

THE CONTEXT FOR CHANGE

Since the mid-1970s, governments have been increasingly concerned with adapting and developing the structures and values for the public service in order to achieve greater efficiency, and more responsive and flexible services. The origins of this movement lay in a combination of economic crisis and geo-political changes which led to reduced financial resources for governments. More recently though, it has also been pulled by a sense of new possibilities: the development of a new set of managerial strategies which promise better results from fewer resources. The successes of the first two decades of public service re-organisation have shown that, even in the absence of the pressures which first inspired them, these new approaches pay off by both reducing costs and improving service delivery. Today, public service reform is not so much an issue of political ideology as one of good governance and managerial expediency.

PRESSURES FOR CHANGE

The dismantling of large, centralised bureaucracies and the end of the 'command and control' system of public service management was based on principles borrowed from similar restructuring programmes in the private sector. The perceived need to downsize, privatise and rationalise public functions came from a number of pressures which include, but are not limited to, the following:

- globalisation and intensified international competition;
- increasing deficit and accumulated debt burdens; and
- changing public perceptions regarding the role and performance of public institutions and the services they deliver.

Globalisation

The growing interdependence among nations is well documented. Economic, social, environmental, labour and human rights issues have to be dealt with increasingly at an international level. International agreements bind national governments in various ways. Globalisation has thereby reduced the ability of individual governments to act alone. National interests have to be advanced through negotiation with other states, both bilaterally and through a complex network of transnational institutions.

Globalisation has meant that governments must constantly attempt to reconcile global imperatives with local needs, preserving the integrity, variety and uniqueness of national institutions in the face of the global forces of harmonisation. They have a key role to play in safeguarding the public good in the rush towards globalisation.

Intensified international competition is a key economic consequence of globalisation. This competition is not confined to the private sector as governments become more involved, highlighting the mutual dependence of the public and private sectors. Thus, government policy and service delivery have to take account of possible impacts of international competitiveness to an increasing degree. This can sometimes create tensions with environmental and social policy objectives, further adding to the complexities of governance and placing new demands on the policy co-ordination process.

National debt and economic pressures

During the previous two decades, the main impetus for changes in the role and responsibilities of government has come from economic pressures. The balance of payments deficits faced by many Commonwealth countries has eroded exchange rates and government purchasing power. Terms of trade have meant that developing countries could not cover their needs for imports of manufactured products. As many of the imports were needed by government itself, this was a crisis of national capacity as much as a restriction on consumers.

Increasing recourse to borrowing as a source of revenue for government led to levels of external and internal debt which were greater than total GDP. Noting this alarming trend somewhat belatedly, the lending institutions withdrew credit facilities during the 1980s. Subsequently, multilateral and bilateral agencies became more unwilling to provide funds for general budget purposes, thus sources of borrowing dried up dramatically. The resultant 'Third World debt crisis' of the early 1980s ensured that private sector bankers have been reluctant to provide further sovereign loans.

Debt reduces the government's fiscal capacity to sustain existing public service programmes and develop new ones. As a result, governments face difficult choices in allocating resources among different and often competing objectives. More than any other single factor, it has forced governments to identify and focus on their core responsibilities and to find ways of delivering services that consume less public money.

Changing public perceptions

The need for reductions in expenditure coupled with the persistently poor performance of public services was eroding confidence in the abilities of the government and the state-owned enterprises to provide the necessary goods and services for citizens. Government services have acquired a reputation world-wide, with a few notable exceptions, for poor products and attitudes.

At the same time, the public is demanding more transparency, accountability and integrity from government and calling for greater inclusion in political and bureaucratic decision-making. There is a perception that government should be run like a business with a focus on efficiency. While this may indicate a lack of public appreciation of the role of government and the importance of fairness, consistency and adherence to democratic principles, it may also reflect a failure on the part of government to demonstrate clearly how it adds to social and economic value and what results it has achieved. This has left the public service vulnerable to criticism and has added to its negative image.

