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Analyzing management trends and their effects

BRIEF NO. 1 – NEW PUBLIC MANAGEMENT

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The early 1980s witnessed the rise of hypercapitalism,¹ a major ideological shift in the West that had implications for governments' role in society, how public services are run and accessed, monetary and fiscal policies, laws, the distribution of wealth and much more. Over time, a new approach began to take hold in the public administration of English-speaking countries—an approach that would come to be known as “New Public Management” (NPM). NPM maintained its popularity into the 1990s and made its mark, one way or another, on every country in the OECD. However, after 50 years of being put to the test, NPM has racked up failure after failure. This brief explains the guiding principles of NPM and outlines how it has impacted workers and public services.

Why NPM?

01 NPM was developed in response to the post-war management model. Advocates for NPM believed that public servants were, at their core, self-serving, and that government had grown bloated, resulting in higher taxes, poor resource allocation and inadequate programs that did not meet the needs of the people. They also viewed government intervention as harmful to the economy.²

Key points

- New Public Management was introduced in the 1980s to change how governments were run. The goal was to make government more effective by relying on more technocracy, competition and quantitative performance indicators.
- New Public Management instead created more bureaucratic red tape and worsened working conditions.
- New Public Management does not improve public services, and, in fact, leads to waste and a decline in democracy.

1 We are using the terms “hypercapitalism” and “neoliberalism” interchangeably. The neoliberal (or hypercapitalist) movement that began in the 1980s was a departure from the post-war economic order (1945–1975), a period when workers had gained a number of rights, capitalism faced stronger government regulations and wealth was more evenly distributed.

2 François Desrochers, *La nouvelle gestion publique : une manifestation des transformations néolibérales du pouvoir*. Dissertation. Université du Québec à Montréal, February 2016.

- 02 To resolve all these issues, NPM proposed the three Es: effectiveness, efficiency and economy. NPM advocates posited that if the public administration prioritized the three Es, it would provide better services to its citizens, or, as NPM reframed them, its customers. The proposed reforms spared no part of the public sector, impacting everyone from senior officials to public-facing government employees.

What did NPM change?

- 03 New Public Management introduced private business management mechanisms into public administration. Its advocates believed that these mechanisms performed better than existing government mechanisms and, as a result, that the government should be run like a private business. NPM effectively blurred the lines between the public and private sector, the premise being that “generic management” practices can be applied to any organization.
- 04 NPM-informed government reforms were based on (1) techn-

TECHNOCRATIZATION

NPM requires bypassing the classic approach to public administration by detaching administrative units from the public system to turn them into independent entities, such as agencies. By taking these organizations out of the typical boundaries of public administration, they are ideally more flexible, independent and responsible.

This so-called depoliticization also typically leads to the public sector placing its trust in technocracy. Technocracy entrusts management to technicians and professionals who are removed from the political sphere of influence, under the assumption that specialization equals higher effectiveness. This is why Quebec Minister of Health Christian Dubé has decided to hand off management of the health and social services system to a new health care agency run by a “top gun” from the private sector.¹

1 Fanny Lévesque, “Une top gun du privé en santé chez Santé Québec,” *La Presse*, April 29, 2024.

ocratization, (2) market mechanisms and (3) results-based management.

- 05 In summary, while traditional public administration relied on “a corps of public servants whose integrity is ensured by the legal guarantees that come with their status: stability, permanence, loyalty, neutrality, duties, responsibilities, political rights, merit-based promotions, pay scales, unions,”³ NPM embraces “risk taking, flexibility, customer service, agility”^{*} and individual accountability.⁴ In short, under NPM, we are moving from a more traditional Weberian public administration model to a neoliberal approach to public administration.

What are the repercussions for workers?

- 06 NPM-inspired reforms generate cognitive dissonance within public agencies, as the public sector offers services designed

3 The symbol * denotes a translated quotation.

4 Daniel Mockle, “La gouvernance publique et le droit,” *Les Cahiers de droit*, vol. 47, no. 1, p. 100, cited by François Desrochers, p. 24. Nelson Michaud, “La réforme de l’administration publique, un héritage incontournable du thatchérisme,” *Le Soleil*, April 13, 2013.

MARKET MECHANISMS

According to supporters of NPM, market competition guarantees better performance because in their eyes, it forces public and private actors to become more effective and efficient. Under this framework, governments that are well versed in NPM opt to privatize or subcontract out services, and, when the private sector has no interest in taking on these services, they turn to other formats, like public-private partnerships in which the government maintains ownership, but hands over management to private enterprises for a hefty sum.¹

Another avenue for incorporating market mechanisms into the public sector is to create “internal markets.” Activity-based funding is a clear example of this approach in the health care system. Developed in the US in the 1980s, this method allocates funds to institutions based on the volume of work they produce rather than annually adjusted budgets. Government officials believe that this will make hospitals more effective and that, by competing with other public organizations for government funding, a hospital will pick up the pace in order to take on more patients.²

1 Guillaume Hébert and Minh Nguyen, *Should the Quebec government buy back the CHUM and MUHC P3s?*, socio-economic brief, Institut de recherche et d’informations socioéconomiques (IRIS), October 2014.

