New Public Management: The Evidence-Based Worst Practice?

Juha Siltala

Abstract
New public management (NPM) has fitted public services into quasimarket models and introduced punishments and rewards to produce better services with lesser staff. Instead of having freed energies and creativity of the employees formerly shackled by their bureaucratic turfs, NPM reforms have bound energies into theatrical audit performances at the cost of work and killed creativity in centralizing resources and hollowing out the professional autonomy. Neglecting basic work has affected the sense of self-efficacy of the employees, thus thwarting the main reward of public calling. It cannot be compensated by money (and more money is not available). Fundamental deprivation of the legitimacy of public employees and the inability of the result and quality measurements to cover the contents of their work have traumatized many most-committed employees and driven others toward a Soviet-type double standard. Mutual trust is undermined and Western societies are sliding toward the failed states of Third World in lacking predictability. This tendency may be stopped and win–win situation between public employers, employees, and clients created, if employees could concentrate on the contents of their work (producing happiness) instead of changing organizations and defending themselves by numbers (producing malignant stress).

Keywords
new public management, work motivation, effort–reward balance, control motivation

1University of Helsinki, Helsinki, Finland

Corresponding Author:
Juha Siltala, University of Helsinki, P.O. Box 26, Helsinki, Finland, FIN-00014.
Email: juha.siltala@helsinki.fi
New Public Management (NPM) has meant the transfer of market principles and business-management techniques from the private into the public sector. According to a neoliberal understanding of society and the economics, the NPM tries to slim the state and the municipalities and introduce market discipline into their remaining functions. It shares with the neoclassical textbook economy the basic assumption that people are profit maximizers and that everything can be quantified (Arellano-Gault, 2010; Dreschler, 2005; Hood, 1991). The comparative results from 20 years of NPM implementation everywhere oblige the researchers to reconsider the question of incentives and disincentives at work. If NPM is promoted as a sample of evidence-based best practices, its basic theories should also be falsifiable on the basis of empirical evidence.

**Disciplining the “Rent-Seekers”?**

According to neoliberal reformers, collective actions and provisions shelter citizens from the consequences of their own choices. The neoliberals’ quest has been nothing less than changing “the entire culture of the nation” from “government-dependent lassitude and defeatism, into a . . . robustly independent vigour and optimism,” according to Nigel Lawson, Margaret Thatcher’s economic advisor (Marquand, 2004, pp. 104-105). Loic Wacquant (2009) speaks of “a transnational project to remake the nexus of market, state and citizenship from above” (p. 309). “Where competition and entrepreneurship rule, there productivity is also increased,” says the chief of the Finnish Trade and Industry Ministry in rejecting proposals for an increase in the staff for the social and health care sector (Hulkko, 2007). He expresses the prevailing belief among the most influential technocrats of Finland. The explicit aim of the NPM reforms has been to “kill the beast” of the swollen public sector (as once defined by the Cato Institute, a libertarian think tank), living parasitically at the cost of “productive” export industries, and to render impossible the alleged “rent seeking” by public servants protected by natural service monopolies that the private companies have not been able to provide profitably.

According to market fundamentalists, public employees are trying to force the price paid for their labor above its market value under the guise of caring, compassion, and consensus. The interest politics of public employees is protected by the legal system of checks and balances that renders their efficient management impossible (Niskanen, 1971). “If possible, privatization must expose them to the sticks and carrots of market competition. If not, they must be kept on their toes by repeated audits, assessments and appraisals” (Marquand, 2004, pp. 3, 72, 98, 110-111, 118). The “privileges” of public employees have
to be brought into line with those working in the private sector to reduce waste and activate servants by hiring temps and paying them individually and at performance-related rates (Pollitt & Bouckaert, 2000, pp. 69-77, 99-115; Shergold, 1997, p. 33).

The motive to punish people for their wasteful life has often been openly expressed by U.S. neoconservatives (Lakoff, 2002). Economic and political elites in Europe, too, may have been motivated under NPM since the 1980s to channel social envy of citizens against a “privileged” group of employees, away from the winners of the redistribution of wealth going on during the economic restructuration. Retrenchment of public services because of tax competition has aroused opposition everywhere (Harrinvirta, 2000; compare Pollitt & Bouckaert, 2000). I have compared the scapegoating maneuver of the political and economic elites with the Chinese Cultural Revolution of 1966 to 1971, as Mao Zedong established his dictatorship by mobilizing the Red Guards against bureaucrats, teachers, and artists to destroy the remaining independence of institutions, which in his opinion had prevented total mobilization of resources for his ambitions. Thus, citizen participation is promoted by the NPM reformers not so much for the sake of democratic governance but to keep up continuous pressure to do more with less.

The politicians have tried to distance themselves from the ailing services by blaming public employees for expenditure and legitimacy problems. Decentralizing devices such as frame budgeting (Sweden and Finland) or delegation to provincial or regional tiers of government (Canada and United States) have delegated the responsibility for prioritizations and funding cuts from elected politicians onto local administration or “accountable” professionals. More and more sophisticated performance indicators and targets have centralized the remaining money while decentralizing responsibility (Pollitt & Bouckaert, 2000; Wright, 1997). Governments have to simulate progress by administrative upheavals instead of improving services, with “more ‘hype’ about administrative change, in more countries, more-or-less simultaneously, than ever before” (Pollitt & Bouckaert, 2000, p. 24). “Reforms and productivity have become obsessions, and the employees’ productive time is used to plan further increases of efficiency,” says a public-sector employee in Finland ironically (Matero, 2010).

