Labour-Management Relations and New Public Management: The American Experience

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Abstract

This paper provides a broad overview of the role that unions have, and have not – played in the unfolding drama of public management reform in the United States. Factors impeding the ability of unions to shape the reform movement are highlighted. Fragmentation of power and even the absence of rudimentary collective bargaining rights in many locations restrict civil servants' ability to influence the reform agenda. As a result, New Public Management (NPM) initiatives have progressed in a fashion that often works to the disadvantage of public workers. 'De-privileging', privatisation, and devolution of public agencies have become almost ubiquitous. The paper concludes with the observation that NPM offers a golden opportunity, if not the obligation, for management and labour to adopt a more cooperative and participatory approach to policy making in the workplace.

Introduction

The roots of New Public Management (NPM) run very deep in the administrative history of the United States. Most of its principal concepts can be

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traced to other managerial theories (fads, perhaps) dating back to Woodrow Wilson's politics/ administration dichotomy. Widely known as the *reinvention movement (REGO)* in the U.S. (Osborne and Gaebler, 1992), the reforms borrow generously from Frederick Taylor's Scientific Management, Peter Drucker's Management By Objectives (MBO), Organizational Development (OD), W.E. Deming's Total Quality Management (TQM), Theory Z, and maybe twenty other more fleeting examples of Twentieth Century managerial thought. NPM sews these many threads into a new reform fabric that is far more resilient and pervasive than that which preceded it.

The extent to which American politicians and public managers have been preoccupied with administrative reform is evident in the fact that no less than *eleven* major study commissions issued calls for significant structural and/or operational changes in the executive branch between 1905 and 1992 (Ingraham, 1992). Seven of ten presidents from Herbert Hoover to Bill Clinton supported a general overhaul of the government machinery. Each reform program was fashioned by knowledgeable advisors, and each was released with considerable fanfare and optimism. Despite such high-level attention, only Harry Truman is credited with engineering a broadly successful reform campaign. About 60% of the First Hoover Commission's recommendations were enacted, which for governmental reform efforts is an amazing accomplishment. Many of the other suggestions for change produced more smoke than heat (Hays and Kearney, 1997: 12-13).

After two decades of experience with NPM, however, it is safe to say that the current round of reform programs is truly different from its predecessors. The underlying logic and goals of REGO essentially constitute a comprehensive amalgam of previous reform themes, most of which now resonate throughout the political and administrative communities. In response, an avalanche of procedural and structural alterations in government operations has been triggered. For better or worse, managerial practices in American public administration have been fundamentally altered across functional activities, jurisdictions, and programs. No other reform movement has exerted such a sweeping and apparently enduring impact upon public policy and administration in local, state, and national governments.

The primary purpose of this paper is to chronicle the most significant changes that have been wrought by NPM, and to assess the reforms' effect upon civil servants. Additionally, the role that organised (or disorganised) labour has played in channeling and shaping the reform agenda is reviewed. A theme that emerges from the discussion is that public labour organisations

have not often been aggressive participants in much of the change process. This fact is partly attributable to the peculiar legal context in which public unions operate in the U.S. Another contributing factor may be the pervasive allure that NPM objectives have among the American public. Much of the civil service is being carried along in the reform bandwagon, many of them quite willingly, whether or not this serves their best interests. The paper concludes with a few observations concerning successful examples of how NPM has served as a catalyst for improved labour-management participation.

Some Preliminary Observations

Compared to most of the industrialised world, the United States is something of an anomaly insofar as the means by which labour and management interact and 'cooperate'. Labour unions did not typically emerge in the public sector until long after their private sector counterparts were well established. The mere concept of public sector unions even today is not universally accepted, thereby leading to a patchwork quilt of organisational and bargaining practices. Profound differences exist between and among federal and state governments. Some jurisdictions do not recognise any type of formal labour organisation and forbid collective bargaining, while labour and management in other locations co-exist as virtual equals. Between these extremes, one can find just about every conceivable variation in operational and organisational approaches to labour-management relations.

This picture is further complicated by the federalist system in which the central government's share of the total civil service workforce has declined significantly in recent decades. Owing to the devolution of many public programs to sub-national governments – as well as outsourcing of some public functions to private contractors – the size of the federal civil service has dropped precipitously during the past 15 years. Federal downsizing began in the late 1980s with the Department of Defense's Base Closure and Realignment initiative. Through voluntary separation incentives ('buy-outs') and layoffs, the DOD cut its workforce by over 250,000 civilians in the 1990s. Meanwhile, the United States Postal Service cut about 75,000 jobs in a continuing effort to become more competitive with such businesses as Federal Express and United Parcel Service. The biggest contributor to the erosion in federal employment originated with President Clinton. In 1993 he used an Executive Order that mandated a rapid reduction of 100,000 employees. Then, as National Performance Review (NPR) was introduced in 1994, the targeted cut was expanded by an additional 250,000 employees

through the Federal Workforce Restructuring Act (Key Communications 2000). Voluntary early retirements, reductions-in-force (RIFs), and buyouts were used throughout the Executive Branch to trim the workforce. Aggregate federal employment has thus dropped by nearly 650,000 since 1988.

To place this phenomenon in context, consider the fact that the United States contains over *83,000* state, local, and special purpose organisations (e.g., flood control and school districts). At its peak, federal employment topped out at about 2.7 million workers in 1987. The net growth of the national workforce was about 15% between 1962 and 1988, at which point devolution began in earnest. As of 2002, the federal government employed approximately two million workers,[1] whereas state and local jurisdictions accounted for nearly 18 million employees (including teachers and other educational workers). Since the late 1960s, state and local employment levels have grown by 150% (U.S. Census Bureau, 1999), whereas the federal labour force has shrunk by nearly 25% since reinvention began.

For these reasons, any discussion of NPM's impact in the United States must be assessed in the context of a highly fragmented (even chaotic, to the outside observer) labour-management setting. The complexity of the underlying legal environment is so great that broad generalities are risky.

