

RESEARCH & EVALUATION

The Changing Face of Public Sector Employment

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While it is easy, and almost a national sport, to criticise the traditional model of public sector employment as being too generous, there is a rationale for its distinctiveness. The career service model that endured for most of the last century was aligned to the bureaucratic form of public administration of that time. As public administration was 'transformed' into public sector management through the importing of private sector techniques, so too has public sector employment been varied in pursuit of greater efficiency, flexibility and responsiveness.

There have been distinctive phases in Australian public sector employment, from a period of corruption and patronage, through a period of bureaucratic employment relations, to the current ad hoc approach that has trickled out of managerialist reforms. There are tensions in the current arrangements: potential role confusion; lack of coordination; dilution of the career service; new recruitment processes; reduced tenure; and the quality of the Senior Executive Service (SES). Despite the managerialist commitment to performance measurement, there appears to have been no evaluation of the impact of these arrangements on the quality of public policy or monitoring for improvement in public service performance. Perhaps the pendulum has swung too far. While the reforms have achieved local autonomy, this has been at the expense of coordination or monitoring of common issues and economies of scale. This may also leave the way open for a recurrence of the previous problems of politicisation, inefficiency and even corruption. There seems to be scope to re-balance the relationship between central human resource agencies and line agencies, and to develop a new career service model to guide employment relations in the future.

Pre-1900s —A Period of Disorder

The Australian public services of the 1800s were generally characterised as chaotic and inefficient, abounding with patronage, bribery and corruption.¹ Public revenue was collected by a number of offices, with little central coordination or audit. Vacancies were not open to competition, and remuneration, advancement and other working conditions depended largely on the idiosyncrasies of individual departments. Officers did not have secure employment and were liable to salary reductions or dismissal without notice or compensation if they displeased their political masters (Caiden 1965:33–9; Curnow 1989:11; Knight 1989:55–65). A public outcry led to an 1894 Royal Commission into the NSW service. It identified that service as over-staffed, overpaid and incompetent, with favouritism in appointments, and an over-reliance on seniority that put people in positions they weren't suited to. This resulted in the establishment of a Public Service Board to control the service, recruitment through open competition and promotion by merit. Much of the Public Service Board's work for the next 90 years was to defend these 1895 principles (Knight 1989:59).

1900 to 1980s — A Period of Order

In the period from 1900 to the 1980s, Australian public services were delivered through bureaucratic public administration. The bureaucratic form of organisation promised efficiency and rationality, breaking down complex objectives and functions into manageable tasks undertaken by specialists within a hierarchical structure. This form of organisation was considered appropriate for the public sector — its rules guided decision-making in the absence of a market test, and permitted equitable, consistent and transparent responses to the public (Burke 1986:2; McCallum 1984:58–64). Through memory and precedent, officials could provide a thread of consistency throughout government action (Weber, cited in Davis 1998:22).

A bureaucratic form of employment relations developed to support the bureaucratic form of public administration, and to remove the problems and inefficiency caused by nepotism and patronage. Until the 1980s, most Australian public services had a standard career service model described in many sources² as including the following principles:

- recruitment based on merit by open examination usually straight from school;
- promotion by merit (albeit defined as seniority);
- position classification rather than personal rank;
- standardised conditions of employment administered by an independent authority;
- tenure, to provide an environment where public servants could give frank and fearless advice without fear of dismissal or political interference. This was seen to counter-balance the political masters' tendency to base decisions on short-term gains; and
- a code of rights and protections.

The high reliance on internal promotion ensured a relatively insulated, single, internal labour market, with a shared framework of values and conduct, and a uniform framework of pay and conditions (Gardner 1993a:137; Ives 1996:215).

While the protections provided by the bureaucratic form of employment relations were essential to remove nepotism and patronage, there were unintended consequences. The bureaucratic public service was frequently criticised as cumbersome, inefficient, impersonal,

wasteful, negligent and unresponsive (Burke 1986:2; Caiden 1965; Gardner 1993a:137; McCallum 1984:61). Promotion based on seniority rather than ability had made it secure for the mediocre (Caiden 1939, in Stanton 1978:6). The rights and protections that were intended to prevent dismissal on political grounds had resulted in public servants rarely being removed for poor performance either (McCallum 1984:23). Some argued that the career service was too powerful due to built-up expertise and tenure, overwhelming generalist ministers (Curnow 1989:16).

