
**UNIT-1 PUBLIC ADMINISTRATION - MEANING,
NATURE, SCOPE AND IMPORTANCE**

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1.0 LEARNING OUTCOMES

After going through this Unit, you should be able to:

- define Administration and Public Administration
- describe the nature of Public Administration
- explain the scope of Public Administration
- distinguish between Private and Public Administration
- analyse the Role of Public Administration vis-à-vis Liberalisation, Privatisation and Globalisation (LPG)

1.1 INTRODUCTION

Administration as an activity is as old as society itself. But as an area of study it originated, with the publication of Wilson's essay on study of Administration in 1887. As a process, administration occurs in both public and private organisations. It occurs in such diverse institution as settings as a business firm, labour unions, religious or charitable organisations, educational institutions, etc. Its nature is affected by the

sphere with which it is concerned. Administration is commonly divided into two types, Public and Private Administration. As an aspect of government activity it has existed since the emergence of political system(s). While public administration relates to the activities carried out by government, private administration refers to the management of private business enterprises.

It is important to understand the functioning of administration for on this lies the understanding of the government. In this Unit an effort has been made to bring the concept of administration, public administration in particular, closer to you. This understanding will take you through the entire course of Public Administration. In what follows, we will examine the meaning, nature and scope of public administration.

1.2 WHAT IS ADMINISTRATION?

The word ‘administer’ is derived from the Latin word *administere*, which means *to care for* or *to look after* people, to manage affairs. Administration may be defined as “group activity which involves cooperation and coordination for the purpose of achieving desired goals or objectives”.

Broadly speaking, the term administration appears to bear at least four different meanings or different senses depending upon the context in which it is used:

- (1) As a Discipline: The name of a branch of learning or intellectual discipline as taught and studied in colleges and universities.
- (2) As a Vocation: Type of work/trade or profession/occupation, especially one that involves knowledge and training in a branch of advance learning.
- (3) As a Process: The sum total of activities undertaken to implement Public Policy or policies to produce some services or goods.
- (4) As a Synonym for 'word' Executive or Government: Such other body of persons in supreme charge of affairs, for example, Manmohan Singh Administration, Bush Administration, etc.

Noted below are definitions by a few famous writers.

E.N. Gladden

“Administration is a long and slightly pompous word, but it has a humble meaning, for it means to care for or look after people, to

manage affairs.... is determined action taken in pursuit of conscious purpose”.

Brooks Adams

“Administration is the capacity of coordinating many, and often conflicting, social energies in a single organism, so adroitly that they shall operate as a unity.

Felix A. Nigro

“Administration is the organisation and use of men and materials to accomplish a purpose”.

J.M. Pfiffner and R. Presthus

“Administration is the organisation and direction of human and material resources to achieve desired ends”.

L.D. White

“The art of administration is the direction, co-ordination and control of many persons to achieve some purpose or objective”.

Luther Gullick

“Administration has to do with getting things done, with the accomplishment of defined objectives”.

F.M. Marx

“Administration is determined action taken in pursuit of a conscious purpose. It is the systematic ordering of affairs and the calculated use of resources, aimed at making those things happen which one wants to happen and foretelling everything to the country”.

Herbert Simon, D.W. Smithburg and V.A. Thompson

“In its broadest sense, the administration can be defined as the activities of group cooperating to accomplish common goals.”

A brief analysis of the definitions listed above reveals that administration comprises two essentials, namely (1) cooperative effort, and (2) pursuit of common objectives. One does not find any administration if there is only a common purpose without a collective effort or vice-versa. Administration is also called a ‘technology of social relationships’. Thus, administration is a process common to all

group effort, public or private, civil or military, large scale or small scale. It is process at work in a department store, a bank, a university, a high school, a railroad, a hospital, a hotel or a local government.

1.3 ADMINISTRATION, ORGANISATION AND MANAGEMENT

Before we discuss about the meaning, definition, nature, scope and importance of public administration we will try to know what is administration, organisation and management. As these terms are often used interchangeably and synonymously, it is pertinent to know the differences and distinctions between these three terms.

According to William Schulze **Administration** is the force, which lays down the object for which an **organisation** and its **management** are to strive and the broad policies under which they are to operate.

An **Organisation** is a combination of the necessary human beings, materials, tools, equipment and working space, appurtenances brought together in systematic and effective co-relation to accomplish some desired object.

Management is that which leads guides and directs an **organisation** for the accomplishment of pre-determined object.

To put the above in simple terms, administration sets the goal, **management** strives to attain it and **organisation** is the machine of the management for the attainment of the ends determined by the administration.

Some scholars have a different view about the **administration** and **management**. According to Peter Drucker **management** is associated with the business activity, which has to show economic performance, whereas administration is associated with the non business activities like activities of the Government.

The other view is that **administration** is associated with performing routine things in known settings in accordance with certain procedures, rules, and regulations. The **Management** is associated with performing functions like risk taking, dynamic, creative and innovative functions.

Some scholars of Public Administration are closely associated with the first view that is, **administration** is a determinative function. **Management**, on other hand is an executive function that is primarily concerned with carrying out the broad policies laid down by the **administration**. **Organisation** is the machinery through which coordination is established between **administration** and **management**.

1.4 DEFINING PUBLIC ADMINISTRATION

L.D. White observes that although public administration varies in form and objects, and although the administration of public and private affairs differs at many points, there is an underlying similarity, if not identity. As an integral aspect of such generic concept, public administration could be related to that type of administration, which operates within a specific ecological setting. It is a means to carry out the policy decisions made by political executive.

To be seen along with it is the 'Public' aspect of Public administration, which attributes a special character and focus to it. 'Public' can be looked at formally to mean 'government'. So, public administration is government administration, government in action, or a socio-economic and politico-administrative confluence, the focus being especially on public bureaucracy. Encyclopaedia Britannica defines public administration as 'the application of a policy of a state through its government.'

Public Administration, therefore, refers to that part of administration, which pertains to the administrative activities of the government.

Now we will try to look into the definitions of Public Administration provided by various scholars.

Woodrow Wilson

Public administration is the detailed and systematic application of law. Every particular application of law is an act of administration.

L.D. White

"Public administration consists of all those operations having for their purpose the fulfilment or enforcement of public policy". As per White, this definition covers a multitude of particular operations in many fields the delivery of a letter, the sale of public land, the negotiation of a treaty, the award of compensation to an injured workman, the quarantine of a sick child, the removal of litter from a park, manufacturing uranium 235, and licensing the use of atomic energy. It includes military as well as civil affairs, much of the work of courts, and all the special fields of government activity-police, education, health, construction of public works, conservation, social security, and many others. The conduct of public affairs in advanced civilisations requires the employment of almost every profession and skill-engineering, law, medicine, and teaching; the crafts, the technical specialties, the office skills, and many others.

Percy Mc Queen

Public administration is related to the operations of government whether local or central.

Luther Gulick

Public administration is that part of the science of administration, which has to do with the government; it concerns itself primarily with the executive branch where the work of the government is done; though there are obviously problems also in connection with the legislative and judicial branches.

J.M Pfiffner

“Administration consists of getting the work of government done by coordinating the efforts of people so that they can work together to accomplish their set tasks”.