Having duly registered this *caveat,* however, a few trends appear to be sufficiently pervasive that they merit treatment. First, much of the NPM agenda has progressed without appreciable involvement of public workers in a variety of locations merely because the employees are not positioned to play much of a role. Simply stated, politicians need not pay serious attention to the opinions of civil servants within jurisdictions that greatly restrict the rights of their workers to organise and bargain. Therefore, sweeping administrative changes have occurred in some locales, including the federal government, without much organised opposition or participation. Second, with or without the involvement of organised labour, there is a remarkable degree of consensus concerning the types of 'reforms' that need to be implemented within public administration. The extent to which both the professional and academic communities have embraced the reinvention (NPM) agenda is almost startling. Cries for greater accountability, decentralisation, and enhanced control over the civil service have become ubiquitous. Tangible evidence of NPM 'successes' are widely evident in merit pay schemes, expanded probationary periods for workers, heightened emphasis on objective performance measures, and dismantled career protections. The calls for caution that have arisen from those worried about the ideological basis of NPM, and the potential consequences for merit systems, have been voices in the wilderness (Hood, 1991; Kearney and Hays, 1998;

Pfiffner, 1997). Finally (on a more positive note), there are some cases in which reinvention has provided the catalyst for greater labour-management cooperation. The adversarial relationship that usually predominates within the American labour setting has been supplanted in a few instances by *productivity bargaining, consensus bargaining,* and other participatory approaches to agenda-setting. These examples demonstrate that the 'worker empowerment' goal of reinvention is not completely illusory, and hopefully set a precedent that will gain increased currency over time.

An Overview of Labour-Management Relations in the United States

The United States is certainly one of the most conservative nations in the world concerning the rights and powers of workers. Largely as a byproduct of the country's fixation on the values of individualism and self-reliance, the prevailing attitude has historically been that workers have no rights *to* or *in* their jobs. This notion is firmly embedded in the *at-will doctrine*, a legal concept that was most dramatically stated in *Payne v. Western and Atlanta Railroad* (1884): '... employers may dismiss their employees at will for good cause, for no cause, or even for cause morally wrong, without being thereby guilty of legal wrong'. Arising during the nation's flirtation with laissez-faire economics, the at-will doctrine is based on the 'mutuality' assumption from English common law that both the employee and employer are free actors – the employer is free to terminate the worker at will, just as the worker is free to leave the job at any time (Hays, 1995: 151).

Although the at-will doctrine's reach has faded due to statutory and judicial actions over the decades, vestiges still control some important aspects of labour-management relations. Federal law, for example, makes a critical distinction between public and private workers. During the Great Depression, the enabling legislation that created unionisation and collective bargaining rights for private sector employees exempted civil servants from coverage. Moreover, the Taft-Hartley Act of 1947 prohibits the requirement of union membership as a condition of employment (the 'closed shop') and permits 'right-to-work' laws that bar 'union shops' (Kearney, 2001: 10). The practical effect of these and other measures is that union security in the United States is on shaky ground. Another consequence is that civil servants essentially constitute a group of second-class citizens in terms of their union activities. Public jurisdictions are under no obligation to engage in collective bargaining with their employees. They may *elect to do so* through a deliberate measure creating collective bargaining rights for workers, but no

court in the United States have ever imposed that requirement on local, state, or federal governments.

Understandably, this creates a very dynamic and idiosyncratic labour-management environment. The *dynamism* stems from the ever-changing nature of state laws, as exemplified most recently by an Executive Order issued in 2001 by the Governor of Missouri (a progressive Democrat). He granted collective bargaining rights to that state's public workers *ex cathedra,* a move that is consistent with his political philosophy but which is likely to cost him dearly in the next general election. The situation is *idiosyncratic* because of the enormous variations that exist across the American panorama. One example of the complexity of labour-management relations is found in the United States Postal Service. Unlike all other federal workers, postal employees fall under the authority of the National Labor Relations Board. They are therefore treated as if they are private workers, *except* that they cannot be compelled to join unions or pay dues, and they are not permitted to strike. But, thanks to their special treatment under the Postal Reorganisation Act of 1970, this one large group of federal workers *does* have the right to bargain over wages and hours. These types of exceptions abound, and thereby make it virtually impossible to provide a concise and accurate description of the labour-management landscape without using many highly qualified generalities.

Labour Relations in the Federal Government

Federal workers were not formally granted the right to organise and petition their employers until 1962 when President Kennedy issued Executive Order 10988. This and later Executive Orders gave civil servants the opportunity to play a role in determining their conditions of employment, but greatly restricted their bargaining rights. No President has ever suggested that federal employees be equal partners with management, and the likelihood of such an occurrence is remote.[2] The array of restrictions extends to such matters as the right to strike (there is none, and anyone who engages in a work action is subject to immediate termination[3]), the scope of bargaining (salaries, fringe benefits, and personnel ceilings are all exempt from negotiations), and union security (no one can be compelled to join a union or to contribute financially to its maintenance). Thanks to these impediments, unions encounter many free rider problems in attracting members. Of the 59% of employees who are represented by bargaining agents, only about 32% actually belong to unions and pay dues (Kearney, 2001: 24).

Insofar as the internal dynamics of union operations are concerned, the typical arrangement is to permit payment for the time that employees work

on union business. Government time spent on union activities is divided into two types, 'bank time' and 'nonbank time'. Bank time refers to the number of hours that is negotiated and limited by contract. It includes time spent on union-initiated tasks, such as grievance-handling, organisational maintenance, and union security (i.e., trying to recruit new members). Nonbank time refers to hours spent on management-initiated activities, such as bargaining over working conditions or negotiating disallowed leave. Formal 'union representatives' are identified as those workers who spend 75% or more of their energies working on union business. Because the management of federal unions is decentralised by agency and collective bargaining agent, the selection of union representatives and the amount of time they spend on union activities are determined without the consent of local managers (U.S. General Accounting Office, 1996). By way of example, the Social Security Administration employs 52,000 workers. These employees are served by 150 full-time union representatives, and another 1800 individuals who are authorised to spend a portion of their time on union business. In a normal fiscal year, the amount of time spent managing the unions' affairs consumes the equivalent of 220 employees' annual salaries (U.S. General Accounting Office, 1996: 4).

Federal Unions and New Public Management

Prior to 1978, one of the primary complaints of unionised workers in the United States government was that even their limited rights had never been sanctioned through a legislative statute. As Executive Orders, the legal authority for unions and collective bargaining could be obliterated by a stroke of the next President's pen. This problem was (somewhat ironically) remedied with the passage of the Civil Service Reform Act of 1978 (CSRA of 1978). As the opening salvo in the nation's battle to reform the public service, the CSRA of 1978 represented the biggest change to the 'merit system' since its creation in 1883 (through the Pendleton Act). The statutory guarantee of federal employee labour rights was used to gain union approval for a reform that otherwise would probably have generated considerable angst among the labour community.

