

The New Public Management and Workplace Change

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Abstract

A burgeoning literature has emerged over the last decade examining the growth of the New Public Management model in the public sector. The literature, however, tends to overlook the implications of these reforms for employment relations in the public sector. This paper presents evidence from two major surveys from the mid-1990s that compare the impact of workplace change on Australian public and private sector workers. Public sector workers reported they were working more intensively, under greater stress and with less job security than private sector workers. They also reported that their satisfaction with their job, with management and with their work/family balance had declined to a greater extent than their private sector counterparts. These employee responses suggest, despite the assertions of public sector management reports to the contrary, that the NPM reforms in the Australian public sector have resulted in more intensive workloads, increased job-related stress and reduced job security for many Australian public sector employees in the 1990s.

Introduction

Over the last decade, a New Public Management (NPM) model has become increasingly dominant in the Australian public sector at state and federal

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levels (Armstrong, 1998; Halligan, 1994; Laffin, 1995; Considine and Painter, 1997). This approach focuses on the introduction of private sector management practices into the public sector, strengthening the prerogatives of managers, measuring performance, increasing competitive pressures and cost-cutting. In terms of the management of labour in the public sector, the increased focus on private sector management practices has seen the introduction of decentralised wage bargaining, individual employment contracts, performance-based pay and workforce reductions or 'downsizing' (O'Brien, 1998; O'Brien and O'Donnell, 1999; O'Donnell, 1998; Yates, 1998). The paper argues that many of these initiatives have resulted in greater workloads, increased job-related stress and reduced job security for many public sector employees in the 1990s. Support for this argument is provided by analysing two major surveys undertaken by the former federal Department of Industrial Relations in the mid-1990s and involving over 30,000 employees between them.

The paper is structured as follows. The first part of the paper outlines the central elements of the NPM reform agenda for the public sector. The second examines the impact of the NPM reforms and workplace change initiatives on labour management in the Australian public sector. The third section provides the findings of the 1994 Workplace Bargaining Survey (WBS) and the 1995 Australian Workplace Industrial Relations Survey (AWIRS). A conclusion draws together the main themes of the paper.

The New Public Management

The NPM model represents a marriage between economic theories (public choice theory, transaction cost theory and principal-agent theory) and a variety of private sector management techniques that have been successively introduced into the public sector (Hood, 1991: 5). The former emphasises notions of user choice and transparency while the latter promotes the portability of professional managerial knowledge and the need to increase the freedom available to public service managers to generate results and improve organisational performance. Different parts of the model have been dominant in different English-speaking countries. In New Zealand public choice, transaction cost and principal agent theories have dominated; in Australia and Britain the focus has been on introducing private sector management techniques (Hood, 1991: 5-6).

Hood (1991) outlines seven elements of the NPM model. First, increasing the freedom of a professional elite of public sector managers to manage in place of the traditional concerns with policy skills. Second, a focus on

measuring performance through the establishment of goals, targets and indicators that can be measured quantitatively. Third, increased control over outputs, with an emphasis on the results achieved rather than the process involved. Fourth, the breaking-up of parts of the public sector into agencies that increasingly relate to one another on a user-pays principle. Fifth, an emphasis on greater competitive pressures within the public sector through the introduction of tendering processes, the development of quasi-markets for those areas not privatised and the introduction of short-term contracts of employment. Sixth, an increased emphasis on introducing management techniques and practices from the private sector and increasing management's ability to hire and fire and reward public service workers. Lastly, an emphasis on cost-cutting and rationalisation, or 'doing more with less' (1991: 4-5). In response to the mantra of 'doing more with less', governments have focused on increasing the productivity of their public sectors through the introduction of NPM techniques that emphasise efficiency and cost-effectiveness (Aucoin, 1995: 9-10).

Some commentators have further dissected the NPM reforms. For instance, Ferlie et al. (1996) have identified four distinctive NPM models. The first model, 'The Efficiency Drive', involved the introduction of private sector management practices into the public sector in Britain in the first half of the 1980s. The emphasis was on increased financial controls and the monitoring of performance, the introduction of bench-marking, a greater customer focus, a shift in power from professionals to management and attempts to marginalise trade unions. The second model, 'Downsizing and Decentralization', involved reducing workforce numbers, decentralisation of financial budgets and contracting-out. It also required a more concerted focus on the introduction of quasi-markets and distinctions between purchaser and provider organisations (1996: 10-3). Example of these arrangements in the Australian public sector include Centrelink which negotiates service agreements with federal public service departments such as Social Security in place of direct funding from the Treasury (Varden, 1999: 181).

