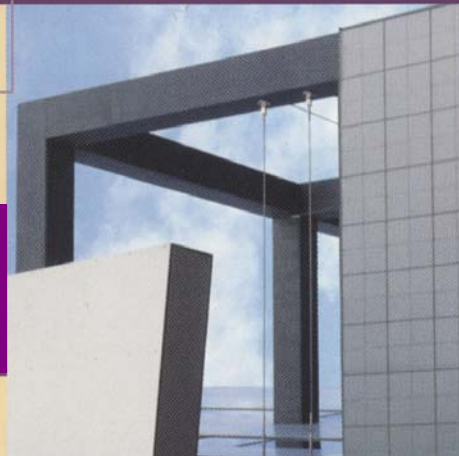


### THE QUALITY MOVEMENT AND THE QUALITY OF GOVERNMENT

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# THE QUALITY MOVEMENT AND THE QUALITY OF GOVERNMENT

## INTRODUCTION

In the early 1990s, the quality movement was adopted by the public sector in a similar fashion to other managerial ideas that found their way from the private sector to the public sector. As was the case with those other reforms passing from a market environment to a governmental one - strategic planning, incentive pay, performance appraisal, contracting out and performance management - implementation was sometimes problematic and success elusive.

In an earlier era, the public sector could act to suit itself in what has been termed the traditional public administration system which existed for most of the twentieth century (Hughes, 1998). While citizens had rights protected by law, little attention was paid to service quality, responsiveness to clients or to the imposition of costs in time or money for compliance with bureaucratic rules. The new reforms have tried to improve the quality of the bureaucracy. There was a realisation that the public sector has a crucial role to play in determining real living standards which, for most people, depend on government services - the quality of schools, hospitals, community care, the environment, public transport, law and order, town planning, and welfare services - at least as much as the quality of privately provided consumer goods and services. Many government activities involve service delivery which is amenable to measurement and quality improvement. Governmental clients - formerly perceived as citizens - would prefer their interaction with government to be of good quality, and to be timely and efficient.

The change from a citizen to a client model of service delivery came with the movement termed 'new public management' (NPM) which started around 1990 and has, arguably, found favour with the governments of most developed nations as well as some developing nations. In Australia there was a corollary recognition that the efficiency and effectiveness of government service delivery also underpinned the competitiveness of the private sector. This initially occurred through 'market' mechanisms, but now, apparently, the quest for improved quality is being pursued with the increasing implementation of e-government, the application of information and communications (ICT) technology to the operations of government. This has the potential to transform both the way in which services are delivered to citizens and the range of services provided.

And yet the overall results of the process of governmental reform have been patchy. There have been undoubted improvements in financial management, personnel management and performance management, although much of what was in place before was of such dubious quality that any change at all was significant. The biggest difficulty in dealing with a public sector environment is in being able to measure outcomes or even outputs in meaningful ways, and this places real restrictions on the capacity to apply concepts of quality derived from the private sector. Consequently, while the intention is still to improve quality standards, the way of doing so has increasingly shifted to other mechanisms - explicit contracts, privatisation, e-government, separating service provision agencies from policy - instead of quality mechanisms deriving from the private sector.

In this paper we examine the concept of quality and its application to the public sector. While the total quality management (TQM) movement is sometimes conflated with other public sector reforms, arguably these are developments which are separate both in time and conceptually. This territory is explored in the first two parts of the paper while the third section examines e-government, the latest manifestation of quality in government. Drawing on this discussion, we conclude that, while the various concepts of quality are able to be applied to the public sector, there are major difficulties which necessitate a total re-working of the concepts and tools. This conclusion applies equally to the traditional concepts of quality, most of which were developed in manufacturing settings, but also to the more market driven manifestations which developed under the rubric of new public management.

## TOTAL QUALITY MANAGEMENT AND GOVERNMENT

As is well known, the quality movement started in the post-World War II era; after a number of false starts, 'by the mid-1980s, many US corporations began to encourage quality through integrated, multifaceted systems' (Swiss, 1992: 356). TQM, its best known manifestation, was presented as a means of increasing customer orientation, timeliness and service performance while reducing costs.

