CHAPTER 8

DESIGNING AND MANAGING ORGANIZATIONS

A public administrator needs a good understanding of the values and principles underlying work in the public and nonprofit sectors, knowledge of how public policy is developed and executed, and familiarity with a number of administrative techniques peculiar to public and nonprofit organizations. But the real key to managerial success is not what you know, but what you can do. How effectively and how responsibly can you deal with the seemingly endless series of problems and opportunities that confront you in an organizational setting? For example, a legislator or foundation program officer calls to ask for an immediate report on a matter you know will require a week to examine properly; a subordinate confesses that he has grown dependent on drugs and needs your help; someone in a meeting becomes outraged over what you perceive as a minor matter and threatens to have you fired; your boss asks your assistance in designing a completely new program and asks if you would be interested in running it. These situations and many more like them constitute the real challenges of public administration.

Your response to each event, of course, is spontaneous; yet, your actions will soon add up to a pattern that reflects your knowledge, values, and most of all, skills in dealing with other people. Organizations create the environment or context for these actions and set the stage for how your choices and behaviors will be seen and reacted to by others. An understanding of organizations—how they are structured, how they influence behavior, how they both limit the range of possibilities and facilitate new opportunities at the same time—is crucial to success in public administration. If, time after time, you act effectively and responsibly in situations that arise unexpectedly and require immediate answers with little time to think through the "theoretical" possibilities, you will be considered a highly successful manager.

Fortunately, the skills required for managerial effectiveness can be developed over time. In this and the following chapter, we examine how your knowledge and values can be brought to bear in real-world situations. We focus on the nature and structure of organizations, the specific personal and interpersonal skills a manager requires, and some ways you might further develop those skills. In this chapter, we look at several broad approaches to understanding the structure and design of public and nonprofit organizations, as well as people's behavior within those organizational settings.

The Organizational Context

To gain the ability to function well within organizations, it is useful to begin by asking some basic questions about how and why we create organizations in the first place. What are the reasons for and advantages of formal organizations? What do we gain and lose by creating organizations? Is there a best way to organize or reorganize public and nonprofit programs? We all have certain ideas and assumptions about how to organize and structure work. For instance, you may have preferences about how you would organize a group project for a school assignment or how you would organize tasks if you and several of your friends decided to throw a party. Where do these ideas about organizing come from, and what have we learned about how these structures work?

Organizations are as necessary as they are unavoidable in the modern world. When you think about all the organizations that you are connected to and rely on, the list can seem endless: your school, the businesses you buy goods and services from, the power company, the government organizations that you depend on for services and programs ranging from streets and fire protection to national defense and education. Yet, because we sometimes get frustrated with these organizations, we forget why people create them in the first place. Because they are so much a part of our lives, almost all of us can relay personal "horror stories" about dealing with organizations and how an organization was slow, rigid, or unresponsive. So why don't we just get rid of them?

The simple answer is that organizations exist because we need them. Think of what school would be like without an organization with job descriptions, multiple offices, schedules, rules, procedures, regulations, and all the features that can make organizations such as universities seem very frustrating at times. How would you know when classes are offered? Would each professor get to decide who gets to take his or her class and when and where it would be held? Imagine if the number of classes you were required to take in order to graduate depended on whom you asked? What if there wasn't any particular department or procedure for applying for financial aid? What if the library was open only when the library staff felt like it and people could just take books without checking them out and keep them as long as they wanted?

Obviously, there are advantages to organizing formal structures for getting things done. At the most basic level, we can often accomplish more by working together with other people than we can alone. But there are other advantages as well. By organizing, we can achieve cooperation between people and coordination between tasks. Organizational structures, and the rules and procedures that go with them, create predictability and regularity for the people who work in those organizations and those that interact with them. When you create schedules and processes, then people are not dependent on the whim of any particular individual. When rules are formally established, then we can increase consistency and fairness. Organizational structure allows people to know what to expect and what is expected of them. Organizations also provide the framework for dividing work so people can develop skills in a particular area—not everyone in the organization has to be an expert in everything the organization does.

At the same time, there are disadvantages to formal organizations. Putting limits on individual choice is unavoidable if you are to gain the advantages of formal organization structure. The same procedures that ensure fairness and consistency in the treatment of individuals in organizations often keep individuals from getting what they want when they want it. Although, in our interactions with organizations, we would like to bypass the rules on occasion, if there were no rules, each of us would be forced

to act alone and beg, bribe, or convince individuals to help us. As individual employees of organizations, we may feel limited in our freedom to decide when we will go to work and the tasks we will (or will not) accomplish. If we were completely free to do so, however, it would be very difficult to accomplish shared tasks, much less be fair to the needs of the people we are supposed to be serving. When we create, design, and manage organizations, we want to gain the advantages of predictability and fairness while being mindful of the disadvantages and limits we are placing on individuals. Given this challenge, what are some ways to evaluate the alternative ways of managing and designing organizations?

Images of Organizing in the Public and Nonprofit Sectors

All managers carry around in their heads ideas or images of how public and nonprofit organizations should operate and how individual managers should act. These images, built up through experience, reading, discussion, and reflection, include notions about the most effective structures for public agencies, the best way to manage employees, and the proper relationship between elected and appointed officials. Depending on your particular view, you will tend to look for and emphasize certain things and ignore others. The images you carry in your head will lead you to emphasize certain aspects of organizational life and to de-emphasize others.

Some of these images derive from our experiences in our families, others come from school experiences, and still others are a result of work in other organizations. Some are general lessons we learned about topics such as power and authority, communications and cooperation, and so forth. Others are more specific to the world of work or the public service. Some are fairly conscious; others lie far beneath the surface.

Whatever their form, these images direct our actions in specific ways. They make us see the world in a particular way and, correspondingly, act in a particular way. So it is important to carefully consider how individuals think about public and nonprofit organizations. What images do we have, and how do they direct us to act? Which images allow us to be most successful, and which hold us back or get in the way?

As you begin to think more carefully about the images that shape your work, and especially as you begin to accumulate experiences, you will begin to identify areas where your insight (and consequently your actions) might be improved. One way to sharpen your images of public and nonprofit organizations is to consider what scholars and practitioners in the field of general management, particularly public and nonprofit management, have said and written. Fortunately, there is a considerable and growing body of material to draw upon that offers many categories and approaches you might use in thinking about your involvement.

For the most part, this literature has developed out of the experiences of practicing managers. (Because the literature on nonprofit management is still in its early stages, much of the following discussion relates to public-sector management.) Reflective practitioners and thoughtful academics have asked over and over how public and nonprofit managers can be helped to select those features of organizational life that will be most helpful to them. Many students and practitioners of public administration have contributed to our understanding of the management of public agencies. They have developed "word pictures" (often simply called theories) to suggest what will be most helpful when you approach similar problems. Each theoretical approach directs attention toward certain topics or ideas and away from others. It is up to you to select the most relevant and most helpful approaches to your particular situation. In this chapter, we review some of the most influential ways of thinking about organizations and management in the public sector. Some early approaches focused on fairly obvious points, but more recent approaches are more complex and sophisticated.

The Functions of Management

In the twentieth century, French management theorist and practitioner Henri Fayol (1949) identified five general functions managers should perform: planning, organizing, commanding, coordinating, and controlling. Several years later, Luther Gulick compiled a similar list. Gulick, an adviser on federal government reorganization, described the functions of public management in terms of an acronym, POSDCORB: planning, organizing, staffing, directing, coordinating, reporting, and budgeting (Gulick, 1937a). To Fayol and Gulick, these activities were the essence of management and identified functions that had to be performed if organizations were to be managed effectively. They constituted advice to managers about what they should be doing.

Planning involves preparing yourself and your organization to move effectively into the future. All managers engage in planning at least to some extent, and for some managers, such as those on strategic planning staffs, planning is almost a full-time activity. Some managers make plans for the entire organization, while others make plans for the units they directly supervise, but all managers plan for their own activities. Unfortunately, as we noted earlier, planning is one managerial function that is often easy to overlook. Managers get caught up in the hectic pace of conversations, meetings, and deadlines and often neglect planning. Yet, the most effective managers are aware that time taken out for planning, whether for the organization or for oneself, pays rich dividends.

Planning is closely related to decision making, an aspect of managerial work that cuts across many of the other areas. The ability to make thoughtful decisions seems to distinguish the more successful managers. Because decision making is so fundamental to managerial work, it has been studied intensively for many years. In most organizations, decision making is a central activity.

Organizing refers to many different activities, including dividing the organization into different departments, creating levels in the organization's hierarchy, and deciding who reports to whom. In a specific department or division, organizing also includes the task of defining specific positions and jobs. Note that organizing includes job design, but the assignment of individuals to specific jobs involves the staffing rather than the organizing function.