The third model, 'In Search of Excellence', represents a focus on changing the organisational culture of the public sector. On the one hand, a 'top-down' approach views a public sector organisation's culture as malleable and capable of being altered by a charismatic leader espousing a new vision. There have been a number of experiments with cultural change in the Australian public sector at state and federal levels consistent with this approach (O'Brien and O'Donnell, 2000; O'Donnell, 1996). An alternative 'bottom-up' approach emphasises introducing concepts from the organisational development literature such as the 'learning organisation'. The fourth

model, 'Public Service Orientation', seeks to bring together a range of public and private sector management approaches. One variant of this involves Osborne and Gaebler's efforts to 'reinvent' the public sector by extolling managers to be more entrepreneurial, results-oriented and mission-driven (1992). This model also emphasises the provision of quality public services and total quality management initiatives. Proponents of the model are critical of the introduction of market-based solutions into the public sector and emphasise responsiveness to the demands of citizens rather than 'customers'. Returning power to elected rather than appointed local councils is advocated as is an awareness of the distinctiveness of public sector tasks and values (Ferlie et al., 1996: 13-5).

Kearney and Hays (1998) refer to these approaches to public sector management as involving a combination of debureaucratisation, decentralisation, privatisation and managerialism. According to Kearney and Hays, debureaucratisation denotes replacing a focus on processes and hierarchical organisation with a concern for outcomes and results. Decentralisation involves devolving decision-making responsibility for financial management and human resources away from the bureaucratic centre to improve responsiveness to customer demands. Privatisation can take a variety of forms including contracting out, corporatisation and the downsizing of workforce numbers, while managerialism involves a focus on private sector values of efficiency and the application of private sector management solutions to solve the problems that public sector policy makers face. Kearney and Hays contend that these practices threaten public service values of professionalism, neutrality and a concern for merit and may ultimately undermine the notion of a career public service (1998: 39-43).

The New Public Management and the Management of Labour

Despite the burgeoning literature on the NPM reforms, there has been a tendency to overlook its implications for employment relations in the public sector. According to Fairbrother:

... what is striking about this literature is the almost total absence of labour, with almost no discussion of what such developments might mean for the social relations of public sector production and provision (1997: 3).

The impact of the NPM reforms involves a radical shift from the traditional career service model of public sector personnel management.

The central elements of the career service model included: uniform employment conditions under the control of an independent central agency; recruitment based on competitive examinations; promotion based on merit (although in practice seniority was often the dominant criteria); rights and duties of public servants codified in a Public Service Act; tenure of appointment; and pension benefits upon retirement (Caiden, 1965: 2-5). These elements of a career service underpinned personnel administration within the Commonwealth public service and had also remained central to public sector personnel administration at a State level (Caiden, 1965: 2). Other elements of the traditional model involved public servants being accountable to ministers, under the control of Parliament and neutral when implementing government policy decisions (Hughes, 1995: 15). Private sector management practices were not viewed as applicable to the public sector because of political, equity and social justice considerations (Weller et al., 1993: 1-2).

Proponents of the NPM model are essentially reacting against the traditional procedures and formalities evident in the traditional career service approach to personnel management. They promote flexibility in employment arrangements in place of tenure of appointment and emphasise measuring the performance of public sector managers and labour and quantifying the results that they achieve (Davis, 1997: 210; Painter, 1997: 39). Moreover, the ideological underpinning of the NPM model involves a reaffirmation of the rights and prerogatives of managers (Sinclair, 1989: 383). This implies that the goals that public sector organisations pursue and the means by which public service workers interpret their responsibilities should be decided by management (Yeatman, 1987: 339). The ideological implications of emphasising the special contribution of management has been identified by Bendix:

All economic enterprises have in common a basic social relation between the employers who exercise control and the workers who obey. And all ideologies of management have in common the effort to interpret the exercise of authority in a positive light ... To do this, the exercise of authority is either denied altogether on the grounds that the few merely order what the many want; or it is justified with the assertion that the few have qualities of excellence which enable them to realize the interests of the many (1956: 13).

