



PART ONE

THE DYNAMIC CONTEXT OF PUBLIC ORGANIZATIONS

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CHAPTER ONE

THE CHALLENGE OF EFFECTIVE PUBLIC ORGANIZATION AND MANAGEMENT

As this book heads for publication, a newly elected president of the United States has very recently taken office. His early actions included a public rebuke of the U.S. Food and Drug Administration (FDA)—a scolding widely reported in the media. He also announced new regulations that would cap the pay of executives in the banking and financial industry, in organizations that receive federal funds to prevent their financial collapse. Readers will now know whether these statements and actions have had significant impacts. Whatever their ultimate effects, they underscore themes central to the purpose of this book. These themes include the effective organization and management of government organizations, the analysis and understanding of such organizations, the crucial nature of their functions, and the similar yet distinct character of management and organization in government as opposed to the business sector.

The FDA and the Salmonella Outbreak. In an interview on a nationally televised news show, the president chastised the FDA for failure to prevent an outbreak of salmonella that reportedly sickened over six hundred people and cost nine people their lives. The salmonella came from peanut butter products produced in a plant in the state of Georgia and distributed around the nation. The FDA is one of several federal agencies with responsibility for food safety and for inspections to ensure the safety of the products of a food plant such as the one in Georgia. The president said the outbreak made him concerned about his daughters, who like to

eat peanut butter. He said, “I think that the FDA has not been able to catch some of these things as quickly as I expect them to” (“As Dad, Leader, Obama Scolds FDA,” 2009, p. A1). The president thus emphasized the need for the FDA to perform effectively and in timely fashion, because the agency’s work influences the safety of our families and ourselves. His statement implied that even a person as powerful as the president, who speaks of the agency as if he is the agency’s boss, has to rely on this agency for his family’s safety. Soon, a congressional committee called FDA officials to appear before them, and in front of the news cameras sternly questioned them about the outbreak. Thus the president, Congress, and the media all in effect acknowledged the crucial nature of the FDA’s job and the crucial need for the FDA to do the job well. Far from serving as an isolated example, this episode illustrates the point that most government agencies in most nations perform essential functions, and their work affects our lives in countless ways. The Partnership for Public Service provides dozens of examples of these influences on their Web site and in their annual report (Partnership for Public Service, 2007).

Pay Caps for Corporate Executives. When the president called for, and Congress enacted, caps on executive salaries in corporations receiving federal funding, they illustrated another theme of this book. Public organizations have many similarities with private business firms and nonprofit organizations, but they also differ in important ways. Among other distinctive characteristics, public organizations operate under the authority of governmental officials such as chief executives, legislators, and justices who have formal authority over them. What do pay limits for corporate executives have to do with this? They show the effects of government control of an organization.

In a major financial crisis that broke into the open in 2008, the federal government conducted what became widely called a financial “bailout.” Some major banks and financial corporations had failed financially. Federal officials provided massive infusions of funds to remaining corporations that were losing vast amounts of money and nearing financial collapse themselves. The crisis brought public attention to the compensation levels of executives in the financial corporations, which involved salaries and bonuses totaling tens of millions of dollars a year, even in the year immediately preceding the collapse or near collapse of their corporations. Editorials, letters to the editor, and letters to members of congress expressed widespread outrage over the huge salaries and bonuses for executives, even as their corporations failed. The president proposed that the salaries of top executives of the corporations receiving this money should be capped at \$500,000. Congress soon enacted legislation requiring more extensive limitations on compensation in such corporations (Solomon and Maremont, 2009; Weisman and Lublin, 2009).

Often, observers contend that such patterns of government funding and control of business firms constitute a “blurring” or mixing together of the public and private sectors. As discussed in Chapter Three of this book, some scholars and experts further claim that this blurring makes any distinction between public and private organizations useless or even harmful. This mixing of the two types of organizations, however, often brings the distinction between the two into sharper relief. If there is no difference between public and private organizations, then it should make no difference whether government provides funding to private corporations and intervenes in the compensation decisions of private firms. With the government funding, however, came government controls and influences on the corporations and on their executive compensation decisions. As the previously “private” financial institutions received “public” funds, they became more subject to direction and control by public officials. The president reacted to this flood of criticism by proposing the caps. As with the FDA example, Congress joined the president in seeking to exert control. A few days after the president called for a cap of \$500,000 on top executive pay, congress passed legislation with even more stringent controls on bonuses in the financial corporations than the president had called for. Congress imposed limits on bonuses for a much larger group of executives and employees in the corporations than the president’s proposal had targeted.

These public influences on private firms also displayed characteristics of the nation’s government, as did the example of the FDA just described. The president and Congress got involved in both situations. The preceding passage quoted the president as talking as if he were the FDA’s boss, and noted that he is, in a sense. Congress also got into the act, questioning and reviewing the FDA’s performance in the salmonella outbreak, indicating that they, too, claim authority over the FDA.