M. Ruthanaswami

“When administration has to do with the affairs of a state or minor political institutions like the municipal or country council (district board), it is called public administration. All the acts of the officials of a government, from the peon in a remote office to the head of a state in the capital, constitute public administration.”

H.A. Simon, D.W. Smithburg and V.A. Thompson

“By Public Administration is meant, in common usage, the activities of the executive branches of national, state and local governments, government corporations and certain other agencies of a specialised character. Specifically excluded are judicial and legislative agencies within the government and non-governmental administration.”

Corson and Harris

“Public administration ... is the action part of government, the means by which the purposes and goals of government are realised.”

Dwight Waldo

“Public administration is the art and science of management as applied to the affairs of State.”

M.E. Dimock

“Public Administration is concerned with ‘what’ and ‘how’ of the government. The ‘what’ is the subject matter, the technical knowledge of a field, which enables the administrator to perform his tasks. The ‘how’ is the technique of management, the principles according to which co-operative programmes are carried through to success. Each is indispensable, together they form the synthesis called administration”.

Nicholas Henry

“Public Administration is a broad-ranging and amorphous combination of theory and practice; its purpose is to promote a superior understanding of government and its relationship with the society, it governs, as well as to encourage public policies more responsive to social needs and to institute managerial practices attuned to effectiveness, efficiency and the deeper human requisites of the citizenry”.

The traditional definitions of Public Administration, which are given above reflect the view that the Public Administration is only involved in carrying out the policies and programmes of the government. It reflects that it has no role in policy making and also locates the administration in the executive branch but today the term public administration is used in a broader sense that it is not only involved in carrying out the programmes of the government, but it also plays an important role in policy formulation and covers the three branches of the government. In this context, we may reflect on the definition offered by F.A. Nigro and L.G. Nigro. According to them Public Administration:

In this context we can reflect the definition offered by F.A. Nigro and L.G. Nigro. According to them Public Administration:

- is co-operative group effort in a public setting;
- covers all three branches-executive, legislative, and judicial, and their inter-relationships;
- has an important role in the formulation of public policy and is thus a part of the political process;
- is different in significant ways from private administration; and
- is closely associated with numerous private groups and individuals in providing services to the community”.

In sum, public administration:

- is the non-political public bureaucracy operating in a political system;
- deals with the ends of the State, the sovereign will, the public interests and laws;

- is the business side of government and as such concerned with policy execution, but it is also concerned with policy-making;
- covers all three branches of government, although it tends to be concentrated in the executive branch;
- provides regulatory and service functions to the people in order to attain good life;
- differs significantly from private administration, especially in its emphasis on the public; and
- is interdisciplinary in nature as it draws upon other social sciences like political science, economics and sociology.

1.5 NATURE OF PUBLIC ADMINISTRATION

There are two views regarding the Nature of Public Administration, that is, Integral and Managerial.

According to the integral view, ‘administration’ is the sum total of all the activities – manual, clerical, managerial, etc., which are undertaken to realise the objectives of the organisation. In this view all the acts of officials of the government from the Attendant to the Secretaries to the government and Head of the State constitute Public Administration. Henri Fayol and L.D. White are the supporters of this view.

According to the managerial view of administration, the managerial activities of people who are involved in planning, organising, commanding, coordinating and controlling constitute Public Administration. This view regards administration as getting things done and not doing things. Luther Gullick, Herbert Simon, Smithburg and Thompson are the supporters of this view. The managerial view excludes Public Administration from non-managerial activities such as manual, clerical and technical activities.

The two views differs from each other in many ways. According to Prof. M.P. Sharma the difference between the two views is fundamental. The integral view includes the activities of all the persons engaged in administration whereas the managerial view restricts itself only to the activities of the few persons at the top. The integral view depicts all types of activities from manual to managerial, from non-technical to technical whereas the managerial view takes into account only the managerial activities in an organisation. Furthermore, administration, according to the integral view would differ from one sphere to another depending upon the subject matter, but whereas that will not be the case according to the managerial point of view because the managerial view is identified with the managerial techniques common to all the fields of administration.

The difference between the two views relates to the difference between management and operation or we may say between getting things done and doing things. The correct meaning of the term administration would however, depend upon the context in which it is used. Dimock, Dimock and Koenig sum up in the following words:

“As a study public administration examines every aspect of government’s efforts to discharge the laws and to give effect to public policy; as a process, it is all the steps taken between the time an enforcement agency assumes jurisdiction and the last break is placed (but includes also that agency’s participation, if any, in the formulation of the programme in the first place); and as a vocation, it is organising and directing the activities of others in a public agency.”

1.6 SCOPE OF PUBLIC ADMINISTRATION

By the scope of Public Administration, we mean the major concerns of Public Administration as an activity and as a discipline.

1.6.1 Scope of Public Administration as an activity

Broadly speaking, Public Administration embraces all the activities of the government. Hence as an activity the scope of public administration is no less than the scope of state activity. In the modern welfare state people expect many things – a wide variety of services and protection from the government. In this context public administration provides a number of welfare and social security services to the people. Besides, it has to manage government owned industries and regulate private industries. Public administration covers every area and activity within the ambit public policy. Thus, the scope of public administration is very wide in modern state.

1.6.2 Scope of Public Administration as a Discipline

The scope of public administration as a discipline, that is subject of studies, comprises of the following:

The POSDCoRB view

Several writers have defined the scope of public administration in varying terms. Gullick sums up the scope of the subject by the letters of the word POSDCoRB which denote: Planning, Organisation, Staffing, Directing, Co-ordinating reporting the Budgeting. Planning means the working out in broad outline the things to be done, the methods to be adopted to accomplish the purpose.

Organisation means the establishment of the formal structure of authority through which the work is sub-divided, arranged, defined and coordinated.

Staffing means the recruitment and training of the personnel and their conditions of work.

Directing means making decisions and issuing orders and instructions.

Coordinating means inter-relating the work of various divisions, sections and other parts of the organisation.

Reporting means informing the superiors within the agency to whom the executive is responsible about what is going on.

Budgeting means fiscal planning, control and accounting.

According to Gullick the POSDCoRB activities are common to all organisations. They are the common problems of management which are found in different agencies regardless of the nature of the work they do.

POSDCoRB gives unity, certainty, and definiteness and makes the study more systematic. The critics pointed out that the POSDCoRB activities were neither the whole of administration, nor even the most important part of it. The POSDCoRB view overlooks the fact that different agencies are faced with different administrative problems, which are peculiar to the nature of the services, they render and the functions they performed. The POSDCoRB view takes into consideration only the common techniques of the administration and ignores the study of the 'subject matter' with which the agency is concerned. A major defect is that the POSDCoRB view does not contain any reference to the formulation and implementation of the policy. Therefore, the scope of administration is defined very narrowly, being too inward looking and too conscious of the top management.