While there were clear reasons to review the effectiveness of public service bureaucracies, it should be remembered that they arose from the need to achieve complex tasks in a rational way. They were underpinned by the idea that the whole is worth more than the sum of its parts, in contrast to market-based philosophy, which maintains that the whole is worth less than the sum of its parts (Richards 1990:12).

1980s — A New Order

A New Order of Public Sector Management

The disgruntlement with public sector bureaucracy, together with economic pressures and changing philosophies, led to calls for a new order. While the market forced the private sector to be less bureaucratic, the pressure for change in the public sector came from political leaders (Richards 1990:13). There was a growing belief that high levels of government expenditure and government employment were intrinsically harmful (Weller 1996:2). Politicians took up anti-public-service monetarist, public choice and libertarian philosophies and developed an unfavourable account of public bureaucracy as being wasteful and inefficient due to the lack of competition, being a threat to individual freedom and crowding out the private sector (Pollitt 1990:5–7,40–8).

Rather than simply aiming for better administration (and conveniently ignoring the 'business nasties' of the 1980s), governments recommended business as a suitable model for reform (Jackson 1993:1). Competitive markets were seen as the answer to curbing the provider power and unresponsiveness of certain public servants. Managerialist reforms were advocated in many countries, and everyone struggled to develop clear objectives, decide on core business,

cut staff, sell off some parts and make the remaining parts more efficient by removing overlap or excessive procedures (Pollitt 1990; Weller 1996:4). The specific elements of managerialism, such as setting clear objectives, measuring performance and granting managers the 'right to manage' are well documented elsewhere.³ Pollitt (1990:1) describes managerialism as 'a set of beliefs and practices, at the core of which burns the seldom-tested assumption that better management will prove an efficient solvent for a wide range of economic and social ills'. Perhaps the reforms' ideological focus on who should own or provide services was as important as questions about doing things more effectively (Considine 1988:5; Weller 1996:1-4).

Privatisation, corporatisation and contracting out were introduced to reduce dependence on traditional bureaucratic procedures and make the public sector smaller or more market conscious (Weller 1996:3-4). The more recent purchaser-provider split separates policy advice and service delivery, giving government the option where to buy a service, and breaking the mould that policy advice has precedence over efficiency (Weller 1996:5). This may be the prelude to a new wave of 'contractualism' which Davis (1998:2-4) notes is potentially more far-reaching than managerialist reforms. Contractualism goes beyond importing private sector business practices, to suggest that governments should set policy direction, and allow all services to be delivered by the private sector through competitive contracting. This 'steering and not rowing' approach results in a chain of principals and agents, with no assumption of public ownership or public employment, and does not require large government agencies. Like managerialism, it is premised on a belief that the private sector can always do it better.

The Imposition of Private Sector Approaches

There is perhaps inevitable tension and role confusion arising from imposing private sector approaches on a public sector environment. While there are some similarities between the public and private sectors, the differences are perhaps more important (McCallum 1984:18).

The 'players' are different — the private sector has no counterpart for the elected representative, nor a permanent opposition seeking to discredit

them in the media (Pollitt 1990:119-20).

The objectives are different. Despite other objectives, the private sector would not survive without profit (McCallum 1984:19). The public sector tends to have multiple and conflicting goals, stemming from political and emotional rather than economic logic (Pollitt 1990:120-2). The rational appeal of specifying objectives can have little political appeal if it more clearly identifies which groups are to be satisfied and which are not. Narrowly specified objectives may ignore or downplay important public sector values such as fairness, redistribution and participation, and measure staff performance on a similarly limited basis (Considine 1988:14; Pollitt 1990:2, 112).

The consistency required in decision-making can be different. While the private sector is admired for applying concessions or competitive discounts, the public sector is expected to apply rules or entitlements in a consistent and equitable way. Public servants applying special concessions may be guilty of corruption, and there can be extensive documentation requirements to explain any divergence, avoid precedents, and withstand scrutiny through freedom of information or administrative review (McCallum 1984:10, 25).

The public sector has a more complex relationship with 'users' who are never just customers but also citizens and voters. In the private sector, a market shortfall provides an opportunity to produce more and thereby increase revenue/profit. However, in the public sector, an increase in activity may actually increase costs, decisions may be about rationing rather than satisfying demand, and customer satisfaction can be an inadequate measure for some services (such as taxation, policing or child custody). Reducing the community to the status of customers makes it difficult to justify increased public involvement, or for program evaluations to address questions of redistribution or equity outside of the current users of a service (Considine 1988:12-13; Pollitt 1990:124-9).