**Taylorist Efficiency**

Taylorism should have disappeared from the process industry along with Fordist mass production when flexible lean production with self-ruling quality teams replaced it, especially when a “knowledge society” dominated by a
Bohemian “creative class” became pervasive (Bradley, Erickson, Stephenson, & Williams, 2004; Julkunen, 2008). Quite the opposite has taken place. The chronic overcapacity crisis in the world economy since 1974 with shrinking profits has been handled by either making the workforce cheaper or reducing it (Brenner, 2006). Wal-Mart with its mass-scale retailing serves as a benchmark of productivity of the service industries. This chain of supermarkets was able to overcome “Baumol’s disease,” which apparently haunts all personal services: the problem that their productivity—unlike the productivity of other industries—cannot be improved by automation. Wal-Mart has falsified this traditional view not only by its economy of scale but also by Taylorization of services and deprivileging of employees (Lichtenstein, 2005). First and foremost, standardization, division of work, the separation of monitoring from making, and de-skilling have triumphed in the fields formerly ruled by middle-class professional cultures at the universities, in hospitals, and in schools (Julkunen, 2008; Standing, 2009).

For a Taylorist, McDonalds is an intelligent organization, because it can provide quality-assured standard products everywhere using unskilled labor, whereas a university is not, because it cannot predict results, and its methods have not been homogenized. Organizational intelligence precludes the individual intelligence of its employees. This is the reason to undermine the institutional and professional autonomy of doctors, lawyers, professors, and social workers. Their knowledge and organizational memory are replaced by one-best-wayism as defined by the experts of the ministry of finance. Professionals are treated as clerks, repeating the same tricks without any consideration of context, meaning, or questions of justice inherent in the cases dealt with. Achieving neutralized results objectified in numbers in a quasimarket situation eliminates politics from administration (Heiskala & Kantola, 2010; compare Arellano-Gault, 2010; Giroux, 2010).

Empowering Strategists, Disempowering the Foot Soldiers

John C. Clarke and Janet Newman used the metaphor of travel to catch all the ruptures in administrative practices from producer centeredness into user centeredness, from monopolies into a market direction, from compulsion into free choice, from uniformity into plurality, and from a dependency culture into promotion of independence (Clarke & Newman, 1997). Although neoclassical economics is self-referential in explaining its dysfunctions as imperfect implementation of natural truths, the NPM ideology is also impenetrable to empirical evidence as to its counterproductive effects on public services. An
“up to date” argument renders any objection powerless (Palvelevampaan hallintoon, 1990).

Administrative fashion as a form of consumption serves a person’s status distinction more than his or her practical needs. High-level managers claim to possess universally valid knowledge about organizational cooperation, even if their evidence-based best methods were “hit and miss.” Although their foundations of task-oriented, rational authority are shaky at best, positional authority has to be boosted with management myths eagerly sold by consulting companies. The unconscious goal of most courses in management—with its shifting fashions and slogans—is in the first place to boost managerial identity (Eräsaari, 2006; Pattison, 1997). From the myth perspective, public managers imitate private-sector rituals to raise their own creditability (Sahlin-Andersson, 2001). They speak economic and organizational jargon to emphasize their competence. Within their closed reference group, some signal phrases such as “project management,” “flat hierarchies,” “customer orientation,” “abolition of career civil service,” and “contracting out” are considered progress, and their presenters win the social confirmation of their peers.

While enhancing the quasimarket image of themselves and their sector, the upper echelons can ignore the delivery of predictable services for citizens. According to reformers, a permanent organization with secure careers should be replaced by a “temporary state,” consisting of projects and teams to address the most salient issues in a rapidly changing world. To spread market pressure on public services, hierarchical relationships have been packaged into quasi contracts, where the former “subordinate,” now as an “agent,” agrees to supply the boss, now called a “principal,” with a defined set of outputs within a fixed period at a predetermined cost. Performance indicators such as hospital waiting lists, school-exam results, and crime-clear-up rates have been adopted as criteria for resource allocation and individual rewards (Pollitt & Bouckaert, 2000).

Short-term pilot projects, often European Union (EU) funded, have replaced long-term services in Finland most strikingly in public child psychiatry. These projects produce plans, which without a resourced staff can neither care for nor cure anyone (Rantala & Sulkunen, 2006). Consequently, the problems dealt with 3-year EU projects or the Finnish gambling-monopoly funding are defined as provisory. But, when remedies remain superficial and accidental, the problems of child protection, mental health, or long-term unemployment grow more complicated and chronic (Möttönen & Niemelä, 2005).

Overlapping target areas may produce competition but also waste. Leaders do not prioritize goals but fuel feelings of insufficiency among their middle management and employees.
More Rigid Services by More Flexible Employees

As to the highest tiers of state administration, NPM seems to support an omnipotent fantasy in which contradictions do not exclude each other. The reforms are expected to produce cheaper, more efficient government, with user-responsive services and more effective programs, to enhance political control and free managers to manage by disregarding bureaucratic constraints and making government more transparent. The staff must save money and improve quality at the same time (Grönroos, 1987; Hood, 1991).

