

**Moral hazard, transaction costs and the reform
of public service employment relations**

Lorenzo Bordogna

**Social Dialogue, Labour Law and
Labour Administration Branch
International Labour Office • Geneva
June 2008**

Copyright © International Labour Organization 2008
First published 2008

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered in the United Kingdom with the Copyright Licensing Agency, 90 Tottenham Court Road, London W1T 4LP [Fax: (+44) (0)20 7631 5500; email: cla@cla.co.uk], in the United States with the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923 [Fax: (+1) (978) 750 4470; email: info@copyright.com] or in other countries with associated Reproduction Rights Organizations, may make photocopies in accordance with the licences issued to them for this purpose.

Bordogna, L.

Moral hazard, transaction costs and the reform of public service employment relations
Geneva, International Labour Office, 2008

DIALOGUE Paper No. 19

Labour relations, administrative reform, civil service, public sector, trend, EU countries. 13.06.1

ISBN 978-92-2-121233-1 (print)

ISBN 978-92-2-121234-8 (web pdf)

ILO Cataloguing in Publication Data

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Printed in Switzerland

Preface

Public service labour relations have undergone deep changes in many countries in the last three decades. Since 1978, when ILO Convention No. 151 on labour relations in the public service, and its accompanying Recommendation No. 159, were adopted, there has been a considerable growth in the number of workers' organizations and an increase in militancy in the public service. At the same time, there has been a significant shift from unilateral determination by governments of the conditions of employment of public employees to bilateral mechanisms that enable public employees to participate in deciding these conditions.

During the last three decades, this evolution has in some countries come into conflict with government policies adopted in response to the globalization of economies, in particular those policies designed to limit public expenditure through restrictions on public employment and those on wage moderation. As a result, some of these countries experienced a rise in labour disputes in the public service, a situation that often brought the agenda of reforming public service labour relations to the forefront of attention in the national industrial relations scene.

The present study seeks to review the changes that occurred in the last two decades in public service reforms. Professor Lorenzo Bordogna of the University of Milan traces the effects that the New Public Management (NPM) approach has brought to public sector reform in a good number of OECD countries. The paper is critical of the theoretical weakness of NPM in the area of public service labour relations, and in the final conclusion it is suggested that in order to achieve better quality public services it is necessary to activate a wide variety of mechanisms, more sophisticated and less unilateral than those propounded by the "agency theory".

This study gives the reader the opportunity to grasp the changes that several public service labour relations systems underwent and their implications, as well as the limitations of certain theories applied to the public sector. We hope that this study contributes to a better understanding of the spirit and principles embodied in ILO Convention No. 151 thirty years after its adoption.

Geneva, June 2008

Giuseppe Casale
Chief,
Social Dialogue, Labour Law
and Labour Administration
Branch (DIALOGUE)

Summary

This paper analyses the reform of public service employment relations inspired by the New Public Management approach which dominated the public sector reform agenda in many OECD countries over the last two decades. The NPM precepts challenged both the traditional “sovereign employer” and “model employer” approaches to public service employment regulation, envisaging a double process of convergence: between public and private sector employment relations within each country, and in public service employment relations between different countries. However the outcomes are mixed: processes of convergence have occurred in a diversified and limited way; unexpected and perverse effects have often followed the reform attempts; improvements in cost-efficiency and quality of public service delivery are questioned in many countries.

The paper traces these outcomes back to the theoretical weaknesses of NPM in the field of public sector employment relations, namely its neglect of the distinctiveness of the public sector employer as a political institution and its excessive attention to moral hazard and agency costs problems. The conclusions suggest that the NPM programme, in order to deliver more efficient and better quality services through a reform of public service employment relations, requires the activation of a richer variety of mechanisms, more sophisticated and less unilateral than those which NPM borrows from agency theory.

Contents

Preface	iii
Summary	iv
1. Introduction	1
2. New Public Management and the reform of public service employment relations	3
3. Expected effects on public service employment relations	7
4. Outcomes in public sector employment relations: The limited and diversified impact of two decades of npm inspired reforms	9
5. Unintended effects of NPM inspired reforms and their reasons: The trade-offs between agency costs and transaction costs	15
6. Conclusions	19
References	vii

1. Introduction

Under external and internal pressures to increase efficiency and quality of public services, over the last two decades most OECD countries governments have attempted to reform public sector employment relations, within a wider process of public service restructuring. Reforms have often been influenced by the precepts of the New Public Management (NPM) approach. This tries to introduce market-oriented mechanisms of governance of public services in conjunction with private-sector techniques of human resource management. As such, it challenges both the traditional approaches to public service employment regulation, the “sovereign employer” and the “model employer” approaches, implying as a consequence a double process of convergence: between public and private sector employment relations within each country, and in public service employment relations between different countries.

This paper has two main parts. First, after outlining the link between the NPM programme and the reform of public service employment relations (sections 2 and 3), it addresses two long-standing questions (section 4): the degree of convergence between public and private sectors in the regulation of employment and labour relations within countries; and the extent of divergence and convergence between countries. Drawing on empirical evidence mostly from the EU15 countries, the argument challenges assumptions of radical change: despite significant reforms in the last 20 years, important differences between public and private sector employment relations still persist in many countries; and despite the ascendancy of NPM inspired reforms, in many cases, convergence across countries, or clusters of countries, remains limited.

In the second part (sections 5 and 6), reasons that illuminate these general outcomes are discussed, with particular reference to some unintended, and even perverse, effects of NPM inspired reforms in public service employment relations. It traces these difficulties back to more general weaknesses of the NPM approach, namely its neglect of the specificity of the public sector employer as a political institution and its excessive, and at times obsessive, concern with moral hazard and agency costs problems due to opportunistic behaviours of employees. The differences between the public sector and private sector employer, and the particular context in which the former operates in comparison with the latter, have long been recognized by industrial relations theory in the field. These theoretical weaknesses undermine the NPM ability to see the difficulties of importing market-type mechanisms of governance into the public sector, and its ability to anticipate unintended or perverse effects. Three examples in the field of employment relations are discussed. The same weaknesses compromise as well the original promise of NPM to renew public administration and to deliver more efficient and better quality services. The conclusions suggest that the NPM programme, in order to deliver more efficient and better quality services (also) through a reform of public service employment relations, requires the activation of a richer variety of mechanisms than simple “marketisation” or naïve attempts to mechanically import private sector practices into a context which remains markedly different from that prevailing in the private sector. These mechanisms, it is suggested, must be more sophisticated and less unilateral than those almost exclusively borrowed from the moral hazard theory.

