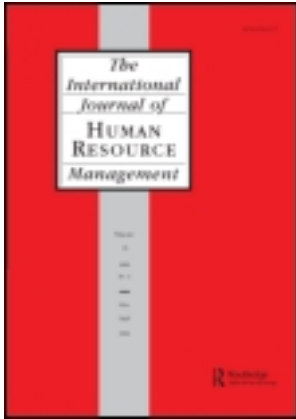


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Stephen Bach^a & Lorenzo Bordogna^b

^a King's College London, London, UK

^b Department of Labour and Welfare Studies, University of Milan, Milano, Italy

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INTRODUCTION

Varieties of new public management or alternative models? The reform of public service employment relations in industrialized democracies

Stephen Bach^{a*} and Lorenzo Bordogna^{b*}

^a*King's College London, London, UK;* ^b*Department of Labour and Welfare Studies, University of Milan, Milano, Italy*

New public management (NPM) has been the dominant orthodoxy in analysing public service reform with major implications for employment relations. Drawing on comparative studies of major OECD countries, including Australia, Britain, Denmark, France, Germany, Italy, New Zealand, Norway, Sweden and the United States, this article examines recent reforms of public service human resource management. It refutes the proposition that reforms indicate convergence towards an NPM model and argues that the 'varieties of NPM' thesis is also unconvincing. Several reform trajectories exist which have sought to modernize public sector pay, performance and working conditions, but these highlight the existence of alternative models rather than a shift towards NPM or even the emergence of 'varieties of NPM'.

Keywords: comparative HRM; employment relations; new public management; public administration; public sector

Introduction

Public service reform and accompanying shifts in human resource management (HRM) practice have been actively pursued in most industrialized countries for more than two decades. Until recently, however, mainstream debate within HRM has paid limited attention to developments in the public services. This relative disinterest in public service HRM has been tempered by contributions that examined the scope for strategic choice in public services, analysis of atypical work and an interest in specific national cases of civil service reform (Kessler and Purcell 1996; Al-Arkoubi and McCourt 2004; de Ruyter, Kirkpatrick, Hoque, Lonsdale and Malan 2008). Nonetheless, these studies have been dominated by the experience of liberal market economies, especially the UK, and national cases have rarely engaged in comparative analysis to explore patterns of change and variation over time.

By contrast within public management, political science and adjacent disciplines, there has been a sustained analysis of public service reform which has touched on, although rarely placed centre stage, the consequences for HRM (Pollitt and Bouckaert 2004). Analysis has been dominated by the emergence, around three decades ago, of the new public management (NPM) approach which started to dominate the public service reform agenda in many OECD countries. Expectations arose of a global process of convergence in

*Corresponding authors. Email: stephen.bach@kcl.ac.uk; lorenzo.bordogna@unimi.it

industrialized democracies towards the NPM paradigm (Aucoin 1990; Osborne and Gaebler 1992; Kettl 2000). Although a loose and often ill-defined concept, the central idea of the NPM programme was that the efficiency and effectiveness of public services could only be improved by lessening or removing any difference between the public and the private sectors. The use of market-oriented mechanisms of governance in conjunction with private sector management techniques appeared to spread rapidly, well beyond the initial, 'first mover' countries – UK, USA, Australia and New Zealand – irrespective of the political complexion of the party in office (Hood 1995: 100). In this presumed, inevitable and unstoppable process of global convergence (Osborne and Gaebler 1992), significant variations were conceived only in terms of leaders and laggards, not in terms of the direction of change. The claim to universality and general applicability was a distinctive feature of the NPM programme (Hood 1991: 8, 1995: 95).

The reasons for its diffusion have been attributed to either rational choices carried out by policy makers in response to fiscal crisis or a form of institutional isomorphism (Pollitt 2001; Barzelay and Gallego 2006). Irrespective of its origins, in a labour-intensive sector with high union density (Visser 2006), these reforms had major implications for employment relations, HRM practice and the role of trade unions. This reform agenda questioned the sustainability of traditional patterns of public service employment relations and anticipated a double process of convergence: between public and private sector employment relations within each country, and in the public sector between different countries.

