**ABSTRACT**

**Objective:** The implementation of mechanisms stimulating marketization of the public sector is an elementary assumption of a modern public management system. The main goals of these processes are to increase efficiency, reduce bureaucracy, create a platform for cooperation between public and private entities, and extend decentralization. The set of rules practiced in modern local governments increasingly resembles a private enterprise managed by efficient managers. The traditional approach, which was only the administration process itself, is being replaced by a focus on economy, efficiency, quality, and effectiveness.

**Methodology:** The material was created based on the qualitative method in the form of sec­ondary analysis of literature data. At the same time, it provides the theoretical background for conducted empirical research on changing the management system in public administration. The effect of further research explorations will be another material presented in the form of a research report.

**Value Added:** The New Public Management (NPM) concept is based on changing the orientation of management of public organizations consisting in ceasing to apply the approach focusing only on procedures and rules of conduct related to expenditure, and implementing rules based on the analysis of the results related to expenditure incurred, adopting strategic orientation and introducing market mechanism for the process of providing public services (Zalewski, 2006, p. 74). The purpose of the article is to describe the New Public Management model, the implementation of which helps public institutions to respond to challenges posed by external and internal stakeholders.

**Findings:** The article presents the thesis that changes in public administration require the transformation of a management system characterized by entrepreneurship, the use of different business-oriented strategies for implementing effective actions.

**Recommendations:** The idea of New Public Management is to replace the bureaucratic admin­istrative management model and to introduce a managerial model, i.e. the application in the public sector of the principles and solutions of management systems known and used in the business sector (Alford & Huges, 2008, pp. 130–148). This is caused by the increase in citizens’ expectations regarding the increase in the quality of service provision, while at the same time unwilling to raise taxes. To achieve this goal, NPM has introduced certain assumptions to help in effective management (Templatka, n.d.).