The Subject Matter View

We all know that public administration deals not only with the processes but also with the substantive matters of administration, such as Defence, Law and Order, Education, Public Health, Agriculture, Public Works, Social Security, Justice, Welfare, etc. These services require not only POSDCoRB techniques but also have important specialised techniques of their own which are not covered by POSDCoRB techniques. For example, if you take Police Administration it has its own techniques in crime detection, maintenance of Law and Order, etc., which are much and more vital to

efficient police work, than the formal principles of organisation, personnel management, coordination or finance and it is the same with other services too. Therefore, the study of public administration should deal with both the processes (that is POSDCoRB techniques and the substantive concerns). We conclude the scope of public administration with the statement of Lewis Meriam: "Public administration is an instrument with two blades like a pair of scissors. One blade may be knowledge of the field covered by POSDCoRB, the other blade is knowledge of the subject matter in which these techniques are applied. Both blades must be good to make an effective tool".

We may conclude the discussion with the observation of Herbert Simon who says that Public administration has two important aspects, namely deciding and doing things. The first provides the basis for the second. One cannot conceive of any discipline without thinking or deciding. Thus Public administration is a broad-ranging and an amorphous combination of theory and practice.

1.7 PUBLIC AND PRIVATE ADMINISTRATION

The major concern of administration is to properly organise men and material for achieving desired ends. As a co-operative group activity, administration is truly universal and operates in all types of public and private organisations. In other words, administration occurs in both public and private institutional settings. Its nature depends upon the nature of the setting and goals with which it is concerned. On the basis of the nature of the institutional setting, public administration can be roughly distinguished from private administration. Public administration is governmental administration concerned with achieving state purposes, determined by the state. Private administration, on the other hand is, concerned with administration of private business organisation and is distinct from public administration. Let us elaborate this

1.7.1 Distinction between public and private administration

John Gaus, Ludvig Von Mises, Paul H. Appleby, Sir Josia Stamp, Herbert A. Simon, Peter Drucker, etc., in their writings, have made distinction between public and private administration.

According to **Simon**, the distinction between public and private administration relates mainly to three points:

- Public administration is bureaucratic whereas private administration is business like;

- Public administration is political where as private administration is non-political; and
- Public administration is characterised by red-tape where as private administration is free from it.

Felix A. Nigro has pointed out that government is also different from private organisation, as no private company can equal to it in size and diversity of activities.

According to Sir Josiah Stamp, the four principles, which differentiate public from private administration, are:

- **Principle of Uniformity:** Common and uniform laws and regulations mostly regulate public Administration.
- **Principle of External Financial Control:** the representatives of the people through a legislative body control Government revenues and heads of expenditure.
- **Principle of Ministerial Responsibility:** Public administration is accountable to its political masters and through them to the people.
- **Principle of marginal Return:** The main objective of a business venture is profit, however small it may be. However, most of the objectives of public administration can neither be measured in money terms nor checked by accountancy methods.

According to Paul H. Appleby public administration is different from private administration. He remark, “In broad terms the governmental function and attitude have at least three complementary aspects that go to differentiate government from all other institutions and activities: **breadth of scope, impact and consideration; public accountability; political character.** No non-governmental institution has the breadth of government.

Appleby notes that the **political character** of Public Administration differentiates it from private administration. Public Administration is subject to political direction and control. This is the primary distinction between the two. He further argues, “Administration is politics since it must be responsive to the public interest. It is necessary to emphasise the fact that popular political processes, which are the essence of democracy, can only work through governmental organisation, and that all governmental organisations are not merely administrative entities, they are and must be political organisms.”

Appleby reflects further on the distinction between public and private administration in the context of public accountability “Government administration differs from all other administrative work to a degree not even faintly realised outside, by virtue of its public nature, the way in which it is subject to public scrutiny and outcry. This interest often runs to details of administrative action that in private business would never be of concern other than inside the organisation.

According to Appleby private administration cannot claim the **breadth of scope, impact and consideration of the public administration**. He observes, “The organised government impinges upon and is affected by practically everything that exists or moves in our society. It involves policies and actions of immense complexity. Its fullest possible understanding requires the wisdom of many specialists as well as the key participants in public and private life.

The more important distinguishing features of Public administration may be described under the following sub-heads:

Political Direction: Public administration is political, while private administration is non-political, public administration takes place in a political context.

Absence of profit motive: The absence of profit motive from the Public administration is another feature, which distinguishes it from the private administration. The primary purpose of governmental organisation is to provide services to the people and promote social good.

Prestige: Public administrators who serve in the Government enjoy high status and prestige in comparison to their counterparts in private enterprises especially developing countries.

Public Gaze: All the actions of public administration are exposed to wide public gaze because the public closely watches it. This does not happen in private administration.

Service and Cost: Most governments spend more money than their income or revenues. That is the reason for finding generally a deficit budget that is, expenditure exceeding income. Conversely, private administration income often exceeds expenditure without which they cannot survive.

Legal framework: Public administration operates within a legal framework. It is rule oriented. The responsibilities of public administrators are fixed by a set of constitutional practices, laws and

regulations. Government officials are obliged to act within their legal powers and not outside the law.

Consistency of treatment: A government official is required by law to maintain a high degree of consistency in his dealings with the public. He has to observe the principle of equality of treatment in serving the people. It is a legal obligation to not to discriminate against any person.

Public accountability: Public accountability is the hallmark of Public administration in a democracy. Public administration is responsible to the public, though not directly but indirectly through political executive, legislature, judiciary, etc.

Large-scale administration: Public administration is large-scale administration. It is said that almost anything under the sun is directly or indirectly under the domain of public administration. It is by all means larger than any big private concern in terms of size, complexity and diversity of activities.

Monopolistic and Essential Services: In the field of public administration, there is generally a monopoly of the government and it does not generally allow private parties to compete with it. For example, no person or bodies of persons are allowed to establish or perform functions related to public services like national security, foreign relations, law and order, mint and currency, as these are the exclusive fields of the government and thoroughly important for the community and polity to prosper.

Officials remain Anonymous: In public administration, even the most senior officials remain anonymous and their identity is not disclosed. This is so because whatever they do, they do in the name of the government and not in their own name.

Financial meticulousness: Public administration has to be very careful in financial matters because it is working as custodian of people's money.

Lower level of Efficiency: Efficiency is said to be the cornerstone of any organisation. However, due to varied responsibilities, lack of effective control, less accountability, involvement of a large number of levels and job security of employees, efficiency has not been there in public organisations to the effect desired. When compared to private administration, one finds that the degree of efficiency in public organisations is at a lower level. With profit as the major motive coupled with excessive control and flexibility in personnel administration the level of efficiency in private organisations is much higher.

1.7.2 Similarities between Public and Private Administration

Scholars like **Henry Fayol**, **Mary P. Follet** and **L. Urwick** do not make a distinction between public and private administration. The classical writers held the view that public and private administrations are the undifferentiated members of the genus administration. **Henri Foyal**, for example, says that there is only one administrative science, which can be applied equally well to public and private sectors. In his address in the Second International Congress of Administrative Science, **Fayol** remarked, "The meaning which I have given to the word administration and which has been generally adopted, broadens considerably the field of administrative sciences. It embraces not only the public service but also enterprises of every size and description, of every form and every purpose. All undertakings require planning, organisation, command, co-ordination and control and in order to function properly, all must observe the same general principles. We are no longer confronted with several administrative sciences but with one which can be applied equally well to public and to private affairs".