A number of commentators have also expressed concerns that behind the NPM model's emphasis on managerial prerogatives and private sector management practices lies a concern with cutting labour costs (Hood, 1989: 350). In a similar vein, Considine (1990: 169) maintains that the NPM

reforms have little to do with employer attempts to humanise work, involve minimal consultation by management and have done little to improve staff morale. As a result, workplace change in the public sector has tended to result in staff reductions, with greater work intensification being experienced by remaining employees. For instance, there was a considerable increase in successful claims for work-related stress within the federal public service in the early to mid 1990s, up from 981 in 1989/1990 to 1643 in 1994/5 (Quinlan, 1997: 35). In New Zealand, Boston et al. (1996) contend that the frequent organisational restructurings evident in the public sector from 1988 resulted in job losses, significant increases in workloads and wage freezes. For many employees these changes in employment conditions resulted in low morale and high levels of job insecurity (1996: 213). The extent to which these findings were also evident in government reports on managerial reforms in the Australian Public Service in the early 1990s is explored in the next section.

Context to Workplace Change within the Australian Public Service

Federal public service reports into managerial reform in the Australian Public Service (APS) in the early 1990s by the Management Advisory Board, consisting of senior departmental management and the secretary of the Public Sector Union, provide some context to the workplace changes occurring in the public sector at that time. The *Building a Better Service* (1993) report points to pressure for reform coming from increasing competitive pressures arising from the globalisation of the Australian economy, public unwillingness to accept increased levels of taxation and demands for improved levels of service and 'value for money'. Such pressures have given rise to a more concerted focus by governments on the size and cost of the federal public sector. In particular, there was an increased concern with results over the traditional emphasis on process (MAB-MIAC, 1993: 2-3). Nevertheless, this report was optimistic that personnel management developments in response to these pressures had been largely positive for employees. These developments included the introduction of equal employment opportunity legislation and the growth of permanent part-time work. The negotiation of changes in the job classification system was also perceived as improving career opportunities. The *Building a Better Public Service* report also stressed that a culture of 'continuous improvement' would be achieved through greater attention being paid to staff selection

and training, career path development and employee motivation to improve performance (MAB-MIAC, 1993: 19).

On the other hand, a second report by the Management Advisory Board entitled *The Australian Public Service Reformed* conceded that many managerial reforms introduced into the APS had increased employee stress levels and workloads (MAB-MIAC, 1992). The report noted that the term 'human resource management' was criticised for its 'cold attitude to people as just another factor of production' and preferred to use instead the 'softer' term 'people management'. Moreover, many of the managerial reforms introduced into the APS in the early 1990s, and the speed with which they were introduced, generated a range of conflicting responses from APS employees. *The Australian Public Service Reformed* report documented increasing stress levels and work intensification within many APS agencies. This occurred as many agencies were expected to achieve increased results with ever diminishing resources (1992: 432). These pressures were compounded by the expectation that agencies increased their workloads and improved the quality of services being delivered. One submission to the Task Force from the Aboriginal and Torres Strait Islander Commission (ATSIC) observed that:

The overall impact of the reforms, in the short time ATSIC has been in existence, has been to increase the pressure on staff who are already very hard pressed (MAB-MIAC, 1992: 432).

The Australian Public Service Reformed report also encountered high levels of workforce dissatisfaction, frustration with the lack of career path opportunities and evidence of low levels of morale in many agencies. Staff evaluations conducted by the Task Force indicated that 59 per cent of employee respondents appeared satisfied with their work. Nevertheless, some 21 per cent were either 'dissatisfied' or 'very dissatisfied'. In numerical terms the Task Force calculated this to represent approximately 20,000 APS employees being 'dissatisfied' with a further 6,000 'very dissatisfied' with their employment (MAB-MIAC, 1992: 434).

Staff concentrated at the lower levels of the eight level Administrative Service Officer classification (ASO), in existence in the early 1990s, were pessimistic about opportunities for staff mobility and for promotion. Among employees concentrated in ASO levels one to four, merely 33 per cent rated their prospects for promotion as being either 'good' or 'very good'. Moreover, 61 per cent of staff in 'business-oriented agencies' regarded their potential for promotion within their own agency as either 'poor' or 'very poor'. Some 52 per cent of employees in 'program delivery

agencies' and 49 per cent of employees in central agencies were also pessimistic about their opportunities for promotion (MAB-MIAC, 1992: 440). The former Department of Employment, Education, Training (DEET) observed that while the reforms had increased the job satisfaction of many of its staff, removed other 'unproductive' employees and improved managers knowledge of financial information:

When these changes were not preceded and accompanied by sufficient information and training, effective and efficient work practices were eroded leading to decreased productivity, low staff morale and, at times, work-related stress compensation cases ... The introduction of flatter structures also affected staff morale. In some State offices the possibility of promotion was significantly reduced (DEET submission cited in MAB-MIAC, 1992: 433).