As NPM has matured, however, these rather naive expectations of convergence have been subject to critical scrutiny and more attention has been paid to the theoretical weaknesses of the NPM programme itself. Paradoxes, contradictions, trade-offs and unintended, even perverse effects have repeatedly been underlined (Hood 2000; Christensen and Lægreid 2001; Hood and Peters 2004). NPM is based on public choice theory, principal–agent theory and transaction cost economics which share an assumption that all individuals are self-interested and seek to maximize their own utility. NPM has therefore been concerned to design incentive structures, such as individual performance-related pay, in order to minimize 'gaming' or 'opportunistic behaviour'. These incentive structures, however, frequently create a low-trust management culture, focusing on short-term targets, which can be divisive and erode staff commitment (Crouch 2003; Pollitt 2006; OECD 2007a). Moreover, the preoccupation with the opportunism of the workforce underestimates the weakness of the 'principals' and fails to appreciate their likely behaviour within the public domain. Principals may face few incentives to enforce contractual obligations with their 'agents' and instead may collude with the workforce and local employee representatives, with any additional expenditure or loss of productivity absorbed by the taxpayer (Bordogna 2008). Consequently, the assumption that NPM would reinforce political authority by 'steering' not 'rowing' (Osborne and Gaebler 1992) is undermined. Perverse incentives create unintended consequences, and this loss of central control and coherent policy implementation is exacerbated by the creation of semi-autonomous agencies and the devolution of managerial responsibility (OECD 2007b). Empirically, the convergence of public and private sector employment practices has also been questioned, even in countries like the UK considered in the vanguard of NPM (Bach, Givan and Forth 2009). It is apparent that private and public sector managerial attitudes and behaviours remain different (Boyne, Jenkins and Poole 1999; Poole, Mansfield and Gould-Williams 2006).

These limitations have eroded some of the potency of NPM and encouraged a more critical scrutiny of its claims, drawing on institutional and comparative perspectives that

are not underpinned by the methodological individualism of neo-classical economics. For some commentators, NPM represents a transitory phase but there is much less certainty about what has replaced NPM with a variety of labels proposed. For Christensen and Læg Reid (2006, 2007) and Christensen, Lie and Læg Reid (2007), a 'post' NPM era is emerging with a shift towards a 'whole of government' approach. Dunleavy, Margetts, Bastow and Tinkler (2006) refer to 'digital era governance' which implies more integrated public services taking advantage of digital technologies to design user-centred services and Osborne (2006) invokes a 'new public governance'. Forms of joined-up government based on networks of key actors are detected, intended to overcome fragmentation, encourage co-operation between actors and restore a public service ethos. These trends have been associated most strongly with those countries that embraced NPM most enthusiastically, such as New Zealand and the UK (Halligan 2006; Chapman and Duncan 2007). It remains unclear, however, if 'post' NPM is intended to patch up and reinvigorate the frayed edges of NPM or whether it is sufficiently distinct to represent a new phase of reform. At present, the main focus is on remedying the limitations of NPM, but this presupposes the prior existence of a fully fledged NPM model.

A different starting point identifies diverse reform trajectories with a variety of partially country-specific and institutionally embedded patterns of administrative reform. Resembling Thelen's (2004) notion of 'layering' and 'conversion', emphasis is placed on how existing institutions and the interests within them make it difficult to bring about radical change. Instead new elements are attached to existing institutions until the purpose and operational assumptions within the public services are altered. Layers of reform accumulate over time combining elements of NPM with long-standing features of the 'classic' or 'traditional', public administration (Hood 1995; Homburg, Pollitt and van Thiel 2007) as well as other measures (Pollitt and Bouckaert 2004; OECD 2005; Christensen and Læg Reid 2009a). Indeed, in some cases (e.g. parts of Continental Europe) recent trajectories have been understood not in terms of NPM leaders and laggards, but as distinctive reform models, termed a *neo-Weberian state*, with possible sub-variants (Pollitt and Bouckaert 2004; Pollitt 2007).