The following similarities between the two types of administration may be noted:

1. Both public and business administration rely on common skills, techniques and procedures.
2. In modern times the principle of profit motive is not peculiar to private administration, because it is now accepted as a laudable objective for public sector enterprises also.
3. In personnel management, the private organisations have been influenced greatly by the practices of public organisations.
4. The private concerns are also subjected to many legal constraints. Government is exercising much control over business firms through regulatory legislation such as taxation, monetary and licensing policies, etc. Consequently, they are not as free as they once used to be.
5. There is a similar type of hierarchy and management systems, both in public and private sectors. Both have same kind of organisation structure, superior – subordinate relationships, etc.
6. Both Public and private administration carries on continuous efforts to improve their internal working and also for efficient delivery of services to people or customers.

7. Public and private administration serves the people, whether being called clients or customers. Both have to maintain close contact with people to inform about their services and also to get feedback about services and product. In both the cases, public relations help them to inform and improve their services to the people.

The preceding discussion shows that the distinction between public and private administration is not absolute. In fact, they are becoming more and more alike in many respects. However, it does not mean that there are no significant differences between these two types of administration. **Waldo** observes that Public administration is distinct because it reflects the peculiar characteristics of government activity and the public setting in which it functions.

Given the wide acceptance of the ideas of liberalisation, privatisation and globalisation, both public and private administrations have to compete in the same area to provide services to people. Here both are dealing with customers, who pay for their services, in such a situation it narrows down the differences between the public and private administration. New Public Management, which has come into prominence, recently, puts emphasis on managerial techniques, which are to be adopted by public administration for the efficient delivery of public services. But in providing public services in the field of social and welfare areas there exists a difference between public and private administration.

With this brief characterisation, it could be stated that both public and private administration are placed in different environments. But this difference is more apparent than real. According to Waldo, The generalisation which distinguishes public administration from private administration by special care for equality of treatment, legal authorisation of, and responsibility of action, public justification of decisions, financial probity and meticulousness, etc. are of very limited applicability.” In fact public and private administrations are the “two species of the same genus, but they have special values and techniques of their own which give to each its distinctive character.

1.8 IMPORTANCE OF PUBLIC ADMINISTRATION

We will be discussing the importance of public administration as a specialised subject of study and later the role and importance of public administration in the modern society.

1.8.1 Importance of Public Administration as Specialised Subject of Study

The study of administration assumed significance, according to Woodrow Wilson, as a consequence to the increasing complexities of society, growing functions of state and growth of governments on democratic lines. This exhaustive list of functions made to think as to 'how' and in what 'directions' these functions should be effectively performed. To this Wilson suggested that there was a need to reform the government in the administrative field. As per Wilson, the object of administrative study is to discover what government can properly and successfully do and how it can do these things with utmost efficiency and the least possible cost either of money or of energy.

The importance of public administration as a specialised subject can be attributed to the following reasons:

- One of the important reasons is the practical concern that the government today has to work towards the public interest. The first and foremost objective of public administration is to efficiently deliver public services. In this context, Wilsonian definition of the subject as efficiency promoting and pragmatic field was the first explicitly articulated statement on the importance of a separate discipline of public administration. During the first half of the preceding century, a number of countries have appointed committees to look into the problems of administration and recommended suitable administrative machinery to respond to diverse public needs. The Haldane Committee Report (1919) in Britain; the President's Committee on Administrative Management (1937) in the United States; A.D. Gorwala Committee's and Paul H. Appleby's Reports in India are some of the examples of the efforts by various countries to make changes in public administration. During the last four decades also, a number of reports, produced by committees/commissions appointed by governments in various countries or multilateral agencies, and books published by scholars have enriched the discipline and provided new perspectives to public administration to tune it to the changing needs of the times. They include: Report of the Committee on the Civil Services (Fulton Committee Report, U.K., 1968); various reports of the Administrative Reforms Commission (India, 1967-72); Reinventing Government (U.S.A., look by David Osborne and Ted Gabler, 1992), Governance and sustainable Development (UNDP, 1997) and World Development Report: Building Institutions for Markets (The World Bank, 2002).
- Administration is looked at, in the social science perspective, as a cooperative and social activity. Hence the concern of academic inquiry would be to understand the impact of

government policies and operations on society. What kind of society do the policies envisage?; To what extent administrative action is non-discriminatory?; How is public administration functioning and what are the immediate and long term effects of governmental action on the social structure, the economy and polity?; etc. are questions requiring careful analysis. From the social science perspective, public administration, as a discipline, has to draw on a variety of sister disciplines such as History, Sociology, Economics, Geography, Philosophy, Psychology, etc., with the objective to explain and not just to prescribe.

- Public administration has a special status in the developing countries. Many of these countries, after independence from the colonial rule have stressed upon speedy socio – economic development. Obviously, these countries have to rely on government for speedy development. The latter requires a public administration to be organised and effectively operated for increasing productivity quickly. Likewise, social welfare activities have to be effectively executed. These aspects have given birth to the new sub-discipline of development administration. The emergence of development administration is indicative of a felt need for a body of knowledge about how to study the third world administration and at the same time to bring about speedy socio-economic development with government's intervention. Development administration has therefore, emerged as a sub-discipline to serve the cause of development.
- Public administration, as witnessed holds a place of significance in the lives of people. It touches them at every step. For most of their needs, the citizens depend upon public administration. In view of the important role of public administration in the lives of people, the citizens of a country cannot ignore. Therefore, its teaching should become a part of the curriculum of educational institutions. People must get to know about the structure of government, the activities it undertakes and the manner in which these are actually performed. The study of public administration will contribute to the realisation of the values of citizenship.

1.8.2 Importance of Public Administration as an Activity

The contemporary age, which has witnessed the emergence of 'Administrative State', public administration has become an essential part of society and a dominant factor. The functions it is called upon to perform, have expanded in scope and nature, and what is more, are continually increasing. Many of them are more positive in nature because they care for the essential requirements of human life, be it

health, education, recreation, sanitation, social security or others. It is, therefore, a creative factor, with its motto being 'human welfare'. These functions are over and above its regulatory functions. The view points of eminent scholars, as referred to below, amply reflect the significance of public administration.

Woodrow Wilson: "Administration is the most obvious part of government; it is government in action, it is the executive, the operative and the most visible side of the government.

Brooke Adams: "Administration is an important human faculty because its chief function is to facilitate social change and to cushion the stock of social revolution".

W.B. Donham, 'If our civilization fails, it will be mainly because of breakdown of administration'.

Paul H. Appleby: 'Administration is the basis of government. No government can exist without administration. Without administration government would be a discussion club, if indeed, it could exist at all'.

The role of public administration in various facets is noted below:

- **Basis of the Government:** A Government can exist without a legislature or an independent judiciary. But no Government can exist without administration.
- **An instrument for providing services:** Public administration is mainly concerned with the performance of various activities performed by government in the public interest. Felix A. Nigro aptly remarks, "The real core of administration is the basic service which is performed for the public".
- **An instrument for implementing policies:** Modern governments go a long way in formulating and adopting sound policies laws and regulations. It should not be forgotten that such policies, laws, etc. are not merely printed papers. Such paper declarations of intent are translated into reality by public administration thus converting words into action and form into substance.
- **A stabilising force in society:** Public administration is a major force for bringing stability in society. It has been observed that though government often changes, but violent change is seldom experienced by administration. An element of continuity between the old and the new orders is provided by public administration. It does not hold true only of constitutional

changes of government in democratic countries, but is also reflected when there are revolutionary changes in the form and character of government.