Method

To gain a greater understanding of the types of effects that the NPM model is having on Australian workers we analysed the findings of the Workplace Bargaining Survey (WBS) 1994 and the Australian Workplace Industrial Relations Survey (AWIRS) 1995. These surveys sought public and private sector employee responses to questions regarding workplace change and its effects on productivity, effort, the pace of work, stress, job security, career opportunities, job satisfaction and work/family balance. It should be noted that the data in these surveys was collected in 1994 (WBS) and 1995/1996 (AWIRS) and therefore the results indicate the state of play prior to the major reforms and workforce reduction initiatives of the Federal Howard Coalition Government that took office in 1996.

The Workplace Bargaining Survey 1994 (WBS) was conducted by the former Federal Department of Industrial Relations (DIR) in October and November 1994. This national survey of 1060 workplaces with 10 or more employees (a workplace response rate of 64 percent) examined the type and extent of change introduced into workplaces and the manner in which it was introduced. Both part-time and full-time employees were surveyed and all industries were covered, except agriculture and defence. There were 11,233 useable employee surveys returned representing an employee response rate of 40 per cent. All results were weighted to provide estimates from their population (DIR, 1995: 7, 8). In the tables below, all findings yielded differences significant on the χ^2 test at the 1 per cent level unless otherwise indicated. The Australian Workplace Industrial Relations Survey 1995 (AWIRS) was conducted during 1995-96. The main survey collected data

from 2000 workplaces (a response rate of 80 per cent) with 20 or more employees. It also contained data from 19,155 employees (a response rate of 64 per cent) in those workplaces. Further details on AWIRS 95 are contained in Morehead et al. (1997).

We report results from both surveys as they contained a number of different questions with different emphases. However, there were also some questions that were asked in both surveys. Differences in results between the two surveys reflect several factors: differences in the survey population (WBS included workplaces with 10 or more employees, AWIRS was restricted to those with 20 or more employees); differences in timing; the effects of sampling error; the larger sample in AWIRS; different stratification methods in the two surveys, which led to a relatively low effective sample size in WBS for workplaces not covered by agreements; and non-sampling error that may arise from the lower response rates in WBS (eg DIR 1994: 327-8; DIR 1995: 234-5).

In WBS and AWIRS all employees were asked some general questions about changes in their work in the last 12 months. AWIRS revealed that public sector employees were more likely to report changes in the type of work they did (45 per cent reported such changes, compared to 41 per cent of private sector employees), changes in how their work was done (49 per cent v 43 per cent) and changes in the way the workplace is managed or organised (58 per cent v 53 percent). More specific details from both surveys are shown in Table 1, where we display those items that related to employee perceptions of change in work performance and job control. Table 2 displays items related to the effects of workplace change on employees.

Employee Responses to Workplace Change in the Public and Private Sectors

Both the WBS and AWIRS asked public and private sector workers a number of questions about changes in their work performance and control over their job in the last 12 months. The results are presented in Table 1. As can be seen, employees in both sectors were more likely to report that their ability to use their skills to the full extent had increased rather than decreased over the previous 12 months. Table 1 also shows that a majority of employees in both sectors reported increases in the range of tasks performed at work, the amount of effort put into the job and personal productivity. A small proportion of employees reported a decline in these measures. It is also clear that a somewhat greater proportion of public rather

than private sector workers reported increased productivity, effort and task range as a consequence of workplace change.