The articles included in this Special Issue explore these research questions, assessing the extent to which a double process of convergence is discernable or whether reforms indicate a more diverse pattern of transformation, including reform models that have few similarities with NPM. These articles develop a comparative analysis of the adoption, implementation and effects of public service employment relations reform in key countries with different legal and institutional traditions. Each article focuses on the core public services: central and local government, health and education. The selection of national cases broadens analysis from the Anglophone experiences that dominate the literature to include continental European countries, frequently absent from comparative analysis of NPM (Kuhlmann 2010). The choice of countries also reflects different historical patterns of public service employment relations, enabling the influence of different institutional arrangements on reform trajectories to be assessed. With the exception of Germany, each article (i.e. UK and USA; Australia and New Zealand; France and Italy; Denmark, Norway and Sweden) compares two or more countries that are habitually grouped together in well-known typologies of welfare states and varieties of capitalism literature (Esping-Anderson 1990; Hall and Soskice 2001). Overall, the articles do not identify convergence around a coherent NPM model, but rather they highlight different reform trajectories which are embedded in, and mediated by, country-specific legal, institutional and cultural traditions. Although NPM represents a powerful orthodoxy (Goldfinch and Wallis 2010) which has encouraged 'selective shopping from a varied and

somewhat contradictory shop' (Homburg et al. 2007: 2), our cases show how reform approaches are often the culmination of layers of initiatives, designed to correct previous shortcomings, filtered through existing institutions in ways that give rise to alternative models of employment regulation.

Research issues and guidelines for comparison

To compare NPM reforms, assess their effects in different countries and evaluate the convergence thesis, some common definition of NPM is needed as well as what is meant by convergence. Pollitt (2001: 938–40, 2007: 14–17) distinguished between four levels or stages of convergence: discursive, decisional, operational and results. A first type concerns convergence in reform talk, rhetoric and vocabulary utilized by legislators and policy makers (such as 'customer orientation', 'performance management' and so on). The second type refers to convergence in reform decisions, which can be traced in public documents such as legislation, official documents and programmes. The third type points to convergence in implementation and operational practices. This requires examining policy implementation in the field to ascertain how policies are translated into practices. Finally, the fourth type examines convergence in outcomes and results, which can be assessed by comparative evaluation. The articles in this Special Issue focus on the second and third forms of convergence, with some comments on the fourth, moving beyond convergence 'talk' to examine the implementation of employment relations and HRM reform.

As for the definition of NPM, despite its heterogeneous and contradictory nature underlined by many scholars (Dunleavy and Hood 1994; Lynn 1998; Gruening 2001; Poole et al. 2006; Homburg et al. 2007; Eliassen and Sitter 2008), there is widespread agreement about the basic ideas underpinning it, its broad aims, and its main doctrinal and policy components (Pollitt 1990; Hood 1991, 1995; Barzelay 2001). The main goal is to reverse the traditional approach to public management by reducing or eliminating the differences between the public and the private sectors, and by shifting the emphasis from process accountability towards accountability for results. These objectives, however, are translated into a myriad of reform measures which comprise the building blocks of comparative analysis. For our purposes, it is helpful to group the heterogeneous list of NPM policy components suggested by many authors under four main headings.

First, measures aimed at redrawing the 'efficient boundaries' of the public sector, predominantly by a process of privatization and outsourcing of services, complemented by independent market regulators. Second, structural reorganization designed to shift internal governance from bureaucratic and hierarchical to market-type mechanisms (Williamson 1975, 1981; Ouchi 1980). These reforms include breaking up monolithic public services into their constituent business units, as part of the creation of arm's length executive agencies, managed by contract-based forms of regulation. They also include a blurring of the boundaries between the public, private and voluntary sectors. Third, measures aimed at strengthening the powers and responsibilities of public managers by using managerial techniques and practices typical of the private sector. This includes the promotion of hands-on professional management; greater emphasis on leadership skills rather than policy expertise; a shift in emphasis from uniform rules to managerial discretion and from input to output controls; separating out policy making from implementation; the promotion of performance management, complemented by quantified standards, measurement and reporting practices; an emphasis on service quality and a consumer orientation. Fourth, measures aimed at reforming the regulation of the employment relationship (starting with

managerial personnel), encouraging the diffusion of HRM practices and altering the role and influence of trade unions, intended to reduce costs and promote better service quality.

It is straightforward to identify similar NPM style developments in the countries under consideration in respect of privatization (i.e. privatization of railway and postal services, local public transport, public utilities) and outsourcing, even if the motives for pursuing privatization have differed and are not all designed to 'shrink the state'. Similarities across countries in the second category are also well documented (i.e. transfer of responsibilities for service delivery from central to local levels, unbundling and decentralization of structures). The latter two categories present a more complex and uneven pattern of change and because they are the main focus of our study, they merit more detailed specification, especially the last category relating to employment relations and HRM practices.

