

# **THE NEW PUBLIC MANAGEMENT AND WORKPLACE CHANGE IN AUSTRALIA**

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**THE NEW PUBLIC MANAGEMENT**

## AND WORKPLACE CHANGE IN AUSTRALIA

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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 that compares 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 that the NPM reforms have tended to promote distrust, stress and dissatisfaction at the workplace and to retard the growth of high trust and non-authoritarian approaches to labour management.*

### **INTRODUCTION**

Over the last decade, a New Public Management (NPM) model has become increasingly dominant in the Australian public sector at state and federal levels (Armstrong, 1998; Halligan, 1994; Laffin, 1995). 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 labour management, the increased focus on private sector management practices in the Australian public sector has seen the introduction of initiatives such as decentralised wage bargaining, individual employment contracts, total quality management, performance-based pay and downsizing into those sections of the public sector not already privatised or contracted-out (O'Brien, 1998, O'Donnell, 1996, 1998; Yates, 1998). There has also been concerted efforts over the last decade to introduce workplace reforms into the public sector to make previously routine jobs more rewarding through the provision of training, multi-skilling and new technology (Curtain et al., 1992; Mathews, 1991, 1992, 1994).

The paper argues that despite the more optimistic expectations of workplace reform, the reality of workplace change for many public service workers has involved greater workloads, increased job-related stress and reduced job security. This suggests that the increasing emphasis on NPM reforms has promoted conflict, distrust and dissatisfaction at the workplace and has been retarding the growth of high trust and non-authoritarian approaches to labour management (Fox, 1974; Hood, 1989; Pollitt, 1993; Wright, 1995). Support for this argument is provided by analysing two major surveys undertaken by the former federal Department of Industrial Relations and involving over 30,000 employees between them. When comparing the responses of public and private sector employees, public sector employees claimed to be working under more stress, to be experiencing lower job security, less discretion in decision-making and increased dissatisfaction with their work/family balance than their private sector counterparts.

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 public sector. We question whether the normative expectations of more rewarding and skilled jobs have been delivered and emphasise the detrimental consequences of the cost-cutting and 'doing more for less' agenda of the NPM reforms for employees. The third section provides the findings of the 1994 Workplace Bargaining Survey (WBS) and 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 relate to one another on a user-pays principle. Fifth, an emphasis on increased competitive pressures within the public sector through 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). The emphasis on 'doing more with less' represents a response by governments to the problem of ever increasing demands by citizens for quality public services in the context of declining revenues. In response to this dilemma, 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', involves the introduction of private sector management practices into the public sector in Britain in the first half of the 1980s. The emphasis is 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', involves reducing workforce numbers, decentralisation of financial budgets and contracting-out. It also involves a more concerted focus on the introduction of quasi-markets and distinctions between purchaser and provider organisations (1996: 10-3).

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. 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 attempts 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. The focus is believed to be on citizens rather than customers, however, and proponents of the model are critical of the introduction of market-based solutions into the public sector. 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).

### **THE NEW PUBLIC MANAGEMENT AND THE MANAGEMENT OF LABOUR**

Despite the burgeoning literature on the NPM reforms, there has been a tendency to overlook the implications of these reforms 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, Caiden maintains, underpinned personnel administration within the Commonwealth public service and were also central to public sector personnel administration at a State level (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 Australian public sector because of political, equity and social justice considerations (Weller et al, 1993: 1-2).

Proponents of the NPM are essentially reacting against the traditional procedures and formalities evident in the traditional career service approach to personnel management. They

emphasise instead flexibility in employment arrangements instead of tenure of appointment and the need to measure the performance of public sector managers and labour and to quantify the outputs that they achieve (Davis, 1997: 210; Painter, 1997: 39). For instance, the Reith Best Practice Discussion Paper for the federal public service contends that: 'The principal legislation covering APS employment remains a major impediment to managerial flexibility' (Reith, 1996: 4). The Discussion Paper also questioned the need for extensive appeal rights for promotions and disciplinary procedures, arguing that this '...has led to a defensive, process-oriented style of personnel management..' (1996: 14, 15). Overall, Reith maintained that the performance of government was constrained by such employment regulations.

As well as emphasising the supposed shortcomings of the career service model, advocates of the NPM reforms emphasise the similarities between the nature of managerial work in the public and private sectors (Pusey, 1991: 122). They adhere to the axiom that 'management is management' and believe that private sector management skills are generic and can be transferred unproblematically from the private to the public sector (Hood, 1989: 350; Pusey, 1991: 121; Bryson, 1987: 270; Pollitt, 1993: 7-8; Sinclair, 1989: 382).

Advocates of the NPM model also maintain that management techniques and practices imported from the private sector are context free, value neutral and applicable to the effective operation of the public sector regardless of the political aims or objectives of governments (Gray and Jenkins, 1995: 86; Hood, 1995: 173; Sinclair, 1989: 383; Bryson, 1987: 260).