Congress and the president also intervened in the compensation capping, and they came into conflict over it. Reportedly, a major Democratic congressman put the bonus caps into the legislation, even though the president’s newly appointed treasury secretary and newly appointed head of the National Economic Council urged him not to. They expressed concern that the limits would cause firms to refuse to accept the federal funding rather than accept such controls, and thus would impede the bailout efforts. These multiple points of authority and the conflicts among them reflect the separation of powers in American government established by the U.S. Constitution. In seeking to exert their authority, both Congress and the president clearly engaged in political activity in the sense that they responded to public opinion as they read it. The powerful congressman issued a statement saying that the lavish bonuses “undermined public

confidence in the ability to stabilize the economy . . .” Obviously, the president also responded to public outrage over the use of taxpayers’ money to pay lavish bonuses. He said that “what gets people upset . . . are executives being rewarded for failure, especially when those rewards are subsidized by U.S. taxpayers.” In the FDA case, he presented himself as concerned about the salmonella outbreak and the potential effect on his family—just as all parents should be—but also as a strong leader who expected the FDA to perform well and in a timely fashion. In a democratic republic, elected officials must try to retain the favorable opinion of the citizens, and their efforts to influence organizations will reflect this need. Governmental officials’ influences on organizations will reflect the character of the government.

Government officials often respond to crises by seeking to change the organizations involved. The salmonella outbreak prompted members of Congress to propose various reforms and changes in the FDA and in the organization of food safety policy more generally. One proposal called for establishing a new agency in charge of all aspects of food safety, rather than having those responsibilities divided among the FDA, the Department of Agriculture, and the Centers for Disease Control and Prevention (CDC). The previous edition of this book began by citing a similar, but much larger reform in response to crisis: the establishment of the Department of Homeland Security in response to the September 11, 2001, terrorist attacks. Forming the new department involved a vast reorganization of the federal government to bring together in this new agency twenty-two existing federal agencies and 170,000 employees. Leaders and members of the Department of Homeland Security faced extreme challenges in forming the department, but it operates to this day, with vast responsibilities.

In sum, the responses to crises described here focused on the organization and management of government activities and the people in those organizations. The events thus illustrated a central theme of this book. Government organizations and the people in them perform crucial functions. Their effective organization and management is essential to the well-being of the nations and communities they serve. While the 9/11 attacks underscore this point in a dramatic and terrible way, the topic has a long history. Governments in the United States and other nations, and the organizations within those governments, have followed a continuing pattern of organizing, reorganizing, reforming, and striving to improve performance (Kettl, 2002, 2009; Kickert, 2007, 2008; Light, 1997, 1998; Pollitt and Bouckaert, 2004). In so doing, governmental or public organizations operate within a context of constitutional provisions, laws, and political authorities and processes that heavily influence their organization and management.

Toward Improved Understanding and Management of Public Organizations

All nations face decisions about the roles of their government and private institutions in their society. In the last few decades of the twentieth century, an antigovernment trend spawned a movement in many countries to curtail government authority and replace it with greater private activity (more on this shortly). The growing skepticism about government implied that there are sharp differences between government organizations and privately managed ones. During this same period, however, numerous writers argued that we had too little sound analysis of such differences. They contended that the elaborate body of knowledge we have on management and organizations paid too little attention to the public sector. At the same time, they said, the large body of scholarship in political science and economics that focused on government bureaucracy had too little to say about managing that bureaucracy. This critique elicited a wave of research and writing on public management and public organization theory, in which experts and researchers have been working to provide more careful analyses of organizational and managerial issues in government.

This chapter elaborates on these points to develop another central theme of this book: we face a dilemma in combining our legitimate skepticism about public organizations with the recognition that they play indispensable roles in society. We need to maintain and improve their effectiveness. We can profit by studying major topics from general management and organization theory and examining the rapidly increasing evidence of their successful application in the public sector. That evidence indicates that the governmental context strongly influences organization and management, often sharply constraining performance. Just as often, however, governmental organizations and managers perform much better than is commonly acknowledged. Examples of effective public management abound. These examples usually reflect the efforts of managers in government who combine managerial skill with effective knowledge of the public sector context. However, experts continue to research and debate the nature of this combination, as more evidence appears rapidly and in diverse places. This book seeks to base its analysis of public management and organizations on the most careful and current review of this evidence to date.

Ambivalence Toward Government

As part of the antigovernment trend in the last decades of the twentieth century, nations around the world pursued privatization policies by selling state-owned

enterprises to private operators. In the United States, contracting out of government services to the private sector increased sharply at all levels of government (Savas, 2000). Antigovernment sentiment swept the United States. Opinion surveys revealed seething resentment of taxes and the widespread conviction that government operates in wasteful and ineffective ways. Tax reduction referenda appeared on ballots in many states. Angry criticisms focused on the government with such intensity that the term *bureaucrat bashing* came into use. Jimmy Carter and Ronald Reagan attacked the federal bureaucracy in their election campaigns. President Carter pressed for deregulation of industry, reduction of federal red tape, and major civil service reforms to combat alleged sloth and inefficiency among federal employees. President Reagan more aggressively impugned government and sought reductions in funding and authority for many federal programs and agencies. When Bill Clinton won the presidency from George H. W. Bush, the change suggested some weakening of the antigovernment trend, as Clinton was the more liberal and progovernment of the two candidates. Nevertheless, President Clinton initiated the National Performance Review (NPR), a major review of the operations of the federal government, claiming that the federal government worked poorly and needed a drastic overhaul. In addition to many presidential directives and congressional actions aimed at achieving such reforms (described in Chapter Fourteen), the NPR cut employment in the federal work force by about 11 percent, or about three hundred thousand employees. George W. Bush led the drive to strengthen the role of government in homeland security and antiterrorism, but at the same time pushed for privatization of social security. He issued *The President's Management Agenda* (U.S. Office of Management and Budget, 2002); this announced, as one of his major priorities, increased "competitive sourcing" in which federal agencies would open their functions to competition from private sector providers. As President Obama's administration settled into office, he announced the appointment of a chief performance officer for the federal government, responsible for improving performance and productivity of U.S. government agencies and activities. The president also issued statements saying that he would identify and remove poorly performing managers in the federal government.