TQM derived from the ideas of W. E. Deming, Joseph Juran and Kaoru Ishikawa to improve organisational effectiveness. The main features of TQM involved improving work processes with the involvement of appropriately trained employees, a focus on the variability of work processes to find the causes of this variability, the systematic collection of data on work processes and the use of continuous improvement problem solving techniques by teams of employees and cross functional groups (Hackman and Wageman 1995). Interest in TQM stemmed from the phenomenal success of the use of these techniques by Japanese industry in the 1970s and 1980s in penetrating the United States market. These ideas had an impact from the middle 1980s onward in the United States and were transferred to Australia from there or in some cases directly from Japan.

By 1990, the movement had spread to government, winning the endorsement of the first President Bush who argued 'Reasserting our leadership will require a firm commitment to total quality management and the principle of continuous improvement. Quality improvement principles apply in the public sector as well as private enterprise' (Carr and Littman, 1990: 2). Quality may be defined in terms of standards, performance indicators or benchmarks, which when followed, ensure that the outcome of the task or service will be predictable, repeatable and consistent. Key to implementing a quality regime is the evaluation or quality audit process, often performed by an independent agent who could attest that the quality indicators were being met (Kirkpatrick and Lucio, 1995). The indicators themselves play an important role in the provision of government services. By being made explicit within the organisation and to its users and the public, quality measurement represents a measure of governance, while at the same time reclassifying citizens as customers (Pollitt and Bouckaert, 1995).

Advocates claim TQM can be used in government, particularly in areas of goods or service delivery. Morgan and Murgatroyd (1994), for example, list examples in health care, education and social services and claim that the ideas can be used in government service. They argue that TQM for the public sector needs to be:

1. *Customer-driven*: the focus is on providing outstanding service at an appropriate cost to all primary customers.
2. *Strategically focused on outcomes and processes*: TQM is a focused practice that seeks to turn strategic intent into direct, practical achievements.
3. *Driven by goals and values, not regulations*: staff working in the public sector are able to make decisions on the basis of clear processes which are value-driven rather than regulatory and disabling.
4. *Empowering for communities, workers and customers*: the aim is to empower people to achieve that which they need and to achieve it by working cooperatively and creatively.
5. *Effective and efficient*: TQM is a set of management practices which aim to improve performance and increase customer satisfaction while lowering costs.
6. *Evaluated as successful by customers in comparison with comparative providers of services*: when customers compare the performance of a public service with that of others or with private sector provision, they will recognise value for money and quality performance in what they see.
7. *Valued by staff and customers alike*: there will be a respect for process and service quality among everybody associated with the service.
8. *Enterprising, not simply spending-oriented*: TQM encourages the public sector to both reduce costs and to gain income from being more enterprising about the potential resale of processes, technology, ideas, resources, etc. Teams should be encouraged to be entrepreneurial, not just spending-oriented.
9. *Proactive rather than reactive*: TQM encourages teams and management to anticipate and plan before they act – it seeks to encourage insightful forecasting, planning and the management of development.
10. *Benchmarked against the best in the world*: the aim of every public sector organisation should be to lead the world in the provision of its core services in terms of customer satisfaction, efficiency and

appropriate cost. Careful benchmarking will enable them to show the extent to which they can deliver to this promise (Morgan and Murgatroyd, 1994, p. 190).

While everyone agrees with the basic tenet that 'quality has to be built in from the beginning and that the achievement of quality standards is the responsibility of everyone' (Morgan and Murgatroyd, 1994, p. 5) TQM has not been an unqualified success in government.

The major problem with the principles listed above is the *generic* nature of what is put forward. Many aspects are not particular to TQM. Rather, they are the kinds of things that any reformer would claim to be trying to do. This reduces their impact.

