sector organisations. Similarly, research by Gupta and Huang (2023)

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highlights the role of digital technologies in enhancing public service delivery and promoting inclusive economic growth, underscoring the transformative potential of technological innovations in public management.

Against this backdrop, the field of management studies emerges as a crucial conduit for bridging theoretical frameworks with real-world applications, offering valuable insights into optimising public sector efficiency, and driving economic resilience. As noted by Hood and Lodge (2006), management techniques such as strategic planning, and performance measurement as well as strategic human resource development (Sthapit, 2007; Sthapit, 2008) are essential for enhancing the effectiveness of public organisations and achieving desired policy outcomes.

We need to make the effort to unravel the nuances of economic management through effective public management, fostering a scholarly dialogue that transcends traditional disciplinary boundaries and fosters a holistic understanding of the intricate interplay between public governance and economic dynamics. Building upon seminal works by scholars such as Osborne and Gaebler (1992) on reinventing government and Ostrom (1990) on institutional analysis, we aim to explore innovative strategies for enhancing the efficiency and effectiveness of public management practices.

Effective public sector management becomes more essential, as economies face the unpredictable challenges from natural calamities and health crises like COVID-19. Since ‘under-managed’ developing countries could neither mass vaccinate their population against the pandemic nor roll out economic stimulus packages, the pandemic hit hard millions of people in these countries, being exacerbated by higher food prices and agricultural commodities worldwide over the last year due to a supply-chain disruption (Sthapit, 2021). It all demanded effective public sector management. It all requires effective public-sector management. Managers should thoroughly analyse and dissect issues like the COVID pandenomics to draw valuable lessons for managing economies and organisations in both the short and long terms (Sthapit, 2020).

**Reinforcing the role of public management in economic contexts**

Public management should play a crucial role in shaping economic outcomes, more imperatively in developing countries like Nepal; its role should, therefore, be reinforced as outlined in the following paragraphs:

1. **Resource Allocation:** Public management plays a pivotal role in determining the allocation of scarce resources within the economy. As noted by Ostrom (2005), effective allocation ensures that resources are directed towards priority sectors such as infrastructure, education, and healthcare, which are crucial for sustainable economic development.

2. **Policy Formulation and Implementation:** Public management institutions are responsible for formulating and implementing economic policies. According to World Bank (2017), sound policies, informed by robust analysis and research, create an environment conducive to investment, entrepreneurship, and innovation, thus fostering economic growth.

3. **Institutional Development:** Strong public management institutions are essential for creating an enabling environment for economic activities. Acemoglu and Robinson (2012) argue that institutions, including transparent and accountable governance structures, rule of law, and anti-corruption measures, are critical for promoting economic development and reducing inequality.

4. **Public Service Delivery:** Efficient delivery of public services is vital for enhancing productivity and improving living standards. As highlighted by the UNDP (2019) and UNDP (2024), effective public management ensures the provision of essential services such as education,
healthcare, and infrastructure, which are essential for human capital development and economic competitiveness.

5. **Fiscal Management**: Effective management of public finances is essential for maintaining macroeconomic stability. According to the IMF (2020), prudent fiscal management, including sound budget formulation, revenue generation, debt management, and expenditure prioritisation, mitigates risks such as inflation, debt distress, and fiscal deficits, thereby supporting sustainable economic growth.

6. **Public-Private Partnerships (PPPs)**: Public management facilitates collaboration between the public and private sectors through PPPs. As noted by the OECD (2019), PPPs leverage private sector expertise and resources to address infrastructure gaps, enhance service delivery, and promote innovation, thereby contributing to economic development objectives. The Government of Nepal also has accorded a high priority to the public-private partnership model to address the gaps in economic management (PPP Policy, 2015; PPPIR, 2020). Sthapit and Vaidya (2024 Jan) stress the need of private sector organisations for improving their corporate governance so that the private sector’s competency to collaborate with the public sector is reinforced.

7. **Capacity Building and Institutional Strengthening**: Developing the capacity of public management institutions is crucial for enhancing their effectiveness. As emphasised by the World Economic Forum (WEF, 2020), investing in human capital development, providing training and technical assistance, and fostering a culture of continuous improvement and innovation are essential for strengthening public institutions and enhancing their responsiveness to economic challenges.

For sustainable economic growth and public wellbeing

Based on the above discussion it is inferred that public management plays a multifaceted role in driving economic management effectively in developing countries like Nepal. Public management significantly contributes to sustainable economic growth, poverty reduction, and improved well-being through efficient resource allocation, sound policy formulation and implementation, institutional development, effective public service delivery, prudent fiscal management, fostering public-private partnerships, and investing in capacity building and institutional strengthening. However, addressing challenges such as governance deficits, institutional weaknesses, and capacity constraints is essential to maximise the contribution of public sector management to economic development goals. It needs promoting interdisciplinary collaboration among the public sector institutions, policy makers and other stakeholders.

**References**