In practice, instead of simplifying the paperwork, the services have been bureaucratized more and more. The audit explosion resulting from indirect supervision by the state has been a compromise between avoidance of political responsibility and tightening of control (Clarke & Newman, 1997; Power, 1997). Every reform introduces new tools of evaluation.

The promise of client-centered services has been thwarted by ongoing budget cuts that try to minimize contact between service providers and clients. Organizational reforms produce constant change instead of stabilizing the structures of everyday life in the midst of market risks. When a local authority’s domestic-care service for the elderly and disabled is reshaped along quasi-market lines, with a split between the purchaser and the provider of the service, and the contract drawn up for the services comprises 700 pages, but the actual service provided changes very little, one can suspect change for the sake of change: Flexibility cannot be the reason for this reform (Pollitt & Bouckaert, 2000). In Norway, after the introduction of a provider–purchaser model, the home care of seniors has become inflexible: The preordained contract cannot be easily changed based on the situation of the “end users” (Vabø, 2005).

Inegalitarian effects of back-of-office automatization produce savings by weakening accessibility of service. Measurable cost efficiency is produced in the Finnish Social Services by self-service by means of standardized forms and problems. Hänninen, Karjalainen, and Lehtelä (2007) suggests that failure in communication does not prevent the system from producing the desired results: Those needing help should compete to get help or at least for opportunity to meet with a social worker face to face; if they fail, they do not deserve the scarce resources of society. The social problem of exclusion will be redefined as an issue of natural selection: When everyone has gotten his or her equal chance, society has fulfilled its responsibilities. More and more potential clients will end up in containers where losers are no longer resourced like normal citizens but stored with only the minimum needed for physical existence (Hänninen et al., 2007). This mechanism of privatizing problems instead of providing universal social rights for everyone, as was the Scandinavian ideal.
between 1960 and 1990, corresponds nicely to the labor market’s selection of the fittest.

Optimizing the input-output ratio favors efficiency as a goal in itself instead of effectiveness (getting things accomplished; Stone, 2002). When productivity is measured by numerical units produced by a given input of hours or money, this fails to capture the products of health and social care. The cult of efficiency now prevailing in public management ignores the clients’ subjective experiences. Efficiency as the highest value is devoid of any substance. A factory producing only one leg shoes may be productive. But patients are unique, not standardized mass products, their costs cannot be identical. In the public sector, the greatest part of the cost consists of salaries and redistribution of incomes. Consequently, increasing productivity means more patients, students, or clients handled per case or day by fewer staff (Silvennoinen-Nuora, 2006; Tuomi, 2010).

In Finland, municipal medical doctors have faced budget cuts, decentralization of health services, and the introduction of purchaser–provider models since 1993 as a personal challenge to their ethics, whereas administrators and politicians have been able to avoid hard choices and maintain the illusion that all will be cared for in the best way with scarcer resources. Many solved this problem by increasing their working hours. A national guarantee to be served in due time increased the pressure by patients’ threats and litigations (Nyström, 2010). According to Yläiska (2010), evidence gathered during 20 years of NPM reforms in Finnish public services reveal a hidden agenda: Simultaneous centralization of resource allocation into the ministry of finance and decentralization of implementation in municipalities and municipal cooperation networks tends to remove money beyond local democratic control to the benefit of the business competitiveness of the country. So, the high ideal of subsidiarity in a municipal system that exists only to deliver basic services funded by the state has since 1991 come to mean both the right and obligation to cut organizations by means of performance-based funding; the amount of funding no longer mechanically parallels the legal tasks of a municipality (Yläiska, 2010). The same logic has emerged through the pseudoprivatization of state-funded universities in Finland and the demolition of tenure: “Independent” institutions should streamline and focus themselves. According to the ministry of education, complaints only spoil the public image of these new “enterprises” (“Henkilöstö ja opetusministeriö,” 2010; compare Wiberg, 2010).

Silo Thinking and Suboptimal Game Strategies

Pollitt and Bouckaert (2000) consider as self-defeating the combination of attempts at motivating staff and promoting cultural change with the simultaneous
tendency to weaken tenure and downsize. Repeated downsizings destroy confidence and commitment and any public-service ethic among employees leading to a “hollowed out” and ultimately less-competent form of government.

Payment by personal appraisal of individual results promotes silo thinking: storing up particular numbers—completed consultant episodes, for instance—at the cost of the goal. Doctors can handle only easy patients and let the others struggle with the complicated cases (Three mental health nurses to the chairmen of Tehy, JHL, and Super trade unions, November 27, 2007; Julkunen, 2006). At worst, NPM reforms have promoted biased competition in which the results of one organization are achieved at the cost of the others. Service providers and purchasers try to shift the cost onto each other, gather resources, and confine the services, which does not benefit the patient/client but reduces the quality of services. When the organizational silos in the health care “market” try to transfer cost to each other or defend themselves against others’ transfer attempts, the administrative transaction cost amount to 29% to 31% of the total health care costs according to three recent evaluations in the United States. But the same problems appear even in Europe, where more- or less-concentrated producers, buyers, and insurers, their cartels, and private–public hybrid organizations follow the interests of their respective silos (Krugman, 2007; J. Lehto, 2010; Porter & Teisberg, 2006). Greed for resources to guarantee numerical results in all cases was also one factor leading to the implosion of the Soviet-type planning economy (Eichengreen, 2007).