Table 1. Change in Employee Work Performance and Job Control Issues in Last 12 Months, by Sector

Item	Private			Public		
	Higher	Same	Lower	Higher	Same	Lower
<i>from WBS 1994</i>						
Use skills to full extent	31	54	15	32	48	20
Range of tasks performed	61	36	3	70	26	4
Effort put into job	56	40	4	64	31	5
Own productivity	55	40	5	60	32	8
Say in decision-making	24	62	15	20	55	26
Influence over hours worked	17	71	12	13	70	18
Amount and quality of information from management	21	58	21	20	49	31
<i>from AWIRS 1995</i>						
Effort put into job	57	38	4	61	34	5
Pace of job	44	50	4	48	47	4
Say in decisions	28	57	9	25	57	15
Use of own ideas	39	51	6	35	53	10

Source: WBS, AWIRS '95

While the majority of employees in both sectors are undoubtedly working harder, it appears that private sector employees are more likely than their public sector counterparts to be increasing their knowledge of, and control over, aspects of work. Private sector employees were more likely to report that they had gained a higher rather than a lower level of influence over decision-making and that their control of hours worked had increased rather than decreased (12 per cent). The converse was generally the case in the public sector with workers more likely to have lost rather than gained control over working hours, and mixed results in relation to changes in influence over decision making. Public sector workers were also more likely to report that the quality and amount of information from management was declining than workers in the private sector. These results indicate that public sector workers were less likely to be gaining control over important aspects of their working environment. These results add support to the contention of O'Brien (1994) that while NPM initiatives may often be cloaked in a language of employee involvement, the reality appears to be that these initiatives commonly enhance management prerogative and lessen employee job control.

The WBS and AWIRS surveys also asked a number of questions about the effects of workplace change on workers. The results from the two surveys are displayed in Table 2. As can be seen, public sector employees

were more adversely affected by workplace change than private sector employees. Public sector workers were more likely than private sector workers to report declining career opportunities and job security and lower levels of satisfaction with their job, with management and with their work/family balance. Public sector employees were also more likely than private sector workers to report increased levels of stress. The degree of difference between employees in the two sectors is quite marked on a number of items. Public sector workers were roughly twice as likely as private sector workers to report lower career opportunities and less job security. On the satisfaction measures public sector workers were also more likely to report a decline.

Table 2. The Effects of Workplace Change on Employees in the Last 12 Months, by Sector

Item	Private			Public		
	Higher	Same	Lower	Higher	Same	Lower
<i>from WBS 1994</i>						
Career opportunities	13	71	16	12	57	31
Job security	17	65	18	8	51	42
Stress	55	41	4	68	29	3
<i>Satisfaction with:</i>						
Work/family balance	10	63	27	8	57	35
Job	24	44	32	22	36	43
Management	17	46	37	12	38	50
<i>from AWIRS 1995</i>						
Chance to get promotion	19	60	11	17	55	22
Stress	45	45	8	57	35	6
<i>Satisfaction with:</i>						
Work/family balance	15	59	24	12	56	31
Job	32	41	25	26	38	35

One of the most dramatic findings in Table 2 is the proportion of employees reporting increased stress, especially in the public sector. This result is consistent with a recent Australian Council of Trade Union (ACTU) survey that detected high levels of stress at work. Based on the responses of over 10,000 employees, the ACTU (1998) found worker stress was most commonly associated with increased workload, organisational change or restructuring and job insecurity. The other notable result in Table 2 is the growth of dissatisfaction with management, in both the private sector (37 per cent) but especially the public sector (50 per cent). Only a small proportion of employees in both sectors reported higher levels of satisfaction with management.

In WBS employees were also asked to think generally about all the changes that had occurred in the last 12 months and assess whether they felt that they were better off, no different or worse off. In the private sector, 27 per cent of employees said that they were better off, 50 per cent reported no change and 23 per cent said they were worse. The corresponding results in the public sector were 21 per cent better off, 38 per cent no change and 41 per cent worse off. Thus, on balance, while private sector employees were slightly better off, public sector employees were decidedly worse off. Indeed, twice as many public sector employees considered themselves to worse off than better off. The AWIRS 1995 survey provides further evidence to support these findings. The survey found that public sector employees believed themselves to be worse off as a result of workplace change (33 per cent) than private sector employees (19 per cent), while fewer believed that they were better off (25 per cent) compared to private sector employees (36 per cent). These findings add weight to the criticisms that NPM adversely affects employees.

The discussion so far has been about perceived *changes* in aspects of work, but does the more negative perception of public sector workers simply reflect a difference in the starting points of public sector workers? Were they simply in a more privileged position than their private sector counterparts and are now converging to a common experience? Our data do not tell us what working life was like before NPM, but AWIRS does tell us something about how the *levels* of various aspects of working life are perceived. The results are shown in Table 3. Public sector employees were more likely to feel insecure about their future, reported higher levels of stress, were less inclined to see their workplace as a good place to work, more often thought of leaving their job, and were less likely to believe they were paid fairly. These results suggest that, in general, public sector employees are not converging with their private sector counterparts but are moving to a more adverse relative position than them.