Staffing is the process of acquiring, training, and developing the personnel to conduct the organization's activities. It is generally described as "personnel management" or sometimes "human resources management." As we saw in Chapter 6, specific tasks such as hiring, training, firing, and so forth are examples of the staffing or personnel function. Obviously, dealing with people involves important skills in communication and motivation, as well as the ability to make sound decisions about whom to hire.

Directing is often the most dynamic and most visible management function. It includes three critical management activities: leading, motivating, and changing things when necessary. Providing direction to an organization is a subtle and complex task that involves the full range of personal and interpersonal skills.

What Would You Do?

You have been given the assignment of managing a brand new federal program designed to ensure an adequate supply of flu vaccine each year. Your first task will be to explore whether provision of vaccine should become a public function or remain in private hands (or something in between). You are then to prepare a plan for organizing the transition to whatever new system you recommend. What would you do?

Coordinating the work of many different people in many different places is also a central managerial function. The complexity and diversity of most modern organizations mean that a great deal of time must be spent making sure that all the "pieces" fall into place at the right time. Coordinating involves special skills in problem solving—how to make things work—but it also involves skills in communicating and negotiating.

Reporting provides the basis for accountability. It involves analyzing and keeping records of organizational activities and performance, and then providing meaningful and useful information to elected officials, citizens, and others to whom the manager is accountable. Reporting and record keeping are also important so that the manager and others can keep track of tasks and activities, analyze performance and progress toward goal attainment, identify problems in a timely fashion, and find opportunities for improvement.

Budgeting involves managing the organization's resources, especially financial. It also involves securing, planning for, and managing the organization's funds. As we saw in Chapter 5, budgeting is a technical field, but it also involves human skills, especially those of developing funding for one's programs and allocating scarce resources among competing programs and people.

In addition to these standard management functions, there are also a number of miscellaneous tasks that are usually considered managerial work. One of the most important is dealing with people from outside the organization. Skills in presenting your organization and point of view to others are becoming increasingly important as the relationships among organizations at different levels become more intense. Representing your organization before outside groups and organizations has come to be known in the literature on management as *boundary spanning*.

The Early Writers: A Concern for Structure

The question of how to best organize and manage work has occupied theorists and practitioners for many years. When you think about setting up an organization, you might think, for example, about establishing who will be "in charge" of what, making assignments and delegating tasks, and maybe even setting up some rules and timetables. Although this may feel like the "natural" or obvious way to organize, many of these ideas can be traced to the work of a German sociologist named Max Weber, who observed the emergence of large-scale organizations in the late nineteenth and early twentieth centuries. He was the first to use the term *bureaucracy* and to write comprehensively about the structure of these large-scale organizations. According to Weber, bureaucracy meant any large organization, public or private, characterized by a clearly defined hierarchy of impersonal offices and employment of qualified people who are subject to strict discipline and control (Gerth & Mills, 1946, p. 328). More specifically, Weber said that bureaucracies could be characterized as follows:

1. There is a fixed and stable structure for dividing tasks and responsibilities established and operated according to rules and regulations.
2. The authority to give orders related to these duties is set forth in official rules.
3. Only people who are qualified to do the work are employed in order to provide consistent and ongoing accomplishment of organizational tasks.
4. There is a system of graded authority or hierarchy in which each level of the organization, from bottom to top, is supervised by the next higher level.
5. Management is based on written records and documents to keep track of correspondence, decisions, financial matters, and other items of importance.
6. Office management is based on thorough and expert training.
7. Working in a bureaucracy is a vocation or profession. It is generally a full-time activity, not a secondary activity.

Though we now often use *bureaucracy* pejoratively, Weber's more technical use of the term carries no negative connotation. In fact, Weber argued that bureaucracy is the most efficient way to organize: "Experience tends to universally show that the purely bureaucratic type of administration [is] capable of attaining the highest degree of efficiency and is formally the most rational known means of carrying out imperative control over human beings" (Gerth & Mills, 1946, p. 337). On the other hand, Weber was also concerned about some of the drawbacks of the bureaucratic form. First, he cautioned that fully developed bureaucratic power and expertise could come to "overtower" or surpass democratic controls. Second, he was concerned about the effects of bureaucracy on individual freedoms.

Despite these concerns, the bureaucratic form of organization has long served as the foundation for many of our ideas about organizational design and structure. Early writers on public administration thought of management in highly mechanical terms and considered questions of organizational structure and design of paramount importance. Recall that the birth of public administration as a separate field of study occurred during a time of impressive gains in science and industry. New ideas and new products were changing society almost overnight, as were the industrial and organizational processes that made them possible. It was a time of rigid control by "captains of industry"; it was also a time of the birth of the assembly line.

In such an era, the machine became the leading image for how to organize technical and human processes. Just as the machine was precise, mechanical, and efficient, so should be the organizations that built the machines. The result was a highly mechanical approach to organization that valued the idea of developing proper structures and operating them with great efficiency.

This orientation was epitomized in the influential work of Frederick W. Taylor, who developed what he termed "*scientific management,*" an approach based on carefully defined "laws, rules, and principles" (1923, p. 7). Taylor focused first on the individual worker, designing detailed measurements of time and motion to discover how the worker might become more efficient. For example, one might measure the distance from where a particular piece of equipment was stored to where it was used and then try to reduce the distance, time, and motion required to use the equipment. (In one example, Taylor sought to develop a "science of shoveling" based on the premise that the size of each individual shovel load would affect the daily output of "first-class shovelers." After careful and detailed experiments, it was determined that the greatest tonnage per day would be achieved with an average shovel load of about twenty-one pounds!)

Taylor's approach could be applied to a wide variety of work-process problems, from the design of assembly lines to the arrangement of items on one's desk. But beyond these efforts to turn workers into highly tuned machines, Taylor's work provided guidance for managers throughout the organization. The manager's role became that of making the organization more efficient through the application of detailed "scientific" information. The smooth-running organization was to be highly mechanical, with the human elements strictly controlled to contribute to overall efficiency. The manager's job was to ensure the efficient operation of the system.

Just as Taylor and others emphasized the efficient operation of industrial systems, others soon applied this emphasis in public administration. Leonard White wrote, "The objective of public administration is the most efficient utilization of the resources at the disposal of officials and employees" (1926, p. 2). "In the science of administration, whether public or private, the basic 'good' is efficiency," Luther Gulick concurred (1937b, p. 192). Though several writers objected, pointing out that other values such as responsiveness come into play and that mechanical efficiency is "coldly calculating and inhuman" (Dimock, 1936, p. 120), efficiency was clearly the primary interest of most early public administrationists.

Early writers in public administration transferred other lessons from the field of business to the design and structure of organizations, specifically the importance of establishing single centers of power controlling basically top-down structures. At the top of the organization there was to be one single authority to whom all subordinate personnel ultimately reported. Though the organization would be characterized by many managers, and perhaps many organizational units, the ultimate responsibility and authority lay at the top.

Networking

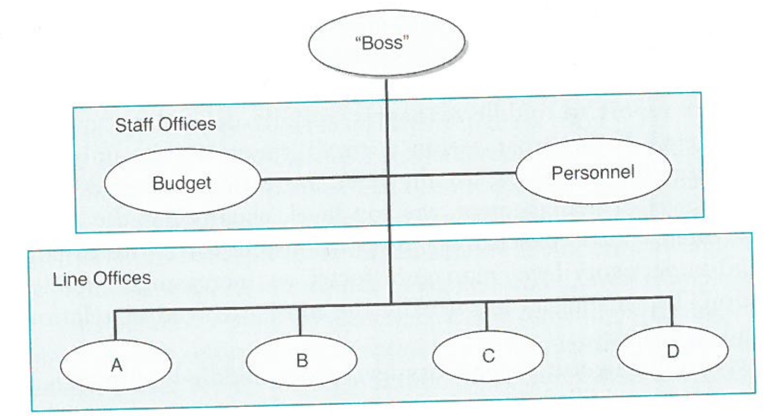
The Academy of Management Online at www.aomonline.org, the Society for Industrial and Organizational Psychology at www.siop.org, and the Institute for Operations Research and the Management Sciences at www.informs.org offer research and information sources concerning the general principles of organization theory and behavior. For an alternative, visit the *Electronic Journal of Radical Organisation Theory* at www.mngt.waikato.ac.nz/ejrot. This site is published by the University of Waikato School of Management Studies in Hamilton, New Zealand.

To reconcile this view with the democratic requirement that public organizations be responsive to the popular will, early writers suggested that the organization's head, the single source of power and authority, should simply be accountable to the legislative body in much the same way a corporate chief executive officer is accountable to a board of directors. (Recall this idea as "the doctrine of neutral competence.") In describing the role of an agency chief executive, early writers advised to vest all administrative authority in a single executive who would be given power to carry out the work and the responsibility for seeing that the work was done. According to W. F. Willoughby, this was the first step in making the executive branch a "single, integrated piece of administrative machinery" (1927, p. 37). (This advice was at odds with the standard political practice of that period: the election of many administrative officers and the use of many large executive boards. As we saw earlier, even today, most states elect officers such as secretary of state or treasurer rather than having such officers report to a single chief executive—in this case, the governor.)