One has to play according to the new rules to survive from year to year, improvising ad hoc the minimal budget by means of all kinds of provisory projects and competing with other units with statistics, following the suboptimal alternative in the prisoner’s dilemma: opportunistic behavior at the cost of cooperation that would benefit those involved more than individual survival operations. Individuals, when they think that others will follow opportunistic logic anyway, try to avoid being deceived and minimize their commitment. Morality that would limit joint adversarial choice can evolve on the basis of stable interaction enabling people to predict each others’ behavior and trust in their coworkers. Originally, the NPM should have curtailed the individual self-interest of the alleged rent seekers in the public sector; as a matter of fact, it has made the theoretical problem of microeconomics, the opportunistic zero-sum game, become reality in a sector where traditions and habits until now have held the latent Prisoners’ dilemma in abeyance. The invisible hand of the market is weakened by the lack of nonmarket conventions such as trust, honesty, and fairness (Axelrod, 1984; Leibenstein, 1982; Verbeek, 2002).

Fragmentation of the public sector into single-purpose silos producing quantified performances and the negative feedback from Anglo-Saxon
trailblazers of the NPM have caused politicians to fear that they will be held accountable for the devolution of services, even though they have given over their regulatory power to private companies. “Supernetworks,” “circuit-breaker teams,” and “tsars” have been invented just to recreate cohesion (Christensen & Laegreid, 2007; Gregory, 2006; Halligan, 2006; Hood & Lodge, 2006). Partnerships and task squads along with almighty special managers remind us about the war economy of Nazi Germany with its organizational chaos and Darwinian struggle for survival of the fittest among program leaders, now and then resolved by almighty “Sonderbeauftragten” (overdivisional special commissioners; Broszat, 1981).

Tony Blair’s government had to compensate for market pressure by agencies generating reports on quality, and contestability devices for grading hospitals such as the star grading, on which the resourcing of a provider and the fate of individual managers became dependent. Control then triumphed over competition and cooperation: Managers were not willing to share their best practices with peers to whom they would be compared, and extra hours of work were paid for only in private practice outside the National Health Service (NHS). This reform, thus, delivered no more efficiency gains than did its predecessor, despite increased funding. The basic contradiction between the double binds of health care professionals’ motivation remained unresolved (LeGrand, 2002). More recently, long queues for treatment have been shortened by numerical deadlines, pressing the medical staff. External compulsion has overridden earlier attempts to motivate when neither selfish entrepreneurship nor professional ethics have been activated.

The common good is—to be sure—evoked by means of new slogans and moral persuasion by the managers after they had first created a system of incentives that obliges each agency to maximize its own profit and compete for “investments” (Gregory, 2006). Declarations of values often reflect the fact that core values are missing: Written ethical standards proliferate because of the reported corrosion of loyalty and growing mistrust.

**Return of Repressed Rent-Seeking Behavior**

Neoliberal aspirations to expand markets and shrink government have more often than not resulted in more government and more regulation. No convincing evidence shows that NPM reforms would have raised productivity or maximized customer satisfaction (Dreschler, 2005; Manning, 2000/2005; van Mierlo, 1998). Quasimarket reform in Britain did not succeed in introducing market incentives into health care (LeGrand, 1999). Proxy markets consisting of service providers, customers, and end users have consumed more resources
than they have saved. Market behavior cannot be created in a quasi market where a service can often be delivered only by one predetermined provider (Christensen & Laegreid, 2003; “Kilpailuttaminen ei,” 2009; König, 2001; Rajala, Tammi, & Meklin, 2008; Solakivi & Virén, 2006). In Finland, for instance, one fourth of the budget is now paid for “transparent” market rents in the buildings, in which schools and hospitals have been run for decades, instead of better salaries, more staff, and for some resources for the work itself (Eräsaari, 2002).

The most remarkable achievement of the quasimarket reform in the British National Health Service was that from 1990 to 1995 the number of general and senior managers increased by 113% because of contracting and accounting responsibilities (Le Grand, 1999). In one hospital, for example, 2 administrators were replaced by 26 (Jenkins, 1995).

Although necessary services have been hollowed out—from American public schools to Finnish social work—the managerial bureaucracy of strategists, planners, quality controllers, and other specialists of plastic newspeak have grown in a manner that Milton Friedman once called rent seeking, a vested interest group swelling their organizations. They make themselves necessary by producing statements and reports, even if little else happens in the long run (except for more disturbances of the basic work). The self-presentation of organizations has grown more important than the substance of their work; it includes—besides mission statements, strategies, and “values”—quality assurances and rankings in various lists adopted from the commercial quality-control industry. The auditors’ rituals of verification are self-validating and self-perpetuating. The transformation of citizens into customers has also taken away their participatory rights and provided entrepreneurial bureaucrats with power without the same responsibility as was the case in a politicized state (this seems to be the ultimate reason why all the statistics are gathered; Ahonen, 2003; Power, 1997; Samier, 2001). The most absurd example is the U.K. university sector, where huge efforts have gone into public relations, institutional performance indicators, and quality-control procedures, while individual attention to students has actually fallen (Baty & Thompson, 1998).