The CSRA of 1978 was – plain and simple – the most important step toward NPM and/or reinvention that the federal government had taken up to that time, and was only supplanted in the 1990s by Vice President Al Gore's National Performance Review (NPR) (Gore, 1993). As will be discussed more thoroughly below, these two initiatives encapsulate the federal government's reform agenda. Both are modeled after standard NPM objectives, including decentralisation, increased flexibility, expansion of

supervisory authority, and the enhanced capacity to reward and punish employees on the basis of their performance.

Insofar as labour-management relations are concerned, however, the federal picture remains fairly bleak. Having been seduced into accepting the CSRA of 1978, federal workers experienced a succession of troublesome defeats over the next two decades. Because their unions had not gained any substantial bargaining rights as a trade-off for supporting the new federal policies, government managers and politicians had a relatively easy time trimming the labour force by nearly one quarter. One indicator of the impact of this phenomenon is that, as had been promised when it was launched, NPR reduced the average supervisor-to-worker ratio from 1:7 to about 1:15. Middle management has been gutted.

Meanwhile, the narrow scope of bargaining that was available to federal unions left them with very few options. Unable to negotiate for wages, benefits, or job security, about the only tactic left open to them was to file huge numbers of grievances (Tobias, 1998). Despite the best efforts of the General Accounting Office to ameliorate labour-management strife, the number of unsettled grievances continued to expand during the decade. The Postal Service, for instance, experienced a one-third increase in labour disputes (as measured by unsettled grievances) between 1994 and 1998. Among the factors cited as contributing to the situation were 'adversarial attitudes of employees and management' and 'the inability of the various groups to agree on common approaches for addressing their problems' (U.S. General Accounting Office, 1998: 1).

As an early attempt to promote better labour-management relations, President Clinton issued Executive Order 12871 in 1994. This measure expands the range of negotiable items to include position classification, selection strategies, and performance management processes. More important, the Order is expressly intended to engender labour-management partnerships as a way of furthering the NPR agenda without incurring the wrath of the labour force. The Partnership plan required agencies to 'involve labour organisations as full partners with management in identifying problems and crafting solutions to better fulfill the agency mission' (U.S. General Accounting Office, 1996: 6). A National Productivity Council (NPC) was created to coordinate the partnerships and to help fashion mutual solutions to common problems (Kearney, 2001: 191). According to the best available evidence, however, these efforts did not produce resounding successes. Instead, workable partnerships were created in only a few agencies that had previously enjoyed relatively peaceful labour-management conditions. In those agencies with histories of nasty labour conflict,

mistrust and hostility precluded much cooperation (Ban, 1995). The reputation of many federal employee unions is that they are obstructionist, and that their first inclination is to grieve almost any conceivable issue (including, for instance, 'supervisory attitude' and the decision to relocate to a new and more attractive office building).

Lest the reader be led to believe that the entire federal labour picture is an unqualified mess, it should be noted that successful partnerships have been reported in some agencies. The Joint Employee Involvement and Quality Improvement Project (EIQI) within the Department of Labor (DOL) pre-dated President Clinton's Executive Order, and provides a reassuring sign that positive labour-management relations are possible within the federal framework. Under the EIQI, labour and management representatives are paired up from each sub-unit within the DOL, and tasked with generating collaborative solutions to common problems. All decisions are made by consensus, the union is treated as an equal partner in every negotiation, and employee time spent in EIQI is considered to be work time (i.e., employees are released from official duties on a paid basis in order to represent the union). According to one study, the EIQI program has allowed the DOL to implement many quality improvement initiatives, to upgrade customer service standards, and to foster team-based problem solving in many of its departments (Armshaw, Carnevale and Waltuck, 1993).

Other anecdotal examples of relative success are evident in the development of labour-management committees (LCMs) in such agencies as the Internal Revenue Service (IRS) and the Department of Energy (DOE). These committees have been employed as a means to solve problems jointly and to address productivity goals through collaboration. LCMs have been used to negotiate agreements concerning such difficult topics as privatisation, cutback management, and incentive pay plans (Kearney and Hays, 1994).

One of the truly unfortunate aspects of the Public Administration literature in the United States is that no one has yet been able to pinpoint the reasons why some labour-management collaborations succeed, while most others fail. The few success stories that exist are widely acknowledged, and the so-called 'lessons learned' are trumpeted loudly. But, in the final analysis, the precursors to effective cooperation are usually factors that cannot be manipulated by managers or employees. Success is ultimately decided by such conditions as trust, commitment to the process, win-win expectations, and mutual respect (Kearney and Hays, 1994: 47). Experience demonstrates that these qualities sometimes exist, but that they are very difficult to impose.

The Diverse Situation in State and Local Governments

As noted, state and local governments in the United States employ about ten times the entire federal labour force and therefore represent a critical component of the public management equation. Unions first flourished during the explosive growth of sub-national governments during the 1960s and 1970s. While industrial unions were declining as blue-collar jobs disappeared, public sector unions represented organised labour's one shining area of success. Between 1959 – when the State of Wisconsin created the first comprehensive collective bargaining law for its workers – and 1975, about 38 states adopted some type of legislation empowering their employees in labour-management negotiations. Most of these laws are not 'comprehensive', *per se,* in that they restrict employee rights in many ways. Typically, workers in 'essential services' (police, fire, and often sanitation) are denied the right to strike. Likewise, huge variations exist in the range of bargainable topics, the ability of public unions to affiliate with their private sector counterparts (e.g., the AFL-CIO), and the means by which local workers are treated.[4] In the 42 states that currently recognise public employee unions, the situation ranges from almost complete equality with private sector employees (i.e., the unions enjoy all collective bargaining and strike rights), to rather innocuous 'meet and confer' requirements that fall far short of empowering civil servants. Eight states do not provide for any form of collective bargaining. These are located primarily in the South and Southwest, regions that are experiencing explosive growth thanks to their reputed 'good business climate' (which to many businesses is a synonym for 'no unions').

As of 2001, about 30% of all state workers, 43% of all local workers, and 59% of all federal employees were represented by labour unions (Key Communications, 2001). According to the U.S. Bureau of Labor Statistics, the most heavily organised group in sub-national government is the firefighters, followed by teachers, police officers, sanitation workers, welfare employees, highway and transportation personnel, and hospital staffs (U.S. Bureau of Labor Statistics, 2001). By comparison, only 14% of the total labour force, and less than 10% of private sector workers, presently belong to unions (U.S. Bureau of Labor Statistics, 2000).

