New Public Management and Public Sector Employment Relations: United Kingdom, the United States and Australia

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During the last two decades governments, particularly in the English speaking world, have restructured and reorganised public services and the administrative processes that have coordinated the delivery of those services. This process has been variously characterised as 'managerialism' (Gardner and Palmer, 1992; Pollitt, 1993), 'New Public Management' (Hood, 1990; Rhodes, 1991), 'entrepreneurial government' (Osborne and Gaebler, 1992), 'post bureaucratic government' (Laffin and Palmer, 1995) and 'corporate management' (Davis, Weller and Lewis, 1989). Despite this conceptual pluralism it can be said that the discourse of public administration has been largely supplanted by the discourse of public management. As such there has been a gradual, but not necessarily systematic, transformation from an administrative to a more explicitly market-oriented managerial model of the state.

The public sector has been a focus for restructuring in the context of the internationalisation of many economies. In New Zealand, Australia and the

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United Kingdom, where changes have been arguably most extensive, the rationale for the changes has been presented in terms of 'modernisation' of the state apparatus so as to facilitate the repositioning of those economies in accordance with the perceived logic of globalisation. This presentation of the state reflects a broader debate about the role of the state in the context of the internationalisation of economies. Claims about this process range from the apparent irrelevance of the state (Ohmae, 1990, 1995) to the continuing importance of the state as manager of national economies (Boyer and Drache, 1996; Hirst and Thompson, 1999). For proponents of globalisation the social relations of labour are no longer bound by or defined by the nation state. In particular, the employment arrangements within the state need to reflect the 'borderless' world of capital that is said to be emerging. Although this particular line of argument has been questioned (Sklair 1995; Hirst and Thompson, 1999) there is now a vulnerability of employment relations in the state that both organised and unorganised labour has found difficult to resist (Elgar and Smith, 1994; Edwards and Elgar, 1999; Waddington, 1999).

The purpose of this symposium is to examine the impact on employment relations in three states where the public sector has undergone significant restructuring in the direction of marketised relations. Despite the importance of public sector labour in state restructuring there is relative paucity of analysis of the impact of 'New Public Management' (NPM) on employment relations in the public sector. Industrial Relations scholars in the United Kingdom and Australia, for instance, have only really begun to take some interest in the area. Public Administration scholars, moreover, tend to see employment relations as a sub-set of broader managerial changes. In a limited way this symposium attempts to provide some comparative insight into the impact of state restructuring on public sector work in three national settings.

The paper by Carter, Davis and Fairbrother takes a broad perspective on public sector restructuring in the United Kingdom. It covers both the civil service and the delivery of public services such as education, health and transport by state bodies. It provides a useful overview of developments from the early 1980s until 2001 within the historical framework of public sector industrial relations since the 1920s. The paper argues that there has been a reorganisation of the British state, in part through privatisation and more broadly through the transformation of the state as a model 'administrative' employer to a more explicitly managerial employer drawing on private sector models of the organisation and control of labour. This process, which had its origins in the reorganisation of the British civil

service, has been mirrored by the distancing of the state from the direct provision of public services. This has occurred through privatisation or through the separation of the state as the purchaser of services from the state as the direct provider of services. Thus under New Labour public provision is characterised by a notion of 'what works' rather than who owns the services even when direct state ownership might make more economic and social sense than privatisation or the enforcement of a rigid purchaser-provider split. In discussing labour response to these developments the authors express some guarded optimism that public sector unions have developed some capacity at the national level to mobilise their members and the public generally against government initiatives. This, however, contrasts with very uneven organisation at the workplace in the context of fragmented, multi-level bargaining. In contrast with the experience in the United States, accommodation to the more contestable environment can result in loss of membership support and thus undermine workplace organisation.

The United Kingdom is a unitary state, not withstanding the recent devolution of many state responsibilities to legislative and executive institutions in Scotland and Wales. The Westminster government still retains a significant capacity to influence the direction of state policy and employment relations throughout the country. The United States and Australia are fully developed federal states, although since the 1940s the centre of power has shifted towards the Commonwealth government in Australia. In the United States, however, the states have remained more robust entities than in Australia. In both countries, however, many public services are delivered at the state level, and in the case of the USA at the county and district level. It is instructive, therefore, to compare developments in those federal states with the unitary United Kingdom. The paper by Hays on the United States, while focussing on the federal level, provides some insights at the state and county level, while the paper on Australia by O'Brien and O'Donnell largely confines its analysis to the federal public service. Nevertheless common restructuring patterns can be detected in all three states despite the differences in constitutional arrangements.