The early writers who put forth the administrative management viewpoint were practical people who drew on their experience in managing public agencies. Consequently, when they described their work, they tended to emphasize how organizational structures might be built. Luther Gulick, for example, wrote extensively about the formation of agencies. After the agency was created and an executive chosen, Gulick saw the next task as one of dividing the necessary work and then establishing proper means of coordination and control. The new organization would move through four phases in which the legislature or chief executive would (1) define the job, (2) select a director, who would (3) determine the nature and number of required units, and (4) establish a structure of authority through which he or she would coordinate and control activities of the units (1937a, p. 7).

The division of labor, which amounted to creation of an organizational structure, was a critical element. The logic was compelling: because people differ in knowledge and skills, and because the amount of time any one person can contribute to the solution of large-scale problems is limited, it is necessary to divide the work of the organization into manageable portions. As we saw earlier, division of labor could be accomplished in a limited number of ways. Gulick suggested organizing on the basis of (1) the major purpose served (such as education or welfare), (2) the process (engineering or medicine), (3) the persons or things being dealt with by the unit (veterans or convicts), or (4) the place or geographic location where the work is done (1937a, pp. 21–29).

FIGURE 8.1
Typical Organization Chart Showing Line and Staff



Having established a division of labor, the next problem facing the new director or manager was to create a structure of authority to coordinate and control the various parts of the organization. Gulick's answer to this question, like others during this period, was again drawn from orthodox practice in business: the organization should feature unity of command exercised through a hierarchical structure of authority. By the early 1900s, hierarchical organizations, like those symbolized in the standard organization chart (see Figure 8.1), had become models for industry (as they had previously been in the military and the Catholic Church). Gulick and many other early scholars and practitioners in public administration suggested a similar approach in the public sector.

Guidance for creating such structures was given by two former General Motors executives, James Mooney and Alan Reiley (1939). Mooney and Reiley described four main principles for structuring large organizations. The first, *coordination through unity of command*, emphasized the importance of strong executive leadership exercised through a specific and formal chain of command. In this structure, each person would have only one boss, and each boss would have a limited span of control—that is, a limited number of people reporting to him or her. Mooney and Reiley argued that there should be no question about whose orders to obey.

The second principle was the *scalar principle*, which described the vertical division of labor among various organizational levels. (In military terms, the difference between a general and a private reflects the scalar principle.) Third was the *functional principle*, describing a horizontal division of labor. (Again, in military terms, the difference between Infantry and Air Force would be a functional difference.) Finally, Mooney and Reiley discussed the relationship between *line* and *staff*, with line offices representing the direct flow of authority, and staff offices (such as personnel or finance) available to advise the chief executive but not exercising direct authority over line offices.

The language of hierarchical structures became somewhat standard. Just as distinctions were often drawn between line and staff, managers were (and are today) often classified as top, middle, or supervisory. Supervisory managers are at the bottom of the hierarchy, top managers at the peak, and middle managers in between. A supervisory manager directly manages the people involved in producing the organization's output. The supervisory level is the first level of management, so supervisors are sometimes called first-line managers. Normally, no managers are below the supervisory level. An example of a supervisory manager is the person to whom your mail carrier reports at the post office.

Supervisors report to middle managers, usually defined as "managers who manage other managers." If the organization is small, there may be only one level of middle managers; large organizations usually have more than one middle-management level. The highest level of management, the top level, usually has the fewest managers. Top managers, often called "executives," are responsible for entire organizations, whereas middle-and supervisory-level managers focus on increasingly smaller sections of the organization. Top managers are usually the most involved in relationships with other groups and agencies.

It is easy to distinguish supervisory-level from middle-level managers, but it is often ambiguous where middle management stops and top management begins. Titles often confuse things more than they help. The title of vice president, for example, indicates a top manager in some organizations; in others, the vice president is only a middle manager. Banks are particularly well known for having many vice presidents, most of whom are obviously not part of top management. Similarly, titles in public organizations, such as division director, branch chief, and department head, are used in different ways and are usually only meaningful if you understand the conventions of the organization.

In any case, early writers on public administration generally sought to apply what they saw as the correct "principles" of administrative management to the conduct of public organizations. They implied that the problems and solutions facing government were much the same as those in industry: centralization of authority and the development of hierarchical structures. But this assumption sidestepped several important issues essential to the operations of public agencies. Is the criterion of efficiency the only criterion by which the work of public organizations should be evaluated? Is it incompatible to create highly authoritarian structures to carry out the work of a democracy?

There were also questions about whether approaches to organization based on structural analysis alone were even the most efficient. In both the public and private sectors, for example, managers and researchers began to ask whether the rigid structures described in the principles of administrative management could effectively adapt to change. And, perhaps most important, where does the individual enter into the equation, other than as a potential machine? The structural lens through which many early scholars and practitioners viewed the world proved to be somewhat limiting; something else was needed.

Recognizing Human Behavior

In the mid-1920s, an impetus to further investigation of informal or human factors in organizational life came from studies conducted by Harvard researchers at the Hawthorne Works of the Western Electric Company. The studies, which became known as the Hawthorne studies, began in a way largely consistent with the scientific management

tradition and were designed to measure the relationship between working conditions (such as lighting, temperature, and humidity) and worker productivity (such as monotony and fatigue). In the experiment, certain groups were isolated from their coworkers and placed in carefully controlled environments where conditions could be varied systematically. But as the experiment developed, regardless of the changes in environmental conditions—lighter or darker, hotter or colder, more or less humid—the productivity of the experimental group tended to increase. Can you guess why?

Researchers discovered that the experimental group was responding not to the conditions around them, but to the fact that they had been singled out for special attention. As a result, the researchers developed a new interest in the human aspects of organizational life. Those in the Hawthorne study began to see organizations as not only meeting the stated goals of producing goods or services, but also as being concerned, even if implicitly, with the distribution of "satisfactions"—some monetary, others social and psychological—to members of the organization. The informal organization (in other words, the human interactions that paralleled those prescribed by the organizational structure) was viewed as important or even more important than the formal organization. If this were the case, then it made sense that the manager's role involved attention to both the formal structure of the work process and the pattern of informal relationships among the workers. Either one could affect efficiency and effectiveness.

There was abundant advice on how to manage the formal structure, but only speculation on how to manage the informal or human side of organizations. Consequently, a number of studies were undertaken that dealt with the critical human relationship between manager and worker. Many of the studies suggested that changes in one's approach to managing, or management style, could lead to important differences in productivity. By treating workers differently, you could affect the work they did.

An example of this orientation was Douglas MacGregor's (1960) discussion of Theory X and Theory Y. After reviewing other work on management, MacGregor

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Read "Transformational Leadership in the Public Sector: Does Structure Matter?" by Sanjay K. Pandey and Bradley E. Wright. This article concerns the possibility of achieving transformational leadership in public organizations. Specifically, it explores some of the structural constraints on transformational leadership. But it also points out some of the structural opportunities that public organizations present.

What do we mean by transformational leadership? Can you think of leaders in government, in private organizations, or nonprofit organizations whom you would consider transformational? What is it about their work that seems to distinguish them from other leaders? Do you think the structure of government affects the possibility of transformational leadership? Or can leaders be transformational in any circumstance?

suggested that a better theory of human behavior (not structure) might make it possible to more effectively control workers in organizations. MacGregor contrasted a set of assumptions about human behavior that appeared to form the basis for traditional management techniques (Theory X) with a set of assumptions he felt would underlie a new, more enlightened approach (Theory Y). Traditionally, MacGregor argued, managers assume that human beings are lazy and dislike work, that they must therefore be coerced to produce, and that most in fact want such direction. MacGregor suggested in contrast that work is quite natural, people do not need to be coerced, they will devote energy to objectives to which they are committed, and they will make commitments to objectives that, when completed, will lead to rewards. As a consequence, MacGregor suggested that most workers were not being utilized to their full potential. The lesson was straightforward: managers must take care to determine the needs and desires of their employees and then help orient the individual's objectives so that they are met by work that fulfills the organization's objectives.

Closely associated with this viewpoint is a "hierarchy of needs" proposed by the psychologist Abraham Maslow. Maslow's hierarchy is most often pictured as a pyramid with basic needs at the bottom and more complex needs near the top. The idea is that basic needs need to be satisfied first, but, after that, needs such as love, friendship, and intimacy become more important. There are five levels to Maslow's hierarchy of needs: physiological needs, security needs, social needs, esteem needs, and self-actualization needs. Those at the top, those who are closest to fulfilling their potential and have already completed the other levels in the hierarchy, are self-aware and concerned with personal growth. They have reached the level of self-actualization (Maslow, 1954).