These presidential policies and statements, mirrored by similar ones at other levels of government in the United States and many other nations, usually reflect the assumption that government activities differ from those of the private sector and that government performs less effectively and efficiently. In the United States, these beliefs serve as fundamental principles of the political economy. Many political ideologues and economic theorists treat them as truisms. Surveys have repeatedly found that the majority of citizens accept them (for example, Partnership for Public Service, 2008).

Americans regard government with more ambivalence than hostility, however. Government in the United States, at all levels, stands as one of the great achievements of the nation and one of the most significant institutions in human history. No major nation operates without a large, influential public sector. Government in the United States accounts for a smaller proportion of the gross national product than do governments in most of the other major nations of the world, including economically successful ones. Taxes in the United States are low by international standards; as a percentage of the gross domestic product, the taxes levied by local, state, and federal governments in the United States are among the lowest of the major industrialized nations. The contention that government in the United States is a massively ineffective, expensive, wasteful, overweening institution is not very well supported by international comparisons. Americans show an implicit recognition of this fact. Some of the same surveys that find waning faith in government also find fundamental support for a strong governmental role (Lipset and Schneider, 1987; Katz, Gutek, Kahn, and Barton, 1975). Even as the anti-government trend just described was playing out, demands for a strong and active government continued, and, as illustrated repeatedly in the chapters that follow, government organizations and employees have often responded by performing very well.

Hirschman (1982) has argued that sentiments for and against government activity wax and wane cyclically in the United States and other countries. At the beginning of the Obama administration in the United States, the federal government's actions to respond to the financial crisis involved major extensions of government authority over private business firms. These actions may indicate a shift in the roles of government and the private sector and the relations between them. If such a shift occurred, it would be similar to the shift that the Reagan administration in the United States and the Thatcher administration in the U.K. brought about in response to economic difficulties in the late 1970s—but in the opposite direction, as Reagan and Thatcher sought to *reduce* the role of government. Whatever develops, the people of the United States and many other nations will continue to play out the time-honored paradox of conferring massive funding and responsibility on government agencies and officials even as they castigate and ridicule them (Whorton and Worthley, 1981; Sharkansky, 1989). Thus the United States struggles with a complex version of the dilemma faced by all nations: we know that both government and private activities have strengths and weaknesses and that both are crucial; the challenge lies in designing the proper mix and balance of the two and doing what we can to attain effective management of both (Lindblom, 1977).

General Management and Public Management

This book proceeds on the argument that a review and explanation of the literature on organizations and their management, integrated with a review of the research on public organizations, supports understanding and improved management of public organizations. As this implies, these two bodies of research and thought are related but separate, and their integration imposes a major challenge for those interested in public management. The character of these fields and of their separation needs clarification. We can begin that process by noting that scholars in sociology, psychology, and business administration have developed an elaborate body of knowledge in the fields of organizational behavior and organization theory.

Organizational Behavior, Organization Theory, and Management

The study of organizational behavior had its primary origins in industrial and social psychology. Researchers of organizational behavior typically concentrate on individual and group behaviors in organizations, analyzing motivation, work satisfaction, leadership, work-group dynamics, and the attitudes and behaviors of the members of organizations. Organization theory, on the other hand, is based more in sociology. It focuses on topics that concern the organization as a whole, such as organizational environments, goals and effectiveness, strategy and decision making, change and innovation, and structure and design. Some writers treat organizational behavior as a subfield of organization theory. The distinction is primarily a matter of specialization among researchers; it is reflected in the relative emphasis each topic receives in specific textbooks (Daft, 2010; Schermerhorn, Hunt, and Osborn, 2008) and in divisions of professional associations.

Organization theory and organizational behavior are covered in every reputable, accredited program of business administration, public administration, educational administration, or other form of administration, because they are considered relevant to management. The term *management* is used in widely diverse ways, and the study of this field includes the use of sources outside typical academic research, such as government reports, books on applied management, and observations of practicing managers about their work. Although many elements play crucial roles in effective management—finance, information systems, inventory, purchasing, production processes, and others—this book concentrates on organizational behavior and theory. We can further define this concentration as the analysis and practice of such functions as leading, organizing, motivating, planning and strategy making, evaluating effectiveness, and communicating.

A strong tradition, hereafter called the *generic tradition*, pervades organization theory, organizational behavior, and general management. As discussed in Chapters Two and Three, most of the major figures in this field, both classical and contemporary, apply their theories and insights to all types of organizations. They have worked to build a general body of knowledge about organizations and management. Some pointedly reject any distinctions between public and private organizations as crude stereotypes. Many current texts on organization theory and management contain applications to public, private, and nonprofit organizations (see Daft, 2010).

In addition, management researchers and consultants frequently work with public organizations and use the same concepts and techniques they use with private businesses. They argue that their theories and frameworks apply to public organizations and managers, because management and organization in government, nonprofit, and private business settings face similar challenges and follow generally similar patterns.