2 Guillaume Hébert, *Le financement à l’activité peut-il résoudre les problèmes du système de santé?*, socio-economic brief, IRIS, June 2012.

RESULTS-BASED MANAGEMENT

The last principle of NPM is about measuring an organization’s performance by finding ways to quantify its activities. NPM aims to maximize the cost-benefit ratio of public services, and to do so, results need to be measurable. Consequently, numerous accountability mechanisms must be implemented in order to quantitatively assess government activities.

Performance indicators (e.g., graduation rates for an educational institution) are used to measure the effectiveness of public services and public service managers, instead of assessing their ability to meet the public’s democratically determined needs. Administrations seek to collect enough data over time that they can produce “trend charts,” which, just like in manufacturing, enable interventions at specific levels of the public service supply chain.

outside of market pressures to meet the public’s needs and democratic demands. NPM’s objectives are essentially budgetary, which means they run counter to physicians’ health-related objectives, teachers’ educational objectives, social workers’ psychosocial objectives, and so on. When public servants have to operate within a management system that is trying to replicate business management practices—practices designed to make a profit—they find themselves unmoored from their purpose.

- 07 Of course, not everyone experienced neoliberal reforms the same way. For senior officials and other government bureaucrats, these reforms could be beneficial. Technocratization, as described above, could give senior civil servants more autonomy in their work. Not to mention that the blurring of public and private sectors meant senior managers could more easily hop back and forth between public and private agencies. This new class of managers has been called by some “the public-private managerial nobility.”⁵

5 Julie Gervais et al., “Une nouvelle noblesse dans la haute administration,” *Le Monde*, February 6, 2023.

BUREAUCRATIC RED TAPE

Increased accountability is required in order to define performance indicators. The bureaucratic red tape that increased accountability generates may be experienced as what philosopher Angélique del Rey describes as a “tyranny of evaluation,”* stifling rather than supporting employees, and overly standardizing complex social situations that don’t lend themselves well to quantification.¹ Increased accountability quickly turns into increased workloads—and more intense work—which leads to employees feeling overworked. The irony of this obsession with accountability is even more striking when you consider that neoliberal reforms are never seriously evaluated or questioned despite the major impacts they’ve had on public services.²

1 Angélique del Rey, *La tyrannie de l'évaluation*, Paris: La Découverte, 2013, 149 p.

2 Benoit Rose, “Recherche – L'évaluation des universités, une ‘farce’?”, *Le Devoir*, February 1, 2014. Antoine Robitaille, “Le refus de ‘l’humilité’” *Le Devoir*, April 26, 2016.

WORK-RELATED MENTAL HEALTH ISSUES

While managers are more than happy to view faster services as increased productivity—and even profitability—they could actually lead to ethical erosion in the public sector.¹ Slower services might be essential when human connection is a part of the work. If workers are unable to perform their work to their satisfaction and if they feel their skills are being misused and going unrecognized, they could end up feeling discouraged and lose confidence in their abilities and their institution. Ultimately, the intense psychological pressure that NPM exerts on workers could lead to feelings of [“suffering, exacerbated depression, a pervasive feeling of harassment, hyperactivity, professional burnout and suicides in the workplace[, all of which] signal profound unhappiness.”*²

1 Joan C. Tronto, “An Ethic of Care,” *Generations: Journal of the American Society on Aging*, vol. 22, no. 3, 1998.

2 Vincent De Gaulejac, “La NGP : Nouvelle gestion paradoxante,” *Nouvelles pratiques sociales*, vol. 22, no. 2, spring 2010.

ISOLATION AT WORK

A higher reliance on performance indicators also results in a more competitive environment at NPM-run organizations. Instead of encouraging teams to work together toward a mission that benefits the public, individuals and their actions are put under a microscope in order to improve upon their performance, as quantified by indicators that, furthermore, only marginally serve the public’s interests and keep employees from feeling accomplished in their work as a result.