The public sector has a different approach to decision-making, with government decisions being as much political as administrative (McCallum 1984:24). The timing, nature and incidence of programs will be tailored to benefit current or potential supporters of government, rather than consideration of efficiency. Pollitt (1990:11-21) rejects the belief that there is a

distinct sphere of administration where politics is an improper intrusion which can be eradicated by better management.

There are vastly different accountabilities in each sector. As long as parliamentary opponents are more concerned with the 2 percent of mistakes than the 98 percent of successes, political advantage will continue to take precedence over managerial efficiency, and public servants will remain accountable for both inputs and outcomes. This can constrain economical swift action by public servants (McCallum 1984:20; Weller 1996:4–7).

Davis (1998:26–7) notes that by defining the public service as different, public service acts impose costs not felt elsewhere in the market place. If it is acknowledged that the public service environment is different, it follows that public sector employment strategy should also be different.

A New Order of Public Sector Employment Relations?

Managerialist philosophies necessitated changes to the traditional model of public sector employment relations. Public services were restructured to remove those characteristics most closely associated with the discredited Weberian model and to become more like the private sector (O'Neill and Hughes 1998:30). More flexible and fluid forms of organisations were sought, in which managers were the key to success. However, rather than introduce an integrated new model, managerialism just chipped away at the career service model in ad hoc ways. As a result, the current model of public sector employment relations is an uncomfortable and not necessarily stable hybrid of the old and new approaches (Gardner 1993b:viii; O'Neill and Hughes 1998:30). The reforms have had an impact on most of the procedural and substantive aspects of public sector employment, and the major implications and tensions of the 'new order' of employment relations will be reviewed in the following sections.

A Lack of Central Coordination of Personnel Issues

Public Service Boards (PSBs) were powerful agencies with responsibility over all personnel and organisational management issues. Their preoccupation with detailed control gave them a reputation as cumbersome and inefficient. In

line with the managerialist reforms of the 1980s, PSBs were abolished and their responsibilities distributed in two directions. Personnel operations were devolved to agency level, and the remaining functions were divided between a number of central agencies — generally, industrial relations (IR) and wage fixation were located in a central IR agency, merit protection and equity were located in a central HR agency, and establishment control was often shifted to a treasury or finance agency (Alford 1993:1–5). Munro (1989:244) notes that this established competing sources of advice and influence that were more overtly subject to political direction.

The Private Sector Human Resource Management (HRM) Approach

In 1965 Caiden noted that personnel systems were concerned with the employment of people, and not concerned with the organisation of work, financial procedures or general administration. The HRM approach is in significant contrast, focusing on linking corporate objectives to operational functions, performance, leadership, effective resourcing, and planning to have the right people in the right jobs at the right time (Deane 1998:238; Forster and Browne 1996:247). Davis notes that while people and dollars had traditionally been administered separately, organisations now have objectives and resources, which include people (in Gardner 1993a:138).

Gardner (1993:139) notes that there are two models of strategic HRM that support devolution of employment relations. High-commitment models emphasise the importance of people to the organisation and concentrate on reinforcing commitment and productivity. They are characterised by broad and flexible job descriptions, payment based on knowledge and performance, high job security, high investment in training, loose supervision, higher worker autonomy, and cooperative worker management relations. Task-focused models emphasise performance outcomes in line with the organisation's strategy, and focus policies and reward systems to secure and retain only those staff best equipped to produce the desired organisational outcomes. This approach does not favour internal over external recruitment, implies no general commitment to job security, and relies on performance management policies to ensure appropriate productivity. Gardner

suggests that while there are elements of both apparent, the high-commitment model may be supported by the industrial relations agenda, while the task-focused model is more compatible with managerialism.

Lack of a Clear Personnel Strategy for a Career Service

There are a number of key examples of the lack of a clear personnel strategy or vision, as a result of the philosophy of devolution and a 'hands-off' role for central agencies.

HR functions were devolved to agencies and line managers. Agency HR units generally provide a consultancy service rather than direct support, and managers must become skilled at all aspects of attracting, retaining, developing and performance managing employees (Davis 1998:24). The focus on efficiency tends toward a task-focused model of HR, and led to many important functions and values taking on a lower priority.