Public Administration, Economics, and Political Science

The generic tradition offers many valuable insights and concepts, as this book will illustrate repeatedly. Nevertheless, we do have a body of knowledge specific to public organizations and management. We have a huge government, and it entails an immense amount of managerial activity. City managers, for example, have become highly professionalized. We have a huge body of literature and knowledge on public administration. Economists have developed theories of public bureaucracy (Downs, 1967). Political scientists have written extensively about it (Meier and Bothe, 2007; Stillman, 2004). These political scientists and economists usually depict the public bureaucracy as quite different from private business. Political scientists concentrate on the political role of public organizations and their relationships with legislators, courts, chief executives, and interest groups. Economists analyzing the public bureaucracy emphasize the absence of economic markets for its outputs. They have usually concluded that this absence of markets makes public organizations more bureaucratic, inefficient, change-resistant, and susceptible to political influence than private firms (Barton, 1980; Breton and Wintrobe, 1982; Dahl and Lindblom, 1953; Downs, 1967; Niskanen, 1971; Tullock, 1965).

In the 1970s, authors began to point out the divergence between the generic management literature and that on the public bureaucracy and to call for better integration of these topics.¹ These authors noted that organization theory and the organizational behavior literature offer elaborate models and concepts for analyzing organizational structure, change, decisions, strategy, environments,

motivation, leadership, and other important topics. In addition, researchers had tested these frameworks in empirical research. Because of their generic approach, however, they paid too little attention to the issues raised by political scientists and economists concerning public organizations. For instance, they virtually ignored the internationally significant issue of whether government ownership and economic market exposure make a difference for management and organization.

Critics also faulted the writings in political science and public administration for too much anecdotal description and too little theory and systematic research (Perry and Kraemer, 1983; Pitt and Smith, 1981). Scholars in public administration generally disparaged as inadequate the research and theory in that field (McCurdy and Cleary, 1984; Kraemer and Perry, 1989; White and Adams, 1994). In a national survey of research projects on public management, Garson and Overman (1981, 1982) found relatively little funded research on general public management and concluded that the research that did exist was highly fragmented and diverse.

Neither the political science nor the economics literature on public bureaucracy paid as much attention to internal management—designing the structure of the organization, motivating and leading employees, developing internal communications and teamwork—as did the organization theory and general management literature. From the perspective of organization theory, many of the general observations of political scientists and economists about motivation, structure, and other aspects of the public bureaucracy appeared oversimplified.

Issues in Education and Research

Concerns about the way we educate people for public management also fueled the debate about the topic. In the wake of the upsurge in government activity during the 1960s, graduate programs in public administration spread among universities around the country. The National Association of Schools of Public Affairs and Administration began to accredit these programs. Among other criteria, this process required master of public administration (M.P.A.) programs to emphasize management skills and technical knowledge rather than to provide a modified master's program in political science. This implied the importance of identifying how M.P.A. programs compare to master of business administration (M.B.A.) programs in preparing people for management positions. At the same time, it raised the question of how public management differs from business management.

These developments coincided with expressions of concern about the adequacy of our knowledge of public management. In 1979, the U.S. Office of Personnel Management (1980) organized a prestigious conference at the Brookings

Institution. The conference featured statements by prominent academics and government officials about the need for research on public management. It sought to address a widespread concern among both practitioners and researchers about “the lack of depth of knowledge in this field” (p. 7). At around the same time, various authors produced a stream of articles and books arguing that public sector management involves relatively distinct issues and approaches. They also complained, however, that too little research and theory and too few case exercises directly addressed the practice of active, effective public management (Allison, 1983; Chase and Reveal, 1983; Lynn, 1981, 1987). More recently, this concern with building research and theory on public management has developed into something of a movement, as more researchers have converged on the topic. Beginning in 1990, a network of scholars have come together for a series of five National Public Management Research Conferences. These conferences have led to the publication of books containing research reported at the conferences (Bozeman, 1993; Brudney, O’Toole, and Rainey, 2000; Frederickson and Johnson, 1999; Kettl and Milward, 1996) and of many professional journal articles. In 2000 the group formed a professional association, the Public Management Research Association, to promote research on the topic. Later chapters will cover many of the products and results of their research.

Ineffective Public Management?

On a less positive note, recurrent complaints about inadequacies in the practice of public management have also fueled interest in the field, in an intellectual version of the ambivalence about public organizations and their management that the public and political officials tend to show. We generally recognize that large bureaucracies—especially government bureaucracies—have a pervasive influence on our lives. They often blunder, and they can harm and oppress people, both inside the organizations and without (Adams and Balfour, 2009; Hummel, 2007). We face severe challenges in ensuring both their effective operation and our control over them through democratic processes. Some analysts contend that our efforts to maintain this balance of effective operation and democratic control often create disincentives and constraints that prevent many public administrators from assuming the managerial roles that managers in industry typically play (Warwick, 1975; Lynn, 1981; National Academy of Public Administration, 1986; Ban, 1995; Gore, 1993; Thompson, 1993). Some of these authors argue that too many public managers fail to seriously engage the challenges of motivating their subordinates, effectively designing their organizations and work processes, and otherwise actively managing their responsibilities. Both elected and politically appointed officials face short terms in office, complex laws and rules that

constrain the changes they can make, intense external political pressures, and sometimes their own amateurishness. Many concentrate on pressing public policy issues and, at their worst, exhibit political showmanship and pay little attention to the internal management of agencies and programs under their authority. Middle managers and career civil servants, constrained by central rules, have little authority or incentive to manage. Experts also complain that too often elected officials charged with overseeing public organizations show too little concern with effectively managing them. Elected officials have little political incentive to attend to “good government” issues, such as effective management of agencies. Some have little managerial background, and some tend to interpret managerial issues in ways that would be considered outmoded by management experts.

