

## Chapter 2

# Public Administration in the Era of Late Neo-Liberalism: Placement Professionals and the NPM Regime

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### **ABSTRACT**

*This contribution deals with tensions employees of public employment services have to face in their working routine. Empirically, the authors rely on the participant observation of counselling interviews in employment agencies, flanked by semi-structured interviews with job-seekers and their respective agency personnel. These data has been collected as part of an extensive qualitative evaluative research project at the Institute for Employment Research (IAB). The findings indicate that under the New Public Management regime the work of the placement personnel is structured differently: On the one hand the job placement professionals are labour market experts with an extended scope of action. In counselling interviews the job placement officers interact with job seekers and provide advice and monitor the individual behaviour of job seekers. On the other hand all decisions of the placement professionals are checked by a close meshed accounting system and revised if they contradict the organizational business logic.*

### **PUBLIC EMPLOYMENT SERVICE BEYOND THE 'FROZEN WELFARE STATE LANDSCAPE'<sup>1</sup>**

Since the 1980s, a new form of government and administration has marked a profound change in strategic orientation and the practice of the welfare state: new public management (NPM). Patterns of neoliberal economic activity have diffused into the system of political action. The radical social and labour market

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reforms in Great Britain under the Thatcher government could count as the most important turning point for European welfare policies (Sowa & Zapfel, 2015). Core elements of this change, which affects both welfare state benefits for the population, and the organization and administration of these benefits, are connected with the key words managerialization, output management, and market orientation. The performance of authorities is reconceptualised as market offerings, and the principles of competition are awarded significance accordingly. The form of the relationships between the representatives of authorities and the population is likewise oriented toward the ideal of the relationship between service provider and customer (Hood, 1995; Reichard & Röber, 2001; Sahlin-Andersson, 2002). The activating social state is also a consequence of the influence of this idea in the broader sense (Sowa & Zapfel, 2015). What used to be paternalistic, caring welfare states now expect services from their subjects in return for their welfare benefits. The relationships between the providers and receivers of welfare are contractualized to a far greater extent than they were well into the 1970s.

These changes are not only of interest historically, but are still taking place today, through the intrinsic motivation of neoliberalism, in which the state of being expresses itself in constant change (Springer, 2015). Correspondingly, it cannot be said that the change processes in welfare state institutions which are fed by neoliberal ideas have already come to an end. On the contrary: the currently potent mechanisms of the continuous changes are bringing about the situation that bureaucratic organizations are moving farther and farther away from Weber's ideal type (Weber, 2005: 1047). Accordingly, in recent organizational theory, organizations are no longer spoken of as structures but as entities which must be organized (Weick, Sutcliffe & Obstfeld, 2005). Added to this, organizations do not have to do with a static, homogeneous environment but with multiple, contingent environments (Luhmann, 2000). The demand for internal management possibilities and control of environmental risks is answered by organizations (from authorities to business organizations) in multifaceted ways: demands for rationalization, generation of a knowledge advantage, accumulation of market power, decentralization of decision functions, and risk management.

Risk management was introduced in public administration departments while the NPM regime was being established (Lapsley, 2009). Administrative management in such a regime is supposed to create much greater transparency in regard to the effectiveness and efficiency of administrative actions. To minimize the risk of failure, risk awareness is expected of the managers. Hence, the importance of risk management as a management instrument grows, in order to do justice to the need for management, control and safeguards. Clearly defined, measurable goals should be achieved with as little negative divergence as possible. In risk management, processes of goal definition and strategy development are evoked, opportunities and dangers should be made transparent, risks are dealt with more consciously and systematically, and efficiency targets and the budget to be used are defined in a clearly defined and separate system (Schütz, 2009).

Since the 1990s, this restructuring of public administration departments has also affected public welfare institutions concerned with unemployment which had also come under fire. Due to the persistence of a high degree of unemployment, the criticism focused on labour-market policies and the public administration of unemployment services. It seemed that this development was not just typical of Germany, but indeed almost all of the European welfare state systems were resistant to change (Kitschelt & Streeck, 2003). Esping-Andersen prominently characterized most countries in continental Europe as *frozen welfare state landscape[s]* (Esping-Andersen, 1996: 24). Three decades later these landscapes 'melted away'. One can observe a new age of permanent reforms offering basic organizational, administrative, and legal reforms almost on an annual basis. Despite the persistence of national differences many academics have identified a common orientation toward NPM all over Europe.

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