2. New Public Management and the reform of public service employment relations

It is not possible to understand the achievements, uncertainties and current problems of the reforms of public service employment relations if it is not recognised that they occur within a wider process of public service restructuring. This reform process stems from external and internal pressures to contain public expenditure, increase efficiency and improve the quality of services delivered to users and citizens in general (Pollitt and Bouckaert 2004). Structural and institutional choices carried out by policy-makers in this direction, often broadly based on the NPM approach, are necessary point of departures to understand their (expected and actual) cascading effects on the employment relations arena. In a sector characterised by high labour intensity and, almost everywhere, strong union density (Visser 2006), wide-ranging reforms of public services inevitably affect the regulation of employment relations, HRM practices, and the role and prerogatives of trade unions. The reverse situation is also true: in such a context it is not possible to change public service provision without addressing a reform of public service employment relations.

As is well known, New Public Management, which in the 1980s and 1990s dominated the bureaucratic reform agenda in many OECD countries, originated in two different streams of ideas: on one hand, the new institutional economics, built on the assumptions of the public choice school and comprising transactions cost, principal-agent and property rights theories; and, on the other hand, some versions of business-type managerialism (see Hood 1991 and 1995; Pollitt 1993; also Barzelay 2001, while Gruening 2001 partially disagrees, suggesting the influence of a greater variety of ideas). The rise and spread of NPM has been attributed to either rational choices carried out by policy-makers to improve the efficiency and quality of public services, or various forms of institutional isomorphism (Hood 1995; Barzelay and Gallego 2006). Irrespective of the precise reasons for its diffusion, it aimed to reverse the traditional approach to public management in two key elements: by lessening or removing the differences between the public and the private sector, and by shifting the emphasis from process accountability towards accountability on results.

From these basic ideas, a number of precepts or doctrinal components were derived, many of which directly or indirectly affect employment relations and HRM practice (Hood 1991: 4-5; 1995: 94-7). Such precepts included: an emphasis on higher discretionary power on, and control of, organizations by top managers (“freedom to manage”); the importance of explicit, formal and measurable standards of performance, as opposed to trust in professional standards and expertise; an emphasis on output (and outcome) controls, as opposed to controls on inputs and processes; unbundling and disaggregation of organizational units, often combined with privatisation processes in the strict sense and more contract-based competitive provision of services in the form of internal markets or similar arrangements, as opposed to bureaucratic and hierarchically integrated forms of provision; a stress on private sector styles of management; greater discipline and parsimony in resource use, including human resources.

In brief, even when they did not imply a process of complete privatisation, NPM inspired reforms aimed to profoundly modify the system of constraints and opportunities, of incentives and controls governing the entire functioning of the public services. It aimed to reduce the differences between the public and the private sector of the economy by importing into the former the methods of management typical of the latter, and to promote a type of governance of labour transactions in the public services significantly closer to that prevailing in the private sector.

With regard more specifically to employment relations and personnel policies, the implications of these ideas and precepts were such as to seriously challenge both the traditional approaches of public service employment regulation which dominated most industrialised democracies after the Second World War. That is, on one hand, the “sovereign employer” approach, typical of the German and Austrian tradition as well as that (with some qualifications) of other continental European countries (like France, but also Denmark, Spain and still others), and on the other hand, the “model employer” approach typical of the Anglo-American tradition (Beaumont 1992: 76 ff.; Bach and Kessler 2007).

Figure 1. Traditional approaches to public service employment regulation

Sovereign employer	Model employer
The government acts as ‘sovereign employer’, unilaterally determining by law and ordinances terms and conditions of employment (including pay) of public employees, or at least a substantial part of them (civil servants and part of the public servants).	The government as an employer provides a ‘leadership by example’ in employment and labour relations matters, granting better procedural and substantive elements than those prevailing in the private sector industrial relations: job security, pensions and sick-leave benefits, formal procedural arrangements for dealing with redundancies and disciplinary matters, training; importance of seniority and of national comparability standards
Special procedural and substantive prerogatives, and at times special formal <i>status</i> , for a large part of employees: job security; formal guarantees in recruitment, career, internal mobility, disciplinary matters; importance of seniority; importance of national standards	Joint regulation of the terms and conditions of employment and right to collective bargaining.
No (formal) collective bargaining right for civil servants and (at least part of) public servants, or limitations	Employee participation arrangements and ‘industrial democracy’
No right to strike, or special regulation	Right to strike, occasionally with some limitations
Right of association (usually) admitted	Right of association admitted, with encouragement of unionism

These two approaches differed in some important features, namely with reference to the role of unilateral versus joint regulation of terms and conditions of employment, and the connected issue of the prohibition/limitation versus recognition of the right to strike. But they also had several features in common: some forms of job security (more stringent in the first approach); substantive and procedural guarantees in terms of recruitment, internal mobility, careers, training and disciplinary matters; the importance of seniority and length of service in pay determination and career paths, together with reference to some national comparability standards and attention to equity issues; the respect for professional competencies and traditions as well as the support of the value of the public servant ethos.

In no country has either of these two approaches been implemented in their full ideal-type configuration, while important national examples exist in which

modified forms or even “contamination” between the two approaches have been experienced. France and Germany are two cases in point, somehow in opposite directions (Bordogna and Winchester 2001). In the first country, despite the introduction in 1983 of a form of joint regulation of the employment relationship, this was and is characterized by a very weak and uncertain status, the government retaining its ultimate power of unilaterally determining pay and working conditions of the totality of established civil servants, within a highly centralized system of pay setting which in a uniform way affects more than five million *fonctionnaires titulaire* of central government (education included), territorial authorities and public hospitals. At the same time, virtually all French public employees enjoy the right to strike, which is constitutionally protected, with a few weak limitations. In Germany (Keller 1999; 2005), public employees are divided in two large subgroups, one of which, the Beamte (about 40 per cent of the total), is regulated according to the sovereign employer approach, without the right of collective bargaining and the right to strike but with the right of association – and, indeed, a very high unionization rate. The second group, comprising blue and white collar employees (about 60 per cent), is regulated according to the model employer approach, with rights of association, collective bargaining and the right to strike – more or less as their private sector colleagues under ordinary contract of employment. Both groups enjoy legally-based, strong workplace-level participatory rights. Thus, in France, after the introduction of forms of joint regulation in 1983, the model employer approach formally applies to all public employees, but in fact it never really supplanted the sovereign employer approach. In Germany, the two approaches formally cohabit in a dualistic model, each applied to one or the other of the two vertically separated subgroups of public employees, although terms and conditions of employment in the two groups tend to influence each other and to converge. Nonetheless the formal difference remains and at critical junctures can be an important resource for government and policy makers (Keller 2007). A German-type dualistic model is shared by several other continental European countries as well.