Part of the difficulty is that public demands on government appear inconsistent. Demands for cost reductions cannot easily be reconciled with inclusiveness in decision-making and adherence to public values, such as fairness, consistency and the prudent use of public money. Further, because of their nature and complexity, many of the issues faced by government cannot be addressed in the manner of a private sector business.

INCENTIVES FOR CHANGE

Although rethinking the strategies of public service delivery was initially a response to the pressures described above, in recent years restructuring has been seen as an essential component of sound governance. Some of the incentives for reform include:

- rapid developments in information technology that have created many opportunities related to service delivery;
- the proven success of new and more effective management techniques borrowed from the private sector;
- the maximising of both financial and human resources; and
- an improved public perception of the services provided, and government itself.

Information Technology

The continuing pace of development in information technology and communication systems and applications has provided significant opportunities regarding the nature of work, both inside and outside the public service.

Information technology (combined with higher levels of education) has helped create a better-informed public in many countries which is pressing for greater direct involvement in the affairs of the state. Such involvement is greatly facilitated by new means of electronic access to government information, via the Internet for example. Ultimately, public service delivery can only improve as a result of this more direct interaction with its clients.

In addition to supporting policy development, information technology can enhance government efficiency and productivity, helping to integrate and speed up public service operations in any sector from the postal service to tax collection. The uninhibited exchange information across the country allows for a more effective devolvement of power and decentralisation of administration.

The freer flow of information also facilitates open government, supporting public values, such as transparency, probity, accountability, fairness and consistency.

Managerialism

The first two decades of experimentation with the downsizing, commercialisation, privatisation and the general re-ordering of the public service to behave more like a private enterprise has shown that, although initially inspired by financial constraints, these practices, when properly monitored, are not only cheaper but more effective.

The clear benefits of public service restructuring have also meant that the introduction of management principles from the private sector has ceased to be part of the ideological debate on the role of government in society. The close association between managerialism and 'new right' politics of the 1980s is now dissolving. Managerialism can now be seen as a way of improving public services, regardless of where governments are located on the political spectrum.

Finding alternative methods of delivering public service is no longer, then, a question of political philosophy. Now that the mould of unitary bureaucracy has been broken, it is possible to see the adoption by governments of strategies such as privatisation or the contracting out of services to private companies or non-governmental organisations (NGOs) in a different light. Such measures are now part of choosing the most efficient mechanisms for managing public service. Far

from abdicating responsibility, a government which undertakes such measures is presiding over the prudent delegation of public service to those who can handle it more efficiently; and thus, ultimately, is better serving the public good.

Making the most of resources

Public service reform, as a result of having financial pressures as its starting point, has moved on to come to be about maximising the potential of the limited resources available.

Aside from such mechanisms as user-charging or privatisation which transfer the burden of service costs away from government, a variety of alternative strategies have been found for improving efficiency within those services still directly financed from the state coffers. Competitive tendering and market-testing ensure that public services use their budgets to the greatest effect, better guaranteeing value for money than the old bureaucratic systems.

Restructuring also concerns more effective management of human resources. Thus a move towards results-focused and values-based management tailored to the culture and circumstance of each country helps to increase motivation and efficiency amongst public servants. The effect of such new approaches on the delivery of services is especially valuable when dealing with personnel in direct contact with the public.

Improving public interface

This is one of the most formidable aspects of public service reform, since client response to changes in service delivery are somewhat paradoxical. As services become more efficient and citizens are invited to become active customers rather than passive recipients of government services, they tend to become more critical. Public services that perform poorly encourage public indifference and thus continued poor performance is tolerated. A reforming public sector finds itself under increasing pressure as it gets more efficient.

To operate effectively, though, governments need this pressure. Pressure creates an incentive for better performance, and thus it is in the interests of governments to put in place the mechanisms through which this pressure might be applied, not just at election time but consistently. Governments which can be perceived as working for their people will be more successful, even if public criticism increases, than those whose inertia generates public indifference.