Labor's Role in State and Local Management Reform

Attempting to provide a concise summary of how NPM has been received by state and local unions is somewhat akin to writing a fifty word history of western civilisation. The task can be accomplished, but most of the real story must necessarily be glossed over. A few general observations are

possible. First, the reform agenda has progressed with alacrity in most locations irrespective of their level of union activity. One qualification is that truly sweeping change – such as the abolition of civil service systems in some states – has occurred in areas that lack comprehensive collective bargaining rights for civil servants. Second, union opposition tends to be especially fierce when outsourcing and privatisation are being considered. Given the predictable outcome on union membership, organised labour's resistance in such instances is understandable. To counter wholesale privatisation efforts, government unions have increasingly elected to make competitive offers – i.e., to 'outbid' the private contractors – rather than merely digging in their heels and fighting at the bargaining table or through political channels. These efforts have been successful in several cases, but the overall trend toward successful outsourcing appears to be continuing.

In the USA, privatisation has followed three primary paths (Kearney, 2001: 209-210). The least controversial is when private contractors build public facilities, such as roads and prisons. A slightly more contentious option is when public agencies purchase specialised services from private contractors on a temporary basis. Professional advice – legal, architectural, engineering, scientific – represents the most innocuous and common example. The third type of privatisation – the contracting out of public services to outside groups – obviously generates the greatest tension between public employees and politicians. This type occurs with relative frequency among such labour-intensive occupations as corrections, road maintenance, sanitation, and health care.

Approximately one job in fifteen within sub-national governments has been privatised during the past decade, but the success of such programs is debatable (Wallin, 1997). Savings accrue largely because the fringe benefit packages offered to government workers (especially the pension plans) are more generous than those provided by private employers. Also, privatised workers tend to be paid slightly lower salaries once the transition has taken place. However, some disastrous situations have arisen due to improperly managed privatisation. The worst problems have occurred within juvenile facilities (the States of Louisiana and Texas are prime examples), where improperly trained and/or screened personnel have been caught abusing (sexually, physically) the client population. Likewise, privatisation in the U.S. presents multiple legal questions that have not been adequately answered. When inattentive private correctional officers allowed a group of Texas prison inmates to escape, the eventual victims of those escapees filed lawsuits against both the private corporation and the State of Texas. Untangling such legal knots is especially troublesome in our litigious

society. Another impediment (or at least a complication) to privatisation is the diversity of American society. Because public agencies have long been the most hospitable employers of minorities, concerns about social equity arise whenever privatisation is discussed. Simply stated, opponents fear that women and minorities will 'not be afforded the same treatment by private sector enterprises which may be less committed to diversity and fairness' (Ewoh, 1999: 21). Thus, Equal Employment Opportunity (EEO) is often cited as a reason to resist privatisation efforts.

Perhaps the most notable success stories relating to union responses to privatisation have occurred in several large cities. Phoenix, Arizona is widely known for landmark programs in 'public-private competition' using performance standards known as 'benchmarks'. After formal bids have been accepted from private service providers, they are compared to benchmarks that represent the public union's best offer for delivering the services at a competitive cost. Two decades of experience with this process have produced a string of union victories. By being *forced* to be creative, Phoenix's unions have developed a variety of strategies such as customer service teams, incentive bonuses, cost control accounting, and reduced staffing levels. By the turn of the century, the unions had won competitions with the private sector in a wide number of service areas, including data entry, ambulance operation, housing management, landscape maintenance, and public defender services (Martin, 1999). Similar stories apply in Indianapolis, Indiana and Charlotte, North Carolina. In all of these locations, public sector unions provide the vehicle by which employee groups collaborate with one another in developing bids to counter privatisation efforts. The resulting bids almost always contain enhanced human resource flexibility. Concessions are frequently made on topics such as the number of holidays, scheduling standards, cost-of-living adjustments, job reengineering, and the application of performance standards (Martin, 1999). These cases exemplify the fact that, when properly motivated, public employee unions can quickly adapt to changing economic and political circumstances.

Another broad conclusion is that NPM has changed the focus of labour-management negotiations across the board. Most unions have shifted their attention from age-old concerns – salaries and fringe benefits – to such topics as job security, reduction-in-force policies, and expanded employee involvement in human resource management decisions (classification, reassignment, performance appraisal). As personnel decisions have been increasingly delegated, employee groups logically seek to ensure that these choices be made within an acceptable framework (legal, procedural, financial). Likewise, increased attention is often devoted to training and devel-

opment opportunities ('career planning'), playing a role in guiding the introduction of technological innovations, and productivity initiatives. The fight over how to measure and reward productivity has been truly spirited within the educational establishment. Poor student performance is often blamed on teacher unions and their opposition to experimentation with new education models (such as educational vouchers which would allow parents to choose their children's schools), their insistence on standardised educational practices, and their support for job protections that insulate allegedly incompetent teachers. Teachers, as well as other employee groups that are facing fundamental changes in the way their jobs are structured, will almost certainly mount increasingly energetic campaigns against NPM-motivated reforms during the next decade. Since public employees represent the true 'target' of reform arrows, expanded resistance is a probable outcome. The most surprising aspect of the situation to date is that many public employee groups have been relatively *silent* for so long.

The Federal Reform Agenda

The basic components of NPM are most evident in the CSRA of 1978, the National Performance Review (NPR) efforts of the Clinton/Gore Administration, and innumerable legislative and executive actions that are aimed at making the federal government less bureaucratic and more responsive to 'the people'. The common threads are so well known and pervasive that they do not require elaborate delineation here. Briefly summarised, the objectives of almost all government reinvention efforts have been (Hays and Kearney, 1997; Gargan, 1977):

- To focus public management more on managerial accountability and less on policy;
- To redouble efforts to establish the primacy of political leadership;
- To free public managers from unreasonable restraints on their decision-making;
- To slow government growth and, where possible, emulate the private sector; and
- To de-bureaucratise government and rely increasingly on disaggregated and decentralised approaches to problem solving.

Typical avenues for the achievement of these goals include the privatisation of collective goods and services, the downsizing of government, the flattening of public hierarchies (decentralisation), the elimination of 'red

tape' and other forms of unnecessary administrative process, and the imposition of *managerialism* as the new *modus operandi.*

The CSRA of 1978 offers perhaps the best example of the new managerial philosophy. In addition to reducing the protections of federal civil servants by eliminating several grievance rights and routes of appeal, the Act contained numerous provisions that were intended to increase political control over bureaucrats. Foremost among these were the abolition of the Civil Service Commission[5] and the creation of the Senior Executive Service (SES). The Commission was supplanted by two entities, the Office of Personnel Management (OPM) and the Merit Systems Protection Board (MSPB). OPM is modeled after the private sector's 'executive personnel department', wherein the President was provided with direct control over the personnel system. MSPB, in turn, was charged with protecting workers from abusive employment practices. It quickly became evident that MSPB was the junior partner in this arrangement; due to under-funding and inattention, the agency has proven to be less effective at protecting employees than had been originally been hoped. Although its track record in adjudicating employee appeals reflects neutral and competent decision-making, the agency hears only a tiny fraction of the worker grievances arising from the federal bureaucracy (West and Durant, 2000). The agency's popular image is that of an overworked and out-manned organisation doing its best in the face of huge challenges.