There are doubts as to the applicability of TQM to the public sector. As Swiss argues:

In its unmodified or orthodox form, TQM is strikingly ill suited to the government environment. The use of TQM in government has several major problems: insufficient modification for services; insensitivity to the problems of defining governmental customers; inappropriate emphasis on inputs and processes; and demands for top-level intensity that can rarely be met by the governmental culture (Swiss, 1992: 358)

As explained above, TQM is a process which developed in a private sector manufacturing environment and which was then adapted first to the provision of services and then to the public sector. While there had been some attempts to apply quality principles to services, it was in practice much harder to adapt them to sectors other than manufacturing, and governmental services were much more complicated even than services in the private sector. It is doubtful, however, whether that transition has taken adequate account of the particularities of the environment in which this methodology developed and the small number of available studies highlight the problematic transition.

It is fine in principle to place the customer first, but who is the customer of a public agency: the political leadership or the public? To Swiss:

Because government agencies must serve a wide variety of customers who have widely divergent and even contradictory demands and because the general public remains a 'hidden customer' with yet additional, often incompatible demands, government agencies often have to deliver a service or product that reflects an uneasy compromise. In such cases, the principle of delighting or even satisfying customers begs too many questions to be a useful goal (Swiss, 1992: 359).

What constitutes quality in government is a matter of some debate. Schedler and Felix (2000) refer to basic factors and service factors, the first being the general acceptance of state institutions while the second refers to the quality generated in direct and specific contacts with customers. In most considerations of quality, service factors are the focus of measurement but the existence of basic factors cannot be taken for granted:

Constitutionality means that managers must always base its (sic)actions on applicable law. It therefore constitutes legitimation, a guarantee of citizens' equal treatment by, and their protection from, poor management. Its existence is a prerequisite of modern democracy, and infringements on it can be taken to court. The fact that this is the case does not lead to any particular satisfaction of citizens with the state, but its absence would create enormous dissatisfaction. Friendliness to customers means that management bases its actions on customer requirements and takes customers seriously, as business partners. A customer-friendly management in the public or private sector can substantially increase citizens' satisfaction whereas, according to the proposition, a bureaucratic management would be unlikely to create enormous dissatisfaction (Schedler and Felix, 2000: 137).

In the provision of government services, quality may represent different things to the 'client' than it does in the private sector. As there is much more involved than the mere provision of a service, because of politics and the aspects of constitutionality mentioned above, it is much harder in practice to determine if there has been a quality outcome. To put this another way, a government service may be provided impeccably to quality standards but the client or the wider citizenry can still be dissatisfied.

## **New Public Management and Quality**

The need for public servants to adopt private sector principles and practices in order to pursue a results oriented approach has been hailed as a panacea for an ailing public management. Hood (1991) listed the key elements of NPM as:

- hands-on professional management in the public sector, ‘letting managers manage’;
- explicit standards and measures of performance;
- managing for results;
- disaggregation by breaking up large entities into corporatised units around products and interacting with each other on commercial lines;
- a related shift to competition in the public sector, such as contracts and public tendering procedures;
- adoption of private sector styles of management practice, such as HRM; and
- a more frugal approach to resource use.

By its very nature, new public management aims to improve the quality of outcomes; it is a ‘contemporary, customer-focused approach, which aims at improving the delivery of public service quality’ (Mwita, 2000: 30). In 1991, the OECD pointed to the need to:

Raise the production performance of public organizations [to] improve the management of human resources including staff, development, recruitment of qualified talent and pay-for-performance; involve staff more in decision-making and management; relax administrative controls while imposing strict performance targets; use information technology; improve feedback from clients and stress service quality; bring supply and demand decisions together (e.g. through charging users) (OECD, 1991).

All these avenues were and are being tried. Governments around the world advocated and implemented such measures as performance indicators, surveys of service quality, and other schema derived from the private sector. There were different ways used in NPM to improve quality. However, while there are varying models of NPM, the key difference is the emphasis placed on markets and market-like mechanisms for organising and re-organising the public sector.

