

Rethinking new public management: Community development jobs and practices in Australia

Melville Miranda
Victoria University

ABSTRACT

The paper will discuss within a framework where real or imagined standards, and traditions, procedures and means of accountability that were upheld were not being updated or adapted, the changes of the New Public Management (NPM) has created new circumstances in which the jobs and practices of community workers and managers in Australia were not only taking on new functions but becoming increasingly closely involved with the private sector attitudes, and practices and community organisations, particularly where private bodies were providing expertise and technology to enable community organisations to improve services and delivery in pursuit of their management goals. The fragmentation of organisations and the primacy of the contract culture have increasingly affected how community managers and workers perceive their roles, functions and future in Australia. While operating within a community service ethos, community management are more likely to begin to see themselves as employees of a specific community organisation. The new community managers and community workers of community organisations want autonomy, they criticise bureaucracy but prefer some financial guarantees, not so different from the old leaders of denominational community organisations earlier.

Introduction

The development of the welfare state after the Second World War led to the expansion of publicly financed but privately provided welfare state financed but privately provided welfare state services. The scheme of full recognition and public payment of private, mainly denominational, organisations was also adopted for a number of other services, such as health care, welfare work, housing and media. But only in the case of education was equal financial treatment of public and private services given a place in Australia. Lijphart (1968) supplied essential guidelines for its administration, such as the acceptance of extensive liberties of action of the organisations and the principle of proportional representation for the distribution

of facilities between the pillars and of benefits between the respective segments of the population. However, the successful *liaison* with a growing welfare State was not without consequences for the functioning and character of the institutions. As service industries they modernised, increased in scale and professionalised. Their ideology and denomination became less and less relevant and the networks eroded.

The 'reform of the welfare state' in Australia was a mixed blessing for the community sector. Reforms were directed towards cutbacks in public expenditure, territorial and functional decentralisation, privatisation and deregulation. Many community organisations felt the need, or were forced, to reorganise, scale-down or commercialise due to the decreasing levels of government funding. In addition, deregulation meant the end of the community sector monopoly in certain areas and gave newcomers the opportunity to enter the domain previously dominated by the community sector. On the other hand, community sector have experienced a reduction of direct government interference and a growth of independence. On the other hand, they have lost tasks and resources, and have been forced to accept commercial newcomers in their fields. Privatisation also stimulated community sector activity. The term privatisation is often associated with the private commercial sector, but were also state agencies pushed off to the private community sector, for instance in health and housing. Some notable examples of government agencies that moved to the community area are housing organisations and health care institutions.

At the beginning of a new century, the conclusion may be drawn that the overall result of privatisation for the community sector has not been a loss of 'market share' as a strong incorporation of ways of the market into its behaviour of community organisations. In a few years a terminology of entrepreneurship, marketing and market niches has become quite popular among the offsprings of old private initiatives. An important stimulus in this culture shift has been the growth of new service providers at the margins of the community sector as result of functional decentralisation. The new managers and community workers of these community organisations want autonomy, they criticise bureaucracy, but prefer some financial guarantees, not so different from the old leaders of denominated community organisations earlier. One could say that privatisation has continued the tradition of the private provision of community services.

The New Public Management, based on modern microeconomics and contract law, provides a new set of tools for the transformation and so called improvement of the community sector. Community services are increasingly adopting a range of techniques based on market models for assessing costs and risks. In the 1990s, Australian Government resolved that management by objectives was to be introduced into all community organisations. The reforms are part of an international trend following Margaret Thatcher's TINA concept: there is no alternative. A more flexible, result-oriented and cost effective community sector is thought to have a vitalising and rationalising effect on the welfare state. Concepts such as management, strategic planning, service, customer orientation, and also total quality management and entrepreneurial spirit have cropped up in community organisations.

New Public Management implies emphasis on the control and responsibility of top community management, incentives, competition, quantitative result indicators, and measures of efficiency and effectiveness. Resources are to be managed better, and new reward systems are to provide motivation and discipline for community workers. Decentralisation and deregulation are highlighted as instruments for providing better services and in making the community sector more service-minded. The same goes for flexibility in hiring practices and the use of community relations' techniques. The New Public Management philosophy for community management is built on the idea that social progress is achieved through economic productivity; increased efficiency and productivity is the result of ever-improving and increasingly sophisticated information processing technologies and community organisation, as well as increased room for community management manoeuvring.