These differences and qualifications apart, the important feature which concerns us here is that both approaches share the notion of a clear distinction between employment regulation in the public sector and that in the private sector. This distinction was mainly based on the explicit acknowledgment of the unique role of the state as employer, and of the particular context in which the public sector employer operates in comparison with its private sector counterpart (Beaumont 1992: 12; Ferner 1985: 47-50, 65-8). The set of constraints and opportunities, incentives and controls to which the employer and managers are subject in the two contexts differs widely (Bach and Kessler 2007). Public sector organizations are mainly financed through public funds and are subject to a higher degree of public scrutiny; their employers/managers are sensitive to the need for political consensus and are answerable to a wider range of stakeholders than in private sector organizations – features which Kochan (1974) stressed more than 30 years ago in his analysis of multilateral bargaining in city government. As Ferner and other authors stress, the public sector employer is basically a political institution, exposed to a context which leads to a logic of action which is different from that prevailing in the private sector, conferring an intrinsically political dimension to public sector industrial relations, to some extent irreducible (Bordogna 2003).

The NPM assumptions challenge precisely this notion of the distinctiveness of the public sector employer compared to its private sector counterpart. These

assumptions imply that by changing organizational and contextual factors, it is possible to fully convert the former into the latter, eliminating in this way any political orientation of, and influence on, the logic of action of the public employer.

Consequently, NPM assumptions undermine both the sovereign employer approach and the model employer approach in respect of their defining features. With regard to the first approach, it is mainly the special status formally attributed to public employees, and all the substantive and procedural guarantees associated with it, which are called into question, with the consequences deriving from this. With regard to the second approach, to be questioned is the idea that the government as an employer should fully recognize industrial relations institutions and union prerogatives at national as well as at workplace level, perhaps even encouraging trade union membership, and should provide its employees with better terms and conditions of employment than those prevailing in the private sector. With reference to both, the concern about equity issues and the respect of national comparability standards are weakened or even abandoned, in favour of a greater responsiveness to varying labour market and organizational conditions; likewise, the importance of seniority and of automatic mechanisms in pay and career paths is supplemented, or supplanted *tout court*, by greater attention to the merit and performance of individual employees.

3. Expected effects on public service employment relations

As a consequence of the new approach, a number of effects on public sector labour market and employment relations can be expected, as sketched out below.

- First, a decrease in the share of public sector employment brought about by widespread privatisation and outsourcing processes as well as by increasing concerns about the containment of public expenditure.
- Second, a decreasing share of public sector employees enjoying special employment status, and a parallel increase in employees with ordinary employment contracts, and also of contingent workers, as a consequence of the broader objective to lessen or remove the difference between the public and the private sector. With reference to managerial staff and senior public servants, this may imply the shift from a career-based model to a position-based model of employment, characterized by recruitment of personnel from the outside, with fixed-term contracts and higher salaries than those granted to managers in comparable positions coming from within the public sector.
- Third, and connected to the previous one, a reduction in the scope and intensity of the prerogatives attached to the special status of employment, less job security, but also a weakening or removal of special procedures in case of redundancies and of formal guarantees in terms of recruitment, careers, horizontal mobility and disciplinary matters, as well as less favourable pension arrangements.
- Fourth, a wider diffusion of “free” collective bargaining (that is, on a voluntary basis) 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, as a way to make pay and terms of employment more responsive to variations in local labour market conditions and organizational needs, to the detriment of some form of national standards throughout the public services.
- Sixth, and connected to the previous one, a decreasing importance or removal of length of service or other automatic and “collectivist” criteria in determining pay increases and career paths, in favour of more differentiated, flexible, selective and individualized mechanisms, such as forms of open contest for career promotions or various types of merit and performance-related pay.
- Seventh, a less prejudicially favourable approach to unions and unionism, and, in some cases, a more confrontational orientation, within a framework of strengthened managerial prerogatives in personnel matters and greater voluntarism in union-management relations.

In summary, if fully applied, NPM inspired reforms call into question the notion of the distinctiveness of the public employer and its logic of action as opposed to that of the employer in the private sector. It could be expected to bring about a turnaround in public service employment relations, undermining the main components of both the sovereign employer and the model employer approaches to public sector employment regulation that prevailed since the Second World War. Consequently, a double process of convergence could be expected to occur, one between public and private sector employment relations within each country, and the other in public sector employment relations between different countries.

4. Outcomes in public sector employment relations: The limited and diversified impact of two decades of NPM inspired reforms

Despite the above predictions, after two decades of NPM inspired reforms in many OECD countries, the picture looks more mixed and diversified than expected. Diversity can be observed across different countries, in different segments of the public sector, and in different parts of the NPM programme. If arguing that there is nothing new under the sun would certainly be an exaggeration – take the case of liberalization and privatisation in the strict sense (which have been carried out almost everywhere) and their implications for employment relations¹ – the opposite argument of a radical turnaround or of a complete change of paradigm seems hardly tenable. Continuities along with discontinuities are detectable in almost every country, although to varying degrees and in various combinations, and it is hard to assess whether the former or the latter features prevail.