The Dilemmas of Improving Public Management

Concerns about ineffective public management have led to a continuing series of efforts to reform and improve it, at all levels of government in the United States and in nations around the world (Kettl, 2009; Light, 2008; Osborne and Gaebler, 1992; Pollitt and Bouckaert, 2004). Later chapters describe many of these efforts. Ironically, in view of the complaints described earlier about political leaders paying too little attention to management, when they have paid attention it often either has not worked or has backfired significantly. The reforms have often taken on a negative, control-oriented character, especially in the United States, where political leaders often justify them by connecting them to public stereotypes and resentments of the public bureaucracy and its bureaucrats. This in turn has raised serious concerns about damage to the public service (Rosenberg, 2009).

Having attacked the federal bureaucracy in their election campaigns, Presidents Carter and Reagan moved to control and curtail it. Carter administration officials developed the Civil Service Reform Act of 1978 as a management-improvement initiative, and the original objectives of the framers of the initiative were very positive and enlightened (Pfiffner and Brook, 2000). Ultimately, however, the Act’s provisions emphasized steps to make it easier to discipline and fire federal employees, to base their pay more directly on performance, and to make it easier for politically appointed agency heads to select and transfer the career civil service managers who work under them. Even so, administration officials attracted little political support for a “good government” initiative. They found that they could mobilize support most effectively by stressing the difficulty of firing lazy, incompetent civil servants. Newspapers seized on this angle enthusiastically (Kettl, 1989). Later, surveys found that the Act had resulted in high levels of insecurity and discouragement among federal managers.

President Reagan attacked federal agencies even more aggressively than Carter and worked for cuts in their authority, funding, and staffing. Reagan administration officials sought to increase the president's authority over federal agencies and to squelch resistance to his initiatives from career civil servants. These officials increased the number of political appointees to high levels within federal agencies. In effect, this demoted career civil servants by placing administration loyalists in positions above them (Volcker Commission, 1989). In addition, aggressive funding cutbacks disrupted many agencies (Rubin, 1985). Some agencies floundered when politically appointed executives were indicted for illegal actions.

Experienced observers began to warn of a crisis in public service and a need for revitalization (Volcker Commission, 1989; Thompson, 1993; Denhardt and Jennings, 1987). Surveys found serious morale problems, with large percentages of career managers reporting that they intended to leave government and that they would advise their own children against a career in federal service. Other surveys found that students showed little interest in public service careers. Paul Volcker, who had chaired the Federal Reserve Board during the Carter and Reagan administrations, served as chair of the National Commission on the Public Service (1989), which brought together a panel of distinguished public servants to direct an analysis of the crisis and recommend remedies. The commission's report recommended steps to improve public support for public service; to improve pay, performance, recruiting, and training; and to improve relations between political appointees and career civil servants.

The concerns about the state of the civil service were heightened by incidents that suggested that the pressures on the public sector and public agencies seriously affected their performance. For example, the explosion of the space shuttle *Challenger* in 1986 was the greatest disaster to befall the American space program up to that point. Analysts blamed the catastrophe in part on political pressures on the National Aeronautics and Space Administration (NASA) that had overpowered professional criteria in the agency's decision-making processes (Kettl, 1988, p. 143; Romzek and Dubnick, 1987).

Yet in many ways the pattern continued. As described earlier, the National Performance Review under the Clinton administration again drew on the justification that the federal government needed vast improvements in its management. Vice President Gore (1993), in leading the NPR, expressed positive regard for federal employees and said the federal administrative system caused the problems, not the people. Nevertheless, the NPR included a major cutback in federal employment, and by the end of the Clinton administration federal managers were expressing concerns about understaffing in relation to the workload they faced (Light, 2002a; National Council of Social Security Management Associations, 2002).

Not surprisingly, the George W. Bush administration did not have many nice things to say about the Clinton reforms. As further discussed in Chapter Fourteen, the second President Bush was the first president with a management degree, and early in his administration he indicated an interest in management by issuing *The President's Management Agenda* (U.S. Office of Management and Budget, 2002). In it the administration attacks the Clinton elimination of 324,580 employees as a poorly planned, across-the-board cutback in which people were let go without assessing their importance to agency missions. The *Agenda* announced five primary government-wide initiatives: Strategic Management of Human Capital, Competitive Sourcing, Improved Financial Performance, Expanded Electronic Government, and Budget and Performance Integration. The U.S. Office of Management and Budget (OMB; 2002) then issued "agency scorecards" to twenty-five major federal agencies based on discussions with experts in government and universities. The scorecards use a "traffic light" grading system for each of the five government-wide initiatives: green meant success, yellow meant mixed results, and red meant unsatisfactory. The OMB also developed the Program Assessment Rating Tool, called the PART, a procedure for assessing the performance of programs within federal agencies, which Chapter Fourteen of this book describes in more detail (Gilmour, 2006; Lewis, 2008). OMB used the PART to assess over eight hundred federal programs. At the time of this writing, very early in the Obama administration, President Obama has announced his intention to continue this assessment process, although in a revised form.

The trend plays out at other levels of government as well. In 1996, the State of Georgia attracted national attention when Governor Zell Miller led a reform initiative in which newly hired state government employees would not receive civil service job protections that state employees had had for many years (West, 2002). His public calls for reform echoed those of Jimmy Carter at the federal level almost twenty years earlier, emphasizing the need to shake up a stodgy bureaucracy and slothful bureaucrats. Around the same time, using similar justifications, Governor Jeb Bush sought similar reforms in Florida. These developments are related to an increasing emphasis on performance measurement and performance management at all levels of government in the United States and other nations in the last two decades (Moynihan, 2008).