Two Classic Works

Two writers on organizational behavior, both stimulated by the new attention to human factors in organizational life, wrote "classics" on the subject during the 1940s and 1950s. One author, Herbert Simon, came from the field of public administration; the other, Chris Argyris, began his work in industrial psychology. Both have influenced all fields of management even to the present.

Simon suggested that the reason we have large organizations in the first place is that human beings are limited or "bounded" in their rationality or capacity to solve the complex problems of the modern world. "The capacity of the human mind for formulating and solving complex problems is very small in comparison with the size of the problems whose solution is required for objectively rational behavior in the real world or even for a reasonable approximation to such objective rationality" (1957, p. 198). Organizations are seen as devices for molding our sometimes erratic behavior to rational patterns of obtaining our objectives.

In the abstract, it's not difficult to design a rational system for reaching organizational objectives. The difficulty comes when human beings, with all their emotions and interests, are inserted into the system. Because they are human, they often appear "irrational" in terms of the system, even though what they are doing, from their point of view, may be perfectly rational. The chief problem for Simon, therefore, became how to understand and direct human behavior in such a way that it aids in pursuit of the organization's objectives in a rational (that is, efficient) way.

Simon described the organization as a decision-making system involving two primary sets of decisions on the part of the individual: the decision to be a part of an organization and the decision to contribute desired behaviors to the organization. Simon approaches each problem through a rational calculation of costs and benefits. For example, a person may be expected to remain a member of an organization as long as the benefits exceed those that might be obtained elsewhere.

The same approach is used with respect to the individual's contributions to the organization, an issue closely tied to the question of authority. Simon argued that each individual establishes "an *area of acceptance* within which the subordinate is willing to accept the decisions made for him by his superior" (Simon, 1957, pp. 74–75). But because it is in the interest of the organization to have the "zone" or area of acceptance as wide as possible, the organization, through its managers, offers certain "inducements" designed to increase the individual's "contributions." Inducements include money and status, but they also involve creating a state of mind in which individuals tend to obey rather than disobey.

Simon argues that you cannot expect people to make perfectly rational decisions. Indeed, most human beings act with *bounded rationality*; they seek the best possible solution, though not necessarily the most rational from a purely economic standpoint. Members can be made to fall in line with the organization's expectations by means of inducements that are just good enough to elicit the desired contributions. In this way, what Simon terms "administrative man" (in contrast to "economic man") becomes a part of a rationally behaving system.

Rather than focusing on rational systems, Chris Argyris focused on the interaction of the individual and the organization. He suggested, like MacGregor, that formal organizational structures and traditional management practices were inconsistent with a natural human striving for growth and development. Individuals in our society, Argyris concluded, develop from infancy through adulthood along several important dimensions: from passivity to activity, dependence to independence, a limited to greater range of behaviors, shallow to deeper interests, shorter to longer time perspectives, positions of subordination to those of equality or superordination, and lack of awareness to greater awareness. Movement along each dimension contributes to what we know as the healthy adult personality.

Yet, argued Argyris, these goals are exactly those that traditional management practices prevent. For example, standard patterns of management give the individual little control over his or her work. Workers are expected to be passive, submissive, and limited in the range of their responses. They are expected to behave like children. Moreover, if individuals express frustration at such a situation, managers often see their behavior as hostile and dysfunctional. The typical managerial response is to crack down, to assert even more severe methods of control.

A healthier approach, suggests Argyris, would be to understand the basic tendencies of the human personality for growth and development and then to "fuse" these tendencies with the objectives of the organization. Achieving this congruence or fusion is the task of the manager. This requires that the manager develop "skill in self-awareness, in effective diagnosing, in helping individuals grow and become more creative, in coping with dependent-oriented...employees, and in surviving in a competitive world of management" (1962, p. 213).

Both Simon and Argyris shift from concerns with structure to concerns with human behavior. Each offers a new way of looking at organizations and the people in them. The manager, according to this new view, needs to take structure into account (for that will affect human behavior), but the "bottom line" is how people behave. And, of course, the behavior of human beings is affected by more than the structures in which they reside. The attention of the manager is redirected from structure to behavior, in Simon's and Argyris's works. In this new view, the job of the manager is to mold human behavior toward the purposes of the organization.

The Organization and Its Environment

The early emphasis on structure and the later emphasis on human behavior proved helpful in focusing attention on important aspects of life in complex organizations. But neither viewpoint considered the relationship between the organization and its environment. This missing element began to appear, however, as writers in the field of public administration returned to issues of structure, though they viewed structure in quite a different way. The new concern for structure was stimulated by two emerging approaches to public organizations: systems theory and the political economy approach. The *systems approach* suggested that public (or other) organizations could be viewed in the same way as biological or physical systems as whole "organisms," independent of their parts and pursuing specific purposes within a complex environment. The *political economy approach* focused on politics and economics as categories for analyzing organizational behavior.

Systems Theory

The systems model suggests that the organization receives from its environment the human and material resources it requires to function, as well as requests and directives about how it should operate. These resources, requests, and directives are processed through the organization and transformed by it. The resulting outputs (products, services, and so on) are transmitted back into the environment. In turn, these outputs are taken into account as new inputs are developed, and, over time, a balancing point is reached that makes possible the survival of the organization.

A classic study of the relationship between an agency and its environment was Selznick's analysis of the Tennessee Valley Authority (TVA) in the 1940s. Selznick argued that, in contrast to the closed, mechanical systems implied in many approaches to public organization, organizations are in fact open systems. That is, they exist within an institutional framework, which includes political parties, pressure groups, and special interests. Though the groups' demands may appear "irrational" from the perspective of the organization, they simply cannot be ignored.

The TVA sought to involve already existing local agencies in planning power distribution systems and other programs, in order to anticipate potential demands and be prepared to respond. Additionally, the TVA wanted to get local groups committed to the TVA program by making them feel part of the organization. By bringing outside groups into the structure of the organization (by placing persons on advisory groups or negotiating service contracts with them), TVA sought support for its own programs. You will recall this idea as co-optation, a term Selznick defined as "the process of absorbing new elements into the leadership or policy-determining structure of the organization as a means of averting threats to its stability or existence" (Selznick, 1949, p. 13).

What Would You Do?

You have been taking doctoral-level classes at a local university while continuing to work as a mid-level manager in state government. Some of your fellow workers have been teasing you lately about your "theoretical" approach to management, which, they say, just doesn't work in the "real world." You are beginning to wonder yourself whether theoretical ideas really make a difference in practice. What would you do?

Another study examining the influence of environmental factors on the operations of public agencies was Herbert Kaufman's analysis of the U.S. Forest Service (Kaufman, 1960). The Forest Service faced the problem of how to secure compliance and consistency from forest rangers scattered across the country who were subjected to pressure from their local communities. Rangers often served, of course, in isolated locations. Although they sought to carry out the policies of the Forest Service, they also developed loyalties to their local communities. They often had to carry out regulations that would adversely affect their friends and neighbors and, in such cases, might be tempted to deviate from central office directives. The agency's response was to devise a series of training programs, procedural devices, inspections, and sanctions as efforts to reduce the influence of the local environment and to ensure that central office orders were actually carried out.

Looking at how environmental factors influence public organizations led other writers to characterize public agencies as interdependent systems operating in a complex environment. No longer could one agency's work be viewed in isolation from that of other public and private agencies. One would simply not be able to understand how an agency operated without understanding the myriad external influences on the agency. Imagine, for example, the difficulty of implementing a new set of standards for water quality in a city located on a state boundary, such as Cincinnati. Think of all the agencies, public and private, that would have to be notified and would wish to express their views. Think of the various political jurisdictions—states, cities, counties, and special districts. Think of the various bodies within each jurisdiction that might want input: the mayor, legislature, and administrative agencies.

The complexity of administrative activities has led some scholars to suggest that it is no longer meaningful to focus on a specific agency's contribution to implementing policy, but to think in terms of programs. Recall that many federal programs operate through a pattern of funding in which money, rules, and guidelines are established for programs that are delivered at the state and local levels through both public and private agencies.

For example, in the delivery of social services, such as drug prevention efforts, state and local governments use federal money to fund private or nonprofit providers of the services. In many cases, the money goes to fund programs, not specific agencies, so that these programs operate through rather diffuse networks of loosely joined groups rather than through traditional hierarchical structures. In such ill-structured "structures," older notions of organizational control give way to new emphasis on bargaining and negotiation, in which the systems perspective has much to offer.