NPM-inspired reforms have openly challenged the main approaches to public service employment regulation which dominated most industrialized democracies in the post-Second World War period, the 'sovereign employer' and the 'model employer' (see Bach and Kessler 2007). In the former approach, typical of Germany and, with some caveats, other continental European countries such as France, terms and conditions of employment are unilaterally determined by the government; collective bargaining is absent or severely restricted and the sanction of industrial action is prohibited or subject to special regulations. As compensation, special procedural and substantive prerogatives, and at times a special formal *status*, may apply, as in the case of *Beamte* in Germany. By contrast, the 'model employer' tradition is based less on isolating the public sector from conventional processes of employment relations, such as collective bargaining, but concentrates on the state seeking to set an example to other employers. The model employer tradition, associated especially with the UK, has granted better procedural and substantive rights than those prevailing in the private sector, such as high levels of job security and generous pension provision. Collective bargaining is established and employee voice is encouraged by systems of employee participation. Freedom of association is usually permitted and industrial action is generally allowed.

Leaving aside important differences, both models identified a distinctive relationship between the state and its workforce which differed in important respects from the regulation of employment in the private sector. NPM sought to dissolve these differences and could be expected to challenge many features of public service employment relations. First, a decrease in the share of public sector employment as a consequence of privatization and outsourcing. Second, a decreasing share of public sector employees enjoying special employment status, and a parallel increase in those with ordinary employment contracts, and also of contingent workers. For managerial staff and senior public servants, NPM may imply a shift from a career-based to a position-based model of employment, with external recruitment, fixed-term contracts and higher salaries than those granted to managers in comparable positions coming from within the public sector. Third, a reduction in the scope and intensity of the prerogatives attached to special employment status, less job security, but also a weakening of special procedures in case of redundancies, as well as less favourable pension arrangements. Fourth, a wider diffusion of voluntary collective bargaining as the main method of regulating the employment relationship, to the detriment of legally based forms of unilateral regulation. Fifth, a decentralization of collective bargaining to make pay and terms of employment more responsive to variations in local labour market conditions and organizational needs. Sixth, a decreasing importance or removal of seniority and similar automatic and collectivist criteria in determining pay increases and promotion, in favour of more differentiated, flexible and individualized mechanisms. Seventh, less principled support for trade unions, in a context of strengthened managerial prerogatives in HR matters

and greater voluntarism in union–management relations. Overall, the application of NPM reforms could be expected not only to erode distinctive national patterns of public service employment relations but also to narrow the gap between public and private sector employment relations and HR practice between public and private sectors *within* each country (Bordogna 2008: 386).

Main findings

Our findings complement a growing body of literature that is sceptical of a simple convergence thesis based on an assumption that countries are moving towards a common NPM template. This also applies with some qualifications to the prediction that employment relations *within* each country are becoming more similar as differences between the public and private sectors are removed. To provide a straightforward illustration, trade union membership and influence remain stronger and more entrenched than in the private sector, and in many countries this gap is widening. Instead of convergence, therefore, we observe diversity and variation. In some respects, differences between public and private sector practice are narrowing, but equally, as the case of union influence indicates, there are also countervailing trends. In terms of convergence between countries, in some cases countries that have traditionally been viewed as subscribing to a similar ‘sovereign tradition’ are moving apart, as the article comparing Italy and France testifies (Bordogna and Neri this issue). Similarly, the temptation to group Scandinavian countries together is also partly misleading with Norway a ‘reluctant reformer’ in comparison to the experience of Sweden and Denmark (Ibsen, Larsen, Madsen and Due this issue). Even within countries most closely associated with NPM, superficial similarities of approach conceal important differences (Bach and Givan this issue; O’Donnell, O’Brien and Junor this issue).