In all the reform efforts just mentioned, there were positive features and messages as well as negative ones. The political leaders often emphasized the value of good public servants and the objective of protecting good workers from those who shirked their duties. The leaders of the reform efforts probably harped on bad public management to gain both public attention and support and the attention of the public employees who might resist changes, as they are allegedly notorious

for doing. All the efforts nevertheless show the continuing tendency to justify reforms by claiming that public management is in very bad shape.

As suggested earlier, many informed observers worry that this tendency to harp on bad public management can damage the public service (Rosenberg, 2009). In 2002, a second Volker Commission convened to renew efforts to revitalize the public service. A successful businessman donated a large amount of money to support the formation of The Partnership for Public Service (www.ourpublicservice.org). The *Partnership* is a nonprofit organization devoted to promoting the public service through such steps as improving recruitment for government work. In addition, the Partnership joined the U.S. Senate Governmental Affairs Committee (U.S. Senate, 2001) and the U.S. General Accounting Office (2002a, 2002b) in calling for a response to a “human capital crisis” in the federal government (see also U.S. Office of Personnel Management, 2009). Using the term *human capital*—to emphasize the crucial value of the human beings in an organization—those associated with this human capital movement pointed to a huge percentage of the federal workforce becoming eligible for retirement in the near future. They also pointed to surveys of good students in universities that found that only one out of ten rated the federal government as a good place to work. In addition, rapid changes in information technology and other areas in turn change the skills and personnel needed in all types of organizations, and increase competition for people with the needed skills. All of these developments create challenges to be faced in maintaining an effective federal workforce (Donahue, 2008; Kettl, 2009; Light, 2008). Similar challenges face state and local governments (Walters, 2002) and European nations as well (Office of Economic Cooperation and Development, Public Management Committee, 2002).

Significantly, some surveys have found problems of low morale and work satisfaction among federal managers and employees (Light, 2002a). Some surveys also found, as they have for years, that many public managers and employees also expressed criticisms of the management systems in which they worked; thus they underscored the point that the reforms often target problems that the public employees themselves complain about. The problems in the public service do not arise simply because some political leaders and reformers say unflattering things about the public bureaucracy and public employees. The agonies and ironies of the repeated attempts at reform and improvement reflect ongoing dilemmas in controlling and managing public organizations. Still, the negative turn that many reforms take tend to damage the reforms themselves and the public service they aim to reform. One objective of this book is to assess and disseminate valuable concepts about organizations and management that can support more effective management and more positive and effective management reforms.

Effective Public Management

For pursuing the objective just set forth, there is plenty of help available. The sharp criticisms of government and government agencies and employees that predominated public discourse about them in the 1980s and persisted in various ways through the 1990s evoked a counterattack from authors who argued that public bureaucracies perform better than is commonly acknowledged (Doig and Hargrove, 1987; Downs and Larkey, 1986; Goodsell, 2004; Milward and Rainey, 1983; Rainey and Steinbauer, 1999; Tierney, 1988). Others described successful governmental innovations and policies (Poister, 1988b; Schwartz, 1983). Wamsley and his colleagues (1990) called for increasing recognition that the administrative branches of governments in the United States play as essential and legitimate a role as the other branches of government. Many of these authors pointed to evidence of excellent performance by many government organizations and officials and the difficulty of proving that the private sector performs better. Attacks on government agencies often misplace the blame, targeting the public bureaucracy for problems that arise from legislative or interest-group pressures. In addition, government bureaucracy serves as an easy target because of public stereotypes and misunderstanding. For example, years ago a Roper poll asked a representative sample of Americans how much of every \$100 spent on the Social Security program goes to administrative costs. The median estimate was about \$50; the actual figure is about \$1.30 (Milward and Rainey, 1983). More recently, the Social Security Administration has administrative costs that equal only 0.8 percent of total benefits paid out to 140 million beneficiaries (Eisner, 1998), so the agency has evidently cut its costs even further, and further refuted the accuracy of negative stereotypes about inefficient public bureaucracy.

In response to this concern as well as to those described earlier about the adequacy of the literature and our knowledge about effective public management, the literature continued to burgeon in the 1990s and into the new century. As later chapters will show, a genre has developed that includes numerous books and articles about effective leadership, management, and organizational practices in government agencies.² It remains to be seen whether the developments happening early in the Obama administration at the time of this writing will lead to a change in the general public orientation toward government of the sort that Hirschman (1982) describes as recurring periodically in the past. Clearly, however, a movement has been under way that asserts that government organizations can and do perform well, and that we need continued inquiry into when they do, and why.