However, 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 which public sector organisations pursue and the means by which public servants interpret their responsibilities should be decided by management (Sinclair, 1989: 383; Yeatman, 1987: 339). The value and belief system that is reinforced has been referred to as unitarism; a managerial perspective that seeks to legitimate management's authority and prerogatives within the workplace and which propagates the view that common goals and objectives unite both management and labour. Managers within this framework also emphasise 'the need for a united structure of authority, leadership, and loyalty, with full managerial prerogative legitimized by all members of the organization' (Fox, 1974: 249).

For 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 favourable light. ...To do this, the exercise of authority is either denied altogether on the ground 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).

The approaches adopted by managers towards their employees can be characterised as oscillating between a high trust approach emphasising responsible autonomy and a low trust, or more overtly authoritarian, alternative (Fox, 1974; Friedman, 1990; Wright, 1995). Friedman outlined two approaches managers adopt; 'direct control' and 'responsible autonomy' (1990: 178). Under 'responsible autonomy', managers seek to utilise the malleable aspect of employees' potential to work by providing workers with increased responsibility, minimum supervision and by encouraging their commitment to the firm. Conversely, under direct control strategies workers are subjected to heightened surveillance by supervisors and the work process is subjected to job fragmentation and a detailed division of labour (Friedman, 1990: 178). Both direct control and responsible autonomy contain contradictions that have the potential to limit their effectiveness. Under direct control, the treatment of workers as machines subjected to close supervision overlooks the independent and potentially hostile will of workers. Similarly, workers under 'responsible autonomy' may not absorb the organisation's corporate culture and may remain aware that management's ultimate goal involves achieving higher levels of profitability rather than satisfying the needs of the workforce (Friedman, 1990: 178).

While Friedman's typology has also been criticised for merely representing a simple dichotomy (Littler, 1982: 3, Thompson, 1983: 143), in his response to such criticisms Friedman emphasises that:

'The two strategies represent what I believe to be the fundamental contradiction of the labour process in a class-divided society. There is always a fundamental tension between the need to gain co-operation or consent from those who do the work, and the need to force them to do things they do not wish to do, or to be treated in a way which is against their own interest, in order that the goals of those 'in control' of the labour process be achieved. This contradiction is fundamental to all class-divided societies' (Friedman, 1990: 185-6)

In a similar vein, Legge (1995) outlines two contrasting strategies that human resource managers may adopt towards labour; a 'hard' model involving 'utilitarian instrumentalism'

and a 'soft' model emphasising 'developmental humanism'. The hard model emphasises the need to integrate human resource strategies within the organisation's business strategy. This approach perceives the organisation's human resources to represent merely another factor of production whose cost management has to minimise (Legge, 1995: 66). This approach highlights the 'quantitative, calculative, and business strategic aspects of managing the headcount resource in as "rational" a way as for any other economic factor' (Storey, 1987: 6 cited in Legge, 1995). In contrast, the 'soft' approach advocates integrating human resource management to the organisation's business strategy by 'treating employees as valued assets, a source of competitive advantage through their commitment, adaptability and high quality (of skills, performance and so on)' (Legge, 1995: 66). Hence, one of the fundamental contradictions underlying the management of labour is the way in which managers develop a relationship with their workers that involves both forms of control and commitment.

Some commentators have attempted to portray the NPM reforms as a high commitment approach to labour management. Paterson believes it provides a more 'humanised' alternative to the 'classic bureaucratic models of autocratic and hierarchal managerial controls which reduced clerks to the status of mere cogs in a machine' (1988: 290). For Baker, human resource management in the public sector seeks to generate the commitment of employees by providing increased job satisfaction and more opportunities to participate in decision-making (1989: 354-5). In justifying the need for a major overhaul of the employment framework of the federal public service, Reith maintained that more flexibility in pay systems would reward the skill levels and performance of staff, while greater numerical flexibility over hours of work would improve employees' work/family balance (1996: 15).

A workplace reform agenda emphasising employee development emerged in the public sector in response to a series of National Wage Case determinations in the late 1980s. Workplace reform emphasised employee development through the broadbanding of tasks and focus on multi-skilling, career paths and increased workforce participation in decision-making (Curtain et al., 1992; Mathews, 1991). For instance, the two-tier wages system of March 1987 resulted in the amalgamation of a variety of clerical grades into the Administrative Service Officer one to eight classification structure in the federal public service in December 1987 (Mathews, 1992: 47). Moreover in response to the structural efficiency principles of 1988 and 1989, organisations such as the Australia Bureau of Statistics (ABS) and Australian Taxation Office (ATO) came under strong political pressure to engage in workplace reforms

to improve their efficiency, introduce new technology and alter their organisational structures in the late 1980s and early 1990s (Curtain et al., 1992: 16).