### **Performance indicators**

Reforms to performance management are a particularly important part of the managerial programme. Agencies in many parts of government are now expected to develop ‘performance indicators’, that is, some way of measuring the progress the organisation has made towards achieving declared objectives. Performance indicators were established for all kinds of activities. Carter, Klein and Day argue (1992: 181) that different indicators can be developed for different purposes:

Given different policy objectives, different kinds of performance indicator systems will emerge. So, for example, if the prime concern is with the efficient use of public resources, the emphasis will be on trying to devise output (and, if possible, outcome) measures: the approach of the economist...If the prime concern is with accountability, then a rather different emphasis may emerge: process indicators which measure the way in which services are delivered to the public - their availability, their timeliness, may be more relevant. If the focus of attention is on managerial competence, then the stress may be on setting targets for the performance of individual units or branches. These objectives may, of course, co-exist within the same branch.

Performance indicators are open to criticism for trying to specify the unspecifiable, given the inherent difficulties of measuring performance in the public sector. Managers will argue that the benefits brought by their particular organisation cannot be quantified or that empirical measurement distorts what it does by

focusing only on those things which can be quantified. This may be a danger but can be overcome by setting measures directly related to the organisation's success. Also, once objectives are set they should not be set in concrete.

Of course, there are difficulties in measuring performance, and greater ones in the public sector, but this does not mean that no attempt should be made. The original idea of the managerial reformers was to provide some surrogate measure for profit and other measures used in the private sector. But profit itself is flawed as a measure and does not capture all the costs and benefits of an activity. Moreover, services do not really lend themselves to measurement, especially in the public sector where the rights of citizens enshrined in law sit uncomfortably with the concept of a consumer with no other guarantees of service than those paraded by the organisations or established under contract and consumer law.

### **Service Agreements and Contracts**

Service agreements or more explicit contracts are legally or morally enforceable instruments where outcomes or outputs, including those related to quality, can be specified. This has become much more common within government in recent years. Under what has been called 'contractualism', any conceivable government service can be provided by contract, either externally through private or voluntary sector providers or internally with other parts of government. The essence of explicit contracts is to separate the 'purchaser' of government services from the 'provider', with the purchaser being the party who decides what will be produced and the provider the party who delivers the agreed outputs and outcomes. There can be individual performance contracts for staff, contracts with the minister and the government as a whole and contracts in the form of 'charters' with clients and the public.

There are advantages in such an approach, according to the Industry Commission in Australia (1995):

- Contracts result in clearer specification of objectives and information on service standards and outcomes.
- Separating funding and delivery improves transparency and accountability by precisely allocating responsibilities between the agency purchasing and contractors delivering services, and requiring purchasers to specify the performance criteria.
- Contestable or competitive markets for service providers will eliminate capture by professionals in the bureaucracy.

Contracts now abound in the public sector: contracts with suppliers of services, contracts with staff, contracts between agencies, service agreements. Everyone becomes a contractor. According to Davis (1997: 226):

In many countries contracting is moving beyond provision of limited goods or services within governments to embrace the overall design and approach of public services. Governments increasingly appear as a transparent universe of subcontractors, organised around statements of goals and strategic plans, concerned not with some nebulous public good but with meeting performance indicators set out in an agency agreement. Contracting can replace traditional bureaucratic hierarchy and command with networks of providers loosely clustered around government funding agencies, delivering services once the exclusive domain of the state.

However, a public service operating under explicit contracts with the private sector, or explicit contracts between policy departments and service delivery agencies, would be a very different public service. There can be no thought of service to the public or even service to the government. If everyone is a contractor, no-one has a longer time horizon than the end of their contract; if everyone is a contractor, there can be no such thing as the public interest, only what appears in the terms of a contract. And then the issue is one of contract specification.

### **Service Charters**

We have also seen in some countries the adoption of 'charters', quasi-contractual arrangements between government agencies and the public, usually specifying some quality standards. These can be considered

part of contractualism as they are a form of contract between public agencies and their clients, between government and citizen.