Loss of Meaning

Once professionals became subject to external audit, they had to adapt their practices to the demands of the audit process, just as managers in the old Soviet Union had to adapt theirs to the demands of Gosplan. Professional ethics presupposes professional autonomy and has lost meaning, whereas the trust relationships between professionals and clients have become endangered.
In universities, schools, hospitals, and social-service departments, crude performance indicators, simplistic league tables, and centrally imposed targets narrow the scope of professional judgment. Employees have to invest more and more in the mechanism of compliance and be more and more preoccupied with the time-consuming preparations for regular audits than with the substance of their activities (Marquand, 2004; Power, 1994; Roos, 2010).

Managerialese as a sort of newspeak (Gherardi & Jacobsson, 2000) has shredded the mutual trust between the leaders and their subordinates. “While every unit complains about the lack of employees to take care of children, patients, and seniors, their staff is obliged to produce administrative nonsense talk,” criticizes the journal of social workers (“Hallintohöpinää,” 2008, p. 2).

Have you already finished the Balanced Score Card? Have you already introduced the Result Prisma? This kind of administrationist babble will swell the more, when services are provided with more accurate quality standards and—of course—forms to fill in and to measure the implementation of those standards. To this belong also the customization of a service plan and other plans for every client and the regular revision of these. Almost everything should be documented for auditors to allow a comparison with corresponding documents elsewhere. Thus, quality is guaranteed. This self-referential bureaucratic universe has just begun its expansion. Had I power and money, I would pay a million euros for the innovation that stops this perpetum mobile. (“Hallintohöpinää,” 2008, p. 2).

The division between up-beat optimism among senior public servants and depressive fatalism among their staff can be compared with bipolar mental disorder in which opposite positions are occupied and acted out by different members of the same group. Managers now define themselves as a dynamic force for change, contrasted with the older form of administration according to rules and allowing semiautonomous turf for specialists. Senior civil servants can now distance themselves from operational problems by decentralization and adopt the higher status role of strategists and institutional redesigners, whereas junior- and middle-level officials find that the reforms mean heightened job insecurity, a need to learn new skills, and a more intense workload. Restructuring organizations, creating strategies, launching quality-improvement initiatives, measuring, evaluating, and auditing the performance of others belong to “metamanagement,” whereas the staff must carry out the plans and achieve the targets set (Pierre, 1998; Pollitt & Bouckaert, 2000, pp. 13-20, 26, 55, 131-132, 141, 182-183; Rouban, 1995; Wright, 1997, pp. 8-10).
The heads of the department report steady progress; everything is under control and remaining issues are being addressed. Managers can easily believe that processes proceed and services improve in pace with the reports and statistics they oblige their staff to produce. A psychologist has to spend half an hour to document a 5-min consultation call into this new electronic system. “An entirely new practice of documentation to be assumed in a tight schedule devours even from the best much more working time than the old one,” complains a mental health nurse.

And no one knows exactly, what and how should be documented in the patients’ documents. It is not clear, whether the structural documentation is considered more important than the “meaningful activity” with them. If these are not contradictory obligations for nurses, this might be an applied relativity theory for them; Albert Einstein has—to be sure—stated that the time is not the same for everyone. (Masa’s letters to the author, September 15, 2010, borrowed with permission)

“Can do” chief executives have replaced cautious mandarins knowing the limitations of administration and the inherent trade-offs of the system. The alienation of leading managers from the concerns of their subordinates is not aided by the fact that they more and more earn a private sector-comparable salary, whereas the pay of the staff is held back by freezing the annual adjustments and making any increases dependent on assumption of extra responsibilities. Without presuming that those selected into the highest position of public services were inherent sadists, one is allowed to notice that the distance of everyday concerns of the subordinates makes their projective dehumanization easier, whereas the feeling of remaking realities in their own image may tempt quite decent people into lack of empathy and enjoyment of power (compare Zimbardo, 2007).

The motivation of public professionals has traditionally depended more on the contents of their work than measurable economic results or organizational brands. A shop steward for mental health nurses points at shaken social reality:

These organizational box games and PowerPoint shows of administrators inevitably keep employees alert, because their experiences of the earlier foundations of their work are devalued before the dawn of the next morning and the new foundations still remain unclear and there is no security—When all others are kept in uncertainty, then those who know can rule without constraints. Maybe this is a modern way to create
an innovative atmosphere at work. (Masa’s letters to the author, January 28, 2008, borrowed with permission)

And a social worker in the child-protection section of a social office comments on the annual report of the social attorney as follows:

In the report one can read how the recommendations of earlier reports are further neglected as the services are “developed.” As I returned from the summer holiday, new organizational reforms were running, again, in most sections. My opinion is that the final countdown of social services is on the way, even if nobody admits it. Lack of money and goals for saving appear again and again on the agenda, and savings are made for instance by cutting the money for hobbies for the inhabitants of the child custody service. I would have begun by cutting off the job of the appraisal manager: with the money saved we could have done more by giving something real to the children than by maintaining a human bubble. (Pirjo’s letter, September 8, 2006, borrowed with permission)