By creating the SES, meanwhile, the Executive was able to abolish the three highest levels of the classification system and create a fluid pool of talent. The 'supergrade' managers – General Schedule 16 through 18 – were placed in a rank-in-person career system that allowed their political bosses to reassign them more or less at will. Moreover, the Act gave the Executive expanded power to make political appointments to positions that were traditionally reserved for career civil servants. Although limits were set on this practice, patterns of abuse quickly emerged. One notable example was a memorandum issued by Attorney General William Meese during the Reagan Administration. He instructed the Administration's political appointees to use 'political ideology' as the basis for their evaluations of career employees. Since two consecutive unsatisfactory appraisals result in removal from the SES, the politicians had been handed an effective means of weeding out anyone who was 'incompatible' by whatever standard one wished to apply. This promptly demoralised the most experienced managers in the federal government, and generated a 'brain drain' from which the federal service has not yet recovered.

Other components of the CSRA of 1978 were reinforced and expanded by the Vice President Gore's NPR program. In effect, NPR was a comprehensive effort to implement the reinvention agenda in every corner of government operations. Separate reports detailed reform initiatives in such areas as human resource management, procurement, customer service, productivity improvement, and budgeting practices. Flexibility and decentralisation were the pervasive themes, with highly specific suggestions on how to eliminate positions, reduce procedural complexity, and expedite management operations. The report on the federal personnel system, for instance, identified the following approaches to reinvention (U.S. General Accounting Office, 1994):

- Abolish central job registers and application processes; decentralise all hiring decisions to the operational levels;
- Increase supervisory discretion in staffing by eliminating procedural restrictions on the assignment, reassignment, transfer, and appointment of civil servants;
- Enhance public managers' ability to reward and motivate employees by delegating salary-setting authority to operating agencies, introducing flexible pay and classification systems, and implementing assessment programs that set measurable performance objectives; and
- Strengthen the ability of public managers to purge their organisations of under-performers by reducing the number of steps involved in terminations, improving the operation of the disciplinary process, and providing incentives (such as early retirement) for voluntary separations.

Evaluating the Situation To Date

Obviously, many of the reforms that occurred under the banner of NPR and similar programs involved little more than picking low-hanging fruit. The old ways of accomplishing various government tasks were clearly ineffective, and support for change was almost universal across the political spectrum. Alterations in the recruitment and selection methods were quick to occur, and have generally been received with enthusiasm by public managers and applicants alike. Agencies now control almost all aspects of their staffing systems (job descriptions, classifications, posting practices, selection protocol), and very little resistance or complaint has been registered. Likewise, centralised procurement contracts were among the first casualties of reform. Under past practices, supplies and equipment could not be requisitioned directly, but had to be acquired from a central provider

or else 'put out on bid'. An agency needing a computer or even a printer cartridge might have to wait for delivery, or be constrained on which model it could purchase. By decentralising such decisions to agencies and their sub-units, significant efficiencies have been gained.

Although the flexibility provided by NPM techniques has been welcomed, little progress has been made on some of the other significant reform goals. The federal government's efforts to institute merit pay and to tie salary increases to performance have been notoriously unsuccessful (Perry, 1995). After launching the effort through the CSRA of 1978, enormous quantities of time and money were expended developing 'performance standards' by engaging in various types of strategic planning exercises. For the most part, this was wasted effort. By 1993, dissatisfaction with pay for performance was so pervasive that Congress enacted the Performance Management and Recognition System Termination Act. In other words, the federal government essentially abandoned the effort. The only remaining vestige is that federal agencies may still grant incentives such as cash bonuses. They cannot, however, provide wage incentives (i.e., permanent salary increases based on the old performance standards). Factors that had impeded the implementation of merit pay included performance appraisals that are not highly regarded, employee suspicion about their supervisors' motives, the dysfunctional employee competition that is engendered, and the legislature's consistent failure to fund meaningful merit pay increases (Ingraham, 1993).

One area of apparent success is the objective to 'get government off our backs'. By reducing the size of the federal workforce by one quarter, few would argue that progress has been made in de-bureaucratising government and making it less intrusive. Yet, on closer examination, one wonders how much government has truly shrunk. Congress and administrative agencies routinely impose various regulatory mandates upon state and local jurisdictions. Sufficient funds are rarely allocated to support these programs, meaning that sub-national governments are handed the responsibility for implementing federal regulatory requirements (*regulatory federalism*). Complaints about "unfunded mandates" abound throughout the country, but most states, cities and counties have been compelled to hire additional workers in order to accommodate the new demands emanating from Washington, D.C. This helps to explain both the shrinkage of federal employment, and the expansion in state and local labour forces.

One author has estimated that, due to regulatory federalism, there are 35 contract employees for every worker in the Department of Energy (Light, 1999). Other federal jobs have been transformed into 'shadow employees'

in which state, local, and nonprofit workers perform functions that were once handled by the nation's civil servants. Paul Light suggests that these workers outnumber federal employees by nine to one (1999). The federal government's role has thus been transformed from that of service delivery to a 'middleman' which purchases and arranges services that are provided by others (Kettl, 2000).

Notably, other federal jobs that have disappeared were *not* outsourced or privatised. Instead, many have simply been vacated through attrition, consolidation, and budget cutting. These jobs are not currently being performed by someone else in a consulting firm or corporation; they have either been eliminated or farmed out to other federal workers as additional duties. Predictably, these developments have raised more than a few eyebrows among critics of the NPM agenda. A term that is now often used to describe the current state of affairs is 'hollow government' (Goldstein, 1992). Personnel cuts, a huge increase in the influence of political appointees, and diminished institutional capacity have made the United States government something of an empty shell (Pffiffner, 1997). Every program has been hit to some extent, as is decried repeatedly in the professional literature. In the welfare arena, for example, it was recently reported that there are only 100 federal officials overseeing all of the grants involving child abuse and neglect (Beaumont, 1997). Other officials have complained that America's foreign policy is handcuffed by a 'threadbare' bureaucracy that lacks expertise, language capability, and intelligence gathering skills (Perlez, 1999).