Again the expressed aim is that of quality. For instance the Howard Government in Australia promised a Charter of Government Performance which would gather together the performance plans of all portfolios and, as well: 'the Charter will work to remove the duplication and overlap of government; improve the quality, effectiveness, efficiency and accessibility of services; ensure transparency and accountability of administration and establish individual agency efficiency targets' (Australia, Minister for Industrial Relations, 1997: 8). Government Service Charters have the broad objectives of:

setting out the nature and level of service clients can expect to receive; putting service quality alongside efficiency and effectiveness as a key evaluative criterion; developing explicit, intelligent and verifiable information on public services; improving transparency; and emphasising choice and a citizen's right to information, fair treatment, timely service, access and specific services of an appropriate quality (1997: 9).

Service Charters generally set out what service standards can be expected and what rights and responsibilities a citizen has in ensuring they are met. Charters generally specify entitlements, targets (for example processing, timelines) and behavioural norms (desired culture of the organisation) (O'Faircheallaigh et al., 1999).

Service Charters are common across government agencies, particularly in the APS where all agencies that provide services directly to the public are required to develop a service charter and agencies with indirect contact are strongly encouraged to put one in place (DoFA, 2000). They are promoted by the federal government as a powerful tool for agencies to continuously improve service delivery and to reshape the agency into a client-focused entity. For example, the Taxpayers Charter published by the Australian Taxations Office (ATO) outlines taxpayers rights under the law and the standards they can expect when dealing with the ATO (ATO, 1996). It explains what courses of action are open to citizens who are dissatisfied with the Tax Office's decisions or actions. It was developed in 1995 in consultation with a wide range of community and practitioner representatives and was promoted by the Commissioner of Taxation to taxpayers and tax practitioners as a means for providing greater transparency regarding rights and expected standards (Carmody, 2000, Carmody, 1996). However, information about its effectiveness is not publicly available, although satisfaction of the standards set in the charter is part of the ATO's measurement of its overall performance (ATO, 1999).

When Centrelink was launched in 1997, the government promoted the Customer Charter as enshrining customers' rights to courteous and friendly service (Newman, 1997) and Centrelink continues to promote the charter as part of an ongoing drive to deliver better services for its customers (Centrelink, 2002). The charter outlines the type of service customers can expect, basic rights and responsibilities and how to give feedback. However, unlike the Taxpayers Charter it does not provide specific standards of performance nor how performance will be assessed, but appears to be a document establishing the culture of service, rather than the specifics of service standards.

In both cases, public information regarding the effectiveness of improving the level of service is not available. However, some commentators, such as Raper from Australian Council of Social Services, are concerned that the level of service is declining in the environment of cost-cutting and contracting out (Raper, 1999), suggesting that in the real world of economic pressure, service charters may be nothing more than a gimmick or window-dressing unless there are mechanisms to ensure adherence. There may be a marginal benefit if setting out performance targets keeps agencies focused on their tasks more than they would have without them.

### **Compulsory Competitive Tendering**

While most Australian states experimented with various forms of contracting out local government services, Victoria stands apart as adopting, during the Kennett Government (1992-99), a legislated regime of compulsory competitive tendering (CCT) which led to a significant transfer of service provision from the public to the private and not for profit sectors. The idea was that CCT would improve quality by making explicit the services

to be delivered with their performance standards and quality standards specified. Significantly, CCT also created incentives, if not pressures, for the existing workforce to bid for their own jobs as well as opening service delivery to outside competition.

Victorian councils were compelled by law to contract out 50 per cent of their operational budget. Whilst some council services, such as road construction and garbage collection had a history of external contracting, others did not. Consequently, the skills of developing specifications and monitoring service delivery were not widespread, particularly in human services areas. Contract management arose as a key problem associated with contracting out. Compared with the private sector, contract management was disproportionately elevated to a key management skill, principally because the financial gains to be made through contracting out are almost entirely dependent on contract management and failure may have serious adverse consequences for service delivery and legal liability (Teicher and Van Gramberg, 2001).