Convergence between public and private sector employment relations

To limit the scope of our analysis mainly to the EU15 countries, with just few hints on the EU27, some positive evidence can be observed with regard to the convergence between the public and private sector within each national experience. The proportion of public sector employees did actually decrease in many cases as privatisation and outsourcing processes took place over the 1980s and 1990s. In the UK, a country which was at the forefront of these processes, public sector employment decreased by almost two million people between the early 1980s and early 1990s, significantly affecting also central government employees. Several other countries followed suit, like Denmark, Italy, the Netherlands, Norway, Spain, France and Germany, i.e. most of the former EU15 countries. Austria is in this sense a latecomer, where the privatisation of postal and telecommunications services was only implemented in 2003-04. These processes not only reduced the share of public employees out of total employment, but often also the proportion of employees with special employment status (career civil servants) with respect to public employees on ordinary contracts.²

In addition, the transfer of services and tasks from central government to lower levels of government (often in connection with processes of administrative and institutional decentralization) or to external agencies have been implemented or are under way in several countries, like Austria, Belgium, Denmark, Finland, Hungary, Ireland, Italy, Norway, Portugal, Slovenia and the UK. These processes as well often implied a reduction in the proportion of public employees with special

¹ Recent analyses of these processes underline the emergence of new labour relations regimes, different from the old public sector employment relations (Brandt and Schulten 2007).

² In some cases, however, career civil servants maintained their special status of employment even after privatisation, at least for a certain period of time or until their retirement, as the *Beamte* in the German railways and postal service, or statutory civil servants in the French postal service after its transformation in 1991 from an administration of the Postal and Telecommunications Ministry to an independent public company (see Pedersini 2006; Regalia 2007; also Brandt and Schulten 2007). A similar hybrid model of employment relations emerged in Austria in administrations which were transformed from public authorities to corporations with legal capacity, like universities.

employment status, as a number of civil servants and analogous personnel changed their status to employees on ordinary contract or under collective agreement.

Parallel to this has been a partial erosion of the special prerogatives attached to such status. This has occurred in many countries over the last 15-20 years, and in some cases is still under way, as in Portugal (Stoleroff and Pereira 2007), giving rise to a form of harmonisation of employment relationships with those in the private sector. Recruitment practices have been made more open and flexible; the importance of seniority in career and promotion processes has been reduced in favour of merit and performance; mobility has been facilitated; fixed-term contracts have been extended to (senior) civil servants as well; some variable component in remuneration has been introduced, as well as some form of performance-related pay; retirement and pension privileges have been partly curtailed; less favourable systems of disciplinary sanctions have been introduced; job protection has been to some extent weakened and dismissal procedures and collective redundancies made easier and less costly (even if in some cases the harmonisation process has gone in the opposite direction, meaning an extension of job protection to contractual employees, as, for instance, in France and Italy in the latest years).³

However, the trend of decreasing employment in the public sector, which dominated previous decades, in the early 2000s appears to have ceased in several cases, or at least has developed in a more diversified fashion across European countries, as the privatisation process has become rarer. All in all, between 2003 and 2005 public sector employment started to increase again in many European countries, often reversing a long period of decline (Bordogna 2007).

With regard to the special employment status, despite the abovementioned harmonisation process, in many cases it has been quite resistant to change, at times surviving even in some of the privatised services, at least temporarily, as already observed. In general, in most EU countries a distinction persists not only between public and private sector employment regulation, but also between employees with special employment status (career civil servants), usually subject to public or administrative law, and personnel on ordinary employment contracts, subject to private or commercial law. In most cases, moreover, such a division between career public servants and contractual employees is not confined to central government but affects the entire public sector, although differences across countries exist about the specific legal basis of this distinction (constitutional or ordinary law), as well as regarding the proportion of public employees enjoying such special status. This dual system of regulating government and public employees is almost ubiquitous, not typical of just Germany and Austria; the main and perhaps the only exception is the UK (Bordogna 2007: table 8). It characterises also the former communist countries of central and eastern Europe, in many of which a Beamte-style special status for career civil servants was legally introduced where it did not previously exist (the Czech Republic seems an exception), often associated with an increase in the number of central government employees. As well, in some of these countries there recently seem to be moves, or at least plans, to erode both the number and

³ In Italy, under trade union pressure, the budget laws for 2007 and 2008 included clauses in favour of the “stabilisation” of employees with various types of fixed-term employment contracts, provided that given conditions are satisfied. In France, an agreement was reached in June 2000 between the Government and the trade unions (with the exception of CGT) on reducing precarious employment in the civil service; a law was approved in July 2005, in application of the EU directive on fixed-term contracts, which was however criticized by trade unions.

prerogatives (such as dismissal and mobility procedures) of career civil servants; this is the case in Estonia, Hungary, Latvia, Poland and Slovenia.

This persistent difference of status also affects labour relations in the public sector, hindering the process of convergence with the private sector. This regards primarily the right of collective bargaining, which in many cases is subject to various restrictions. Only in less than half of the EU27 countries (including Cyprus, Malta, Denmark, Finland, the Netherlands, Ireland, Italy, Norway, Slovakia, Slovenia and the UK) do collective negotiations represent the only or the main method of regulating the terms and conditions of employment of the vast majority of public employees, career civil servants included (but with several qualifications). Limitations exist in some countries for senior civil servants, as in the UK and Ireland where a system of the pay review bodies applies, and exclusion or restrictions often occur in many countries for some special categories such as the police, firefighters, the armed forces and the judiciary. In the UK, moreover, the pay review body system applies not only to senior civil servants but also to other large groups of public employees, covering about 30 per cent of the total or even more. These include, among others, medical doctors and dentists, nurses and allied professions, and school teachers, for whom the system was introduced in 1971, 1983 and 1991, respectively. In 2001 the same system was extended also to the prison service and in July 2007 to all staff in the NHS in England, Scotland, Wales and Northern Ireland, accounting in this sector alone for over a million employees (full-time equivalent). Where collective bargaining is allowed and practised, however, it usually has considerably higher coverage than in the private sector, even at the decentralised level where a two-level bargaining system exists, as in Italy.

On the other hand, in a similar number (or more) of countries, either the right of collective bargaining is denied to career civil servants – which in some cases comprise quite a large proportion of central government and public sector employees (as in Germany and Austria) – or it has a weak and uncertain status, not leading to real, legally binding collective agreements, at least on pay issues (for example, in France and Belgium). In other cases, even if it is formally allowed, it is rare or not practised at all because unions are too weak or totally absent, as in most former communist countries of central and eastern Europe. On the whole, convergence with the private sector regarding collective bargaining right and practice is limited.