From Political Economy to Organization Development

Interest in interorganizational policy networks was further stimulated by the emergence of the political economy approach to understanding public organizations. Wamsley and Zald (1976) suggest that public organizations can best be understood in terms of the conjunction of political and economic factors influencing their operation. These factors affect the organization both internally and externally, leading to four categories through which we might view organizations. First, the external political environment involves the interplay of various interest groups and other organizations that affect the organization's political climate. Second, the external economic environment consists of market exchanges that influence the available supply of resources. Third, the internal political category focuses on the distribution of power and authority. Fourth, the internal economy concerns the allocation of resources and how they are used.

The Wamsley-Zald approach is related to a more sophisticated, complex approach most often associated with Vincent Ostrom. Ostrom's public choice approach begins with examining how individuals might make choices if they were free to act rationally and in their own self-interest. Under some circumstances, people might be expected to engage in collective action, especially where "public goods" are involved or where situations are neither purely public nor purely private. (Public goods are distinguished from private goods—those that can be measured, marketed, and maintained—by the fact that they are highly indivisible; a public good such as the national defense is available to all once it is provided for one.)

Following this logic, Ostrom sees public organizations as "a means for allocating decision-making capabilities in order to provide public goods and services responsive to the preferences of individuals in different social contexts" (Ostrom & Ostrom, 1971, p. 207). Ostrom argues that the best structures for satisfying individual preferences are not centralized bureaucratic agencies, but rather more fragmented, multiorganizational arrangements.

Although earlier behavioral studies like Simon's and Argyris's were important in countering the field's dependence on a structural interpretation of organizational life, they were limited in certain ways. First, most of the behavioral literature failed to question the top-down pattern of organizational authority; many people thought it merely provided more sophisticated mechanisms for managerial control. Second, there seemed little interest in organization change processes, at a time when rapid social change was becoming a dominant feature of the landscape. Third, as open systems theorists pointed out, the perspective failed to comprehend the complexity of interorganizational bargaining and negotiation.

Similarly, the political economy approach seemed to unnecessarily limit creativity and communication and seemed, at least to some, to place values in a secondary position.

Among major critics of earlier approaches were a group of scholars in the early 1970s whose collective work came to be known as "the New Public Administration." In contrast to older approaches that emphasized efficiency and control, the New Public Administration heralded openness and change, equity and involvement. In a rapidly changing society populated by diverse groups, the New Public Administrationists felt the key element in the survival of organizations—indeed, of society—was the capacity to adapt to rapid social change. Organizations would have to find ways to deal with an increasingly "turbulent" environment.

Doing so would require stimulating the creativity of everyone involved in any public program, both within the agency and in the environment. Involving the organization's members and its clients in the decision-making process would, the New Public Administrationists felt, foster creativity. Moreover, such an approach seemed far more consistent with democratic norms and practices than operating through top-down structures of control. The key words in the New Public Administration were *equity* and *involvement*.

Many of those associated with the New Public Administration became students of organizational change processes and sought ways to help organizations implement needed changes. One of the most important approaches they employed was *organization development*, a process-oriented approach to planned change. Organization development suggests many techniques for change that we will examine later, but it also offers another approach to view the work of organizations.

Robert Golembiewski, a leader in the application of organization development strategies and techniques to the public sector, points out that organization development represents a particular philosophy of management that is considerably at odds with traditional top-down tendencies and values the following:

1. Mutual accessibility and open communications
2. A willingness to experiment with new behaviors and to choose those that seem most effective
3. A collaborative concept of authority that emphasizes cooperation and willingness to examine conflicts openly
4. Helping relationships involving a sense of community and acceptance of responsibility for others
5. Authenticity in interpersonal relationships (Golembiewski, 1972, pp. 60–66)

Decision Making in Organizations

As suggested in our discussion of the public policy process, decision making represents one of the most critical functions of public and nonprofit organizations. Although the scope and nature of decision making vary from issue to issue, the process itself is a daily activity. Some have even suggested that organizations can be viewed as living histories of their decision-making processes. To better appreciate this important function, it may be helpful to examine some of the core concepts of organizational decision making and to understand how leaders use these concepts in their management practice (Hatch, 1997, pp. 270–281).

Scholars of organizations traditionally followed an economic view of decision making, which assumed that decisions were the result of rational, well-informed selection procedures. (Much of our discussion to this point reflects this traditional viewpoint.) In the rational model, management recognizes the problem, identifies alternatives, selects and implements the most efficient alternative, and monitors the results.

However, a series of works, beginning with March and Simon (1958) and Cyert and March (1963), challenged this rational viewpoint, arguing that decision making can be viewed as rational only in certain circumstances. Most often, organizations lack the information and capacity needed for making rational decisions. Simon, who received a Nobel Prize for his work in artificial intelligence, referred to this phenomenon as a "bounded rationality," as discussed previously. He identified five of the most common constraints:

1. Imperfect and incomplete information
2. The complexity of the problem
3. Human information-processing capacity
4. The time available for decision-making processes
5. The conflicting preferences decision makers have for organizational goals (Hatch, 1997, p. 274)

Despite attempts on the part of managers to use more rational processes, these factors pose insurmountable barriers to rational decision making. The implications are twofold. First, managers will never have enough data to adequately inform decision-making processes. Second, even if they did, they would face conflicting goals from stakeholders, to the point that they would be unable to make a truly rational selection of the most efficient alternatives. For Simon, the best that managers can do involves what he called "satisficing"—that is, making do with the most information possible at the time and attempting to balance between competing demands.

But what happens when the goals of a particular decision-point are relatively clear and the only true variable lies in the uncertainty of the policy direction or outcome? Henry Mintzberg and his colleagues (1976) referred to this as the "trial-and-error" model of decision making. Managers take an incremental approach to implementing policy alternatives, assess the impact, and then move to the next decision-point. Over time, the belief is that a comprehensive solution to the issue will be attained, but the process will allow decision makers to proceed with caution.

Often the opposite may also be true. Decision makers may (and will!) face a variety of competing demands from stakeholders, which they must balance before even moving to the decision stage. Handling the complexity of these situations requires what organization theorists refer to as the "coalition model" of decision making. The coalition model involves a search for "interest-accommodating alternatives" as opposed to the "problem-solving information" in the rational model. Policy leaders recognize that what may be the most efficient alternative will not be acceptable to different interest groups. The best option is the one they can "sell" to their key constituencies. Although some believe that the coalition model implies some sort of breakdown in "normal" decision making, in today's dynamic, multicultural world (particularly in the public and nonprofit sectors) it tends to be the rule more than the exception.

Of course, both the trial-and-error and coalition models of decision making assume that either the certainty of approach or the goals of the process have been determined. All that's left is "filling in the blank" of the other variable. Anyone who has served in a public or nonprofit organization will tell you that many times both sets of questions need to be answered. In these situations, which are characterized by a continuous ebb and flow of leadership, ongoing change in the policy environment, and shifting sets of coalitions among stakeholders, leaders find themselves using the "garbage can model" of decision making. (Does this sound familiar? If not, it will very soon!) Randomness replaces rationality. Indeed, Cohen, March, and Olsen (1972) used the term *organized anarchies* to describe organizations that practice the garbage can model as normal policy.

The approaches to organizational decision making described here should not be taken as mutually exclusive. Leaders in public and nonprofit organizations should explore a variety of methods, depending on the changing conditions in the policy environment. In fact, the most effective managers will be able to "read" the shifting conditions and balance their desire for rationality with a sensitivity to their "political barometers."

Organizational Culture, Organizational Learning, and Strategic Management

During the past generation, many discussions of management and organizations, especially in the private sector, have emphasized the importance of understanding the "culture" of the organization. Most writers refer to *organizational culture* as the basic pattern of attitudes, beliefs, and values that underlie the organization's operations. An organization's culture consists of shared assumptions that members of the organization hold. Edgar H. Schein (1997, pp. 8–10) notes that culture can be manifested in many ways, including the following:

1. *Observed behavioral regularities when people interact.* The language they use, the customs and traditions that evolve, and the rituals they employ in a wide variety of situations.
2. *Group norms.* The implicit standards and values that evolve in working groups, such as the particular norm of a "fair day's work for a fair day's pay" that evolved among workers in the Hawthorne studies.
3. *Espoused values.* The articulated, publicly announced principles and values that the group claims to be trying to achieve.
4. *Formal philosophy.* The broad policies and ideological principles that guide a group's actions toward stockholders, employees, customers, and other stakeholders.
5. *Rules of the game.* Implicit rules for getting along in the organizations and "the ropes" that a newcomer must learn to be an accepted member—"the way we do things around here."
6. *Climate.* The feeling that is conveyed in a group by the physical layout and the way in which members of the organization interact with each other, customers, or outsiders.
7. *Embedded skills.* The special competencies group members display in accomplishing certain tasks, the ability to make certain things that gets passed on from generation to generation without necessarily being articulated in writing.