The concern over the adequacy of contract measurement and reporting systems was highlighted in a report by the Victorian Office of Local Government which had ordered an investigation into Mildura Rural City Council after a reported loss by the council of \$2.5 million 'due to poor management and financial control of three contracts' (Office of Local Government, 1998: 7). Clearly, one of the major problems with monitoring contract performance was having access to reliable information on which to base judgements about the adequacy of contract performance. Whilst the purchaser/provider split may have provided local government with an arms-length approach to managing contracts, the structural separation could inhibit the ability of managers to monitor, regulate and control service provision. Information and knowledge asymmetry between managers and service providers may represent a structural weakness of contractualism, as it may be in the commercial interests of the provider to act strategically and withhold information (Aulich, 1997). More generally, the existence of the split in itself creates an institutional barrier to information sharing between management levels.

Whilst loss of quality is the immediate outcome of poor contract management, the growth in legal action highlighted the fact that despite the arms-length relationship between the council and its contractors, councils can be held responsible for the negligence of their contractors.

### **Privatisation**

A rather extreme form of quality improvement in government is through privatisation. Despite popular usage the sale of assets is only one form of privatisation. In the broadest but most useful sense, privatisation refers to a reduction in government provision through such mechanisms as contracting-out, load-shedding (dropping the function altogether), liberalisation or commercialisation, and outright sale.

Underlying most economic theories of privatisation is an assumption that private ownership is inherently more efficient; together these theories form what might be termed the 'hard' version of neo-liberalism. According to property rights theorists, human beings place a much higher value on assets which are privately owned than those which are communally owned. It is also argued that privatisation increases productive efficiency through the pressures of capital markets to ensure that assets are used to the best advantage and by the discipline of product market competition (Domberger 1993).

Advocates of privatisation proceed from the basis of the superior efficiency of the private sector and its capacity to satisfy consumers' needs. Whether this is true cannot be established *a priori*, and the empirical evidence is mixed (Hodge, 2000). There is also the need to look at quality outcomes in a broader sense, that is, an outcome may appear to be more 'efficient' even if the clients are dissatisfied and extra costs appear elsewhere in the system. The issue here is whose preferences are to be taken into account and how are they to be weighted? For example, electricity privatisation in Victoria appears to be successful in that assets were sold for a high price. However, electricity prices have risen and there is less certainty of supply. The overall quality of outcome is problematic.

### **E-government: A new route to quality?**

E-government is sometimes referred to as the second revolution in public management after New Public Management. According to the Economist (24 June 2000) it will transform not only the way in which most public services are delivered, but also the fundamental relationship between government and citizen. Broadly, e-government involves the use of internet-based technologies to transact the business of government. The level of sophistication attained by the various agencies can vary enormously. This can be demonstrated by viewing e-government as a staged process:

- *Presence*: This phase involves posting information such as agency mission, addresses, opening hours and possibly some official documents of relevance to the public.
- *Interaction*: This phase is characterized by web sites that provide basic search capabilities, host forms to download, and provide linkages with other relevant sites, as well as e-mail addresses of offices or officials.
- *Transaction*: At this point citizens are able to complete entire tasks online. The focus is to build self-service applications for the public to access online and to complement other forms of delivery; for example, filing tax returns and payment of fines. This provides the opportunity to provide seamless service delivery in which several agencies provide shared services.
- *Transformation*: In this stage the delivery of government services is via a single point of contact which makes government organization totally transparent to citizens. Here there is the potential to fundamentally change the relationship between government and citizens and business. It also enhances the ability of constituents to participate more directly in government activities; (e.g. e-referendums and e-voting). In this stage we can conceive of virtual agencies where all transactions with government can be conducted in one location and perhaps even some with non-government bodies. In this phase we would expect to see intranets which link government employees working in different agencies. There may also be extranets which allow the seamless flow of information and collaborative decision making among federal, state and local government agencies; private and not-for-profit sector partners; and the public. (Baum and Di Maio 2001).

E-government can be used to address a number of the principle aims of TQM for the public sector, particularly those related to the need to be:

- Customer-driven
- Empowering for communities, workers and customers
- Effective and efficient.

Whether it achieves these things any better than previous waves of management reform has been little researched. We have attempted to fill this gap by a survey of 135 senior managers at the three levels of government in Australia. The findings indicate that at this stage the impact of e-government on quality is limited.