- **An instrument of social change and economic development:** Public administration's role as a change agent is particularly crucial in developing nations. It is expected of the state at present to work for accelerating socio-economic change and not to be a passive agency to maintain the status quo.
- **Technical Character:** The present day government is expected to provide various services to its population. The increase in the number of functions undertaken by the government require highly specialised, professional and technical, services. Modern public administration usually represents a galaxy of all of a nation's occupations.

According to **Gerald Caiden** public administration has assumed the following crucial roles in contemporary modern society:

- Preservation of polity;
- Maintenance of stability and order;
- Institutionalisation of Socio-Economic changes;
- Management of large scale commercial services;
- Ensuring growth and economic development;
- Protection of the weaker sections of society;
- Formation of public opinion; and
- Influencing Public policies.

The points mentioned below summarise the reasons for the growing importance of public administration:

- **Emergence of Welfare and Democratic state**
Emergence of welfare and democratic state has led to an increase in the activities of public administration compared to that of the laissez-faire state. The state has to now serve all sections of people in the society. This amounts to enhanced responsibilities of public administration. Public administration is also to regulate and control private economic enterprises to meet the objectives of the state.
- **Industrial Revolution**
The industrial revolution gave rise to socio-economic problems making the government to assume new roles and responsibilities such as protection and promotion of the rights of workers in industrial establishments, etc. Consequently, the state has

enacted a number of Industrial and Labour laws and it is imperative for public administration to implement such laws in order to meet the requirements of labour welfare.

- **Scientific and Technological Development**

Scientific and technological developments have brought about welcome additions in infrastructure such as power, transport and communication system. The invention of telephone, telegraph and other mechanical devices such as typewriter, tele-printer, and calculators, photocopying machines, computers, fax and the electronic mail has brought revolutionary changes in office administration. All these have made possible 'big government' and 'large scale administration'. Besides changing the ethos and character of public administration, the revolution in information and communication technologies have contributed to improved delivery of services to people.

- **Economic Planning**

Centralised economic planning has been pursued in many developing countries as a method for socio-economic development. It requires a large number of experts and elaborate administrative machinery for plan formulation, implementation, monitoring, and evaluation.

Apart from the reasons cited the rapid growth of population, modern warfare, increase in natural and manmade disasters, decline in social harmony, increase in violence due to conflicts, communal riots, ethnic wars, terrorism, etc. have increased the importance of public administration.

It goes without saying that public administration is not only the operative but also the most obvious part of the government. It is government in action and occupies a significant place not merely as an instrument of governance but also as an important mechanism for preserving and promoting the welfare of community. It has substantive impact upon the life of the people. It is a vital process charged with implementation of pre-determined, welfare oriented, and developmental objectives.

1.9 ROLE OF PUBLIC ADMINISTRATION UNDER LIBERALISATION, PRIVATISATION AND GLOBALISATION (LPG)

Since the 1980s a number of countries, have been influenced by the concept of liberalisation, privatisation and globalisation. In the 1980s India has also started the process of liberalisation, privatisation and globalisation (LPG). One form of LPG has entrusted the management

of public sector enterprises partially or fully to private companies. Another form of LPG is disinvestment in public sector enterprises, which is followed in India. As a result of this the public sector enterprises find themselves in a competitive and challenging environment. However, the role of public administration under LPG continues to be quite significant. It requires dismantling of a regime of regulations, controls, restrictions, licences, secrecy and delay. The bureaucracy has to play an investor friendly, responsive, transparent, open and competitive role. So, this requires necessary administrative reform, which should aim at elimination of redundant practices, procedures, administrative laws and corruption. Thus, the policy of LPG affects the role, values and skills of public bureaucracy. It also decreases the scope of the functions of the state, resulting in minimum of state interference in the lives of the individuals. The state is called upon to oversee the operational side of the enterprises. This gives the state a new role as regulator.

Today, the role of public administration is towards more of governance, then of direct involvement. The public administration has to play enabling, collaborative, cooperative, partnership and regulatory roles. Coming to the core areas such as defence, atomic energy, law and order, foreign policy it has a direct role to play. In certain other areas such as telecommunications, airlines, insurance, etc., it has to compete with the private sector, for which there should be regulatory commissions to provide for equal level playing fields for both the sectors. There are other areas which it can have partnership with the citizens for efficient delivery of services, for example, maintenance of schools, hospitals, irrigation water and civic amenities. An example we can give is the 'Bhagidari Scheme' adopted by the Delhi Government. In certain areas like electricity, water and transport it can have partnership with the private sector. A number of states have partnership with the private sector in providing these services. Other such areas are protection of forests, empowerment of women, micro credit, health schemes, and awareness programmes, it can have partnership with the Non Governmental (NGO) and Voluntary Organisations.

In analysing the emerging role of public administration in the new millennium, we are dealing with governance. And governance implies that public administration has to operate in a wider context and coordinate efforts and activities of the governmental agencies at various levels with that of the market/the private sector, civil society groups, NGOs and contextual participant or elected local government bodies, self-help groups, etc. The role and character of public administration has seen a major transformation. Although it appears that its directly handled operations have declined in some of the non-traditional areas, public administration has to provide synergy and direction for many collaborative, cooperative and regulatory activities

with other segments of the society. The accent is also on promotion of greater public participation. Yet, it is still accountable for the outcomes of all the activities in which it participates directly or indirectly.

1.10 CONCLUSION

In the preceding text, the importance of Public Administration as a discipline and as an activity has been discussed. Subsequent developments in the discipline in response to both practical problems and academic questions have further enhanced its importance as a vibrant and meaningful field. In the contemporary world, the burden of public duties on government has been steadily increasing. It seems that public administration is indispensable because contemporary civilisation cannot progress without a sound administrative system. According to Gerald, E. Caiden “The positivistic-interventionist role of government would automatically find reactions in academic inquiry. And as history has shown, the importance of Public Administration as a discipline has been closely associated with the increasing activist role of government everywhere. In the context of the newer and the wider duties and responsibilities thrown on the state, the role of public administration is more vital and important than of almost any other branch of government. As a growing field of knowledge and practice, Public Administration has attempted to meet this challenge”.

1.11 KEY CONCEPTS

Equality: The idea that all persons have an equal claim to life, liberty, and the pursuit of happiness.

Globalisation: The process of globalisation not only includes opening up of world trade, development of advanced means of communication, internationalisation of financial markets and services, growing importance of multinational corporations, population movements and, more generally, increased mobility of persons, goods, capital data and ideas, but also of infectious diseases and environmental problems like pollution.

Liberalisation: A process of freeing the economy, from various Governmental regulations such as industrial licensing, controls on pricing and distribution of products and services, imports and exports and foreign exchange regulations; control of capital issues by companies; credit controls, restriction on investment, etc., so that the development and operation of the economy is increasingly guided by freely operating market forces. Thus liberalisation is essentially a process of withdrawal of all direct controls on the economy.