These criticisms may be far too sweeping, yet they resonate in the current context of an apparent scandal that is just now breaking. Enron, what had been the seventh largest corporation in the United States, abruptly declared bankruptcy in late 2001. Early indications are that the company had been fraudulently reporting large profits and cooking its books with the complete complicity of its accounting firm (Arthur Andersen, the 4th largest accounting firm in the U.S.). When asked why the Securities and Exchange Commission (SEC) – the agency charged with regulatory oversight of corporations and stock dealings – had not detected this problem long ago, it was revealed that the agency had suffered an enormous diminution in its auditing and accounting staffs during the past decade. At present, the entire corporate structure of the United States of America is overseen by about eighty underpaid accountants. This fact, coupled with the 11 September catastrophe in New York City, might well signal a reversal in the public's enthusiasm for a smaller government.

In summary, the federal government's experience with NPM has produced mixed results. Major improvements have been made in decentralising administrative minutiae (staffing, procurement, budget preparation), and these changes have yielded measurable gains. The average time that it takes to recruit and place a new employee, for instance, has declined from several months (even *years* in some agencies) to a matter of weeks. A much greater willingness to experiment, and to borrow private sector management techniques, is evident. Agencies recruiting in high-need areas (nurses, information technology) are empowered to make job offers 'on the spot' when they encounter an appealing candidate. Similarly, some managers have been given the flexibility to offer skill-based pay, to make counteroffers to employees threatening to take outside offers, and to convert some positions to a temporary or job-sharing status in order to maximise worker utilisation. Line managers have also been handed additional tools to deal with underperforming workers, and the numbers of terminations and unsatisfactory evaluations have gradually crept upward.[6] Political control over public policy has also been embellished significantly through the SES and related measures. And, as noted, the size of the national government has shrunk dramatically. Whereas the ultimate authority over policy may still reside in Washington, D.C., state and local governments have been handed responsibility for much program implementation.

On the negative side of the ledger, many of the finer points of REGO have failed to make much headway in the federal bureaucracy. Merit pay, in particular, has been an absolute failure in Washington, D.C. In the few instances in which bonuses and merit increases have been allocated, widespread accusations of 'favoritism' and/or 'political manipulation' have arisen. As has been noted, this failure stems from a variety of factors, but most especially the notion that federal supervisors – and the performance evaluation strategies that they use – are too subjective (Kellough and Selden, 1997). The fact that Congress eliminated most aspects of the merit pay plan speaks volumes about the federal experience with pay for performance.

Similarly, the ossified classification system has not been substantially altered. Other than the very top of the career ladder (the SES), the federal civil service continues to operate within a rigid rank-in-job format that restrains managerial discretion over assignments, promotions, and transfers. Calls for expansion of the rank-in-person approach to lower levels in the hierarchy (e.g., to include General Schedule Grades 11 through 15) have been met with an outcry from many quarters. Given the sad experiences of the SES when career protections were eased or eliminated, few individuals

in the nation's capital have any stomach for another round of that type of reform. In this case the federal unions *have* had a significant impact, in that they have used their ties to the Democratic Party to resist further moves toward a rank-in-person career system. The union impact is also felt in another way. Compared to many of their counterparts in sub-national jurisdictions, the federal unions tend to be somewhat combative insofar as management rights are concerned. That is, they are perceived as supporting employee grievances over seemingly trivial matters, thereby creating a work environment that falls far short of the employee nirvana imagined by some NPM advocates. This posture is a predictable response, however, to the demoralisation and abuse that the civil service has experienced over the past twenty years.

A quick way of summarising the current status of the federal workforce is that it is grossly under-staffed, badly underpaid (at least at the higher end of the wage scale), and poorly motivated. This is not the reality in every agency, of course, but it an accepted verity in a large portion of the federal bureaucracy. It is too early to ascertain how the Bush Administration will influence this situation. Ordinarily, Republicans can be expected to slash government jobs and to resist meaningful pay increases. But, with public opinion now undergoing an apparent shift in the wake of the threat of terrorism, civil servants may experience some renewed popularity among the electorate. If so, Bush's ability to enforce further cuts in the federal workforce may be significantly reduced.

NPM Outside of Washington, D.C.

State and local governments in the United States have long had a reputation for being laboratories for government reform. Indeed, many of the supposed innovations for which the federal government is best known were developed and introduced in state governments decades before they appeared on the national scene. California, for example, created a rank-in-person executive career system in the early 1970s, an experiment that served as one of the SES's models. Similarly, most states had abolished their civil service commissions and implemented executive personnel systems prior to the 1960s. Thus, much of the substance of NPM within the federal government originated in state capitals and some of the country's larger cities.

Given their smaller scale, and spurred on by constitutional requirements which preclude deficit spending, states and cities have had both the opportunity and the incentive to expedite change. Compared to the federal government, some of the changes that have been introduced under the

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REGO banner are sweeping. The pursuit of managerial flexibility and cost savings has prompted many to shed their long-standing fixation with control functions in favor of a more open administrative style that emphasises service delivery and client satisfaction. Centralised program management is quickly being supplanted by a network of contracts or evaluations and audits. Under this arrangement, the state or city government delegates operating authority (budget utilisation, procurement, personnel management, etc.) to line agencies. Accountability for decision-making is maintained (hopefully) either by formal contracts between the jurisdiction and its sub-units, or through post-audit activities (Coggburn and Hays, 2002). The format resembles a macro approach to MBO, in which performance standards are established for departments and bureaus, and the implementation phase is left up to the discretion of line managers.

Because public personnel systems are regarded as the chief culprit in making government rigid and unresponsive, human resource management has attracted the lion's share of attention. A few states – including Georgia, Maryland, and South Carolina – have either abolished their merit systems, or eviscerated them to the extent that they no longer function as originally intended. Paper and pencil examinations have been eliminated in many jurisdictions, traditional restrictions on hiring (such as the rule of three[7]) have been eased or eradicated, classification systems have undergone wholesale revisions, and significant effort has been invested in the eternal search for a workable approach to merit pay. This latter point is especially noteworthy, in that pay for performance continues to be a major reform goal within state and local government despite its checkered history at the national level. At least thirty states (Kellough and Selden, 1977) and innumerable local governments (Hays and Kearney, 2001) now operate pay for performance strategies of some type. According to Kellough and Selden, 'the concept appears to have a tenacious hold on state policy makers' (1997: 19). This affinity is partly explained by the pervasive sense that merit pay is linked to productivity, but also is attributed to the sunk costs of existing programs. Because so much time and money have been invested in creating pay for performance systems, sub-national jurisdictions are very reluctant to abandon the idea.