As for the right to constitute, and the freedom to join, trade unions, it is usually granted to all public employees, career civil servants included, with the exception of very few groups. As a matter of fact, the traditionally higher propensity of public employees to join unions in comparison with their private sector colleagues, which was already noted by Hugh Clegg more than forty years ago (Clegg 1976), has been recently reconfirmed (Visser 2006) and does not seem to have been undermined by twenty years of NPM inspired reform. Density rates have in some cases declined in the public sector as well, but the distance with the private sector remains large. Also from this point of view the convergence with the private sector has not increased.

To summarise, despite significant reforms in the last twenty years, important differences between public and private sector employment relations still persist in many, if not most, European countries. Crucially, the presence of a special employment status which applies to a significant proportion of public employees continues to influence various features of the labour relations system. Even where

labour relations are undergoing a “not just incremental” change, as recently in Germany (Keller 2007), in connection with liberalization and marketisation processes as well as with the decentralization of authority in the regulation of civil servants conditions from the federal to the state level, the special employment status of a relevant part of public employees, albeit under pressure, is not threatened to be cancelled, nor radically called into question. The expectations about a general trend towards convergence between the two sectors are at least partly disproved. Union influence, political sensitivity, constitutional and/or legal constraints, as well as structural characteristics of significant parts of the public sector which affect the possibility to easily import market-oriented mechanisms of governance, are all obstacles which make full convergence difficult. Neither the sovereign employer nor the model employer approaches, although to some extent weakened, have been supplanted by a private-sector-style system of industrial relations. From this point of view, the UK experience under the Conservative governments of the 1980s and 1990s remains probably an exception.

Convergence between countries

Evidence supporting convergence between countries is also limited. Certainly, some common trends are detectable across EU countries, but despite the ascendancy of NPM inspired reforms, the European Union remains a mosaic of diversities in this area as well. At most, in clusters of countries, some common features transcending the differences which also exist within them can be observed, rather than full convergence. Such clusters pre-existed these reforms, and have not been substantially altered by them.

If we leave apart the former communist countries of central and eastern Europe,⁴ four groups can be identified. One group comprises the Nordic countries, Denmark Norway, Finland and Sweden. The main features associated with these countries are: high share of central government and public sector employment, the highest in all EU27; partial harmonisation processes between career civil servants and public employees under ordinary contracts, although differences persist in these countries as well; recent attempts to introduce forms of performance related pay, especially, but not only, in Denmark (earlier in the municipality/county sector and later in the state sector as well); very high trade union density and widespread collective negotiation practices, within a rather decentralised, two-level bargaining system with strong coordination mechanisms (OECD 2007a); few restrictions on the right to strike, but special machinery for collective dispute resolution.

Ireland, and partly the Netherlands, share some features with the first group of countries, although the percentage of public sector employment in total employment is notably lower than in the Nordic countries, especially in the Netherlands. In Ireland we find a quite high unionisation rate, special machinery for handling collective disputes in the civil service, an important regulatory and coordinating role of national “tripartite concertation”, as it occurs in Finland, although in Ireland the single-level bargaining system is in itself more centralised

⁴ This group would deserve a more detailed analysis, given its historical peculiarities. Despite various internal differences, it is generally characterised by weak industrial relations, especially but not only in central government (Slovenia is probably an exception). This latter feature is reflected in: extremely low trade union density, and in some cases the almost total absence of union members in central government (as in the Baltic countries and partly in Poland); great difficulties in collective bargaining, either because of formal restrictions, as in many countries for career civil servants, or arising from the weakness of trade unions; and generally harsh restrictions on the right to strike.

than in the Nordic countries. In the Netherlands the single-level collective bargaining system in central government, in addition to separated negotiations for sub-central government levels, is less decentralized than usually in the Nordic countries, but characterised by a greater horizontal fragmentation among sector ministries and rather weaker coordination; performance related pay is not diffused, due to union resistance (OECD 2007a: 6, 32, 39-40, 51-2), although the union density rate is notably lower.

Germany, Austria, France and (partly) Belgium have in common a large or very large proportion of career civil servants, not only in central government, with a deeply rooted tradition. The public sector employment share is medium-low in Germany and Austria (10-12 per cent) and medium-high in the other two countries (20-25 per cent). In these countries, the right of collective bargaining is either denied to all career civil servants, as in Germany and Austria, or has a very uncertain and weak status, as in France and Belgium. Career civil servants are also denied the right to strike, with the exception of France where this right is constitutionally protected, public employees included. The trade union density rate is medium-high, or high, in central government and public sector as a whole in Germany, Austria and Belgium, while it is quite low in France (although notably higher than in the private sector). In Germany, employees under ordinary contract, representing about 60 per cent of total public employment, have the same bargaining rights as private sector employees. Forms of performance-related pay are to some (limited) extent utilised. This is also the case for career public servants in France and Germany. However, the wage setting system is highly centralised in all countries for this group, although tensions towards a greater decentralization for employees on ordinary contract, and also for civil servants treatments, have recently occurred in Germany (Keller 2005 and 2007).

The United Kingdom seems to be a case apart: no special status for civil servants, no special limitations on the right of association, no restrictions on the right of collective bargaining (except for about 4,000 top civil servants), and no denial of the right to strike. Both public sector employment share (around 20 per cent) and trade union density are medium-high. The single-level collective bargaining system and the wage setting process are decentralised, at least in central government, where negotiations are carried out in about 90 bargaining units, although since the late 1990s attempts have been made to reduce this fragmentation and reduce pay dispersion. Forms of performance-related pay are well diffused in the civil service, but attention is paid also to equal pay and low-pay issues. However, bargaining decentralization, let alone individualization of pay, is weaker in other parts of the public sector, as in local government, the health sector and education, thanks also, in the latter two services, to the operation of the pay review body system (Duncan 2001; Bach and Winchester 1994).