This is not to argue that reforms have only operated at the level of ‘talk’. We observe some important similarities between countries, in terms of the reform agenda they are pursuing, although they are filtered through pre-existing institutional arrangements and reflect the distinctive role of the public domain within each country. The shift towards what is sometimes labelled a ‘post-NPM’ model reflects concerted attempts to remedy the unintended consequences of NPM measures. Initiatives include forms of horizontal coordination and partnership working between a multitude of stakeholders, alongside re-centralization of control to address excessive organizational disaggregation and agency autonomy. In the case of Australia and New Zealand as well as the UK and the USA, our findings suggest that continuing attempts are being made to embed further aspects of the NPM agenda whilst at the same time forms of horizontal coordination are being implemented to safeguard against a loss of co-operation and coherence. Finally, several countries, especially from central Europe, have adopted a policy of benign neglect towards the NPM agenda, or have cautiously adopted a strategy of selective shopping (Homburg et al. 2007) to modernize public services, but without jeopardizing the main characteristics of their Weberian administrative and public law tradition. These can hardly be classified as NPM models and the label of leader or laggard does not capture these reforms adequately.

Employment trends

Turning to our key propositions, the number and proportion of public sector employees did decline in the majority of our cases during the 1980s and early 1990s because of significant programmes of privatization and outsourcing. The UK, Australia, New Zealand, to a lesser extent Italy and to some degree the Nordic countries confirm this pattern, but it was not a

universal trend. Important counter-examples include France, Germany until 1991, and even the USA – all cases in which the public service workforce remained generally stable or continued to increase. Even in the first group of countries, following the intensive period of privatization of the 1980s, the decline slowed. In some cases, it was reversed in terms of the actual numbers of public service employees as well as, to a lesser extent, the proportion of the workforce, as the experience of the UK after 1997, Italy, the Nordic countries, Australia and New Zealand since the early 2000s illustrates (Bach and Givan this issue; O'Donnell et al. this issue; OECD 2008a: Table 4/Figure 11, 2009). The unique circumstances of Germany make it a distinctive case. The number of public service employees continued to grow from the 1960s until 1991. Following unification, a process of constant decline can be observed; and by 2007, the overall level of public sector employment was similar to that of 1985 (Keller this issue), which corresponded in 2007 to about 11–12% of total employment, one of the lowest proportions within the OECD. On the other hand, the number and proportion of fixed-term contracts and other forms of atypical employment have increased in countries with a high degree of protection of permanent public employees, usually affecting women more than men and lower-level more than top-level positions. On the whole, however, these trends do not confirm NPM expectations of a leaner state. It is likely that severe reductions in the public sector workforce announced in 2010 by Britain, Italy and to a lesser degree France will alter these trends, but this has more to do with the economic and political imperative to reduce public deficits arising from the 2007–2009 crisis rather than being the product of an explicit reference to the NPM agenda, although these reductions may be consistent with it.

Public service employment statute

The picture is also more varied than the anticipated shrinkage and attrition of the distinctive status of public employees. We observe some similarities in the attempts by governments to erode a distinctive public sector statute, despite variations in the scope and outcomes of reform. Italy is a clear illustration of this trend. This country used to share with France and Germany (specifically the *Beamten*) a legalistic administrative tradition with a separate system of public sector employment regulation and the unilateral determination of terms and condition of employment through legal or administrative acts. As a consequence of major reforms in 1992–1993, reinforced in 1997–1998, the employment relationship of most Italian public employees, including top managers, was privatized and contractualized (i.e. regulated through collective bargaining). Jurisdiction shifted from administrative law and courts to the civil code and ordinary tribunals, reducing the scope of the special prerogatives enjoyed by public employees in relation to the private sector workforce. Moreover, the traditional career-based system for managerial staff was amended, allowing the recruitment of a certain proportion of personnel on a contractual basis from outside the public administration.

Related developments have occurred in the Nordic countries with reductions in special statutory employment protection for civil servants. The majority of public employees have part or all of their terms and conditions determined via collective negotiations at central and local level, rather than by unilateral regulation by legal or administrative acts (Ibsen et al. this issue). Other countries, however, have retained distinct systems of employment regulation for the public sector, although the sectoral and occupational coverage of this status varies. In Germany, there is a greater sense of urgency about reform than in the past but this has not been translated into the removal of the special status of civil servants (Keller 1999). The vertical separation between, on the one hand, the group of