8. *Habits of thinking, mental models, and/or linguistic paradigms.* The shared cognitive frames that guide the perceptions, thought, and language used by the members of a group and are taught to new members in the early socialization process.
9. *Shared meanings.* The emergent understandings that are created by group members as they interact with each other.
10. *"Root metaphors" or integrating symbols.* The ideas, feelings, and images groups develop to characterize themselves that may or may not be appreciated consciously, but that become embodied in buildings, office layout, and other material artifacts of the group.

As these manifestations suggest, some of the most important aspects of an organization lie outside of the explicit characteristics shared in normal group interaction. The unique ways in which an organization communicates internally and externally, its system of reward and punishment, and the way group members perceive themselves and the outside world all stem from the deeper, mostly undiscussed system of values and beliefs that define the group as a whole (Schein, 1997).

What Would You Do?

As a newly hired city manager, you want to shift the culture of your organization to reflect a greater commitment to citizen service. What would you do?

These layers of culture represent key concerns in their own right. They yield insight in very different ways about the nature of the group. However, organizational culture becomes even more critical as it relates to planned organizational change. Organizations face dynamic conditions in their internal and external environments—a variety of social, economic, and political factors impact group performance. The successful organization remains flexible to meet these changing conditions. Yet, given the multiple levels of organizational culture, change within the group cannot simply occur on the surface. The organization's underlying system of beliefs and values must be transformed if change is to be sustainable (Schein, 1997; Senge, 1990).

In this context, the notion of organizational culture becomes closely related to another important management concept: *organizational learning.* Learning organizations recognize that the primary contributors to error, or the disparity between what the group intends to happen and what actually occurs (Argyris, 1993) and thus barriers to change, are embedded deep within the organization's collective consciousness. They are not talked about, or even immediately acknowledged by group members. Therefore, groups that succeed in becoming learning organizations, those that are able to correct error and overcome their barriers, can successfully bring about change both in surface behavior and in the underlying levels of culture in the organization.

For example, say an organization's performance has started to suffer because of a decline in employee satisfaction and infighting among staff members. An immediate response may be to alter the group's behavior to reduce the infighting and improve the quality

of work life. This type of surface-level change would be a form of single-loop learning. However, such behavioral change more than likely would not resolve the deeper problem that produced the infighting in the first place. To resolve this more tacit concern, double-loop learning, or a change in the underlying system of beliefs, would need to occur. Both the actions and values of the group would need to be affected. Peter Senge, writing in *The Fifth Discipline*, suggests five elements that contribute to building a learning organization:

1. *Personal mastery.* A discipline that connects individual learning, personal skills, and spiritual growth with organizational learning. It involves one's inherent capacity to continuously focus on what's most important, while ensuring that the view of reality remains clear and truthful (Senge, 1990, p. 141).
2. *Mental models.* A discipline that links the way in which we view the world—our assumptions about "how things work"—with innovation and learning. Our mental models may pose substantial barriers to new ideas, those that conflict with our current understanding of reality, or they may become a source of new knowledge and creative learning (Senge, 1990, pp. 174–178).
3. *Shared vision.* A discipline in which an image or idea becomes transformed into a powerful force that is shared throughout the organization or group. The organization that has a shared vision is "connected, bound together by a common aspiration" (Senge, 1990, p. 206).
4. *Team learning.* A discipline that reflects the capacity of a group of individuals to coalesce, to engage their respective energies into an integrated team. The team remains connected through its shared vision, thus ensuring that the individual learning that occurs becomes translated into a group—indeed, a shared—experience (Senge, 1990, pp. 234–235).
5. *Systems thinking.* A discipline that shows how human action—whether in business, government, or other pursuits—represents a systemic, interrelated set of events. Thus, we may understand and effect change by recognizing the interconnectedness of our actions and their consequences in the broader system. Those who are able to achieve this type of systems thinking—what Senge calls "the fifth discipline"—have embodied the concept of individual and organizational learning (Senge, 1990, p. 7).

Networking

Visit MIT's Society for Organizational Learning at www.solonline.org. This site discusses research about organizational culture and change.

The convergence of the concepts of organizational culture and organizational learning provides an important foundation for understanding organizational change. Yet these concepts also relate to an older concept, one that remains crucial in contemporary society: *strategic management.* Peters and Waterman's *In Search of Excellence* (1982) introduced this concept in its analysis of implicit philosophies that guide most successful American companies. Much of the work remains just as valuable today as it was nearly three decades ago.

In particular, Peters and Waterman state the importance of establishing a core set of values that comprise the organization's mission and shape decisions throughout the structure. They suggest the importance of constant interchange between managers and workers, the organization and its clients. Though terms like "MBWA," or Management by Walking Around, may seem dated, the supporting principle of leadership maintaining close contact with members of the organization has even grown in significance.

These criteria for excellence can be translated into a public-sector context without great difficulty. For example, the International City Management Association and the Center for Excellence in Local Government adapted Peters and Waterman's criteria to define "excellence in local government."

1. *Action orientation.* Excellent local governments identify problems and deal with them quickly, fighting through structural, political, legal, and environmental constraints that make action more difficult than in the private sector.
2. *Closeness to citizens.* This criterion includes establishing and maintaining a variety of close links with citizens who are served by the local government, including those who are regulated against their will. Excellent local governments listen and are sensitive and responsive to public input.
3. *Autonomy and entrepreneurship.* Excellent local governments have developed climates conducive to conceiving ideas and doing new things to solve problems. They have track records for implementing creative solutions, even in the face of declining resources.
4. *Employee orientation.* This criterion demands more than lip service to employees and their needs. Excellent local governments insist on intensive, pervasive treatment of employees as human beings and adults.
5. *Values.* Excellent local governments have a defined set of values. Their overall focus is on being the best by providing superior service to the public. Their values are communicated clearly and demonstrated regularly to employees. Those values also provide the source of enthusiasm and pride among employees.
6. *Mission, goals, and competence.* Mission is the underlying premise of the organization. Excellent local governments have evaluated their missions based on changing resource levels and citizen demands, and they have used mission statements as the foundation for establishing community and organizational goals. Within their defined mission, excellent local governments provide consistent, uniform service levels.
7. *Structure.* In excellent local governments, the potential negative effects of antiquated, bureaucratic structures have been minimized. These organizations have fewer management levels and fewer centralized support staffs. They provide firm central direction while giving maximum autonomy to employees.
8. *Political relationships.* Political relationships refer to more than how the elected governing body and management staff work together. In excellent local governments, managers and policy makers are tuned in to the political environment; have established positive, open, and respectful relationships with each other; and have established political stability (Barbour et al., 1984).

Even more recently, Jim Collins, an author well known in the field of business management, built a concept for reaching "great" levels of achievement in the public service.

His book *Good to Great: Why Some Companies Make the Leap…and Others Don't* (2001) and the subsequent *Good to Great and the Social Sector: A Monograph to Accompany Good to Great* (2005), make it clear that public organizations should not blindly follow business practices for a simple reason: public organizations' achievement cannot be measured though earned profit. While for the "great" private companies, it is perfectly legitimate to measure the input and output in monetary terms, for the "great" public organizations, money is the measure for the input, but delivering "superior performance" and "a distinctive impact over a long period of time" are legitimate measures for successful output (Collins, 2005, p. 5). **See the box "Take Action: Top 10 Tips to Rediscover Your Staff."**

Take Action — TOP 10 TIPS TO REDISCOVER YOUR STAFF

1. Dump contingency management practices. Read up on the subject and identify how contingency manifests itself in tangible ways in organizations; set about changing habits and processes.
2. Embrace complexity. Complexity management practices are the antithesis of contingency management. Complexity is a nonlinear management model. It is not just a theory. Learn what it means in practice and develop staff to work in new ways.
3. Make plans and stick to them. All the unpredictability and uncertainty around contingency management in practice is unsettling for staff. It gives the impression of a lack of direction, lack of conviction, and inconsistency. Learn to have plans that can absorb and accommodate challenges rather than plans that keep attuned to outside demands. Plan for the unexpected and expect the unpredictable.
4. Reassess your approach and attitudes toward organizational culture. Know that organizational culture can be influenced but not controlled by senior managers. Do not mistake quiet compliance for cultural change. It is a staff survival mechanism; fury may be bubbling beneath!
5. Find ways to involve all staff in culture renewal, evaluation, and development initiatives. Remember that your staff creates the culture, so getting them positive and excited leads to a positive and exciting culture.
6. Look carefully at your cultural messages and symbols, and ask whether you and your top team are really delivering on them. Would I, as an outsider coming to your place for the first time, see that you mean what you preach or is it just more empty rhetoric? Take the time to make your values mean something.
7. Think about how you can stop talking about empowering work practices and begin enshrining them so that people believe you mean it. A charter is one good idea.