Nevertheless, in terms of employees' perceptions of the amount of job control they exercised, differences between the public and private sectors were quite small. When asked in AWIRS about how much influence they had over several matters (the type of work they do; how they do their work; when they start and finish work; the pace at which they work; the way the workplace is managed and organised; decisions which affect them at the workplace) no consistent pattern of difference between the sectors emerged. While this might reflect a lesser sensitivity on the part of this set of measures, it may also mean that this is an area in which the public sector is tending to converge with the private sector. What is clear, though, is that

the NPM is not actively promoting high-trust labour management practices: as mentioned, public sector employees are less likely than their private sector counterparts to be moving in the direction of increased participation and influence over hours and better access to management information.

Table 3. Workers' Job Perceptions, by Sector (per cent)⁺

Item	Private			Public		
	Agree	Neutral	Disagree	Agree	Neutral	Disagree
Get paid fairly	48	21	29	43	19	36
Do lots of different tasks	82	10	7	86	7	6
Feel insecure about future	25	23	44	35	23	37
Job is very stressful	37	34	28	46	33	20
This is a good place to work	61	27	10	54	31	14
Often think of leaving this job	27	24	46	33	24	41
I put a lot of effort into this job	88	9	2	89	9	2

⁺ 'Don't know' responses are not reported. Hence, row tallies may not sum to 100 per cent.

In WBS, employees were asked about changes in the level of co-operation in the workplace in the preceding 12 months. The results are shown in Table 4. In the private sector, employees were evenly divided in their assessment of whether co-operation between unions and management had deteriorated or improved in the last 12 months. In contrast, workers in the public sector were more likely to perceive a deterioration in management-union relations. On the issue of management-employee co-operation, employees in both sectors were more likely to have reported a negative rather than a positive assessment. Once again, public sector workers were more pessimistic in their assessment than their counterparts in the private sector.

Table 4. Changes in the Level of Co-operation at the Workplace in the Last 12 Months, by Sector

Co-operation	Private			Public		
	Higher	Same	Lower	Higher	Same	Lower
Management-Union	18	63	18	14	53	33
Management-Employee	22	50	28	18	44	39

Attitudes concerning employees' level of satisfaction with aspects of management were tested in AWIRS and are shown in Table 5. Again, public sector employees had more negative perceptions. They were less satisfied with how management treated workers like themselves, less likely to think that management did its best to get on with employees (reinforcing the data

on changes in cooperation shown above) and less likely to trust management to keep its word.

Table 5. Worker Perception of Management, by Sector (per cent)⁺

Item	Private			Public		
	Satisfied	Neutral	Dissatisfied	Satisfied	Neutral	Dissatisfied
Satisfied with how management treat you and others here	48	25	24	38	27	32
	Agree	Neutral	Disagree	Agree	Neutral	Disagree
Management does its best to get on with employees	60	24	14	50	28	19
Management can be trusted to tell things the way they are	39	29	27	28	29	37

Source: AWIRS

+ 'Don't know' and 'not relevant' responses are not reported. Hence, row tallies may not sum to 100 per cent.

Are there major differences within the public sector in employees' experience of workplace change? Were employees in commercial authorities under worse pressure than those in public service departments, or has their experience been more like those of the private sector? Table 6 breaks down responses to a number of AWIRS items according to whether employees are in a government business enterprise, a non-commercial government authority, or a public service department, and includes for reference comparisons with private sector employees. Although the results differ between items, the general patterns are: that the pressure upon public sector employees applies across the whole public sector; that there are more similarities than differences between different types of public sector employees; but that the greatest deterioration in experience is most commonly felt by employees in public service departments. For example, those in the public service were most likely to report being worse off as a result of workplace change, reduced job satisfaction, increased stress, increased pace of work, and declining satisfaction with the balance in their work and family lives.

What is it about public sector reform that has had such an adverse effect on employees? First, there is a higher rate of workplace change going on in the public sector. The opening up of the economy in the 1980s and its exposure to the forces of globalisation has had a bigger impact on the public sector than the private sector. In responding to the economic crisis of the mid 1980s, Governments made conscious choices to reshape the public sector in a program of microeconomic reform and budgetary stringency which required substantial savings in the public sector. While 'market forces' acting on the external account may have helped launch this strategy,

it was sustained by an ideology that imposed more discipline and change on the public sector than market forces themselves imposed on the private sector.