These ironic statements can be regarded as typical: distancing oneself from the obviously absurd game but performing one’s role in it. The minimizing of one’s input in a game in which one cannot win through effort can appear as “Svejkism,” the passive resistance of the well-known soldier from Prague in the World War I: exaggerated compliance to the vision and mission of the imperial army of Austria just underlines the opposite (Fleming & Sewell, 2002). The junk employees of McDonalds demonstrate their integrity by wearing under their uniforms a McShit T-shirt, even if they smile in a disciplined manner for their clients, as if they really believed in their employers’ values. Mental distance might save our private souls but does not prevent us from making our moves as expected from above: trying to achieve small rewards at the cost of other people instead of challenging in unison the very game (Julkunen, 2008), in which we all finally will perish like Roman gladiators, one by one, after a few moments of glory at the cost of our colleagues. In the Finnish state sector, the sense of victimization is fueled by the fact that even the consultants of the finance ministry have publicly stated that the cutting program is a purpose in itself, not a means to serve rational goals. The staff has got the point: they have to disappear by starvation:

If the saving program is continued on this basis, we will face the horror of a cut-down state staff without cutting their tasks and increasing the
“efficiency” of services. In practice, this means that the remaining employees may try to fulfill their obligations without having the slightest prospect of success. (Rissanen, 2008)

In the universities, the submission of creative people to bureaucrats has been characterized by paranoia shift, game playing, dual self-evaluation, questionnaire fatigue, hijacked feedback, cherry picking, tunnel vision, suboptimization, myopia, measure fixation, ossification, grotesque turbulence, intrusion, dramaticurgical performance, conformist behavior, feeding of the beast, intransigence, colonization, rational adaptation, pragmatic skepticism, sinking, and coping (Harvey, 2002; Newton, 2002; Siikala, 2005). All of these words refer to a general loss of personal meaning at work.

The collapse of the meaning of work during the 2000s in Finland reflects the collapse of the psychological contract of give-and-take at work (Alasoini, 2006). NPM has helped to erode the inherent occupational and professional commitment for the public sector without being able to create monetary incentives instead. In Finland, the contradiction between the employees internal commitment to their work and their disengagement from their employers’ goals has grown striking. (As for United Kingdom see Standing, 2009, p. 288.) Employees may report happiness and commitment when describing the content of their work and their accomplishments but complain heavy stress when describing the conditions and space and the changes of their work (A.-M. Lehto, 2009). Among teachers, the number of potential job swappers is a half; teachers are by 90% committed to their calling of teaching children but are pushed away by bureaucracy, big groups, and litigating parents (Siltala, 2007). Loss of control of work is more obvious in the municipal sector, which also leads the sick leave statistics ("Kunta-alan työelämisbarometri 2006," 2007; "Työelämän laatu kunnissa," 2005). Younger employees, especially, emphasize the content and meaning of their work, although ignoring the salary. In Britain, 40% of younger employees (under 35) in the private sector dreamed of more meaningful work in the public sector in 2008 (Standing, 2009). In Finland, youth surveys emphasize the growing importance of a meaningful work, social relationships, and a fair boss for younger entrants of the workforce. For a wide majority, these incentives cannot be compensated by higher salaries (Thuneberg & Tenkamaa, 2010).

In the public services, the intrinsic rewards that the well-accomplished work can confer have until recent times compensated for the moderate pay. At first, social and health care professionals have clung to their own ethos, according to which everyone should be cared for perfectly, then they give up their resistance and adhere to the official pressure for “productivity,”
maximizing numbers, and reducing costs. Social workers are tutored to carry out their tasks “with a light hand” because resources do not allow real care (Hintikka, 2006). If the intrinsic rewards are missing, the pay gap just actualizes as existential anxiety over the waste of one’s life. It is already a well-established finding of social psychology experiments that motivation activated by external factors, such as job insecurity, can crowd out intrinsic motives, such as concern for public service. The new incentives may not be as powerful as the old ones, and individuals may feel reluctantly coerced into activity rather driven by their own goals. When people under external threats have to pursue for goals that they cannot integrate into their autonomy, they grow tense, anxious, vulnerable, and depressive. The sense of being under evaluating observation drives people to bolster their egos by attaining external indicators of self-worth. External rewards cannot contribute to one’s well-being but actually heighten experiences of ill-being. The negative affect caused by pressure—for example, reactive anger after an ego threat evoked by comparison—thwart the satisfaction of autonomy. Intrinsic motivation to expand cognitive and behavioral capacities by seeking out new challenges is suppressed by the need to defend one’s worth in the eyes of the evaluators by restricting awareness of those part of oneself that are negatively regarded by the social world (Deci & Ryan, 1985; Lane, 1991; Niemiec, Ryan, & Brown, 2008). Performance-related pay is generally felt to be unfair and divisive, especially because professional tasks are not easily appraisable, and the actual bonus for Stachanovian heroes of work remains insignificant in comparison with the toll it takes (Bourgault, Dion, & Lemay, 1993). Julian LeGrand (1997) suspects that performance-related pay may increase self-interest by turning altruists into egoists.

In the managerial world of plastic abstractions, contradicting goals are compatible. In reality, unresolved structural contradictions become psychological tensions in individual employees. People eschew responsibility without true means of control; otherwise, they lose their self-esteem due to unfinished work and the discrepancy between one’s self-ideal and reality. The central human striving is to have an influence on what happens to him or her and not to be a victim at the mercy of forces beyond one’s control, the challenge grows depressing.

