What is the ‘New Public Management’ and why should trade unionists care about it?

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Recent public sector reforms are linked to a strong ideological commitment to free-market models of economic activity (neo-liberalism) that, it was argued, had served the finance sector well and so should be rolled out to the rest of the economy including public services. So Wall Street business models of what constitute best management practice were fed across the Atlantic, through Harvard Business School and management consultancies, into UK business schools and then into our public services. In this process the traditional norms of public sector management (progressive public administration) were replaced by New Public Management.

This is linked with aggressive modern management which increasingly excludes staff, their unions, and the citizen-user from a voice (pace NHS Trusts, Academy schools, civil service agencies, and stand-alone colleges and universities), sought to narrow the focus of the organisations to market-like providers, and threatened staff with facility closures and possible further sub-contracting of services. In other words there was a threat of privatisation to go along with the threat of job losses and work intensification. Ever since the mid-1980s this NPM model has been used to replace the more community-focussed model of Progressive Public Administration (PPA). In so doing it seeks to introduce the norms of private profit-seeking management into public services. The basic argument presented for such a shift is that it is more efficient and effective, and therefore makes better use of what Ronald Reagan called ‘workers’ hard earned tax dollars’. This dogma is explicitly repeated by ministers and senior managers when introducing their reforms.

This off-the-shelf blue print is repeated whenever such reforms are mooted. A major part of this is the myth of senior managers as leaders: here we are told that the future of the organisation (hospital, school, prison) depends mainly upon the high quality nature of senior managers. In reality there is worse management, but their pay has sky-rocketed, there is little accountability, innovation has been reduced, the herd instinct has taken hold so they all follow the same latest fads, short-termism is rife, self-serving decisions replace user, staff, and citizen facing priorities, and eventually scandals and disgrace become commonplace and under-reported. Such a situation is bad enough when it involves a car manufacturer, a retail chain, and an
insurance company, but it can be disastrous when applied to essential and emergency services.

The evidence points the other way from the current direction of travel of government plans. Not only are such systems less efficient but they also result in less accountability (the democratic deficit), less sustainable planning, the breakup of national systems and standards, and therefore the creation of more uneven and unequal delivery of services to the citizen-user. In other words bringing market forces into public services destroys the benefits of such services without any gain. By privatising some services it simply transfers public money into private pockets, while by cutting the remainder does what anyone might expect, namely we all get ‘less for less’. A worse service for less money, but not a more efficient nor a more effective service. Indeed many of these false economies create problems down the line that are harder to solve and more expensive to remedy.

The movement towards NPM reflects shifts in political economy at the end of the 20th century, as neoliberalism and the political neo-conservative ideas replaced Keynesianism, welfarism, and the political norms of social democracy. Public service reforms are given legitimacy by a devastating root and branch rejection of public control over publicly owned public services, based on the assumption that the management techniques that give rise to the three Es of efficiency, effectiveness, and economy in the making of profit from privately owned businesses engaged in the production of commodities can also be used to secure the delivery of efficient, effective, and economic public services. Once the link between government politics and state operations is broken, then the triumphant march of NPM (in all its guises) through public services is assured. The public sector ethos is dismantled, democratic accountability is removed, and the profit-seeking privatisation movement continues whomsoever is in power at Westminster.

Debates about public administration are not new. Forms of public administration arise from the political economy of the time, from the outcomes of struggles between the parties involved in such ‘doctrinal disputes’. PPA is associated with the aspirations of workers and to the conditions that gave rise to the welfare state, and NPM to the values of capitalist competition and to the conditions that are giving rise to value-free ‘globalization’.

PPA is associated with maintaining a sharp distinction between the public and private sectors “in terms of continuity, ethos, methods of doing business, organizational design, people, rewards and career structure”; and maintaining “buffers against political and managerial discretion by means of an elaborate structure of procedural rules designed to prevent favouritism and corruption and to keep arms-length relations between politicians and the entrenched custodians of particular public service “trusts””. Without these safeguards politicians and managers will use their public offices for their own benefit, resulting in expensive and poor quality services because the system of private sector contracting is open to corrupt practices and to control by organized crime”.

The doctrines of NPM may be summarized thus:

“a shift of concern from policy to management, emphasizing quantifiable performance measurement and investment appraisal; the break-up of traditional bureaucratic structures into quasi-autonomous units, dealing with one another on a user-pays basis; market-testing and competitive tendering instead of in-house provision; a strong emphasis on cost-cutting; output targets rather than input controls; limited term contracts instead of career tenure; monetized incentives instead of fixed salaries; ‘freedom to manage’ instead of central personnel control; more use of public relations and advertising; encouragement of self-regulation instead of legislation. These doctrines, said Hood [in his inaugural lecture (Hood 1990)], were a mix of ‘public choice’ and updated Taylorism”.

The implications of these doctrines for public service employment issues means, *inter alia: eroding single-
The trade union movement is well placed to oppose both the practical outcomes from such policies and the thinking behind them. In particular workplace campaigns can focus on inequality inside the unit of activity (NHS Trust, school, fire service) in terms of both pay and treatment. This can develop into challenges to failed delivery of services, false economies, and the increasingly harsh treatment of staff. Common cause can be made across staff grades as well as with local community and political pressure groups. Furthermore, as pay and conditions are eroded there becomes more scope for traditional bargaining over the job security, pay, and contract types (part-time, casual, short-term).

At local level the urgent imperative is for unity on the ground to prevent employers playing staff off against each other, and regionally more united pressure on elected mayors and councils to recognise that education, health and social care, emergency provision, as well as local services are all part of community politics and priorities. It is no longer acceptable that local councils simply shrug their shoulders and pass the blame around. Nationally, the TUC’s focus must be more against privatisation, outsourcing, zero-hours contracts, use of agency staff, and poor pay. The trade unions now have a historic duty to stop the rot through fighting local battles, but in pushing the TUC and Labour Party to a root and branch repudiation of new public management in all its guises.

Notes