public employees (*Beamten*) with a special employment status subject to administrative law and without collective bargaining rights, nor the right to strike, and, on the other hand, the group of blue- and white-collar employees under ordinary contract, with collective bargaining rights, has not been abolished. In 2007, the former group still amounted to approximately 39% of total public employees, against 40–42% in the 1970s and 1980s, but this was still a higher proportion than in the mid-1990s. Nonetheless, the special prerogatives attached to this status have been partly reduced and public employers have moved civil servants' employment conditions closer to those of blue- and white-collar employees (Keller this issue). The career-based system of employment, however, remains intact as it does in France. The special legal status of all French public functionaries, *titulaires*, and ultimately government power to unilaterally determine terms and conditions of employment have not been substantially affected by the reforms adopted in the last quarter of a century. The 1983 law introduced a very weak form of collective negotiations in the public sector. Reforms in 2008–2010 approved under the Sarkozy Presidency, especially the law 2010-751, are more wide ranging and envisage a stronger legitimization of collective negotiations and a deepening of the process of social dialogue (Bordogna and Neri this issue). But neither the special status of public employees nor the government's power ultimately to determine employment conditions has been substantially altered.

The Anglophone countries have generally moved faster and further to erode the distinctive status of public employment, although important differences remain. In New Zealand, the separate employment statute of public sector workers was abolished in 1987 and in the same period, as in Australia, a reform was started to bring public servants into the industrial relations mainstream. This occurred initially under a Labour government, with the support of trade unions, but subsequently the role of trade unions and collective bargaining was challenged with forms of decentralization and even 'de-collectivization' of employment relations emerging (O'Donnell et al. this issue). In Britain, the difference between public and private sector employment regulation has always been less marked than in many countries and an NPM-inspired process of reform has continued to challenge and reshape the 'model employer' tradition (Bach 2010). Nonetheless, employment security is still higher than in the private sector, and widespread collective bargaining practices coexist with a system of pay review bodies, which comprises neither unilateral regulation nor collective bargaining in a strict sense (Bordogna and Winchester 2001; Bordogna 2007). The proportion of employees covered by pay review bodies has been increasing and this has led to a widening gap with the private sector, in terms of employee coverage by systems of joint regulation (Bach et al. 2009). Overall, the public services have retained a model of joint regulation that is rapidly disappearing in the private sector.

The USA, despite variations connected with its federal structure, is generally characterized by a sovereign employer tradition in which the state through legal regulation has more direct control over public service employment relations. Significant differences still exist between public and private sector employment law, although since the mid-1990s they have been eroded by the spread of various forms of 'at will' employment in numerous states. Attempts to erode the special status of public employees is, therefore, more prevalent at state level and is reinforced by trends such as the spread of more autonomous charter schools. At federal level, the Bush administration was unsuccessful in its attempt to use 'the war on terror' to erode the special employment status of federal employees. Reforms in the USA, with the focus on state level rather than the federal level and implementation on a mainly unilateral rather than joint basis, illustrates how broadly similar trends are developed and implemented in highly varied and distinctive ways.

Collective bargaining and the role of trade unions

There are also signs of some broadly analogous developments in relation to bargaining decentralization and the use of more differentiated pay, including individualized forms of pay determination which have been widely adopted in most of our cases. These tendencies have included countries that were until recently rather immune to these trends. For example, in France, forms of wage bonuses or performance-related pay have been introduced since the 1990s, initially only for senior managers in central government, but more recently extended to a wider cohort, encompassing the entire public service workforce. In Germany, the formerly highly centralized collective bargaining system and strongly uniform national employment conditions, unusual in a federal state, have recently been subject to a partial process of decentralization and differentiation, especially after the 2006 reform of federalism, in effect from January 2009. This has arisen in part because of the diversification of the economic conditions across the *Länder* and the municipalities and subsequent difficulties of maintaining a unified employers' bargaining coalition. However, these are the policy areas in which unintended and perverse effects have often followed NPM-inspired reforms (OECD 2007a,b; Bordogna 2008). This has encouraged the adoption of countermeasures inconsistent with the original NPM programme. They are intended to ensure coherence and coordination of outcomes and extend beyond 'the usual suspects' such as the UK and New Zealand. Provisions adopted by the government in Italy in 2008–2010, for example have reduced the number of national, sector-wide collective agreements from 12 to a maximum of 4 and narrowed the scope and viability of decentralized collective agreements. Unilateral powers for public employers have been introduced (if negotiations fail) and managerial prerogatives in HR matters have been reinforced, although subject to some legal restrictions which constrain their discretion.