Privatisation: It means transfer, from the public to the private sector, of ownership or control over assets or activities. Privatisation fosters

efficiency, encourages investment – and thus new growth and employment – and frees public resources for development of infrastructure and social programmes.

Red Tape: The ribbon that was once used to bind government documents; the term now stands as the symbol of excessive official formality and over attention to prescribed routines.

Regulation: The totality of government controls on the social and economic activities of its citizens; the rulemaking process of those administrative agencies charged with the official interpretation of laws.

Synergy: The enhanced result of two or more people, groups or organisation working together. In other words one plus one equals three! it comes from the Greek “Synergia”, which means joint work and cooperative action. The word is used quite often to mean that combining forces produces a better product.

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1.12 Activities

1. Consider public administrative operations with which you have recently dwelt or are familiar as a functionary or as a citizen.
2. The differences between public administration and private administration are profound. Explain how the two fields differ and why the two terms are not interchangeable.

UNIT – 2 NATURE AND TYPOLOGIES OF ORGANISATION

- 2.0 Learning Outcome
- 2.1 Introduction
- 2.2 Why Organisations are Important
- 2.3 Meaning of Organisation
- 2.4 Principles of Organisation
- 2.5 Formal and Informal Organisation
- 2.6 Typologies of Organisation
 - 2.6.1 Typologies by Goal or Function or Purpose
 - 2.6.2 Typologies on the Bases of the Consumer or Primary Beneficiary
 - 2.6.3 Typologies on the Basis of Compliance
 - 2.6.4 Typologies on the Basis of Authority
- 2.7 Conclusion
- 2.8 Key Concepts
- 2.9 References and Further Reading
- 2.10 Activities

2.0 LEARNING OUTCOME

After going through this Unit, you should be able to:

- Understand the importance of organisation vis-à-vis administration;
- Define Organisation.;
- Explain Organisation and its characteristics;
- Define, describe and differentiate between formal and informal organisations; and
- Discuss the Typologies of organisations.

2.1 INTRODUCTION

In the first Unit, an attempt is made to understand about public administration, its meaning, nature, scope, and importance, and distinction between public and private administration.

In this Unit we will be discussing about the importance of organisation vis-à-vis administration. We all know that administration is a cooperative group effort for the purpose of achieving predetermined objectives or goals. Public administration is an organised activity aiming at provision of services besides application of constraints to individuals and groups in the society. It is obvious that the efforts of

different persons have to be in accordance with a preconceived plan to avoid confusion and working at cross-purposes. Katz and Kahn observe that when goal-directed activities are coordinated rationally by assignment of duties and responsibilities, this rational coordination is organisation. Consequently, public administration requires organisation. But organisation can take many different forms and can maximise many diverse values. The structure of organisation affects the behaviour of the organisation as a whole and of the individual members of it. The same is true of the processes through which organisations operate. By designing organisational structures and processes of one kind or another different purpose can be achieved. Organisations come into existence for the attainment of some purpose or goal; for example the United Nations Organisation was established after the end of the Second World War with the noble objectives of saving the world from the scourge of another war. And we know that much of the cooperative human effort takes place within formal organisations, of which government agencies are only one example. Others are private companies, labour unions, religious institutions, hospitals, universities, professional societies and political parties. It is, therefore, important to know about the organisation. As rightly observed by David H. Rosenbloom, the organisation of administrative activity ranks at the forefront or deals with questions with which the student and practitioner of public administration must be concerned.

In this Unit, we will discuss the importance of organisation vis-à-vis administration, types, typologies, and approaches to organisation.

2.2 WHY ORGANISATIONS ARE IMPORTANT

In recent years organisations in all spheres of life have been growing in size and complexity. James G. March and Herbert A. Simon are of opinion that organisations are important because people spend so much of time in them. The work force, that is the adult population, spends more than a third of its waking hours in organisations. Even the child spends his time in the environment of the school organisation. In the words of the Amitai Etzioni “our society is organisational society”. We are born in hospitals, educated in schools, employed by business firms or government agencies; we join trade unions and professional associations. In sickness and in health, at work and at play, life in modern industrial society is increasingly conducted in organisational settings. Katz and Kahn are of the opinion that organisations are not a new invention. In many pre-industrial societies, organisations have been created to pursue specific goals. In the view of many sociologists, organisations have become the dominant institutions of contemporary society.

2.3 MEANING OF ORGANISATION

The word ‘organising’ springs from ‘organism’, which means a structure with parts or components integrated in such a way that their relation to the whole governs their relation to each other.

Noted below are the definitions by few famous writers:

According to Nicholas Henry organisations are different creatures to different people, and looking at different facts of various organisations such phenomenon appears to be unavoidable.

Victor A. Thompson

An organisation is “a highly rationalised and impersonal integration of a large number of specialists cooperating to achieve some announced specific objective”.

Chester I. Barnard

An organisation as “a system of consciously coordinated personal activities or forces of two or more persons”.

E. Wight Bakke

An organisation is “a continuing system of differentiated and coordinated human activities utilising, transforming, and welding together a specific set of human material, capital, ideational and natural resources into a unique, problem-solving whole whose functions is to satisfy particular human needs in interaction with other systems of human activities and resources in its particular environment”.

Gortner, Harold F., Julianne Mahler, and Jeanne Bell Nicholson

“An organisation is a collection of people engaged in specialised and interdependent activity to accomplish a goal or mission”.

John M. Gaus, L.D. White, and M.E. Dimock

John M. Gaus, L.D. White, and M.E. Dimock express similar views on organisation. Their definitions emphasise the following:

Organisation is the arrangement of personnel for facilitating the accomplishment of some agreed purpose through the allocation of

functions and responsibilities. It refers to a relationship of efforts and capacities of individuals and groups engaged in a common task in a coordinated way to secure the desired objective with the least friction and the most satisfaction to those for whom the task is done and for those engaged in the enterprise.

Max Weber

Organisation is a corporate group, - that is, a social relationship which is either closed or limits the admission of outsiders by rules. Its orders are enforced by the action of specific individuals. The focus is on legitimate interaction patterns.

Herbert Simon

Organisation means a planned system of cooperative effort in which each participant has a recognised role to play and duties and tasks to perform.

L. Urwick

Organisation determines the activities those are necessary for a purpose (or plan) and arranging them in the group, which may be assigned to individuals. In this definition, while the identification of the tasks and their grouping is given priority, the individuals to whom the functions are entrusted come later.

Pfiffner and Sherwood

Organisation is the pattern of ways in which a large number of people, initiate face-to-face contact, and relate themselves to each other in the conscious and systematic accomplishment of a mutually agreed purpose.

Dimock, Dimock and Koeing

“Organisation is the systematic bringing together of inter-dependent parts to form a unified whole through which authority, co-ordination and control may be exercised to achieve a given purpose. Because the interdependent parts are made up also of people who must be directed and motivated and whose work must be co-ordinated in order to achieve the objectives of the enterprise, organisation is both a structure and human beings.”