(Continued)

(Continued)

8. Remember that delegation is not empowerment. Review your approach and make sure managers do not pass on work to others as a "development opportunity." Staff always sees this for what it really is, and it does only damage.
9. Invite staff to take the initiative. Real empowerment is about creating the space for people to empower themselves. Support and encourage this but do not dictate it.
10. Retain your awareness that the changes managerialism dictates might make the organization meaner and leaner but that the effects on people policies must be carefully managed.

SOURCE: Paul Davis, "Too Busy Managing to Lead? A View from 'Down Under,'" *Public Management* 89, no. 1 (January/February 2007): 28–32.

Collins (2005) offers five essential elements for building "great" public organizations:

1. *Defining "great"—calibrating success without business metrics* (p. 4). Public organizations should strive for excellence in delivering services. According to the author, "what matters is not finding the perfect indicator, but settling upon a *consistent and intelligent* method of assessing your output results, and then tracking your trajectory with rigor" (Collins, 2005, p. 8). His advice to public organizations is to actually be concentrated on great outputs.
2. *Level 5 leadership—getting things done within a diffuse power structure* (p. 9). A level 5 leader is the leader who can "build enduring greatness through a paradoxical blend of personal humility and professional will" (Collins, 2005, p. 12, "Level 5 Leadership/Level 5 Hierarchy"). True leaders, as the author implies, are those who empower people. These leaders are followed by the people when people have the freedom not to follow them (Collins, 2005, p. 13).
3. *First who—getting the right people on the bus, within social-sector constraints* (p. 13). True leaders also know who should be "on the bus" and how to attract the right people to "get on the bus"; that is, they know how to overcome social-sector constraints and recruit motivated and competent "great" (not good or average) people.
4. *The hedgehog concept—rethinking the economic engine without a profit motive* (p. 17). In order to be effective with all the constraints in the social sector, social-sector managers should concentrate on three elements: "passion," "best at," and "resource engine" (Collins, 2005, p. 19). "Passion" refers to the organization's values and core mission; "best at" refers to the activities that are unique to the organization; "resource engine" refers to the appropriate combination of time, money, and brand.
5. *Turning the flywheel—building momentum by building the brand* (p. 23). Organizations in the social sector should build brand, by which they are recognized in a positive manner. The brand helps these organizations achieve superior performance. But organizations will be able to build the brand only if they recognize that they should make a change within the organization. In other words, while the sector itself may face huge challenges, social-sector organizations should recognize what is their (own) advantage and work on building and advancing their "pocket of greatness" (Collins, 2005, pp. 28–31).

Guidelines for Public Management

What lessons can you draw from these various perspectives that might guide your actions as a public manager? One way to begin to answer that question is to summarize some of the thinking about management in terms of guidelines for practice. The recent literature on strategic management seems to suggest the following guidelines:

1. *Maintain clarity about organizational priorities, goals, and objectives.* Although some ambiguity is often unavoidable in stating organization priorities, goals, and objectives, most organizations are far too confused on these issues. This confusion leaves people throughout the organization, including people who are required to make frequent decisions about organizational direction, without an appropriate basis for making such decisions. The direction of the organization should be stated as clearly as possible and widely communicated to all members.
2. *Make decisions today in terms of the most likely future circumstances.* Strategic management implies making all organizational decisions in terms of "futurity"—that is, how they will meet expected changes in the environment. It suggests taking every action in light of anticipated conditions, thus putting the organization in the best position to take advantage of future opportunities.
3. *Be attentive to the context in which you operate, especially relationships with other actors in the governmental system.* There is a natural but unfortunate tendency toward "tunnel vision" in most organizations. Actions are viewed in immediate terms, without duly considering who will be affected by the action. Acknowledging the importance of the environment is essential to strategic thinking.
4. *Understand clearly the organization's capacities and limitations.* New programs and policies can be effectively implemented only if they fall within the existing capacity of the organization or provide sufficient opportunity to build capacity. There are dangers in both underutilization of resources and becoming overextended.
5. *Balance program goals with attention to organizational values and processes.* It is important to state programmatic objectives clearly; however, the organization's culture and the prevailing norms, beliefs, and values of its members are equally important. Organizational processes, such as leadership, communications, motivation, group dynamics, and so forth, need constant attention, because they are essential to goal accomplishment.
6. *Create diverse mechanisms, both temporary and permanent, for constantly renegotiating programs and processes.* Both programmatic concerns and organizational processes are constantly changing in ways that affect persons throughout the organization. Thus, clarity with respect to priorities, goals, and objectives must not lead to rigidity. Mechanisms must permit and, in fact, encourage the entire membership of the organization to contribute regularly to refining programs and processes.
7. *Build trust and commitment through open communications and genuine participation.* Guidelines by which we measure the degree of participation the organization encourages include members' access to information and to forums of decision making, their ability to open any issue without fear of retaliation, and their feeling that their ideas will at least be considered by major decision makers (Redford, 1969, p. 8).

Much of the work reviewed here applies equally to management in the public and private sectors. But it is interesting to note that some of the most recent general trends in management have been anticipated in public-sector management. Public organizations' dependence on pluralistic decision processes—that is, processes through which different people and groups are likely to be involved—makes the process of managing change in the public sector quite complicated. It also means that a high degree of ambiguity and uncertainty is likely to surround most efforts to implement or alter programs. Managers must be especially skillful in negotiating across organizational boundaries rather than expecting to control circumstances "from the top." In addition, public organizations must have a service orientation—specifically, an understanding of and an attempt to act in accord with the public interest. We noted that organizations seeking public purposes must operate openly, be cognizant of client interests, and understand the political context within which they operate.

Under these circumstances, it is not at all surprising that the values and perspectives that now seem so much a part of "modern management," such as those associated with strategic management or Total Quality Management, have always been central (if not dominant) in public administration theory. Thus, for example, Marshall Dimock's (1936, p. 120) comment that "successful administration is warm and vibrant. It is human" sounds very much like a quotation from Peter Senge or Jim Collins. One might thus argue that, in contrast to Woodrow Wilson's admonition that public agencies should operate like businesses, it seems that public organizations and the values and interests they represent today should be and are becoming models for organizations of all types.

However, in this age of reinvention and managerialist government, there are reasons to be concerned that business values have overshadowed the ethic of citizenship that accompanies our theory of democracy. Public administration sometimes seems to be more concerned with promoting the entrepreneurial spirit than fostering meaningful engagement and sustaining citizen participation in civil society. There is a danger of devoting ourselves to satisfying the customer while neglecting to ensure equity, justice, and equality for citizens.

We will note later, in discussing recent critiques of the reinvention movement, that citizens are more than mere customers of government; they are its owners. Placing this relationship in economic terms reduces the role (and responsibility) of the citizen in the governance process. This critique carries important implications for our notions of public management. Specifically, in the current framework, public administrators cannot afford to view citizens in instrumental terms, and thus believe that by achieving an efficient, market-oriented system of service delivery that citizen trust and participation will be maintained. Citizen engagement, in this context, may be limited to a source of legitimation for public decisions that have already been made in more rational forms (for different perspectives, see Bryson & Crosby, 1992; Chrislip & Larson, 1994; Thomas, 1995).

Such a limited concept of engagement not only weakens our systems of public management and administration—it removes decision-making processes from the public realm—but it also threatens to destroy the remaining level of citizen trust we as public servants enjoy. Citizens have expressed that their confidence is less contingent on managerial pursuits, such as efficiency and performance, and more on the values of responsiveness and equity. Yet, sometimes it is tempting to forget this important message and to continue to strive simply for greater productivity.

The question we encounter once again is "How can we balance efficiency and responsiveness in the operation of public programs?" The field of public administration has generally leaned toward the efficiency side of the equation. Now, however, there is growing evidence that emphasizing responsiveness is not only consistent with democratic principles, but, in the long run, may also be the most effective way of operating. Whereas a structural view of organizations tends to emphasize internal efficiency, it is apparent that greater attention to external relationships and the ability to negotiate across organizational boundaries will become more and more necessary in our increasingly complex society, as will an organizational environment that fosters creativity (Denhardt & Denhardt, 2011).

Developing a "democratic" approach to management has often been attractive to public administration theorists because it seems only proper that government institutions in a democracy should operate democratically. What we are finding more and more is that such an approach is not only appealing but also necessary for organizations of all types—not only those in the public sector—to survive.

Postmodern Narratives on Management

In recent years, the images of organizations just discussed have come under criticism from a variety of standpoints. Some challenge the notion of a single, unifying concept of management and organizations. Others bring into question the overly functionalistic nature of management theory. And still others attempt to counter the political context of traditional theory, particularly the use of power by elites to marginalize the powerless. We will now discuss these contrary perspectives on organizations under the heading of postmodernism, which was discussed in Chapter 7. But as we will see, even this term is problematic, because postmodernism defies our tendency for categorizing diverse viewpoints into a single, definitive theory.