The lack of recognition of the content and results of work and its internal significance for the employees makes NPM measurements deprive the employees of their motivation (Johnson, 2004; Kiikka, 2002). Henry A. Giroux (2010) has stated that in a culture dominated by private economic concerns there is no longer a meaningful language for validating the discourse of public purpose over self-interest. “Wovon man nicht sprechen kann, darüber muss
man schweigen [Whereof one cannot speak, thereof one must be silent]” (Giroux, 2010, p. 10; compare Arellano-Gault, 2010). The work process has been intensified and more measured “outputs” generated per member of staff employed, even if the Organization for Economic Cooperation and Development (OECD) statistics do not recognize increased productivity in public services. Overwork will be paid with more overwork. Assuming personalized responsibility will not confer one more space for discretion but bring with it more external controls.

However, the cost of improved productivity at the cost of staff is measurable in stress symptoms and sickness statistics. Persistent lack of recognition can be conceived as traumatic: as if a child who tried to communicate with his or her caregiver had met no resonance at all. He or she becomes shaken in his or her identity, orientation, and the meaningfulness of the universe surrounding him or her, when he or she feels to have been abused by the authority/institution he or she is dependent on (Edkins, 2003; Ehlers, Maercker, & Boos, 2000; Fonagy, Gergely, Jurist, & Target, 2002; Ogden, Minton, & Pain, 2007; Siegel, 1999). Living under permanent threat may be praised as an incentive in NPM declarations but the claim is supported neither by the results of occupational health psychology nor by behavioral economics. On the contrary, these disciplines claim that people lose their initiative and energy if they cannot help their situation by active control.

When the effort–reward balance has been shattered, one can expect not only cynicism but also weariness and at worst, burnout. Reactive depression is an appropriate reaction against loss of control: If control does not pay off, it is senseless to waste scarce resources. Freezing is a means of adaptation for all organisms, employees included, when fight or flight are impossible (Siltala, 2007). When political activity offers no alternatives for “There is no alternative” (TINA) economism, people retreat from responsibility—either they can escape or begin to somatize (Wainwright & Calnan, 2002).

For the employees, political passivity may also become enforced: Because they have been seen as an “interest group” and not as experts in health care, social problems, or education, municipal employees have been forbidden to criticize openly a lack of resources or to appeal to politicians as citizens. Outside information should be channeled through managers, representing the “whole” of the organization. The researchers of the Technical Research Centre of Finland are not allowed to criticize the political energy agenda endorsed by the leader in public; individual disagreements are classified as “politics” (“Kunnat kieltävät,” 2007; “Oikeusoppineet: VTT:n viestintäohje,” 2010; “Tutkijoiden sananvapaudelle,” 2010; “VTT:n painostuspuheet,” 2010). Negative attitudes expressed in atmosphere surveys at work can be
Siltala 17


**Discussion: How to Motivate for Public Service?**

The conflict between need for autonomy and relatedness is present in every human relationship and job. We cannot resolve it by sleight of hand by imagining that public-sector employees will increase their productivity and infinitely do more with less only to serve the public cause (which nowadays has been identified with the private cause of the biggest investors). The calling of a public servant may be a fact, but altruistic service to others can be expected only from moral masochists. Here, the NPM really undermines its own basis assumption of public servants as principal agents pursuing their own interests and its claims to increase the probability that the individual will pursue his or her own objectives and in doing so also promotes collective gain (Arellano-Gault, 2010). A fair deal, tit for tat, doing one’s share, not being a free rider, is enough for the moral majority. In public jobs, the employee has to walk a thin line, balancing her or his own interests with the demands of clients, which may be overwhelming and will never be perfectly satisfied. Self-effacing sacrifice is obviously required when teachers are expected to be trained for big, heterogeneous groups and not to expect ideal small groups; they must also adapt themselves to the stress caused by demanding, even aggressive parents (Räihä, 2008. See also Sunnuntaidebatti, 2008, and “Vaativia asiakkaita,” 2010). As doctors or nurses strike, they are often blamed by the media for abandonment of their suffering patients—their budget-cutting employer is seldom mentioned (Nyström, 2010).

Public servants have been able to actualize their talents by helping others if they themselves do not feel abused and if they are recognized as autonomous persons. Personal commitment is always voluntary implying that it presupposes freedom of not to commit. The self-regulating ethics of a profession does not exist without freedom. Alternatives for management exclude each other: (a) either autonomy plus opportunities to better the rate of exchange of one’s work by doing it better or (b) externally directed work with measurable results and no professional turf—of course, with an assured-quality façade but hollow contents (compare Stein, 2001, conclusions on the basis of the Canadian public sector). In Case 1, we have to take into account some free riders who nevertheless do not weigh much in the trade-off: The majority takes advantage of the opportunity to do good work to see their impact (self-efficacy motive) and feel their potentialities appropriately used. If money had more weight for employees than the content of work, they would seek their opportunities in
the business. In Case 2, the majority rides free behind the façade, because people do not assume responsibility when they cannot control the situation for their advantage. At worst, the loss of motivation for and significance of work has produced the “homo sovieticus” type of personalities, who build Potemkin facades as quality audits that they feel are as alien impositions to justify their existence but no longer take care of their clients. It is a well-established fact that external controls and incentives can kill intrinsic motivation, especially in the work of experts (Amabile, 1998; Deci, 1975; Styhre & Sundgren, 2005). People will not become personally involved in tasks which they cannot do well with the resources available. They try only to muddle through the everyday pressures without any active initiative reduced to the status of passive victims setting their hope for salvation on their premature retirement. Then, their personal control over circumstances can return when they are doing their private everyday chores. I would recommend professional autonomy despite its taints.