Amirtai Etzioni

Organisations are “social units (or human groupings) deliberately constructed and reconstructed to seek specific goals. Corporations, armies, schools, hospitals, churches, and prisons are included; tribes, classes, ethnic groups, friendship groups, and families are excluded”. Etzioni stresses the following three characteristics of organisations:

- (i) division of labour, power and responsibilities - divisions which are not random or traditionally patterned, but deliberately planned to enhance the realisation of specific goals;
- (ii) the presence of one or more power centres which control the concerted efforts of the organisation and direct them towards its goals; and
- (iii) substitution of personnel, i.e., unsatisfactory persons can be removed and others can be assigned their tasks. The organisation can also recombine its personnel through transfer and promotion.

James D. Mooney

Organisation “refers to more than the frame of the edifice. It refers to the complete body, with all its correlated functions. It refers to those functions as they appear in action, the very pulse and heartbeats, the circulation and respiration, the vital movement, so to speak, of the organised unit. It refers to the co-ordination of all those factors as they co-operate for the common purpose”.

Ernest Dale

Organisation is a system of communication, a means of problem solving and a means of facilitating decision-making. For him, an organisation is “the process of determining what must be done if a given aim is to be achieved; dividing the necessary activities into segments, small enough to be performed by one person; and providing means of co-ordination, so that there is no wasted effort, and the members of the organisation do not get into each other’s ways”.

Even though organisations represent different things to different people, it is not enough to “define” organisations, as James G. March and Herbert A. Simon once did, with the phrase, “organisations are more earthworm than ape”. Nicholas Henry identifies the following characteristics of organisation:

- purposeful, complex human collectivities;
- characterised by secondary (or impersonal) relationships;
- specialised and limited goals;

- characterised by sustained cooperative activity
- integrated within a larger social system;
- provide services and products to their environment;
- dependent upon exchanges with their environment

These features make up our working model of organisations, both public and private. What we understand is that organisation is not only a structure but also a set of complex human collectivities to achieve the purpose or a goal.

According to Nicholas Henry most of the scholars who worked on the organisations have identified the above characteristics of the organisation and stressed upon different aspects or features. According to James D. Thomson the literature can be trisected into three major streams: the closed model, the open model and the newer tradition, which attempts to synthesise both the models. These three streams, which constitute the threads of organisation theory, are discussed in the succeeding units.

2.4 FORMAL AND INFORMAL ORGANISATION

Before we proceed to discuss organisational theory we will try to distinguish between formal and informal organisation.

Mohit Bhattacharya distinguishes formal organisation from social organisation or informal organisation. According to him formal organisation is established for the explicit purpose of achieving certain goals, and possesses rules designed to anticipate and shape behaviour in the direction of these goals, and it has a formal status structure with clearly marked lines of communication and authority. He observes where social life is carried on without a framework of explicit goals or rules, which define a formal status structure; it is usually thought more appropriate to use the term social organisation.

In the words of H.A. Simon, D.W. Smithburg and V.A. Thompson

Formal organisation is meant the pattern of behaviour and relationship that is deliberately and legitimately planned for the members of an organisation. Where as informal organisation is meant the whole pattern of actual behaviour the way members of the organisation really do behave – insofar as this actual behaviour does not coincide with the formal plan.

According to Chester Barnard formal organisation is a system of consciously coordinated activities or forces of two or more persons and such organisation comes into the existence only when

- a) there are persons able to communicate each other;
- b) who are willing to contribute action; and
- c) to accomplish common purpose.

Thus, communication, willingness to serve and a common purpose are the three elements in a formal organisation.

Barnard observes that individuals in the organisation continuously interact based on their personal relationship rather than organisational purpose. Such interaction may be due to the gregarious instinct or fulfilment of some personal desire. Because of the continuous nature of such interaction, such relations become systematised and result in what are called informal organisations. He describes an informal organisation as the aggregate of personal contacts and interactions and the associated grouping of people. These organisations are indefinite, structureless and are a shapeless mass of varied densities.

The Characteristics of Formal Organisation

- It has a clearly defined structure of activities which is predetermined by the top management.
- A formal organisation is relatively stable.
- A formal organisation grows and expands.
- The organisation structure is based on division of labour and specialisation.
- The structure is based on the jobs to be performed and not according to individuals who are to perform jobs.
- The organisation does not take into consideration emotional aspect. It is deliberately impersonal.
- The authority and responsibility relationships created by the organisation structure are to be honoured by every one.
- Organisational charts are usually drawn. All the positions from General Manager down to lower levels appear on the formal chart of the organisation.

The Characteristics of Informal Organisation

An informal organisation has its own characteristics.

- Generally a society evolves its own unwritten laws, beliefs and controls regarding what is desirable behaviour and what is undesirable. This is what an informal organisation also does.

- People think and act alike in groups and this continuous cooperation gives rise to common values and common codes of behaviour.
- It forces the members of the group to observe the common rules. It is a very effective organisation to impose penalties on or punish those who violate these rules.
 - The leadership in it is also informal.
 - There is stratification also within an informal organisation, which is based on several factors.

Functions of Informal Organisation

The informal organisation performs the following functions:

- communication of unintelligible facts, opinions, suggestions and suspicions which cannot easily pass through formal channels;
- minimises excessive clicks of political influence;
- self-discipline of the group; and
- makes possible the development of important personal influences in the organisation.

Relation between Formal and Informal Organisations

Organisations consist of human beings and they are human organisations. Informal organisations have a serious impact on the members of the formal organisation, thereby bringing a continuous interaction between formal and informal organisation. According to Chester I. Barnard formal organisations create informal organisations as a means of communication and to protect the individuals from the domination of formal organisations. In turn, informal organisations tend to formalise several elements, thereby establishing a formal organisation within an informal organisation. The relation between the two according to Barnard's observation is that they are inter-dependent aspects of the same phenomenon – a society is structured by formal organisation, formal organisations are vitalised and conditioned by informal organisations. The bottomline is that there cannot be one without the other. If one organisation fails, the other will necessarily disintegrate.

L.D. White is of the opinion that the two that is informal and formal organisation may nearly coincide, or they may be far apart. Further he says informal organisation is more subtle, reflecting such matters as social and economic status outside the work relationship, race or language differences, education, and personal likes and dislikes. It has a powerful effect upon the formal organisation; and in cases of conflict may prove dominant.

What we understand from the observations of the two scholars above is that both formal and informal organisations are important, as both are interdependent.

2.5 PRINCIPLE OF ORGANISATION

The dictionary meaning of the term **principle** is a standard or accepted guide to action. According to L.D. White it is a hypothesis or proposition, so adequately tested by observation or experiment that it may intelligently be put forward as a guide to action or as a means of understanding something. Henri Fayol defines principles as acknowledged truths regarded as processes on which one might rely. Many scholars who studied organisations to make them perform efficiently develop certain principles to govern the administration, whether public or private, either to control the work of the subordinates or to improve the structure of the organisation. Scholars like James. D. Mooney, Alan C. Reiley, Henri Fayol, Luther Gulick, Urwick and F.W. Taylor evolved principles of organisation as guidelines for planning an efficient organisational structure. We will discuss the principles of organisation evolved by some scholars:

Henri Fayol

He has derived a set of fourteen principles of organisation.

- Division of work

The basic objective of this principle is to enable labour to produce more and better work with same effort.