The last group comprises the Mediterranean countries. The public sector employment share is around 14-15 percent in Italy, Spain, and Portugal, but higher in Greece (20-22 per cent). In Portugal, Spain and Greece, despite the increase of employees on ordinary or private employment contract, public employees with special employment status, subject to public or administrative law, are still an important proportion of total public employment, with implications on labour relations matters. Even after reforms in the late 1990s to the early 2000s, the right of collective bargaining for public servants is rather uncertain and weak, especially on pay issues, which are not covered (Greece), or can be unilaterally decided by the government in case of disagreement between the parties (Portugal), or can be

negotiated only within tight limits set by the state budget (Spain). However, more recent reform attempts in these countries (Portugal in 2006-07) are moving further from unilateral towards joint regulation, and in general to limiting the area of career civil servants and reducing the gap in employment regulation vis-à-vis the private sector. Collective bargaining right and practices have much sounder roots in Italy. The bargaining coverage in this country is almost universal, with the exception of a few groups (judges, diplomats, prefects, university professors), after the “privatisation” of the employment relationship of the large majority of public employees in 1993 abolished the dual employment status. In this respect Italy seems closer to the Nordic countries, and as in those countries, negotiations take place at two levels, with a coordinating role of the higher level. National level wage increases are linked to the rate of inflation planned by the budget law of the state. Even after privatisation, however, employment relations still remain different in several features from those prevailing in the private sector, at least de facto. The right of association is extended to all employees, although in some special forms for the armed forces, the police and judges; the right to strike is constitutionally guaranteed, with restrictions only on those working in essential public services. Union density is medium or medium-high in Italy as in the other countries in this group.

As already anticipated, we can conclude that despite the ascendancy of NPM inspired reforms, and despite some common trends, convergence across countries or clusters of countries remains limited in the EU15. Country-specific legal, institutional and administrative traditions, particularly strong in the public sector, are at the origin of diffused phenomena of national path dependencies, which make convergence difficult.

5. Unintended effects of NPM inspired reforms and their reasons: The trade-offs between agency costs and transaction costs

The question thus arises: why have these discrepancies occurred between expected and actual outcomes of two decades of NPM inspired reforms? What are the reasons underlying them? If the lack of convergence between national experiences can be accounted for by country-specific, deeply rooted legal and institutional traditions, the explanation of limited convergence between private and public sector employment relations within each country has to do with some theoretical weaknesses of NPM inspired reforms, namely, the neglect of the distinctiveness of the public sector employer, and the excessive, almost exclusive, concern with agency costs and the problem of the opportunism of the agents. These weaknesses lead in turn to the inability, on one hand, to see the difficulties of importing into the public sector market-oriented mechanisms of governance and private-sector techniques of human resource management, and on the other hand, to anticipate unintended or even perverse effects of the reform attempts. Three examples can be outlined concerning, respectively, the decentralization of collective bargaining to determine pay and conditions of employment; the replacement of automatic and collectivist mechanisms of pay increases and career promotion linked to the length of service with more discretionary and selective procedures, even for employees of the lower grades; and the diffusion of forms of performance-related pay and individualization of the employment conditions.

What these measures have in common is their rationale. To simplify, their aim, among others, is to reduce opportunistic behaviours within public organizations by making each agent more responsive/responsible to his principal and more permeable to the potential costs of his opportunism. In the latter two cases, this is obtained by substituting automatic and collectivist mechanisms with selective and discretionary ones, and by linking reward to performance. In both cases the costs of a hypothetical opportunistic behaviour are at least partially transferred onto the shoulders of individual employees, in terms of denial of pay increases or career promotion which were previously automatically granted. In the case of the decentralization of pay bargaining, a similar effect is expected by linking more tightly the level where collective negotiations take place and resources are distributed with the level where resources are ideally produced.

However, theory and international comparisons suggest, first, that in all three cases unintended effects occur if appropriate conditions are lacking, and second, that these conditions are often likely to be absent or weak in the context of public services, so that the potential gains in terms of agency costs might be offset by the increase in transaction costs or other unintended effects.

In the case of collective bargaining decentralization, increases in transaction costs occur whenever a single, centralized bargaining process is replaced by multiple, separate negotiations, with additional administrative burdens (OECD 2007a: 29 ff.). Moreover, if decentralization leads to a break-up of previously unified conditions of employment in locally-based systems, transaction costs increase in terms of fragmented career pathways, staff transfer and mobility problems and rigidities. The UK civil service, with its recent experience of “coherence problems” (OECD 2007a: 41, 52, 54), is rich of evidence in point,

especially after the unbundling of organizational structures and the end of civil service-wide pay bargaining in 1996 (Duncan 2001), even if the rhetoric of decentralization has probably gone beyond reality, at least on pay issues (Bach and Winchester 1994; Arrowsmith and Sisson 2002; Bach and Kessler 2007).

Finally, another unintended effect possibly produced by the decentralization of the bargaining structure is collusive, rather than responsible, behaviours between the parties at the local level. This is due to the distinctiveness of the public sector context. In the private sector, the logic of bargaining decentralization is (also) to connect the level where pay negotiations take place with the level where productivity gains are obtained and resources created. In this way, the parties and trade unions, are expected to internalize the costs of their claims and thus to adopt responsible behaviours (Calmfors and Driffill 1988). A crucial condition for this virtuous outcome, which is normally given in the private sector, is the presence of mechanisms which make the decentralized employer actually responsible for the procurement of the resources to be distributed locally through collective negotiations, in a genuine contrast of interests with trade unions. But this is not always the case in the context of the public sector, as the decentralised employer is often not the real principal, being in fact involved in a double relation – one with the central government, which retains the ultimate responsibility, and another with the local trade unions (OECD 2007a: 35-37). In these conditions, a new agency problem arises, and collusive behaviours between the local employers and trade unions, at the ultimate principal's expense, are likely to follow, instead of the above depicted virtuous effects. As said, this is not a case of a trade-off between agency costs and transaction costs, but one in which agency costs are simply transferred from the local, decentralised level onto higher levels of government and ultimately onto the taxpayer. To put it another way, in industrial relations discourse, it is a case of failure of the pluralist perspective. As Clegg stressed (1975: 312), “pluralism implies that an acceptable compromise is not always and inevitably available. Without the risk that agreement will not be reached, collective bargaining is a sham”. Recent Italian experience, where public sector pay negotiations have been significantly decentralised since the late 1990s, not accompanied by adequate institutional and financial arrangements, is rich in evidence on this point, suggesting that often in the public sector context the problem is not the opportunism of the agents but the weakness of the principal (Dell’Aringa and Vignocchi 2007).