Hays locates his analysis of the United States firmly within the framework of the impact of New Public Management on labour-management relations. Indeed he argues that no other state sector reform movement has had 'such a sweeping and enduring impact of public policy and administration in local, sate and national governments' (Hays, 2002: 7-35). Nevertheless he concludes that labour organisations have not been really been significant participants in the change process. This, he attributes to the

'peculiar legal context' in which public sector unions operate in the United States. More significantly, perhaps, is the apparent widespread public support for the objectives of NPM among the American populace. Hays is critical of some unions' responses to developments at the state level. In particular, he chides teacher unions for failing to engage with new education models such as vouchers and continuing to support job protection models that insulate allegedly incompetent teachers (Hays, 2002: 7-35). He contrasts this approach with public sector unions in Phoenix, Arizona who have engaged with the contestability for public services agenda by devising strategies such as customer service teams, incentive bonuses and cost control accounting to ensure that unionised workers win the competition for the delivery of public services. Nevertheless he notes that such success is usually at the cost of reduced staffing and greater labour flexibility.

The paper by O'Brien and O'Donnell traces the development of the Australian Public Service from a quasi-independent arm of government carrying out the administrative services of the federal state to a managerially driven instrument of government that works to model itself on private sector models of the administration and delivery of public services. Central to this process has been the restructuring of industrial relations in the APS from a Labor model of partial decentralisation of bargaining arrangements to the 'loose-tight' model pursued by the Coalition government after 1996. This latter model placed the prime responsibility for workplace agreement making on agency level managers, albeit within government-specified guidelines for bargaining. The prime impetus for the restructuring of the federal public service, however, came from government and its managerial agents rather than from agreement between management and organised labour. Nevertheless, the operational decentralisation of employment relations in the APS acted to align employees more effectively to the government – management initiatives and reflected a broader government agenda to marginalise unions and limit the capacity of industrial tribunals to determine employment conditions at the workplace level. In such an environment public sector unions found themselves resisting an overall government agenda without any real capacity to do it in any but a fragmented manner. Nevertheless public sector unions have survived as a significant, but not exclusive, voice of public sector workers while accommodating to a centrally driven agenda that they had a capacity to ameliorate but little opportunity to resist in any fundamental way. While public sector unions have made some attempts to restructure their workplace organisation, there is much less evidence that they have any real capacity to resist the imposi-

tion of such measures as performance pay and customer-focussed models of work organisation.

Despite the considerable differences among the three countries under review, common themes emerge from the papers. These include the pervasiveness of New Public Management as the predominant paradigm in the administration and delivery of public services underpinned by legitimising discourses such as accountability, contestability and customer focus; the growth of privatisation and corporatisation of services hitherto delivered by the state or for those services that still remain the province of the state the conscious separation of provision from funding arrangements. The retreat and reorganisation of the state has significant consequences for state sector employment: privatisation for some, downsizing for many and managerialism for the survivors. On the other hand, the response of labour has varied in each country depending on the nature of industrial relations framework in which public sector unions operate. Nevertheless, unions have survived even if the environments in which they operate are increasingly hostile to their effective activity. In all jurisdictions unions find it difficult to cope with centrally determined agendas of governments as the ultimate employers and the guardians of the public purse while the actual process of labour-management interaction is operationally decentralised.

Public sector industrial relations is a very fruitful area for further research. It is still relatively highly unionised – so there are still opportunities for structured relations between management and organised labour despite attempts to marginalise unions. Indeed significant publication has occurred on developments in the United Kingdom and Australia in recent years (eg Fairbrother, 1996, 2000; *AJPA*, 1998, 2000) and the USA (eg Kearney and Carnivale, 2001). The broad parameters of public sector restructuring in the three countries under discussion in this symposium can be discerned including the response of organised labour to those changes. What is needed now is detailed studies of the impact of New Public Management on particular workplaces. While the direction of the impact on particular workplaces can be inferred from an analysis of macro developments and form scattered case studies, it is now time to examine the micro-impact of these developments in a more systematic manner. In the Australian context such work would benefit from an international and comparative perspective. This modest overview of three countries is designed to contribute to that process.

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