Space limitations preclude a thorough examination of the other reform elements that are readily visible in sub-national governments, so a very brief overview will have to suffice here. Most personnel reforms can be organised into one of four categories: recruitment and hiring; pay administration; performance appraisal; and the role of the central personnel office (Selden, Ingraham and Jacobson, 2001).

Perhaps the most sweeping alterations in traditional practice have occurred in the way that public agencies recruit, test, and place new employees. Crippled by a competitive job market and cumbersome application procedures, merit systems in most locations simply have not been able to attract quality employees on a regular basis (Thompson and Radin, 1997). In addition to reducing the number of hoops that applicants must jump through to obtain employment, public agencies have increasingly used such measures as on-line ('paperless') applications, computer-assisted testing, walk-in testing, and delegated authority that permits line managers to make all the relevant decisions involving selection (Hays and Kearney, 2001). Single point of entry approaches to recruitment – such as were operated by civil service commissions and central personnel offices since merit systems first appeared on the scene – have virtually been replaced by 'multiple point of entry' recruitment.

Other than merit pay, most innovation within the field of compensation centers on two primary initiatives. First, *broad banding* is being enthusiastically promoted in about 20 states as a means of increasing supervisory flexibility over employee pay. Instead of being imprisoned within narrow pay bands that prevent substantial increases in the absence of a promotion, job classifications and pay grades are being collapsed into broad pay bands. For example, the State of South Carolina reduced its 50 pay grades and 2500 job classifications into 10 pay bands and only 500 classifications (Traywick, 2000). Appointing authorities thereby have much greater latitude in assigning starting salaries, and can grant sizeable wage increases to productive workers without having to finesse reclassifications or jump other merit system hurdles. Broad banding also makes it much easier for managers to alter the job assignments of their subordinates and to therefore use talent more effectively.

The second major target for pay innovation is to tie wage increases to the truly tangible measures of performance available to public managers. Having encountered many difficulties devising workable pay-for-performance protocols in job categories for which performance standards are vague, jurisdictions are now moving toward such strategies as skill-based pay. Salary adjustments are tied to developmental activities, training, education, and job rotation (i.e., learning to perform a wider array of the organisation's functions).

Work continues on attempting to improve the performance appraisal process, but almost all of these efforts are *not* linked to salary decisions. Instead, strategic planning exercises are used as a basis for employee evaluations. Once the agency's missions and goals have been carefully

articulated, each employee's annual evaluation standards are established through a mutual give-and-take between the worker and his/her supervisor. This process helps the organisation to integrate each worker's activities with the agency's goals, and is generally thought to provide a much more rewarding and meaningful set of performance standards. Although not widely utilised at the present time, this approach has been very successful in the State of Washington[8] and is receiving much interest from other jurisdictions across the country. A related trend is to subject civil servants to a more well-rounded evaluation process by collecting input from clients, peers, and even subordinates. Although '360-degree' evaluation is not yet widespread, it represents one of the attractive new strategies that fit nicely into the NPM dogma.

The last major category of human resource management reform is implicit in the measures that have already been delineated. That is, the role of the central office of human resources (OHR) has been transformed. In most cases, the size of the central staff has been trimmed significantly because so many of the traditional personnel functions – such as job classification, compensation, and benefits – have been delegated to the agencies. So what role does the new OHR have? Although the answer varies, the preferred approach is to emulate the so-called 'IBM Model' in which the OHR staff provides expert advice and assistance to the personnel managers in the decentralised agencies. Old-time personnel specialists (e.g., classifiers) are retrained as 'HRM Consultants' whose services are provided on an as-needed basis. This represents a structural complement to the decentralised and service-oriented human resource function envisioned under REGO. Excellent examples of successful consultative OHRs can be found in Connecticut, Ohio, and South Carolina (Selden, Ingraham and Jacobson, 2001; Hays and Whitney, 1997).

NPM's Impact on State and Local Labour Practices

As has been repeatedly noted above, public labour organisations have not been as vocal as one might expect in opposition to the NPM agenda. In a few highly unionised settings (e.g., the States of Connecticut and California) they have managed to delay or avoid some REGO measures, especially outsourcing. And, as noted above, many unions have been able to maneuver for a place at the bargaining table when privatisation plans are being considered. The favored strategy of well-organised unions is to formulate bids and/or 'counteroffers' when private corporations seek to provide public services. Teacher unions, in particular, have enjoyed great success in mobilising public opinion against the privatisation option. This phenome-

non is largely explained by the very *public* nature of public education in the United States. Most citizens tend to be highly protective of their children's education, and are therefore very attentive to arguments posed by teachers in their local school districts. Moreover, teachers are very well armed in the struggle to resist reforms that they find objectionable. In addition to being one of the most highly organised groups, they are very articulate, well funded, and politically connected. Most politicians in state and local government – unlike the federal level, where the linkage to education is highly indirect – sit up and listen when the educational establishment takes a strident position on an important topic. This political dynamic has enabled teacher unions to resist various privatisation attempts – most notably the use of vouchers by which parents could exercise wider choices among educational options – in a large number of school districts in various states (Donahue, 1989).

Yet, when the entire record is examined, the NPM bandwagon seems to be moving along fairly quickly irrespective of union opposition. A noteworthy example is the State of New York, where powerful unions were unable to derail basic changes in personnel policy that empowered supervisors at the apparent expense of the rank and file. Ultimately, the unions reluctantly conceded, and in so doing were at least able to participate in structuring the reform plan (Ban and Riccucci, 1994; Ingraham, Thompson and Sanders, 1998). Florida represents a slightly different case study. Although its employees enjoy comprehensive collective bargaining rights, the unions were virtually a non-factor in the State's push to implement a diverse set of REGO initiatives. Perhaps because the Florida unions are relatively quiescent (and lack the long history of activism present in New York), the reforms were accomplished almost without organised opposition.

This provides a convenient segue to the few locations in which NPM and REGO have provided the incentive for true labour management cooperation. By far the most celebrated instance of successful *consensus bargaining* occurs in the State of Wisconsin. Based on the popular book, *Getting to Yes* (Fisher and Ury, 1981), they use an approach that is grounded in the belief that labour and management have complementary (not competing) interests. The primary focus of the bargaining process is thus to identify mutual interests. Once identified, the negotiating team's main task is to develop options that satisfy the interests of both groups. In order to promote this cooperative mode, both management and labour are provided with extensive training on how to build collaborative teams, generate consensus, solve problems, and plan change. The State is such a recognised

leader in consensus bargaining that the Federal Mediation and Conciliation Service (FMCS) is conducting workshops in state and federal agencies nationwide on how to emulate the Wisconsin success story. The model has been effectively applied in several locations to negotiate such issues as work schedules, reductions in sick leave and absenteeism, alternative dispute resolution strategies, layoff policies, and budget-reduction strategies. Although this positive approach to labour-management relations is by no means widespread, it provides a heartening object lesson to the cynics among us.