The traditional public sector personnel strategy focused on maintaining an internal career service, and issues such as consistency and equity. Devolution of personnel decisions to agency level, and further down to line managers, broke down the service-wide perspective and led to differences in people management and conditions (JCPA 1992:xii–xiv; Nethercote 1996:220–1). There was no longer an efficient manager and formulator of personnel policies, coordinating conditions and reaping economies of scale and specialisation (Spann, in Alford 1993:1). Deane (1998:236, 238) suggests that the contemporary public sector organisation must be flexible and integrate its own needs with those of its employees — rather than a career service, it may be more appropriate to have a bias toward exit rather than entry. However, Richards (1990:13) notes that while universal personnel systems may not suit a performance-oriented approach, flexibility is not the same as the absence of a clear personnel strategy, and the flexible parts must make an integrated whole.

Agency autonomy came at the same time and perhaps at the expense of new service-wide merit and equity reforms (Gardner and Palmer 1992:437). Merit and equity are often only protected by appeals through a complaints-based model, and there was significantly more work to be done to address considerations in

the accumulation and attribution of merit (Burton 1989:82; Enfield 1989; MacDermott 1994). Central policies developed by 'hands-off' central agencies 'can easily become symbolic and decay' — letting managers manage may bring greater flexibility but there is no guarantee it will mean adequate implementation of either equity or efficiency policies (Gardner 1993b:x).

Agencies have also become responsible for the training and development of their staff. In a task-focused model of HR, the development of people takes on a somewhat lower priority amidst the emphasis on financial performance (Davis 1998:24). Further, training may have almost been 'contracted out' with the move from base grade recruitment to external recruitment at all levels.

In the spirit of agency autonomy, most public sectors ceased central collection of workforce data and a lot of time and investigation was required to gather service-wide information (JCPA 1992:xiv; Nethercote 1996:225). This is gradually being remedied. Nethercote (1996:225) suggests that it was a strategic error to relinquish control of functions, without the compensating step of maintaining central databases to monitor developments. Line agencies were often either unaware of the need or unskilled to undertake planning and monitoring of their workforces (despite the managerial emphasis on planning and measuring). Agencies recruited increasing numbers of temporary and casual employees, without considering the impact on intellectual capital, accountability or quality of advice. Public sector workforces 'aged', with a large fall in the proportion of young people being recruited, and a large increase in the number of people approaching or past retirement age (PSC 1995b:3–10). Some public services are experiencing high turnover of staff, losing the corporate memory of people who understand how the public sector works — interestingly, the private sector is beginning to recognise the cost of letting accumulated experience walk out the door after years of downsizing (Davis 1998:28). Such issues need to be monitored at a service-wide and agency level.

Not surprisingly, less tangible issues such as morale and organisational climate are often not monitored centrally or at agency level. Continued restructuring, rationalisation and questionable role clarity, together with

governments continually casting doubt over the public service efficiency and functions, are likely to contribute to increasing levels of stress, and lower morale and motivation (Davis 1998:25; JCPA 1992:xvii; MAB and MIAC 1994:6). The pall of criticism and low public opinion may become a major problem if government is unable to recruit a new generation of public servants. There is evidence that private sector managers are generally more satisfied with their jobs, on a range of indicators such as job security, trust in management, satisfaction with management style, and promotion prospects⁴ (AWIRS 1995; Bozeman and Straussman 1990:113).

An Inconsistent Approach to Pay

While HR was decentralised, IR and bargaining remained largely centralised. This is the norm in many countries for a range of reasons, including: maintaining a unified service; fairness and equity considerations; controlling substantial labour costs; the political rather than profit-related nature of pay decisions; and to take wages out of competition for agencies trying to recruit similar types of labour (Gardner 1993a:142–3).

Pressures to devolve IR may not be due to managerial reforms, but rather to IR reforms which refocus activity from centralised to enterprise level bargaining structures (Gardner 1993a:140–1). Enterprise bargaining had the potential to impact significantly on uniformity and equity of pay and conditions, and put wages back into competition for agencies (Forward 1993:14; Gardner 1993b:x). However, outcomes are not a simple matter of managerial choice in a highly unionised workforce that values consistency and is conscious of its rights and collective political power (Bozeman and Straussman 1990:11; Forster and Browne 1996:261–2). Union power, strong central agency controls, and the requirement for employee support at ballot, have resulted in agencies being somewhat limited in what could be achieved through enterprise bargaining — it has had far less impact than other unilaterally introduced public sector HR reforms (Colley 1996).