Our survey shows that the majority of sites (45.9 per cent) provide only the lowest, level of internet service which makes data available on the internet and allows downloads of information and forms. Only one site has a fully integrated facility with the ability to get all necessary information, fulfil all obligations and apply for and receive all services for which one is entitled from one place.

Federal government agencies are more advanced with 46 per cent at the transact level or higher. Local councils are least advanced with 46 per cent still at the transmit level. Table 1 shows the use of e-government within different levels of government in Australia.

**Table 1: e-Government Level**

	Overall		Federal		State		Local	
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent
Transmit	51	45.9	3	23.1	21	53.8	26	46.4
Interact	27	24.3	4	30.8	9	23.1	14	25.0
Transact	32	28.8	5	38.5	9	23.1	16	28.6

Integrate	1	0.9	1	7.7	0	0	0	0
Total	111	100.0	13	100.0	39	100.0	56	100.0

The greatest impact is in the area of providing information on the internet. Given a choice of 14 areas where e-government could have an impact, 56 percent of respondents nominated *facilitating citizens' access to information from government agencies* and *offering services at a convenient time and place* to be the most important positive result of e-government. Very few nominated *efficiency* or *accountability*.

Table 2 indicates the extent to which the use of the Internet and other information technologies were perceived by respondents to have assisted the organization. While some of the major benefits are internal (e.g. improving research facility and communication) there are clear implications for quality (e.g. coordinating activities and sharing information between the various levels of government). It is particularly interesting that 75.4 per cent of respondents felt that the use of such technology had assisted the organization in providing quality services or products to the public.

**Table 2: The Internet and other information technologies helped the organization with:**

	<b>Helped a lot</b>	<b>Helped a little</b>	<b>Neither helped nor hindered</b>	<b>Hindered a little</b>	<b>Hindered a lot</b>
Internal communication	61.9%	28.0%	9.3%	0.8%	0%
Research	46.2%	36.8%	17.1%	0%	0%
Public outreach and communications	26.7%	58.6%	14.7%	0%	0%
Providing quality services or products to citizens	28.8%	46.6%	24.6%	0%	0%
Coordinating activities and sharing information with other government agencies	19.3%	54.6%	23.5%	2.5%	0%
Streamlining operational procedures	22.9%	38.1%	34.7%	3.4%	0.8%
Procurement	7.6%	42.0%	48.7%	0.8%	0.8%

While there is some way to go on this research, it is clear that governments are using internet technology to greater effect. This has been led, as would be expected, by the larger and better-funded areas of government. Another interesting finding of the survey was that 64.5 percent of respondents thought that e-government had no impact on the adoption of private sector practises such as performance management, suggesting that e-government is not a vehicle for NPM-like reforms, but is doing other things.

## **LIMITATIONS OF THE QUALITY MODEL AS APPLIED TO GOVERNMENT**

It needs to be reiterated that while governments are interested in improving the quality of their outcomes it remains doubtful whether formal quality mechanisms are of much assistance. To its critics NPM is part of a New Right project to reform the public sector by subjecting it to the rigors of market discipline in which quality is an axiomatic outcome of employment reductions, contracting out and commercialisation. To its advocates it is a way of improving service delivery through greater efficiency. Improving quality was always one of the main driving forces. During the process of commercialisation of public services, quality initiatives were promoted as a part of the package of private sector business practices which place emphasis on customer satisfaction and focus on the outputs as opposed to examining the use of inputs. Some of the problems in applying the quality movement to the governmental sphere can be addressed.

### **Equating Customer Satisfaction with Quality**

There is a tension in public sector management between ensuring customer satisfaction - the private sector check that quality benchmarks are being met - and the democratic underpinnings of government. This gives rise to two sets of problems: firstly, administrative law and the conflict between citizen rights and customer rights and secondly, the illusion of participation and the impact on democracy.

The first type of problem can be illustrated by reference to services which are contracted out. In a case where a mail van contracted to provide delivery services for Australia Post ran over a customer's mailbox, the customer complained to Australia Post and was told it was not their problem as the service had been contracted out; the contractor said liability lay with Australia Post. The case had to go to court to get resolved. It was found to be Australia Post's responsibility, but the case shows that the customer had to put some effort and money into getting a result.