The Challenge of Sustained Attention and Analysis

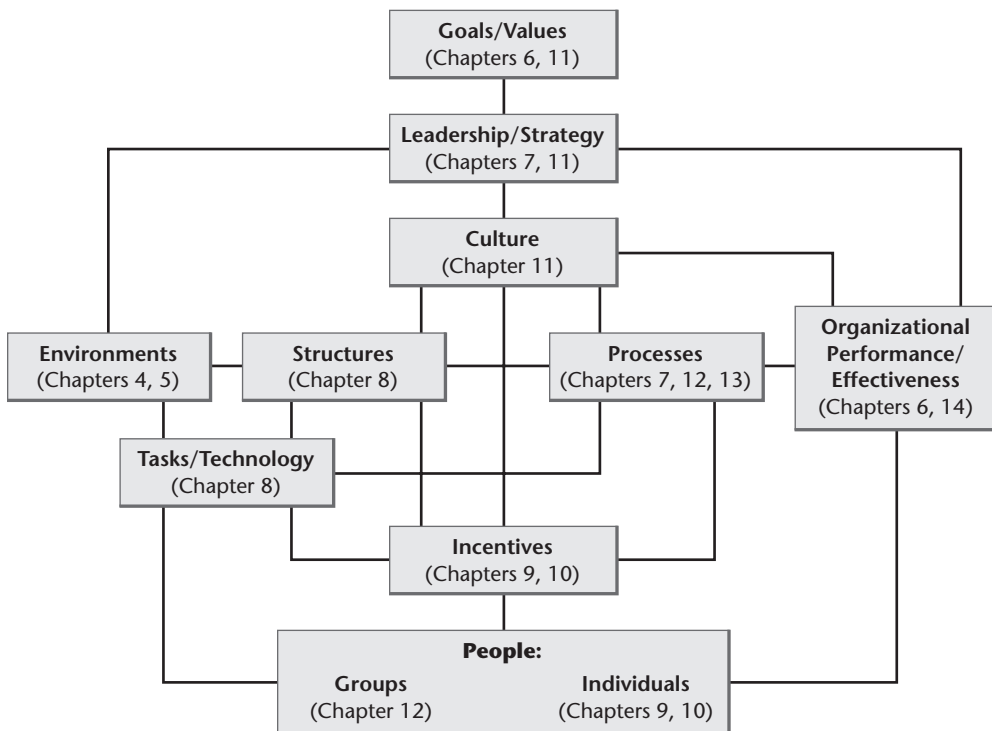
The controversies just described reflect fundamental complexities of the American political and economic system. That system has always subjected the administrative branch of government to conflicting pressures over who should control and how, whose interests should be served, and what values should predominate (Waldo, [1947] 1984). Management involves paradoxes that require organizations and managers to balance conflicting objectives and priorities. Public management often involves particularly complex objectives and especially difficult conflicts among them.

In this debate over the performance of the public bureaucracy and whether the public sector represents a unique or a generic management context, both sides are correct, in a sense. General management and organizational concepts can have valuable applications in government; however, unique aspects of the government context must often be taken into account. In fact, the examples of effective public management given in later chapters show the need for both. Managers in public agencies can effectively apply generic management procedures, but they must also skillfully negotiate external political pressures and administrative constraints to create a context in which they can manage effectively. The real challenge involves identifying how much we know about this process and when, where, how, and why it applies. We need researchers, practitioners, officials, and citizens to devote sustained, serious attention to developing our knowledge of and support for effective public management and effective public organizations.

Organizations: A Definition and a Conceptual Framework

As we move toward a review and analysis of research relevant to public organizations and their management, it becomes useful to clarify the meaning of basic concepts about organizations and to develop a framework to guide the sustained analysis this book will provide. Figure 1.1 presents a framework for this purpose. Figure 1.2 elaborates on some of the basic components of this framework, providing more detail about organizational structures, processes, and people.

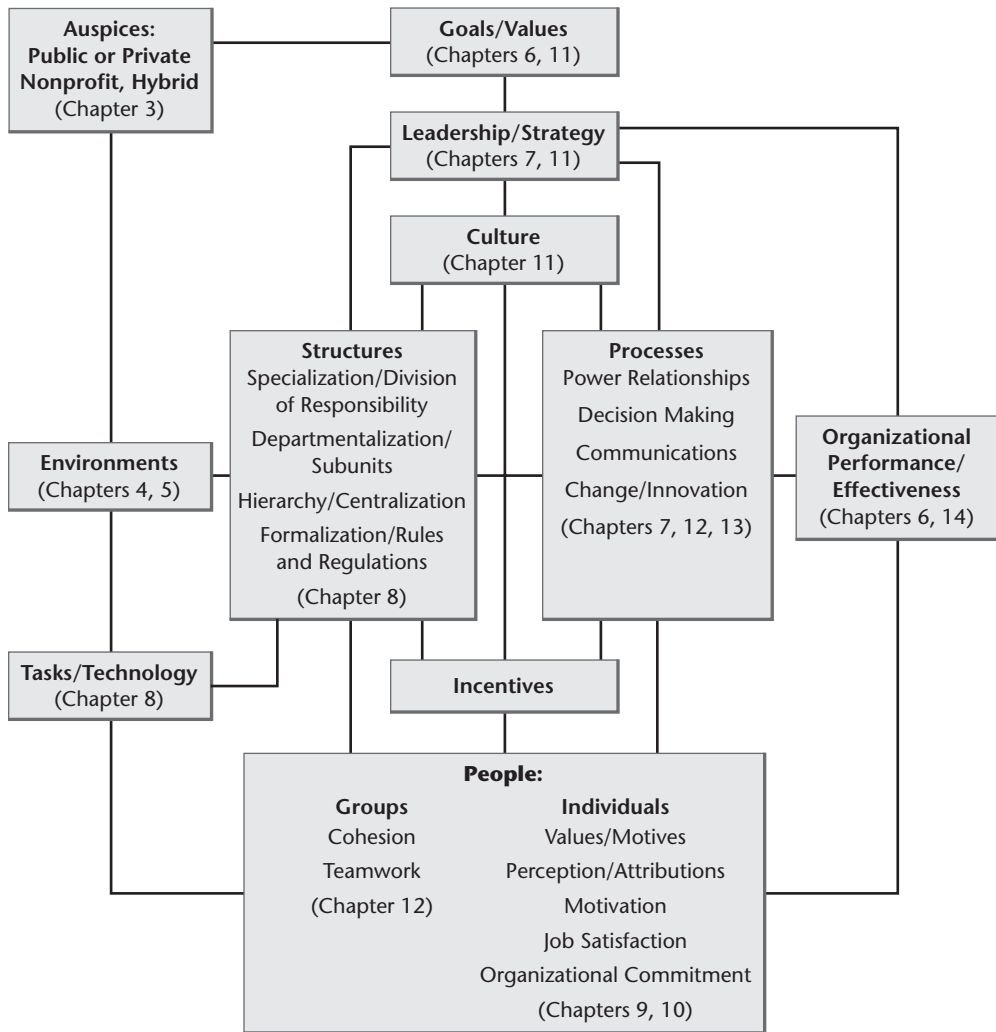
Writers on organization theory and management have argued for a long time over how best to define *organization*, reaching little consensus. It is not a good use of time to worry over a precise definition, so here is a provisional