Postmodernism

The philosophical roots of what we call postmodernism can be traced to the late 1960s and a school of French philosophy known as *poststructuralism*. Poststructuralists took issue with many of the core assumptions underlying modernist philosophy. For example, the poststructuralists opposed modernity's primacy of rationality, objectivity, and the application of scientific principles in the development of a universal explanation of the social world. They argued for more diverse "readings" of society—that is, for new ways of knowing, based on the view that any particular interpretation of society has as much validity as any other because all such views are based on an individual's or group's view of what is real.

In management theory, a key theme underlying the postmodernist critique centers on the multiple sources of knowledge that confront us in our organizational experience—what we may refer to as *fragmentation*. As Hatch explained, "Postmodernists challenge the modernist desire for unifying views with their belief that knowledge is fundamentally fragmented—that is, knowledge is produced in so many different bits and pieces that there can be no reasonable expectation that it will ever add up to an integrated and singular view" (Hatch, 1997, p. 44). Consequently, we are faced with this question: given the increasingly global, networked nature of public and nonprofit organizations, how can we cling to a belief in a central, complete theory of management?

A second important theme involves a postmodernist challenge to what is called the *progress myth*. This stems from modernity's premise that our scientific knowledge is the result of a cumulative process, with one theory building uniformly on previous theories toward a shared end of advancing the human condition. Rather than some altruistic enterprise, postmodernists argue that modernity proved to be a wholesale abuse of scientific knowledge by the powerful for the purpose of maintaining the status quo. Indeed, even the notion of a common human goal reveals the power-saturated, neocolonial character of modernism. So how can we presume to be in a position to determine what's in the best interest of societies around the world, much less to impose a particular form of knowledge to identify and evaluate policy alternatives? In other words, this new perspective casts doubts on anyone's claim to understand reality and casts doubt on anyone's claim to hold power over others.

To counter these tendencies, postmodern theorists employ a narrative device known as *discourse analysis*. It begins by viewing presentations of organizational inquiry—such as oral, textual, or visual narratives—as forms of discourse and then using what they call discourse analysis to deconstruct the narratives to reveal modernist assumptions underlying the content. Discourse analysis exposes (and challenges) any attempt on the part of the "author(s)" to provide some type of *grand narrative*, in the modernist tradition, of organizations or society. Another purpose, however, is more action-oriented and involves the use of discourse analysis to reverse the power-saturated state of language in the organizational context. It opens the door for more diverse "voices" in organizational narratives—that is, the inclusion of traditionally dispossessed participants in social experiences of management.

Issues of Gender and Power

Feminist scholars have used elements of discourse analysis, as well as the liberating experience of postmodernism generally, to launch a sustained critique against traditional organization and management theory. At the heart of their critique is the segmentation of power along gender lines in organizational hierarchies—what the feminist scholar Jane Flax refers to as a "sexual division of labor" in modern management.

In Chapter 6, we discussed the "glass ceiling" that limits the advancement of women in the workplace. However, Flax points out that the corollary to such structural barriers is that women tend to be employed in occupational areas that consist overwhelmingly of other women, jobs that are paid less and subject women workers to gender-stereotyped roles, like child care, schoolteachers, housecleaning, secretaries, and other forms of "women's work" (cited in Hatch, 1997, p. 293).

Mary Guy and Meredith Newman (2004), along with Sharon Mastracci (Guy, Newman, & Mastracci, 2008), have explored this issue by asking what it is about

women's jobs that causes them to pay less. They employ the term *emotional labor* to indicate that some tasks require "the emotive work thought natural for women, such as caring, negotiating, empathizing, smoothing troubled relationships, and working behind the scenes to enable cooperation" (p. 298). This work is largely invisible and not fully compensated, whether such positions are held by men or women. Public service relies heavily on such skills, yet pay and promotion systems fail to acknowledge and compensate this work.

This concern for the powerless provides perhaps the most compelling argument of feminist theories. From a foundation in neo-Marxian critical theory, feminist scholars draw into question the very legitimacy of our ways of organizing in the postindustrial era. To them, studies of organization and management theory have become little more than sources of intellectual justification for an abuse of power by elites whose only purpose is to maintain social, political, and economic order. Even postmodernism itself has come under attack from feminist critics, who see these theories as shifting the concern away from substantive issues of power and inequality in daily work life.

Moreover, contrary to what advocates depict as a democratization of economic and political space in the global marketplace, feminist critics argue globalization and the imposition of new forms of governance by industrialized nations have done nothing but take the Northern, Western drive for power and economic supremacy to new frontiers (Stivers, 2002). The result has been a further marginalization of women, especially in what the development community refers to as "third world" societies.

Summary and Action Implications

As we have seen, your behavior is guided by the images you carry around in your head: images that have to do with the role of public agencies in a democratic society, with the most effective and responsible way to run a complex public organization, and with the relationships you establish with other actors, both within and outside the governmental system. Over your career, you will develop and refine your images based on experience, careful reflection, and self-critique. You will also benefit from comparing your images (and approaches) to those that other people recommend.

Through the years, students and practitioners of public administration have spent considerable time reflecting on the nature of their work and sorting out the factors that make for successful public management. Each resulting theory represents an attempt to suggest where you should cast your attention. Because you can't attend to all things at once, a certain amount of selectivity goes into theory building. Each theory implies evaluating what is most important to be aware of and to do to manage successfully.

Early writers thought that issues of organizational structure were most important, so they spent considerable time detailing concerns for structure. Later theorists (some of them practitioners) felt that structural issues should be balanced, if not outweighed, by a concern for the behavior of individuals in the organization. Still others sought further refinements, moving from behavior to structure and back again. More recent approaches have emphasized the organization's culture or value structure, but others have challenged the very notion of our ways of organizing in contemporary society.

For the time being, however, we should note the special sensitivity that those in public organizations have always shown for value questions. We have seen time and again how the values of public service—the pursuit of the public interest—affect the work of those in public organizations. The concern of contemporary writers in business and related fields of service and human values is something that those in public administration have always had to contend with, especially as they have been challenged to find a form of management compatible with the requirements of a democratic society.

STUDY QUESTIONS

1. Discuss the approaches to public management espoused by early writers.
2. Explain Douglas MacGregor's Theory X and Theory Y management concepts.
3. Compare the management approaches of Herbert Simon and Chris Argyris.
4. Two management approaches combine the human element with the structural aspect of the organization. Discuss the differences between the systems approach and the political economy approach.
5. What shared assumptions, as outlined by Edgar H. Schein, seem consistent in organizational cultures? What features do Peters and Waterman contribute to the list?
6. What basic philosophies underlie recent work in organizational culture and strategic management?

CASES AND EXERCISES

1. In four small groups (or multiples of four), analyze your class as an organization, taking into account questions of power and authority, communications, motivation, group dynamics, and so on. One group should employ only a structural perspective, the second group should employ only a behavioral perspective, and the third group should employ only a systems perspective. The fourth group should employ whatever perspective (or combination of perspectives) that its members consider most modern and most complete. Have each group (or a representative of each type of group, depending on the numbers) report their conclusions to the entire class. Think of each perspective as allowing you to see certain things and preventing you from seeing others. What do you see from the structural perspective? What about the behavioral perspective? The systems perspective? The combination perspective is likely to seem most complete, but consider the possibility that this modern viewpoint overlooks a great deal, and that, though we think it is complete (as those using earlier perspectives considered them complete), there may be much left to understand about organizations, even small ones. What other questions might we encounter in the future?

2. As a class, study the interorganizational relationships of one small organization. The organization might be a unit at the university (either an academic or a staff unit); a unit in city, state, or federal government; or a local nonprofit organization. Pick an organization that is clearly identifiable and, if possible, that appears to have considerable autonomy. Based on interviews with its top administrators and top staff people, develop a chart showing the organization's relationships with others in its environment. (A model resembling a molecular structure might be appropriate.) Indicate the importance of each relationship, the degree to which that relationship is considered positive or negative, and the degree to which it is considered essential. Try to develop some sense for how much time administrators and staff members spend on external relations versus internal organizational work.
3. The following statement is a mission statement from the City of Oakland (California): "The City of Oakland is committed to the delivery of effective, courteous, and responsive services. Citizens and employees are treated with fairness, dignity, and respect. Civic and employee pride are accomplished through constant pursuit of excellence and a workforce that values and reflects the diversity of the Oakland community." First, this statement permeates the organization. For something that is well established, what elements would you wish to add to the statement? Second, think about the relationship between a city and its citizens. What statements of philosophy dealing with the relationship between city and citizens would be appropriate to add? Third, given the statement and your modifications, what specific steps would you recommend to the elected and appointed officials in the city for putting their commitments (and yours) into practice?

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