There are difficulties in introducing private sector techniques and recruitment from the external labour market but allowing agencies little or no control over wages issues. This

inevitably causes tensions over levels of compensation — whether wage rates should be comparable with the private sector, how to evaluate public sector conditions such as job security, and identifying comparable private sector jobs (Belman et al. 1996:13). In an open labour market, failure to meet private sector pay levels through continued wage restraint is likely to lead to both turnover due to pay dissatisfaction and a failure to attract capable people, with inevitable results for the quality of administration⁵ (Doehringer et al. 1996:180–1; Munro 1989:245; Richards 1990:15). However, there is a general belief that communities would not tolerate the public service matching private sector remuneration levels (O'Neill and Hughes 1998:35).

There is also a tension in the emphasis on performance, but the general reluctance to link pay and performance as the private sector does. Public services generally pay for the position rather than the person, and there have been few, if any, successful experiments with performance pay. Performance pay may never be appropriate for the public sector, given the complexity of objectives and therefore performance measurement, the general failure to confront issues of non-performance, and the possibility that funding cuts may result in great performers walking away empty handed (Coaldrake and Whitton 1996:193; O'Neill and Hughes 1998:33).

The Implications for the Career Service and the Cornerstones of Merit and Tenure

The bureaucratic model of public sector employment relations 'grew' a largely internal labour market, with recruitment largely at base level. Spann predicted that without PSBs there would be no 'impartial defender of the merit system against politicians and patronage' (in Alford 1993:1, 3).

Diluting the Career Service

The career service certainly changed. Control over creating jobs and recruiting staff was given to ministers and chief executives (Alford 1993:1; Selby Smith 1993:16). Managerialism eagerly accessed the IR reforms and streamlined classification structures (Gardner 1993; Selby Smith 1993:15–16). Promotion criteria were changed from seniority to relative merit against key selection criterion, in order to appoint the

most efficient applicant (MAB and MIAC 1994:14–15). All positions were opened up to external recruitment, although it would have been possible to limit this to circumstances where ability and expertise were not present within the service (Strickland 1989:255–7). Significant career bottlenecks were caused by the combination of shorter career paths, fewer promotional opportunities, increasing external recruitment and increasing redundancy (MAB and MIAC 1994:14; Munro 1989:248; Selby Smith 1993:16).

Nethercote (1996:225) notes that conduct and ethical codes all assume a lifelong career with tenure, and that the higher obligations of official life have suffered with the translation of government work from service to employment. The risks of non-ethical decisions, nepotism or corruption all increase with current practices, particularly the increasing contracting out of public services (Corbett 1996:226).

The public sector now competes to attract and retain employees from a changing external labour market, and is not necessarily keeping pace with the private sector. The public sector retains its focus on defined position descriptions, while the private sector changes its focus from the 'position' to 'person', 'sculpting' positions and careers to attract and retain high-calibre employees (Butler and Waldroop 1999:145–52; Richards 1990:21).

The Merit Principle

The merit principle is a foundation of traditional public sector recruitment, and was the vehicle to overcome patronage and inefficiency. Ironically, the drive for efficiency has now led to gradual trade-offs for more flexible and streamlined processes. Devolution of selection processes has resulted in merit being considered at quite low levels in agencies (PSMPC 1997:12–13). Public servants are less insulated from political pressure now that they are employed by, and accountable to, their CEO/minister (Jackson 1993:3). Appeal systems which protect merit in employment decisions are expensive and resource intensive, and have in some cases been traded off in enterprise bargaining and other arrangements (Forward 1993:13; Thornthwaite 1993:70). Appeal processes are unavailable to SES, temporary, casual and contract staffing processes.

Politicisation through Patronage

There are two major types of politicisation: patronage, where appointment or promotion is based on party affiliations or sympathies; and political intimidation, where public servants are in fear that their future is in jeopardy unless they say what their political masters want to hear (Curnow 1989:17; Smith and Corbett 1999:27).

There is a distinction between the necessarily subordinate status of bureaucracy in action and its independent professional status in providing advice and intellectual input (Smith and Corbett 1999:28). Objective advice and analysis of policy issues is conspicuously absent in a politicised public service, where agreement with policies is guaranteed in advance by a politicised selection process (Smith and Corbett 1999:29; Wass 1989:50). Partisan factors are becoming increasingly important, as governments show a preference for working with senior public servants they have appointed themselves. Morale is not enhanced by the prospect that senior positions may be unattainable without a commitment to a political party, due to what happens to political appointees when governments change (Curnow 1989:18–19; Smith and Corbett 1999:35–40).