Rhodes (1991) argues that the new public management was a determined effort to implement economy, efficiency and effectiveness of government and the community sector. According to Rhodes (1991) the new public management has the following doctrines: a focus on management, not policy, and on performance appraisal and efficiency; the use of quasi-markets and contracting out to foster competition; cost-cutting; and a style of management with emphasises, amongst other things, output targets, limited –term contracts, monetary incentives and freedom to manage.

Dunleavy (1994:38) points to an ideological dimension arguing 'new public management is the domesticated, de-politicised version of 'new right' or 'market liberal' policy analysis, made somewhat more technical, consensual and generic. Effectively, NPM has become a generic label for a group of policy and administrative solutions emphasizing competition, disaggregation and incentivisation'. He further argued (1994:61) that 'there is a clear danger of the radical outsourcing evangelism coinciding with bureaucratic incentives for organisational reshaping and political loss of confidence in the nation state as an expression of the collective life of complex societies'.

Friedman (1990:21) mentions 'both physical and human capital must be cared for and replaced. That is even more difficult and costly for human than for physical capital—a major reason why the return to human capital has risen so much more rapidly than the return to physical capital'.

Tanner (2004:11) mentions 'we're working longer and harder, separating from our partners and children more, living alone more, moving more. We've built a society in which we have less time for our children, less interaction with our neighbours and less involvement with community.'

Community jobs and practices

In this concept community workers, their jobs and practices is considered a profession that can perform community management through a more critical attitude towards the use of resources and trade union activity are intended to make it possible to do more for less. Is this concept fit for reforming the welfare state and the community sector?

Despite the burgeoning literature on the New Public Management reforms, there has been a tendency to overlook the implications of these reforms for employment relations on community jobs and practices in the community sector. The impact of the NPM reforms involves a radical shift from the traditional community service sector. The central elements of community service sector included; uniform employment conditions; recruitment based on merit; promotion based on merit; rights and duties of community workers; tenure of appointment; and pension benefits upon retirement. These elements of community service underpinned personnel administration within the Commonwealth and were also central to the community sector personnel administration. Private sector management practices were not viewed as applicable to the Australian community sector because of political, equity and social justice considerations.

Proponents of the NPM are essentially reacting against the traditional procedures and formalities evident in the traditional community jobs and practices approach to personnel management. They emphasise instead flexibility in employment arrangements instead of tenure of appointment and the need to measure the performance of community sector managers and community workers and to quantify the outputs they achieve (Davis, 1997; Painter, 1997).

As well as emphasising the supposed shortcomings of the community sector service model, advocates of the NPM reforms emphasise the similarities between the nature of managerial work in the community and private sector. (Pusey,1991). They adhere to the maxim that management skills are generic and can be transferred unproblematically from the private to the community sector. (Pusey,1991). 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 community sector regardless of the political aims or objectives of governments (Gray and Jenkins, 1995; Hood, 1995).

However, the ideological underpinning of the NPM model involves a reaffirmation of the rights and prerogatives of community managers. This implies that the goals, which the community sector organisations pursue and the means by which community workers interpret their responsibilities should be decided by community management (Yeatman,1987).The value and belief system that is reinforced has been referred to as unitarism; a managerial perspective that seeks to legitimate community management within the workplace and which propagates the view that common goals unite both management and community workers. Community managers within this framework also emphasise the need for a united structure of authority, leadership, and loyalty, with full managerial prerogative legitimised by all members of the community organisation. (Fox,1974).

Bendy (1956) mentions all community enterprises have in common a basic social relation between the employers who exercise control and the community workers who obey, and all ideologies of community 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 realise the interests of many.

The approaches adopted by community managers towards their community workers can 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 (1990) outlined two approaches community managers adopt; *direct control* and *responsible autonomy*. Under 'responsible autonomy', community managers seek to utilise the malleable aspect of community workers' potential to work by providing them with increased responsibility, minimum supervision and by encouraging their commitment to the community organisation.