Downsizing of public services, disarming of all democratically controlled institutions, and turning citizens into consumers (Heiskala & Kantola, 2010; Standing, 2009) will in the long run prove to be counterproductive also from the point of view of a flexible market economy. Dr. Diane Ravich, who served in the first Bush administration’s education department and advocated the standardized testing, charter schools, and free markets to improve schools has now admitted that these reforms have undermined public education: “Accountability, as written into federal law, was not raising but dumping down the schools.” Instead of designating teachers as enemies and whipping them by making their tenure and pay dependent on their student’s test results, pitting theory and arts against useful practice and measuring education with data-driven performance indicators, she now recommends resourcing the public schools, broader education than mere job training for international competition, and the appreciation of teachers’ profession. Curriculum should not be simply knowledge to be consumed for its measurable utility but citizens’ education to critical reflection and understand the relationships between parts and the whole world and the eventual alternatives to arrange them (“Scholar’s school,” 2010; compare “Dumbing Down Teachers,” 2010). Citizenship supports rational politics that according to Niklas Luhmann’s system theory mediates between functional subsystems of modern economies. The question is about maintaining the complexity and the advantages of the division of work. Markets and public interventions do not exclude each other: Their complementary roles should be recognized. This has been stated also by some representatives of Finnish employers:
In the public sector, the volume or value of outputs is seldom the main goal. The justification for public sector organizations comes from producing public goods (freely available for all citizens), like rule of law or social justice, limits to opportunistic behaviour and collective security. (Martikainen, Autere, & Nurmela, 2006, p. 1)

Fragilization of the state will soon make life unpredictable, mutual contracts broken, and private costs of security enormous. In the 46 fragile states of world, basic social services, safety, and human rights are not guaranteed, so the economy also does not thrive. A predatory economy, polarization, and hopeless poverty culminate in ethnic/religious conflicts. When local and state governments fail, people must resort to gangs to get protection. State institutions exist only as some mafias among others, extracting money from their subjects. When an impersonal state does not function, personal protection and/or indebting mutual help—a sort of feudalism—replace it. Personal dependence annuls some advantages of modern societies, including freedom to choose. The wealthy population also becomes more captivated when it will be sequestered behind walls and protected by private guards. The gray economy outside the tax economy offers a minimal chance to live for those excluded from the legal economy.

If this management-revival movement did for once fall out of fashion, that would not imply that institutions would cease to change. The development of work, improving quality, and responding to the needs of society would be perceived also as an ongoing bottom-up process. Employees are eager to improve their work because it confers on them a sense of accomplishment and improves their rate of exchange. The first aim demands sufficient time to get the task done in a satisfactory way, the second honors of personal spaces of control so that not all increased productivity would be demanded of the employee at the same pay. If the preconditions of personal control are guaranteed, it is not impossible to combine professional, process, client, and saving points of view at least to some degree and create win–win situations for all interest groups. The common good would be the biggest winner, if centralization of power and undermining of democratic institutions, independent expertise, and professional ethics were reconsidered on the base of evidence and revised.

Declaration of Conflicting Interest

The author declared no conflict of interests with respect to the authorship and/or publication of this article.
Funding

The author received no financial support for the research and/or authorship of this article.

References


Henkilöstö ja opetusministeriö kiivailivat yliopistojen autonomiasta [Staff and the Ministry of Education quarreled about the autonomy of the universities]. (2010, April 24). Helsingin Sanomat.


Kilpailuttaminen ei ole tie onnelaan [Arranging competition does not open the way to paradise]. (2009, April). Polemiikki.


Kunnat kieltävät työntekijöitä puhumasta työstään julkisesti [Communal workers not allowed to discuss about their work publicly]. (2007, October 8). Helsingin Sanomat.


Matero, S. (2010, April 8). Työntekijä tarvitsee työrauhan, ei ylätason ohjelmanjulistuksia [Employees do not need abstract program declarations but possibilities to work without being disrupted]. Helsingin Sanomat.


Canada: Canadian Centre for Management Development/McGill-Queen’s University Press.


Tuomi, I., (2010, September 26). Tuottavuudesta puhumiselle pitäisi määätää haittavero [Productivity talk should be punished by a pollution tax]. Helsingin Sanomat.


Työilmapiirikyselyihin on pakko vastata “oikein” [Employees are obliged to answer “right” in work welfare surveys]. (2010, July, 5). *Helsingin Sanomat.*

Työilmapiirikyselyyn ei saanut vastata väärin [Employees were not allowed to answer wrong to the work welfare survey]. (2010, July 9). *Helsingin Sanomat.*


**Author Biography**

**Juha Siltala**, professor of Finnish history (University of Helsinki), has studied the autonomy-dependence conflict in mass movements, nationalism, and religious awakenings. His book on the deterioration of working life from the point of view of the bargaining power of the employees since the 1980s aroused discussion in Finland (2004/2007).