The desire to find new kinds of advisory capacities led to the upgrading of ministerial offices (Smith and Corbett 1999:34). Ministerial advisers, who are exempt from merit selection processes, are now an accepted part of the machinery of government, to present ministers with alternative sources of advice. A Commonwealth study found that ministerial advisers can become institutionalised, given that they had assisted with policy development in opposition and were now assisting with policy implementation in government. If a separate ministerial bureaucracy forms, it may take on the dysfunctions of the public service that they intended to eliminate (Curnow 1989:17–18).

There remains a question of how elected ministers can secure the best advice on issues for which they are accountable. Clark and Corbett (1999:26) suggest that the continuity and familiarity with the culture and processes of the public sector can only be discounted at substantial cost, and may move us further away from the traditional Westminster model of relations between ministers and senior bureaucrats. Smith and Corbett (1999:40–1) suggest that while the rules and regulations that

were intended to insulate the public service from the capriciousness of political leadership also thwarted responsiveness, solving the responsiveness problem can open the door to patronage and other problems. Simply introducing political appointees to top management positions does not solve the problem of relating management to politics, it just moves it a level.

Reduced Security of Tenure

Tenure is one of the most fundamental conventions of the career service concept, although not a legal right. It was a key element of employment structures and processes to provide an environment free from political interference in which public servants could provide professional advice for the long-term national interest — which of course politicians were free to accept or reject (McCallum 1984:8–9; McCarray 1994:149–50). However, many managerial reforms have threatened security of tenure and effectively shortened the career of many public servants (Munro 1989:247).

Structural reforms such as downsizing, privatisation and contracting out have required different patterns of separation and led to increasing use of redeployment and redundancies (Ives 1996:21; Selby Smith 1993:19). Redundancy not only removes the career path of those who leave, but also has an impact on the career expectations of those who remain behind. Waterford (1993:65) notes the irony that merit is still considered in selection processes but not in redundancy processes — in times when there is more redundancy than recruitment, with the aim of improving organisational efficiency, you must ask is the public service getting rid of the right people.

Managerialism eagerly accessed the 'numerical flexibility' available through temporary, casual and contract employment.⁶ Agencies took control of recruitment and selection amidst pressure to be more flexible and efficient, and they increasingly chose temporary and casual employees who can be engaged and disengaged more simply and cheaply than permanent employees. Atypical employment leads to a vastly different power relationship, and there must be temptation if not downright motivation to protect that precarious job by not providing controversial advice. This has potentially severe disadvantages for the quality

of public administration (ACTUQ 1999; Creighton 1994:57; Gardner and Palmer 1992:438–40; Pittard 1994).

A Senior Executive Service (SES) with Generalist Skills

The SES concept was introduced as a compromise between purely political responsiveness and a purely bureaucratic career service approach of frank and fearless advice. It is based on notions that management functions are essentially similar across the public sector, and that the personnel practices of the private sector are generally appropriate for the public sector. The SES has been met with considerable scepticism in Australia. The appointment of people on contract and on the basis of non-specific skills provides more opportunity for patronage and cronyism (Coaldrake and Whitton 1996:186–8; Smith and Corbett 1999:43). Many have challenged this emphasis on management rather than content skills and whether it is realistic to apply generic models of management across a variety of non-standard situations (Codd 1996:185; Pollitt 1990:26; Smith and Corbett 1999:43; Weller 1996:6). Nethercote (1996:227) suggests that perhaps the emphasis on management skills at the expense of substance/content skill has brought a deliberate separation of power and knowledge in the interests of shoring up ministerial superiority.

Ironically, the current SES arrangements introduced under managerialism would be inappropriate if Australia actively pursues the new contractualism. Contractualism requires a return to Weberian notions of long-serving employees with corporate memory, to ensure the expertise for policy development and contract management. Secure employment would be essential to ensure that they were above political interference and able to act impartially in managing and handing out contracts. Well-paid jobs and attractive career paths would be essential to maintain their intellectual capital, to diminish temptation and to prevent poaching by those industries that they regulate (Davis 1998:29).