Conversely, under direct control strategies community workers are subjected to heightened surveillance by supervisors and the community job is subjected to fragmentation and a detailed division of community work. (Friedman, 1990). Both direct control and responsible autonomy contain contradictions that have the potential to limit their effectiveness. Under direct control, the treatment of community workers as machines subjected to close supervision overlooks the independent and potentially hostile will of community workers. Similarly, community workers under 'responsible autonomy' may not absorb the community organisation's corporate culture and may remain aware that community management's ultimate goals involves higher levels of profitability rather than satisfying the needs of the community jobs and practices workforce (Friedman, 1990).

While Friedman's typology has also been criticised for merely representing a simple dichotomy, in his response to such criticisms Friedman (1990:185-6) mentions *'the two strategies represent what I believe to be fundamental contradiction of the labour process in a class-divided society. There is always a fundamental tension between the need to gain cooperation 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'*.

In a similar vein, Legge (1995) outlines two contrasting strategies that human resource community managers may adopt towards community jobs a 'hard' model involving 'utilitarian instrumentalism' and a 'soft' model emphasising 'developmental humanism'. The hard model emphasises the need to integrate community workers human resource strategies with the community organisation's business strategy. This approach perceives the community organisation's human resources to represent merely another factor of production whose cost management has to minimise (Legge, 1995). This approach highlights the 'quantitative, calculative, and business strategic aspects of managing headcount resource in as "rational" a way as for any other economic factor (Legge, 1995). In contrast, the 'soft' approach advocates integrating community human resources management to the community organisation's business strategy by treating community workers as valued assets, a source of competitive advantage through their commitment, adaptability and high quality of skills, performance and so on.

Some commentators have attempted to portray the NPM reforms as a high commitment approach to community workers management. Baker (1989) states community workers human resource management in the community sector seeks to generate the commitment of community workers by providing increased job satisfaction and more opportunities to participate in decision-making.

A workplace reform agenda emphasising community workers development emerged in the community sector in response to a series of National Wage case determination. Community workplace reform emphasised development through the broadbanding of tasks and focus on multi-skilling, community career paths and increased community workforce participation in decision-making (Curtain, R; Gough, R. and Rimmer, M., 1992; Mathews, 1994).

Technological and community organisational change arising out of the community workplace reform initiatives was believed to represent an opportunity to enhance community workers skills levels and increase community workforce involvement. Mathews (1994) noted that community workplace reforms had generated a more skilled and committed community workforce and it is these *people policies*, with their emphases on continuous community skills formation, the development of community career paths, the opening up positions to minorities, the development of jobs that challenge and fulfil, and building of structures that allow for participation and involvement that have been crucial. However, Mathews (1994) also conceded that limitations of the computer system meant that processing work within the community organisation continued to be monotonous. This gave rise to accusations that multiskilling had been oversold, and had become identified with the task overloading, so that one boring task became many boring tasks. Cordery, J. L., Mueller, W.S. and Sevastos, P.P. (1992) state multi-skilling may amount in many situations to little more than a simple community management strategy for the more effective deployment of community work, with few substantial changes to job content, required skill level, or a community worker's opportunities for intrinsic.

Thus despite the rhetoric of multiskilling and community workers' development, for many community workers' in the community sector workplace change initiatives have involved an increase in routine community work tasks.

The NPM reforms have little to do with the community employer attempts to humanise work, involve minimal consultation by community management and have done little to improve community workers morale. Boston, J., Martin, J., Pallot, J. and Walsh, P. (1996) mention that for many community workers the 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 community human resource management.

Effect of reforms on the community sector

What is it about community sector reform that has had such an adverse effect on community workers and managers? First, there is a higher rate of workplace change going on in the community sector. The opening of the Australian economy and its exposure to the forces of globalisation has had a bigger impact on the community sector than the private sector. In responding to the Asian economic crisis, the Australian Government made conscious choices to reshape the community sector in a program of microeconomic reform and budgetary stringency which required substantial program of microeconomic reform and budgetary stringency which required substantial savings in the community sector. While 'market forces' acting on the external account may have helped this strategy, it was sustained by an ideology that imposed more discipline and change on the community sector than market forces themselves imposed on the private sector.