The Obvious Critique and Conclusion

Any time that public jurisdictions jump into fast-moving reform currents, we have a good reason to be nervous. Although no one would argue that the old approaches to public management were ideal (or perhaps even effective), they were created for a reason. Highly centralised and structured forms of public administration in the United States mainly emerged because politicians could not be trusted. Whenever flexibility was built into a management system, politicians stepped in and abused their authority. For this reason, vigilance and caution are essential. Striking a proper balance between responsiveness and professionalism, patronage and merit, decentralisation and centralisation, has always been the basic conundrum of civil service systems within democracies.

Others have eloquently addressed this dilemma (see, e.g., Hood, 1990; Dubnick, 1994; Moe, 1994; Coggburn, 2000), so little elaboration is necessary here. Suffice it to say that the politics/administration dichotomy has been resurrected in the minds of many, and that this situation carries many risks. Administrators cannot ignore the political dimensions of their actions, and exposing them to greater political control means that there will be casualties along the way. This has already occurred in a striking fashion in the U.S. Senior Executive Service, and government was the worse for the experience. Modern public administration is too complex and demanding to be left to amateurs, a reality that, while trite, bears repeating.

The fact that administrative reform is so risky heightens the sense of disappointment that is logically triggered by this account of ineffectual unions. Although by no means a universal problem in the United States, any observer would have to conclude that public employee organisations are not generally equal to the task of helping to shape and steer the reform agenda. Some of them are adequately positioned to delay or stem the reform

tide, but few are truly able to play a significantly positive role in the change process.

When examining the entire array of labour-management arrangements in the American governmental system, one constant seems to be that effective labour cooperation occurs where unions enjoy the greatest legal status. The most notable success stories in the American experience are concentrated in jurisdictions that provide substantial legal protections, and a full array of bargaining rights, to their employee organisations. The State of Wisconsin, the cities of Phoenix and Indianapolis, and many other examples that were not expressly delineated here share this common trait. The stronger the union, the more likely that participatory problem solving will emerge. Where unions enjoy only partial bargaining rights and low levels of security, adversarial relationships with management tend to be most evident. Weakness at the bargaining table is reflected in guerilla war tactics – grievances, lobbying of politicians, outright resistance to change – because these appear to be the most effective means of resistance. Such tactics are especially evident in federal agencies and states that hobble their unions with statutory restrictions. The only exceptions arise in those settings in which management and labour benefit from a long collaborative tradition. Although somewhat tautological, this conclusion is supported by a long list of anecdotal cases (but, unfortunately, no empirical evidence). The few federal agencies that have experienced relatively peaceful and collaborative labour-management relationships are generally those that have long been recognised as leaders in encouraging trust among the workers (e.g., the Internal Revenue Service and Department of Labor). In contrast, the U.S. Postal Service's union is relatively powerful, yet it suffers under the weight of more than fifty years of pronounced labour discord.

If this observation about the relationship between union strength and labour-management collaboration has any validity, then the obvious recommendation would be to empower public sector unions in the United States in order to enhance their ability to participate in critical decisions. There is no mystery about what conditions are needed to cultivate labour-management cooperation. In addition to a proper mechanism and/or machinery (such as labour-management committees or formal partnerships), collaboration is grounded in mutual trust, respect, commitment, and high (win-win) expectations (Kearney and Hays, 1994: 47). These conditions are not likely to flourish where unions are weak. Thus, nothing short of a major embellishment of organised labour's status within government will remedy the maladies that have been chronicled above.

Whatever role the unions play, however, the fact remains that NPM is almost certainly going to be with us for many years to come. Our obligation is therefore clear. Professional public managers must learn from the growing body of NPM experiences and adapt accordingly. For today's public managers, the ancient Chinese proverb wishing 'that you not live in interesting times' takes on some real meaning. If nothing else, these truly are interesting times.

Notes

1 The size of the federal labour force is estimated in a number of different ways, depending upon several factors. Postal service workers are sometimes excluded from the calculation, as are many civilian employees of the U.S. military overseas. Likewise, contract employees are almost never included. The figure cited here is the most widely accepted; it includes both the postal service and civilian workers in other countries.

2 Any President who appeared to be too generous to federal unions would almost certainly suffer political damage. In particular, getting elected to the White House requires a political coalition that includes some or all of the Southern states. This is the most anti-union region in the country. Also, broad public opinion has never supported civil service strikes, or even significant wage concessions during collective bargaining. Public concerns about tax rates and 'big government' preclude major changes in the way that the federal workforce is treated.

3 The most celebrated (or lamented) example of striking workers being terminated occurred early in the administration of Ronald Reagan. When PATCO – the Professional Air Traffic Controllers' Organization – staged a walk-out, Reagan fired the entire group and replaced them with military controllers and supervisors. This action endeared Reagan to much of the country, and elevated his stature exponentially. This public reaction to the death of a union represents stark testimony that the citizenry is not widely or enthusiastically supportive of public sector labour organisations.

4 Collective bargaining laws in some states govern all public employees, both state and local. Conversely, other states do not dictate unionisation conditions on their cities and counties, thereby leaving such choices up to local politicians.

5 Since its creation in 1883, the Commission had responsibility for two somewhat inconsistent goals: administrative operation of the merit system, and adjudicating complaints arising from employees who were alleging violations of their merit system rights. The Commission was generally perceived as a 'policeman' which was far too eager to support employee complaints against their supervisors.

6 Although termination is now easier, it is by no means common. Reorganisation and reassignment are the preferred methods of dealing with problem employees. The annual rate of 'for cause' terminations in federal agencies is less than 1%, compared to about 8% in the private sector.

7 This rule requires the appointing authority to select from among only the top three finishers on an examination or other screening instrument. It has attracted much criticism for unduly restricting managerial discretion in the appointment process. As a result, rules of 10, 15, 20 and more are now common.

8 Prior to implementation of this new approach in 1999, the existing performance appraisal system was considered to be a major source of job dissatisfaction by over 90% of the State's workers. Two years after it was introduced, 97% give the evaluation approach highly positive marks.

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