Finally, the approach towards the role and rights of trade unions has also been diverse and has been more sensitive to shifts in the political complexion of government than many other dimensions of public service reform. Although the extent to which trade unions have been viewed as social partners has differed between countries, in most cases we are witnessing increased *divergence* from the private sector. In brief, public service trade union influence has maintained its standing, far more effectively than its counterparts in the private sector. There are also indications of similar attempts to broaden the representativeness of trade unions and widen systems of employee voice, such as in France. In the Nordic countries, the process of reform was pursued in partnership with trade unions, irrespective of the party politics of the government in office – and perhaps it could not have been otherwise, given the strength of trade unions in these countries. This is not the case in the core NPM countries where a pendulum movement can be observed. In Britain and the US, reforms started in the 1980s under conservative governments with a confrontational attitude towards trade unions. This approach evolved with a more inclusive partnership orientated approach under the democratic and labour governments of Clinton and Blair–Brown, with some reversals after the return to power of conservative parties. A similar pattern occurred in Australia and New Zealand, with the difference that modest NPM policies were initially adopted under labour governments with the consensus of trade unions, to be subsequently pursued more radically and in a more confrontational manner under conservative governments. In Italy as well, reforms were adopted and implemented in the 1990s with the agreement of trade unions. But a more confrontational pattern emerged in relation to measures in 2008–2009 promoted by the new centre-right government. They partly challenged the traditional trade union prerogatives in the sector, prompting forceful opposition by the largest Italian trade union confederation.

Conclusions

Our review indicates how naive and misleading is the proposition that public service employment relations and HRM practices are globally converging towards an NPM model. The distinction between leaders and laggards does not remedy these conceptual shortcomings. Even the notion of ‘varieties of NPM’, which incorporates contextual variations, is flawed because it still implies a common model underpinning all national public service reform trajectories. Our country studies demonstrate that this is not the case. Although it is evident that all the countries considered in this Special Issue, as well as most OECD countries (OECD 2005), have adopted some reforms associated with NPM – the unbundling of organizational units and contracting out, forms of performance management and performance appraisal, a partial erosion of the special status of public sector employees, a decentralization of wage-setting systems and differentiation of pay and working conditions – we observe different models of reform, rather than path-dependent variants derived from a common NPM template. Putting to one side the specific details of each case, a more holistic perspective indicates that our findings, with some qualifications, support the idea advanced by Pollitt (2007: 20, 24) of two main ‘alternative models’, with possible sub-variants. A group of core NPM enthusiasts can be identified, represented by the Anglophone countries characterized by a majoritarian political system, an individualist pro-market culture and, in two cases (UK, New Zealand), a strongly centralized system of governance. In these countries, NPM-inspired reforms of the administrative system in general, and of employment relations and HRM practices in particular, have in general been more consistently pursued. Subsequent measures have been adopted to remedy some unintended consequences of NPM policies, designed to bolster NPM reforms, rather than signifying a shift to a new model (Christensen and Lægread 2006; Goldfinch and Wallis 2010). Pollitt and Bouckaert (2004) and Pollitt (2007) label this group of countries as the NPM ‘marketizers’, with a rhetoric of ‘anti-state minimization’, a large role for market-type governance mechanisms and the adoption of private sector HRM techniques.

By contrast, the continental European countries embody a strong state tradition, reflected in a larger and more active state role. Public service has a distinctive status and culture with a traditional system of public and administrative law that regulates the citizen–state relationship as well as the relationship between public employees (or some of them) and their employer. In the two largest continental European countries included in our sample, these basic Weberian features are still preserved, reflected in the employment status enjoyed by the *fonctionnaires publics titulaires*, which comprise the overwhelming majority of French public employees, and the smaller, but important, proportion of *Beamten* in Germany. Some NPM-inspired HR practices have been introduced from the 1990s in Germany, especially at sub-federal level. These measures have not substantially altered the traditional, seniority-based career system of employment regulation. NPM style marketization and anti-state rhetoric have been absent. It is the case that post-unification Germany has become an example of a ‘lean state’, but, as Keller (this issue) notes, explicit reference to NPM concepts was rare and instead the preoccupation was in reducing public expenditure, linked to the EU Stability and Growth Pact. This process did not substantially affect the overall regulatory framework of public service employment relations, although the 2006 reform of federalism, in effect since January 2009, could foster greater differentiation of public service employment conditions (see OECD 2008b). In summary, France and Germany are the clearest examples of the neo-Weberian state sketched by Pollitt (2007), where the ‘neo’ elements are influenced by or at least consistent with NPM precepts, but without altering its traditional Weberian features.