Second, the character of the community sector workplace change has been distinct. One example concerns the 'downsizing' process that resembled a management fad in the private sector but which has become ubiquitous in the community sector. While job losses were more common in the community sector than private sector, there were also quite distinctive patterns of reasons 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 community sector. Community workers attitudes varied according to the reasons for job losses. Community workers reacted more adversely-with higher stress and dissatisfaction with community management-when job losses were due to financial problems rather than because of lack of demand. (Morehead, A., Steele, M., Alexander, M., Stephen, K. and Duffin, 1997). The author suggest that community workers' 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 community 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 effect community workplace perceptions and attitudes. For many community sector employees, the NPM creates a new set of objectives and values that are dissonant with those that have permeated the community 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 the community sector management practices; fears that fairness is losing its importance lead to stress, distrust, insecurity and dissatisfaction.

Conclusion

The paper has explored the impact of New Public Management on community jobs and practices in Australia in recent years by reference to a substantial body of literature. In a period of rapid economic change, the reform agenda has imposed more discipline on the community sector than market forces have imposed on the private sector. It has brought about cultural clashes and community organisational restructuring that community workers have had difficulty in accepting. The New Public Management agenda to introduce market-based solutions, increase the prerogatives of community managers and community workers, measure performance and cut costs, in particular labour costs, has tended to promote distrust, stress and dissatisfaction at the community workplace and has been retarding the growth of high trust and non-authoritarian approaches to community workers management.

References

- Baker, J. (1989) Management Improvement: The Human Dimension. In Davis, G., Patrick, W. and Lewis, C. (eds.) *Corporate Management in Australian Government: Reconciling Accountability and Efficiency*: 126-37. South Melbourne: Macmillan.
- Bendix, R. (1956) *Work and Authority in Industry: Ideologies of Management in the Course of Industrialisation*. Los Angeles: University of California Press.
- Boston, J., Martin, J., Pallot, J. and Walsh, P. (1996) *Public Management: The New Zealand Model*. Auckland: Oxford University Press.
- Cordery, J. L., Mueller, W.S. and Sevastos, P.P. (1992) Multi Skilling In Practice: Lessons from a Minerals Processing Firm *Journal of Industrial Relations*, 34 (2): 268-283.
- Curtain, R., Gough, R., and Rimmer, M. (1992) *Progress at the Workplace: Workplace Reform and Award Restructuring An Overview*. Melbourne, National Key Centre in Industrial Relations: Monash University.
- Davis, G. (1997) Toward a Hollow State? Managerialism and Its Critics. In Considine, M. and Painter, M. (eds.) *Managerialism: The Great Debate*, Carlton South: Melbourne University Press.
- Dunleavy, Patrick (1994) The Globalisation of Public Services Production: Can Government be Best in the World? *Public Policy and Administration*, 9, 2: 36-64.
- Fox, A. (1974) *Beyond Contract: Work, Power and Trust Relations*. London: Faber & Faber.
- Friedman, M. & Friedman, R. (1990) *Free To Choose: A Personal Statement*. London: Harcourt Brace and Company.
- Gray, A. & Jenkins, B. (1995) From Public Administration to Public Management: Reassessing A Revolution? *Public Administration*, 73 (10):75-100.
- Hood, C. (1991) A Public Management for All Seasons *Public Administration*, 69(1): 3-19.
- Legge, K. (1995) *Human Resource Management: Rhetoric and Realities*. Basingstoke: Macmillan.
- Lijphart, A.J. (1968) *The Politics of Accommodation*. Berkeley: University of California Press.
- Mathews, J. (1994) *Catching the Wave: Workplace Reform in Australia*. St Leonards NSW: Allen & Unwin.
- Morehead, A., Steele, M., Alexander, M., Stephen, K. and Duffin, L. (1997) *Changes At Work: The 1995 Australian Workplace Industrial Relations Survey*. South Melbourne: Longman.
- Painter, M. (1997) Public Management: Fad or Fallacy? In Considine, M. and Painter, M. (eds.) *Managerialism: The Great Debate*. Carlton South: Melbourne University Press.
- Pusey, M. (1991). *Economic Rationalism in Canberra: A Nation Building State Changes Its Mind*. Melbourne: Cambridge University Press.
- Rhodes, R.A.W. (1991) Introduction *Public Administration*, 69 (1): 1-2.
- Tanner, L. (2004) Towards A Changed Workplace *The Age*, 3rd Feb 2004: 11.
- Wright, C. (1995) *The Management of Labour: A History of Australian Employers*. South Melbourne: Oxford University Press.
- Yeatman, A. (1987) The Concept of Public Management and the Australian State in the 1980s *Australian Journal of Public Administration*, 46 (4): 339-56.