The second type of problem, the erosion of democracy through the implementation of a customer service model, was found at the City of Moreland which operated a customer service line to register complaints. In the late 1990s ratepayers were invited to provide customer feedback on existing services and the information was registered in order to assess 'quality'. Such involvement is highly selective in that potentially it limits citizen involvement to customer feedback and precludes 'customer' input into the development of new services or other community issues.

Both of the issues discussed above highlight the potential for conflict between the basic factors concept of quality and service quality. Clearly, there are ways to overcome such problems but their existence provides tangible evidence of the dangers of uncritical importation of private sector concepts.

### **Contractors will only barely satisfy contracts**

Research by Teicher and Van Gramberg (2001) found that, unless every conceivable quality measure is written into the contract specifications, contractors will tend to perform the minimum required by the contract. Rather than incorporating 'real' quality, in many cases contract specifications themselves lead to quality reductions as they provide incentives for service providers to meet only the minimum standards specified in the contract (Quiggin 1996). For example, in the City of Moreland trees died over summer because a regular watering schedule was not written into the contract to deal with hot summer conditions and other work groups who had previously watered trees refused to do so, because it was not in their contracts. Such a situation is consistent with the second concept of quality only because of the criticality of contract specifications in a complex service provision environment.

### **Definitions of quality may assist in cost reduction**

The public service was often said to 'gold plate' their services – throw too many resources at a service. So the rationale for using contractors in the first place was to lower the quality and lower the costs, in effect re-defining quality as a synonym for efficiency. An example of this was meals on wheels at City of Yarra where the service still occurred but meal carriers were no longer given the time to chat to the old person or put on the kettle for them. This illustrates the removal of gold plating and replacing it with an efficient but not necessarily effective service and highlights the problems inherent in the shift from citizen to customer. There is little scope for customers to complain where the service falls below expectation.

## **The public sector is different**

Despite governments around the world overtly embracing private sector norms, it remains the case that the public sector manager typically operates with a different frame of reference. Many factors combine to create a distinctive environment: outcomes are harder to measure; there is less freedom to be arbitrary; decisions need to be firmly based in law; there is more scrutiny from the press and public and the pervasive influence of politics and accountability to political appointees. Significantly, this distinctiveness is not confined to those agencies engaged in the core business of government but pervades areas in which public sector provision is provided in direct competition with the private sector or could be provided in a market environment. Quite simply, the political nature of the public sector is more pervasive and more consistently so.

The fact that the private and public sectors operate in different market contexts and under different political realities has largely been ignored in the adoption of quality measures. Public sector activities are often not easily measurable and do not lend themselves to a 'quality' based model which emphasises efficiency and cost-effectiveness. Further, by allowing private sector market based values to influence public sector service provision, there is a real risk of eroding traditional government social and economic responsibilities (Johnson and Callender, 1997).

## **CONCLUSION**

Governments have become more interested in improving the quality of their outcomes, particularly where they involve the delivery of services. The adoption of formal quality mechanisms in manufacturing, and later services, in the private sector has led some in the public sector to attempt to translate such approaches as TQM to the public sector. The results have not been outstanding, to the extent that while there remains a wish to improve quality, the mechanisms have been different from what would have been imagined by those leading the quality movement in the late 1980s. These mechanisms include those of new public management – contracting, privatisation and the like – as well as attempts at more formal approaches. E-government also offers some potential for improving the quality of governmental service delivery.

In the final analysis, however, the quality movement within government has not been a huge success, despite the general and agreed wish to improve quality. It is hard enough to specify outputs in the public sector, let alone outcomes, in order to make quality measures at all meaningful. As an area not particularly susceptible to measurement, government remains an area where quality is somewhat elusive. It must be added that the quality of government service delivery has generally improved but more through incremental reforms within individual agencies than through a large-scale quality revolution. It is also the case that this perception of improvement is more impressionistic rather than empirical, but that is probably as far as the case can be made.

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