Table 6. Worker Perceptions by type of public sector organisation (per cent)

	Private sector	Public sector		
		Government business enterprise	Non-commercial authority	Public service department
Percentage reporting being worse off as a result of workplace change	18	30	30	35
reduced job satisfaction	25	34	31	37
reduced say in decision making	9	14	14	16
increased effort	57	58	62	62
increased pace of work	44	45	45	51
increased stress	44	53	55	60
feeling insecure about their job	25	38	37	33
reduced satisfaction with work/family balance	23	26	30	33
this is a good place to work	60	51	55	54
dissatisfied with how management treats them and others like them	24	31	36	31
management can be trusted to keep its word	39	25	23	32

Second, the character of workplace change has been distinct in the public sector. One example concerns the 'downsizing' process that developed fad proportions in the private sector but became seemingly ubiquitous in the public sector during the 1990s. Table 7 looks at the existence of job losses in just the twelve months prior to AWIRS and the reasons for those job losses, and relates these to attitudes on some matters where public-private sector differences were large: trust of management and job stress. We can see that job losses were more common in the public than the private sectors, but also that there were quite distinctive patterns of reasons (as given by management) for those job losses. 'Lack of demand' was a reason commonly associated with the private sector, whereas 'financial problems and difficulties' and 'government-initiated restructuring' were commonly associated with the public sector. Employee attitudes varied according to the reasons for job losses. Employees reacted more adversely – with higher stress, and lower trust and higher dissatisfaction with management – when job losses were due to the reasons typically associated with public sector rather than private sector job losses (that is, they reacted more adversely to

job losses due to financial problems than due to lack of demand). While part of this reflects reverse causality, this relationship persists, albeit not quite as strongly, when sector is controlled. We suggest that employees are more likely to be able to understand and accept job losses that arise from external demand conditions, and find greater difficulty in accepting job losses that are seen to be imposed because government is starving organisations of funds. The apparent arbitrariness or irrationality of such approaches increases uncertainty and distrust (Cappelli, 1999).

Table 7. Job losses, workplace changes and sector (per cent)

	Distribution		Incidence of responses		
	Private sector	Public sector	Dissatisfied with mg't treatment	disagree m'g'ment keeps word	Job more stressful
Workforce intentionally reduced last 12 months?					
- no	66	55	26	28	47
- yes	34	45	29	35	53
- total	100	100			
Reason for reduction in workforce (management response)					
- lack of demand for product/service	31	9	25	27	46
- reduce costs, increase efficiency	13	12	26	32	51
- technological change	7	5	27	33	49
- organisational restructuring	34	30	30	36	54
- financial problems/difficulties	7	16	33	41	58
- government-initiated restructuring	5	23	31	40	61
- other	3	4	34	40	60

Source: AWIRS '95

Third, the NPM brings with it a series of cultural clashes which affect worker perceptions and attitudes. For many public sector employees, the NPM creates a new set of objectives and values that are dissonant with those that have permeated public sector culture in the past. For example, the emphasis on managerialism may appear to undermine notions of equity that have had such a prominent role in public sector management practices; fears that fairness is losing its importance lead to stress and dissatisfaction.

Conclusion

We have explored the impact of workplace change in the public sector in the mid-1990s by reference to a substantial body of literature and analysis of two major surveys. When we compared the impact of workplace change on public and private sector workers, greater numbers of public service

workers reported they were working more intensively and under greater stress than private sector workers. Public sector workers also reported having relatively declining control over decision-making and the hours that they worked and believed that their job security and career opportunities had fallen. They also reported that their satisfaction with their job, with management and with their work/family balance had declined to a greater extent than their private sector counterparts. All components of the public sector were affected, though if anything employees in the public service departments perceived themselves to be under the most stress and most likely to feel worse off. In a period of rapid economic change, the reform agenda would appear to have imposed more discipline on the public sector than market forces have imposed on the private sector. These managerial reforms have also brought about cultural changes and organisational restructurings that employees have had difficulty in accepting. Overall, we conclude that the New Public Management agenda to introduce market-based solutions, increase the prerogatives of managers, measure performance and cut costs, in particular labour costs, have resulted in more intensive workloads, increased job-related stress and reduced job security for many Australian public sector employees in the 1990s.

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