Researcher Damien Richard has found that NPM has eroded away unity-building discussions in the workplace, which has resulted in workers feeling isolated and checking out mentally. A union representative in France made this exact point after a neurosurgeon’s suicide led to a crisis in a hospital in Grenoble: “Staff members aren’t sharing anything because there is no longer any time or space for teams to have the casual conversations that cement relationships and solve problems.”*¹

1 Benoît Pavan, “Au CHU de Grenoble, les travers d’un système hospitalier déshumanisé,” *Le Monde*, January 10, 2018.

- 08 For middle managers further down the ladder, the outlook is less sunny. They face a dilemma: either force workers under their supervision to adapt the services they provide to meet the organization’s new performance requirements, or reject neoliberal thinking altogether and leave the public service. Studies have shown how the loyalties of public sector managers switched under NPM: although managers had previously seen themselves as a support person for their teams on the ground, they were forced to become cogs in the machine, ensuring that government-imposed budgets were followed.⁶
- 09 But public-facing service providers have been hit the hardest by NPM, experiencing a radical rise in accountability requirements, worker isolation and work-related mental health issues.

How is the public impacted?

- 10 Despite what proponents of NPM claim, transforming government services did not result in better services for the public. In fact, under NPM, we tend to see decreased effectiveness in public services—namely, an inability to provide services to the public. Moreover, NPM reforms result in a decline in democracy that has real consequences for services: when the public isn’t consulted, services aren’t properly aligned with its needs.

DECREASED EFFECTIVENESS

NPM is unsuccessful at improving effectiveness (the ability to achieve results) and efficiency (the ability to achieve results with fewer resources) because it eats away at the cornerstones of public action (mission precedence, universality, public expertise, etc.), resulting in public agencies that are unable to adequately serve the interests of the collective.

Reliance on market mechanisms like subcontracting and public-private partnerships has increased costs for the public and done away with public servant expertise in sectors like construction and computing.¹ Similarly, subcontracting in health care has opened the door for abusive practices by recruitment agencies and private clinics that now rake in serious profits without relieving pressure on the public network.²

That’s why, as François-Xavier Merrien said of NPM, “if we add up the organizational costs, study costs, time it takes to adapt and uncertainties about fully measuring its impacts, the supposed savings are mere illusion.”*³

It should also be noted that public services support individuals (and businesses) in times of crisis, i.e., when services are most crucial. When public servants are prevented from fulfilling their role out of a purported concern for short-term gains in efficiency, the collective’s capacity for action is put in jeopardy, especially during a crisis.

1 Guillaume Hébert and Simon Tremblay-Pepin, *La sous-traitance dans le secteur public : coûts et conséquences*, study, IRIS, June 2013.

2 Anne Plourde, *Les agences de placement comme vecteurs centraux de privatisation des services de soutien à domicile*, socio-economic brief, IRIS, January 2022.

3 François-Xavier Merrien, “La nouvelle gestion publique: un concept mythique,” *Lien social et politiques*, no. 41, spring 1999.

6 François Bolduc, *Impacts de la réforme du réseau québécois de la santé et des services sociaux (2003) sur la représentation qu’ont les gestionnaires de leur travail*, thesis, Université de Montréal, 2013.

DEMOCRATIC BACKSLIDING

Under NPM, citizens stop being service users and instead become customers. As a result, government organizations tend to get rid of forums for democratic participation (e.g., school boards) and replace them with satisfaction surveys, like the ones used in private companies. However, when citizens are robbed of their power in public institutions, they are deprived of their rights, and this invariably results in government interventions that no longer serve the collective interest. This is not surprising when you remember that the NPM reforms were largely motivated by demands from the corporate world.

Given the dismantling and removal of democratic bodies under NPM, individuals—not the collective—become responsible for activism efforts surrounding resource allocation and services. Their efforts are all the weaker for it. Public services are also the “wealth of those who have none,”* to borrow a phrase attributed to Jean Jaurès, which means that dismantled and declining services just exacerbate the inequalities that members of the public experience.

NPM: The takeaway

Since the 1980s, New Public Management has transformed how governments are run. Its implementation in government has nothing to do with innovations in the field of management and everything to do with responding to the demands of business elites who wanted to halt the progress made by the welfare state and wealth redistribution policies.⁷ Unsurprisingly, the introduction of technocracy in public services, market mechanisms for service provision and results-based management in no way delivered on NPM's promises of better services. Instead, these changes reduced the government's ability to take social and democratic action.

“New” Public Management has nothing “new” to contribute to the public services it has damaged and must be abandoned. Only a democratic government that works directly with its citizens and workers to make decisions that align with the public's needs will truly be able to serve the collective interest.⁸

7 Gérard Duménil and Dominique Lévy, “Néolibéralisme: dépassement ou renouvellement d'un ordre social?”, *Actuel Marx*, vol. 2, no. 40, 2006.

8 Myriam Lavoie-Moore, “La coproduction des services de santé : pour qu'efficacité rime avec qualité,” socioeconomic brief, IRIS, April 2023.