FIGURE 1.1. A FRAMEWORK FOR ORGANIZATIONAL ANALYSIS.

one that employs elements of Figure 1.1. This statement goes on too long to serve as a precise definition; it actually amounts to more of a perspective on organizations:

An organization is a group of people who work together to pursue a *goal*. They do so by attaining resources from their *environment*. They seek to transform those resources by accomplishing *tasks* and applying *technologies* to achieve effective *performance* of their goals, thereby attaining additional resources. They deal with the many uncertainties and vagaries associated with these processes by *organizing* their activities. Organizing involves *leadership* processes, through which leaders guide the development of *strategies* for achieving goals and the establishment of structures and processes to support those strategies. *Structures* are the relatively stable, observable assignments and divisions of responsibility within the organization, achieved through such means as hierarchies of authority, rules and regulations, and specialization of individuals, groups, and sub-units. The division of responsibility determined by the organizational structure divides

**FIGURE 1.2. A FRAMEWORK FOR ORGANIZATIONAL ANALYSIS
(ELABORATION OF FIGURE 1.1).**



the organization's goals into components that the different groups and individuals can concentrate on—hence the term *organization*, referring to the set of organs that make up the whole. This division of responsibility requires that the individual activities and units be coordinated. Structures such as rules and regulations and hierarchies of authority can aid coordination. *Processes* are less physically observable, more dynamic activities

that also play a major role in the response to this imperative for coordination. They include such processes as determining power relationships, decision making, evaluation, communication, conflict resolution, and change and innovation. Within these structures and processes, *groups* and *individuals* respond to *incentives* presented to them, making the contributions and producing the products and services that ultimately result in effective performance.

Although this perspective on organizations and the framework depicted in the figures seem very general and uncontroversial, they have a number of serious implications that could be debated at length. Mainly, however, they simply set forth the topics that the chapters of this book cover and indicate their importance as components of an effective organization. Management consultants working with all types of organizations claim great value and great successes for frameworks about as general as this one, as ways of guiding decision makers through important topics and issues. Leaders, managers, and participants in organizations need to develop a sense of what it means to organize effectively and of the most important aspects of an organization that they should think about in trying to improve the organization or to organize some part of it or some new undertaking. The framework offers one of many approaches to organizing one's thinking about organizing, and the chapters to come elaborate its components. The final chapter provides an example of applying the framework to organizing for and managing a major trend, the contracting out of public services.

As this chapter has discussed, this book proceeds on certain assertions and assumptions. Government organizations perform crucial functions. We can improve public management and the performance of public agencies by learning about the literature on organization theory, organizational behavior, and general management, and then applying it to government agencies and activities. The literature on organizations and management has not paid enough attention to distinctive characteristics of public-sector organizations and managers. This book integrates research and thought on the public sector context with the more general organizational and management theories and research. This integration has important implications for the debates over whether public management is basically ineffective or often excellent and over how to reform and improve public management and education for people who pursue it. A sustained, careful analysis, drawing on available concepts, theories, and research and organized around the general framework just presented, can contribute usefully to advancing our knowledge of these topics.

Notes

1. Authors who address the divergence between the generic management literature and that on the public bureaucracy and who call for better integration of these topics include Allison, 1983; Bozeman, 1987; Hood and Dunsire, 1981; Lynn, 1981; Meyer, 1979; Perry and Kraemer, 1983; Pitt and Smith, 1981; Rainey, Backoff, and Levine, 1976; Wamsley and Zald, 1973; Warwick, 1975.
2. Books and articles about effective leadership, organization, and management in government include Barzelay, 1992; Behn, 1994; Borins, 1998; Cohen and Eimicke, 2008; Cooper and Wright, 1992; Denhardt, 2000; Doig and Hargrove, 1987; Hargrove and Glidewell, 1990; Holzer and Callahan, 1998; Ingraham, Thompson, and Sanders, 1998; Jones and Thompson, 1999; Light, 1998; Linden, 1994; Lynn, 1981, 1987; Meier and O'Toole, 2006; Osborne and Gaebler, 1992; Popovich, 1998; Rainey and Steinbauer, 1999; Riccucci, 1995, 2005; Thompson and Jones, 1994; Wenger, O'Toole, and Meier, 2008; Wolf, 1993, 1997. Books that defend the value and performance of government in general include Glazer and Rothenberg, 2001; Neiman, 2000; and Esman, 2000.