Technological and organisational change arising out of workplace reform initiatives was believed to represent an opportunity to enhance employee skills levels and increase workforce involvement in decision-making (Mathews, 1991, 1992). Within Australia Post, the Optical Character Recognition project focused on the introduction of new mail sorting technology; it also emphasised teamwork, multiskilling, staff training and industrial participation between management and unions (Mathews, 1991: 45-7). Moreover, workplace reform within the ATO involved the introduction of computer technology linking computer terminals throughout the organisation. This aimed to create an integrated electronic taxation system that could be accessed by multi-skilled employees (Mathews, 1992: 2). Mathews noted that workplace reforms in the ATO had generated a more skilled and committed workforce and

‘It is these ‘people policies’, with their emphases on continuous skills formation, the development of career paths, the opening up of positions to minorities, the development of jobs that challenge and fulfil, and the building of structures that allow for participation and involvement that have been crucial’ (1994: 252).

However, Mathews also conceded that limitations of the computer system meant that processing work within the ATO continued to be monotonous. This gave rise to accusations that ‘multi-skilling had been oversold, and had become identified with task overloading, so that “one boring task became many boring tasks”’ (Mathews, 1992: 134). This outcome from workplace reform was also evident in two New South Wales public hospitals (O’Donnell, 1995). Multi-skilling involved the amalgamation of the separate classifications of porter, cleaner, ward assistant and kitchen staff into one, that of Patient Services Assistant. While hospital service workers had received on the job and English language training, new uniforms and increased contact with patients and nursing staff, they contended that the range of lowly skilled work tasks they had to perform had been extended considerably. At one hospital, on top of their previous cleaning duties, Patient Services Assistants now served food, made beds, delivered messages, and fetched blood samples and medicines from the pharmacy. At the second hospital, the workload was more intensive with Patient Services Assistants heating and serving meals as well as transporting patients about the hospital (O’Donnell, 1995: 82-3). As Cordery et. al. have observed:

‘Multi skilling may amount in many situations to little more than a simple management strategy for the more effective deployment of labour, with few substantial changes to job content, required skill level, or an employee’s opportunities for intrinsic reward’ (1992: 269).

Thus despite the rhetoric of multi-skilling and employee development, for many public service workers workplace change initiatives have involved an increase in routine work tasks.

Moreover, some commentators have expressed concerns that behind the rhetoric of the NPM model lies a concern for cutting labour costs rather than investing in the development of the public sector's human resources (Hood, 1989: 350). Considine suggests 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 (1990: 169). Significant downsizing of the federal public service workforce has occurred since 1996. Yates notes that full-time equivalent employment levels have declined by some 28,000, or twelve per cent, between March 1996 and the end of the 1997/8 financial year (1998: 82-4). Such workforce reductions have given rise to spiralling levels of work-related stress and a noticeable loss of morale among federal public service workers (Wettenhall, 1997: 234-5). For instance, there has been a considerable increase in successful claims for work-related stress, up from 981 in 1989/1990 to 1643 in 1994/5 (Quinlan, 1997: 35). Similarly, in New Zealand Boston et al (1996) contend that the frequent organisational restructuring 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 have resulted in low morale and high levels of job insecurity and point to the dominance of a 'hard' utilitarian instrumentalist model of human resource management (1996: 213).

## SURVEY DATA

We turn to an analysis of data from two major surveys. 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 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 a 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  $F^2$  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.

As can be seen in Table 1, 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 very small proportion of employees reported a decline in these measures. It is also clear that a greater proportion of public rather than private sector workers reported increased productivity, effort and task range. These findings indicate that the bulk of employees perceive work becoming more demanding as a consequence of workplace change, especially so in the public sector.

**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

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. The overall results in Table 1 indicate that public sector workers were more likely than private sector workers to labouring more intensively and yet less likely to be gaining control over important aspects of their working environment.

As can be seen in Table 2, 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 the 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 there was also a substantial difference between the sectors.

**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 supports 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).

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.

However, 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, however, 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) <sup>+</sup>**

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

<sup>+</sup> '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 private workers.

**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) <sup>+</sup>**

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 it 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

<sup>+</sup> '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.

**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

Source: AWIRS

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.

Second, the character of workplace change has been distinct in the public sector. One example concerns the 'downsizing' process that resembled a management fad in the private

sector but which has become ubiquitous in the public sector in the 1990s. The AWIRS survey explores the reasons for job losses. While job losses were more common in the public rather than private sector, there were also 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 dissatisfaction with management - when job losses were due to financial problems rather than because of lack of demand (Morehead et al., 1997). 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 stress, uncertainty and distrust.

Third, the NPM brings with it a series of cultural clashes which affect workplace 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 new 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, distrust, insecurity and dissatisfaction.

## **CONCLUSION**

We have explored the impact of workplace change in the Australian public sector in recent years 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 are affected, though if anything employees in the public service departments are under the most stress and most likely to feel worse off. In a period of rapid economic change, the reform agenda has imposed more discipline on the public sector than market forces have

imposed on the private sector. It has brought about cultural clashes and organisational restructuring that employees have had difficulty in accepting. The New Public Management agenda to introduce market-based solutions, increase the prerogatives of managers, measure performance and cut costs, in particular labour costs, has tended to promote distrust, stress and dissatisfaction at the workplace and has been retarding the growth of high trust and non-authoritarian approaches to labour management.

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