Conclusion

Public sector employment continues to change in response to changes in public sector management. In the early years, fragmented and inefficient services corresponded to the

fragmented and inefficient (political) nature of employment. The bureaucratic form of public administration with its correspondingly bureaucratic employment relations addressed the problem of politicisation and inefficiency, but was criticised as being cumbersome and unresponsive. While there is little question that it was appropriate to review the performance of the public sector, it does not necessarily follow that the adopted models of managerialism and potentially contractualism are the best solution. Notwithstanding this, there was little attempt to replace the traditional model of public sector employment relations with a new model or clear personnel strategy.

The result has been an ad hoc collection of new and traditional personnel practices. The desire to let managers manage has minimised central coordination and resulted in inefficiencies through the removal of economies of scale and duplication in HR policy development. The lack of central coordination of the public service workforce has meant no strategic over viewing of trends such as the ageing workforce, the impact of increasing atypical employment or the hidden costs such as turnover or the failure to attract good applicants. This is in contrast to the lack of devolution of IR and bargaining, which leads to considerable tensions for a public sector struggling to achieve private sector benchmarks. There is no consideration of the impact on society of governments retreating from their previous role as a good employer and implementer of social reforms (such as equal pay for women, equal employment opportunity, etc).

Ironically, in an environment that emphasises measurement and performance, there appears to have been little evaluation of the effects of weakening the traditional career service. In fact, it is possible that all of the reforms have still failed to address the underlying substance of performance problems of the public service. It is also possible that the attempt to improve efficiency and responsiveness could lead to a recurrence in the problems of politicisation, inefficiency and even corruption that arose in earlier times as a result of employees not having secure well-paid positions in a service based on values of ethics and accountability.

There would appear to be two necessary remedies to the current situation. First, there should be some revitalisation of central HR

agencies, not to resume their previous controlling roles, but to provide strategic guidance as well as those services where economies of scale make sense. Second, there should be consideration of the need for a cohesive high-commitment career service model rather than the current ad hoc hybrid of private and public sector techniques. This model should accept that public and private sector employment relations should not be interchangeable — *vive la difference!*. It should remove some of the structures or processes that have become an end in themselves rather than a means to an end, but enshrine important values and principles such as tenure and merit which will actually enhance efficiency and quality of administration.

Notes

1. Similar experiences were reported in the British and US public service — see Doehringer et al. (1993), Jackson (1993), Knight (1989), Stanton (1978).
2. Refer to Caiden (1965); Coaldrake (1992); Gardner (1993:138); Gardner and Palmer (1992:409); McCallum (1984:23); McCarry (1994); Stanton (1978:5); Thornthwaite (1993:68).
3. For example, see Weller (1996), Pollitt (1990), Considine (1988), Corbett (1996).
4. The Australian Workplace Industrial Relations Survey 1995 found that:
 - 37 percent public and 27 percent private sector employees felt insecure about their future in that organisation;
 - 51 percent public and 61 percent private sector employees agreed that management does its best to get on with employees;
 - 30 percent public and 41 percent private sector agreed that management at this workplace can be trusted;
 - 39 percent public and 50 percent private sector indicated that they were satisfied with the way they were treated by management;
 - 22 percent public and 30 percent private sector indicated that they were satisfied with chances to get a more senior job in the organisation; and
 - 59 percent public and 66 percent private sector indicated that they were satisfied with their job overall.
5. Some of the obstacles to recruitment in the US public sector include: graduates felt that the private sector offered better opportunities than the

federal sector; bureaucratic procedures; pay compression, which is a major source of employee dissatisfaction and in surveys ranked as an important reason for leaving federal employment. Problems of recruitment and retention translate directly into lower worker quality in the federal sector. Several indicators point to a decline in the quality of federal employees relative to the private sector (looking at quit rates in comparison to scholastic aptitude tests, exit interviews, wage comparisons) (Doehringer et al. 1996:180–1).

6. Atypical forms of employment are increasing for a number of reasons. Wage fixation principles such as award restructuring and enterprise bargaining encouraged 'numerical flexibility' through atypical forms of work such as casual employment, contracting out and consultancies. The costs of permanent employment are forever increasing, with new on-costs such as payroll tax, superannuation, workers' compensation, redundancy payments and training guarantee levies, while the casual loading of 19 percent has remained quite static, and contractors have no on-costs. Difficult economic times make employers prefer forms employment which allow labour to be engaged and disengaged more easily and cheaply than under conventional arrangements (Creighton 1994:57; Enfield 1989:23; Gardner and Palmer 438–40; Lee 1994).

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