The survival of the career-based system and of the sovereign employer approach, despite some modifications, support the broader observation by Pollitt that these countries cannot be conceived as NPM laggards, rather they are seeking to modernize the Weberian tradition, not overturn it in favour of market-orientated public services.

The Nordic countries represent, according to Pollitt's (2007) interpretation, an important variant of the neo-Weberian state. In general terms, Pollitt stresses how these countries adopted their modernization efforts earlier and more rapidly than central European countries, and they were infused with 'a stronger citizen-oriented, participatory flavour' (p. 20). These characteristics are confirmed, especially in respect of Sweden and Denmark, with Norway a more reluctant reformer (Christensen and Lægheid 2009b; Ibsen et al. this issue). The regulation of the employment relationship of the vast majority of Danish and Swedish public employees displays little difference from that of private sector workers; authority on employment and HRM issues has been devolved to individual agencies and local level public employers; collective bargaining has been widely decentralized and wage-setting systems reformed to make them more flexible, individualized and performance oriented. However, these policies, which closely resemble the NPM programme, have been pursued in a consensual manner with trade union participation and have been underpinned by appropriate institutional arrangements and strong coordination mechanisms which have prevented the perverse effects noted earlier (Ibsen et al. this issue; OECD 2007b, 2008b for the Danish case).

Within this framework, Italy is an outlier. For about three decades after the Second World War, it shared with France and Germany a legalistic administrative tradition with a separate system of public service employment regulation. Successive reforms in the 1990s resulted in: the privatization and contractualization of the employment relationship for a substantial proportion of public employees; the shift of jurisdiction from administrative law to the civil code; the decentralization and enlarged scope of collective bargaining; and the loosening of centralized *ex ante* and *ex post* controls over the negotiation process. These reforms have almost certainly moved the Italian case closer to the NPM model than any other Central and Southern European country. But, in contrast to the Nordic countries, these transformations occurred without being accompanied by adequate institutional and organizational safeguards (see OECD 2007b) and without removing the hegemony of the legalistic paradigm (Kickert 2007: 38). The Italian case is, therefore, a cogent example of the unintended and perverse effects of NPM policies (Bordogna 2008). It may be too harsh to characterize it as a failed attempt to implement NPM style employment relations and HRM practices (Bordogna and Neri this issue), but it is probably the least good 'fit' in the neo-Weberian category sketched by Pollitt (2007).

To conclude, our cases not only confirm the major limitations of the convergence thesis but more importantly they raise major doubts about the utility of a 'varieties of NPM' approach, which assumes the prior existence of NPM even when it is absent. Instead, our findings highlight the complexities and resilience of state traditions in reforming public service employment relations. The idea of a global evolution towards the NPM model, modified by the terminology of leaders and laggards, or the emergence of a few variants underpinned by the same core agenda is unconvincing. Our findings testify to the complexities in achieving a sustainable balance between centralization and decentralization, differentiation and coordination, equity and flexibility, autonomy and political control (Christensen and Lægheid 2006: 360–61). The somewhat Tayloristic search for the one best way is illusory. Rather, a continuous process of adjustment occurs subject to ideological influences as well as to interest group pressures and struggle. A process in which elements of the NPM programme may be combined with long-standing

features of public administration as well as other strategies, sometimes intended to remedy the perverse effects of NPM policies, but mediated by country-specific legal, institutional and cultural traditions. This process of layering and institutional change generates alternative models of regulation, not variants, or different stages, of the same model. To interpret all these reform trajectories as signalling convergence towards a post-NPM world is a cognitive shortcut and can be as misleading as the myth of a global convergence towards the NPM model (Goldfinch and Wallis 2010).

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