This does not imply that the decentralization of pay bargaining has only negative effects on public service employment regulation, nor that, on a prescriptive ground, it should be avoided. But it is the reason why a recent OECD report on these issues suggests that the decentralization of pay bargaining should be pursued only if justified by corresponding advantages, not offset by increases in transaction costs, and if accompanied by appropriate institutional and financial arrangements (OECD 2007a: 35-44, 55-9). Such arrangements can vary from a central framework agreement between the government and national trade unions, to centrally designed bargaining parameters and a remit process which allows central supervision of the application of these parameters, to a separation of the government's budget process from pay bargaining, or a combination of these. Irrespective of the institutional solution, what is crucial is that an adequate central support for, and an effective monitoring of, the behaviour of the local pay setting entities is essential for the achievement of the desired outcomes of decentralization in the public sector, and that the lack of such support might compromise the rationality of the entire reform (OECD 2007a: 53).

Clear problems of trade-off (and balance) between agency and transaction costs arise in the second example, regarding the replacement of automatic pay increases/career promotion mechanisms linked to length of service criteria with selective and discretionary mechanisms. If the latter are organisationally justified and rewarding when applied to managers and to higher level non-managerial staff, their advantages are uncertain when extended also to personnel of the lowest grades. This is especially so if strong trade unions are able to effectively constrain the discretionary power of the employer and to impose generalized increases or promotion processes. The incentive and motivation effects are compromised, but with much higher transaction costs than with the alternative, automatic system (involving probably also negative effects for employee morale). The Italian experience again richly illustrates this point.

Finally, the same line of reasoning applies to performance-related pay and individualization of the employment conditions. The trade-offs between agency and transaction costs are even more evident in this case, with the possibility not only of weak incentive and motivational effects, but also of counterproductive consequences, especially, but not only, if the implementation of these types of mechanisms is not carefully designed. British evidence discussed by Marsden and Richardson (1994) supports this argument, even if other organizational benefits can be produced (Marsden 2004). As the already quoted OECD report (2007a: 8, 54; also 35) stresses, "... the potential for individualisation often has been overstated. It entails higher transaction costs than uniform and collective standards and agreements, and one should assume that a rationally acting operational manager will use standard contracts, standard conditions and collective pay structures unless there is a clear added value to be gained from individualisation". And this without considering the potential costs that pronounced forms of performance-related pay and individualisation of pay and employment conditions could provoke in terms of erosion of trust relationships and the traditional public service ethos – both important assets in a sector where the quality of the service delivered is inseparable from the quality of the personnel delivering it (Le Grand 2003; Crouch 2003).

As already observed, these examples are not to deny any validity to measures such as the decentralization of bargaining, the differentiation of pay, the replacement of automatic and collectivist mechanisms of pay increases and career promotion with more selective and discretionary ones, as well as other NPM inspired reforms in public sector employment relations. Their potential benefits can be significant in terms of recognition of public sector heterogeneity, greater organizational flexibility, better adaptation of pay policies and HRM arrangements to local business needs, helping the transition from career-based to position-based and results-oriented systems of personnel management (OECD 2007a: 29-31). But they suggest that to attain these benefits, and to avoid or contain their unintended effects (transaction and agency costs, coherence problems, erosion of fiduciary relationships), such measures need to be carefully designed and implemented, as well as accompanied by adequate institutional and financial arrangements. What the evidence reported in the already quoted OECD study suggests about the decentralization of pay bargaining (OECD 2007a: 53) can be extended to other NPM inspired reforms of public sector employment relations: achieving the expected outcomes is a slower and more complicated process than the early, most ardent proponents of NPM inspired reforms used to assume, disregarding the

distinctiveness of the public sector employer and of the context in which it operates. The successful use of such measures requires a long learning process, adequate institutional and financial arrangements, preparations and competencies, as well as careful and constant monitoring.

6. Conclusions

For more than two decades the NPM programme has dominated the public service reform agenda in many OECD countries. This reform agenda links the renewal of public administration and the promotion of more efficient and better quality public services (also) with the reform of public service employment relations. Widely based on the assumptions of new institutional economics, the NPM programme suggests the idea of removing any difference between the public and private sector, introducing into the public sector market-oriented mechanisms of governance in conjunction with private-sector techniques of human resource management. In the employment relations area, this means challenging both the sovereign employer approach and the model employer approach of public service employment regulation that prevailed in most industrialised democracies in the period after the Second World War. It also means envisaging a double process of convergence: between public and private sector employment relations within each country, and in public service employment relations between different countries. However, after two decades of NPM inspired reforms the outcomes are mixed: processes of convergence have certainly occurred, but in a diversified and limited way; unexpected and even perverse effects have often followed the reform attempts; improvements in cost-efficiency and quality of public service delivery have possibly been reached, but are also questioned in many countries.

We suggested that these unexpected and partly controversial results are connected with some theoretical weaknesses of NPM inspired reforms in the employment relations field. Within the various streams of neo-institutional economics, NPM heavily borrows its assumptions from principal/agent and moral hazard theory, paying excessive, and almost exclusive, attention to the risk of the opportunistic behaviour of the agents. Moreover, it assumes with some ingenuity that the principal is the same in the public as in the private sector, subject to the same incentives and constraints in the two contexts. In so doing, the NPM neglects the distinctiveness of public sector employer, which has been well documented by industrial relations theory in the area (Kochan, 1974; Ferner 1985; Beaumont 1992), and rarely acknowledges that often in public sector employment relations the primary problem is not the opportunism of the agents but the weakness of the principal. As the examples discussed in the previous section show, these theoretical weaknesses undermine the capacity of NPM to see the difficulties of importing market-type mechanisms of governance into the public sector,⁵ and to anticipate the potentially perverse effects of many of its precepts in the employment relations area. Although this is not the focus of this article, we suggest that the same weaknesses significantly contribute also to the difficulties that NPM inspired reforms have experienced in fulfilling its promise of renewing public administration and promoting more efficient and better quality public services.

This does not mean denying any validity to the NPM policy suggestions. But means that the NPM programme to renew public administration and to deliver more efficient and better quality services (also) through a reform of public service employment relations requires more sophisticated and less unilateral mechanisms than those which NPM borrows from moral hazard theory. These comprise not only

⁵ Also on this broader issue, recent OECD studies take a more problematic position than earlier suggestions inspired by the NPM approach (see for instance OECD 2005, ch. 5).

(or not so much) monetary incentives, market mechanisms and controls, but also trust relationships, cooperation, professionalism, the public service ethos and the availability of voice options for the users. Activating a richer variety of mechanisms can help both a less unilateral reform of public service employment relations than that suggested by the NPM, and the promotion of better quality public services.

References

- Arrowsmith, J.; Sisson, K. 2002. "Decentralization in the public sector. The case of the U.K. National Health Service", in *Industrial Relations*, 57(2), pp. 354-380.
- Bach, S.; Kessler, I. 2007. "Human resource management and the New Public Management", in P. Boxall, J. Purcell and P. Wright (eds.): *The Oxford Handbook of Human Resource Management* (Oxford, Oxford University Press), pp. 469-488.
- ; Winchester, D. 1994. "Opting out of pay devolution? The prospects for local bargaining in UK public services", in *British Journal of Industrial Relations*, 32, pp. 263-282.
- ; Bordogna, L.; Della Rocca, G.; Winchester, D. (eds.). 1999. *Public service employment relations in Europe. Transformation, modernization or inertia?* (London, Routledge).
- Barzelay, M. 2001. *The New Public Management: Improving research and policy dialogue* (Los Angeles, University of California Press).
- ; Gallego, R. 2006. "From 'New Institutionalism' to 'Institutional Processualism': Advancing knowledge about public management policy change", in *Governance*, 19(4), pp. 531-557.
- Beaumont, P. 1992. *Public sector industrial relations* (London, Routledge).
- Bordogna, L. 2003. "The reform of public sector employment relations in industrialized democracies", in J. Brock and D. Lipsky (eds.): *The role of labor-management relations in delivering quality government services*, IRRA Series (Urbana Champaign, University of Illinois-Cornell ILR Press), pp. 23-67.
- . 2007. *Industrial relations in the public sector* (Dublin, European Foundation for the Improvement of Living and Working Conditions), available at: Eironline, Comparative Studies, <http://www.eurofound.europa.eu/eiro/studies/tn0611028s/tn0611028s.htm>
- ; Winchester, D. 2001. "Collective bargaining in Western Europe", in Dell'Aringa et al., pp. 48-70.
- Brandt, T.; Schulten, T. 2007. *Liberalisation and privatisation of public services and the impact on labour relations: A comparative view from six countries in the postal, hospital, local public transport and electricity sectors* (Dusseldorf, WSI-Hans Bockler Stiftung), Dec.
- Calmfors, L.; Driffill, J. 1988. "Bargaining structure, corporatism and economic performance", in *Economic Policy*, Apr., pp. 14-47.
- Clegg H. 1975. "Pluralism in industrial relations", in *British Journal of Industrial Relations*, XIII, 3, pp. 309-316.
- ; 1976. *Trade unionism under collective bargaining* (Oxford, Basil Blackwell).
- Crouch, C. 2003. *Commercialisation or citizenship: Education policy and the future of public services* (London, Fabian Society), Mar.
- Dell'Aringa, C.; Della Rocca, G.; Keller B. (eds.). 2001. *Strategic choices in reforming public service employment* (New York, Palgrave).

-
- ; Vignocchi, C. 2007. “Collective bargaining and wages of municipal workers”, paper presented at the 8th IIRA European Congress, Manchester, Sep. 3-6.
- Duncan, C. 2001. “The impact of two decades of reform of British public sector industrial relations”, in *Public Money and Management*, Jan., pp. 27-34.
- Ferner, A. 1985. “Political constraints and management strategies: The case of working practices in British Rail”, in *British Journal of Industrial Relations*, XXIII(1), pp. 47-70.
- Gruening, G. 2001. “Origin and theoretical basis of New Public Management”, in *International Public Management Journal*, 4, pp. 1-25.
- Hood, C. 1991. “A public management for all seasons?”, in *Public Administration*, 69, pp. 3-19.
- . 1995. “The ‘New Public Management’ in the 1980s: Variations on a theme”, in *Accounting, Organizations and Society*, 20 (2/3), pp. 93-109.
- Keller, B. 1999. “Germany: Negotiated change, modernization and the challenge of unification”, in Bach et al., pp. 56-93.
- . 2005. “Changing employment relations in the public sector”, in *European Industrial Relations Review*, May, pp. 27-30.
- . 2007. “Changing employment relations in the German public sector: Developments and perspectives”, paper presented at the 8th IIRA European Congress, Manchester, Sep. 3-6.
- Kochan, T. 1974. “A theory of multilateral collective bargaining in city government”, in *Industrial and Labor Relations Review*, 27, July, pp. 525-542.
- Le Grand, J. 2003. *Motivation, agency and public policy: Of knives & knaves, pawns & queens* (Oxford, Oxford University Press).
- Marsden, D.; Richardson, R. 1994. “Performance pay: The effects of merit pay on motivation in the public services”, in *British Journal of Industrial Relations*, 32(2), pp. 243-261.
- . 2004. “The role of performance-related pay in renegotiating the effort bargain: The case of the British public sector”, in *Industrial and Labour Relations Review*, 57(3), pp. 350-370.
- OECD. 1995. *Governance in transition: Public management reforms in OECD countries* (Paris).
- . 2005. *Modernising government: The way forward* (Paris, OECD, Directorate for Public Governance and Territorial Development).
- . 2007a. “Governance of decentralised pay setting in selected OECD countries”, Working Papers on Public Governance, 3 (Paris).
- . 2007b. “Performance-based arrangements for senior civil servants: OECD and other country experiences”, Working Paper on Public Governance, 5, July (Paris).
- Pedersini, R. 2006. “Industrial relations in the railway sector” (Dublin, European Foundation for the Improvement of Living and Working Conditions), available at: Eironline, Thematic Features, <http://www.eurofound.europa.eu/eiro/thematicfeature13.htm>

-
- Pollitt, C. 1993. *Managerialism and the public services: The Anglo-American experience* (Oxford, Blackwell).
- Pollitt, C.; Bouckaert, G. 2004. *Public management reform* (Oxford, Oxford University Press).
- Regalia, I. 2007. "Industrial relations in the postal sector" (Dublin, European Foundation for the Improvement of Living and Working Conditions), available at: Eironline, Comparative Studies, <http://www.eurofound.europa.eu/eiro/studies/tn0704018s/index.htm>
- Stoleroff, A.; Pereira, I. 2007. "The reform of the Portuguese public administration: The evolution of negotiation and conflict between unions and governments", paper presented at the 8th IIRA European Congress, Manchester, Sep. 3-6.
- Visser, J. 2006. "Union membership statistics in 24 countries", in *Monthly Labor Review*, Jan., pp. 38-49.