- Authority and Responsibility

The occupant of each position should be given enough authority to carryout all the responsibilities assigned to him i.e. responsibility is a corollary of authority; it is its natural consequence and essential counterpart; and whatsoever authority is exercised responsibility exists.

- Discipline

Discipline or obedience, imply that members behave in accordance with the standing agreement between the organisation and its members.

- Unity of Command

The subordinate employee should receive orders from only one superior officer.

- Unity of Direction

One head for each employee and one plan for each activity.

- Subordination of individual interest to general interest

The interest of individual or a group should not prevail over that of the total organisation. The interest of the organisation should be above the individual and group interest.

- Remuneration of Personnel

The salary or remuneration paid for the services rendered by the employee should be fair, encouraging or it shall not be excessive payment or be beyond reasonable limits.

- Centralisation

It simply indicates that overall responsibility is concentrated in the top executive.

- Scalar Chain (Hierarchy)

It is the chain of authority running along the hierarchy from the top level right down to the bottom level.

- Order (Placement)

A place for everything in its place i.e. an employee occupies that job wherein he or she can render the most effective service.

- Equity

Organisation should encourage an atmosphere of equity based on friendliness and justice in employer-employee relations to enable the employees to fulfil their duties with devotion.

- Stability of Tenure

A reasonable time should be provided for continuous stay in a job at a given place to enable the employees to settle down in their jobs, to adjust to the requirements of the work.

- Initiative

The employees should be provided an opportunity to show their initiative with a view to improve their skills and sense of participation.

- Esprit de corps

This principle contributes to the need for teamwork and the maintenance of interpersonal relationships based on harmony and unity.

James D. Mooney and Alan C. Reiley

They proposed four principles of organisation:

- Coordinating Principle
- Scalar Principle
- The Functional Principle
- Staff and Line

Luther Gulick and L. Urwick

Urwick, traces a large proportion of friction and confusion in society, with its major consequences, to faulty arrangements in organisation. Having stressed the importance of the structure as a designing process Gulick and Urwick devote their attention to the discovery of principles based on which the structure may be designed.

Gulick contributed ten principles of organisation

- Division of work or specialisation;
- Bases of departmental organisation;
- Co-ordination through hierarchy;
- Deliberate co-ordination;
- Co-ordination through committees;
- Decentralisation;
- Unity of command;
- Staff and line;
- Delegation;
- Span of control.

L. Urwick

He contributed eight principles of organisation

- The principle of objectives – organisation should be an expression of a purpose;
- The principle of correspondence – authority and responsibility must be co-equal;
- The principle of responsibility – the responsibility of the superiors for the work of the subordinates is absolute;
- The scalar principle;
- The principle of span of control – a superior cannot supervise directly the work of more than five or six subordinates whose work interlocks;
- The principle of specialisation – limiting one's work to a single function;
- The principle of co-ordination; and
- The principle of definition – a clear prescription of every duty.

It is helpful at this stage to define or elaborate a few of the principles outlined by Gulick and Urwick.

- **Principle of Objective:** The organisation should be an expression of purpose;
- **Division of Work or Specialisation:** Gulick claims that work division is the foundation of organisation; indeed it is the reason for organisation. Without specialisation there would be little need for administrators. The objective of the division of work is to produce more and better work with the same effort.
- **Principle of Correspondence:** Authority and responsibility must be co-equal. According to Henry Fayol, responsibility is a corollary of authority, it is its natural consequence and essential counterpart, and whosoever authority exercises responsibility exists;
- **Scalar Principle:** According to Mooney, it is sometimes called hierarchical, but he prefers the use of Scalar. According to him scale means a series of steps, something graded. In organisation, it means the grading of duties, not according to different functions but according to degree of authority and corresponding responsibility. The term hierarchy refers to a graded organisation of several successive steps or levels, in which each of the lower level is immediately subordinate to the next higher one and through it to the other higher level and so on, right up to the top;
- **The Principle of Responsibility:** The responsibility of the superior for the work of the subordinate is absolute;

- **The Principle of Span of Control:** The Span of Control principle implies that superior cannot supervise directly the work of more than five or six subordinate whose work interlock;
- **The Principle Unity of Command:** It means each employee receives orders from one superior only. Orders from several superiors will result in confusion, inefficiency and irresponsibility;
- **The Principle of Coordination:** According to Mooney Coordination is the first principle of organisation. The term coordination means effecting cooperation and team work among the employees in an organisation. It is also integration of several parts into an orderly whole to achieve the purpose of the organisation.
- **The Line and Staff Principle:** The term Line refers to authority for execution, and the term Staff to advice and ideas.

H. Eric Frank

He has identified eleven principles of organisation:

- The objectives of the enterprise and its component elements should be clearly defined and stated in writing. The organisation should be simple and flexible.
- The responsibilities assigned to a position should be confined, as far as possible, to the performance of a single leading function.
- Functions should be assigned to organisation units on the basis of homogeneity of objectives to achieve the most efficient and economic operation.
- There should be clear lines of authority running from the top to the bottom of the organisation, and accountability from the bottom to the top.
- The responsibility and authority of each position should be clearly defined in writing.
- Accountability should always be coupled with corresponding authority.
- Authority to take or initiate action should be delegated as close to the scene of action as possible.
- The number of levels of authority should be kept to the minimum.
- There is a limit to the number of positions that can be effectively supervised by a single individual.
- Everyone in the organisation should report to only one supervisor.
- The accountability of higher authority for the acts of its subordinates is absolute.

We have seen that most of the scholars of the earlier period have contributed principles for designing and structuring of an efficient

organisation. But the major problem is neglect of the human element in the organisation. They have considered humans as insignificant in the administrative process. They have shown concern mostly for the formal organisation, to the total neglect of the informal organisational process. As a consequence, this gave rise to human relations and behavioural studies. These studies compensated the failure of the above scholars by viewing organisation essentially as a human association. We all know that human beings have to be constantly motivated to contribute their efforts toward the attainment of the set goals. It is not only the structure, which is important, but equally important is how to motivate the people within an organisation. So, any organisation should be based on principles relating to both physical and social aspects of the organisation.

2.6 TYPOLOGIES OF ORGANISATION

Some scholars based on size, ownership, legal status and the area of operation have classified organisation. Another set of scholars has classified the organisation based on function or purpose, primary beneficiary, consumer and authority. Now we will be discussing about the classification based on the latter set of scholars.

2.6.1 Typologies by Goal or Function or Purpose

Talcott Parsons has classified organisations into four types on the basis of their functions or goal served by the organisation.

The four types of organisations are:

i) Production/Economic Organisation

This types of organisations produce goods or make things which are consumed by the society.

ii) Political Organisation

This type of organisations are concerned with the attainment of political goals. They generate and allocate power within the society and also maintain peace and stability in the society. Legislature and government departments are examples of such organisations.

iii) Integrative Organisations

These organisations try to settle conflicts, integrate and coordinate various segments of the society to work together and provide stability in

the society. Judicial courts, police, and social agencies are examples of this type of organisation.

iv) Pattern Maintenance Organisation

These organisations are concerned with the societal continuity with a focus on long-term issues such as of society's values, patterns, knowledge, culture, etc. through the educational, cultural and religious institutions.

Katz and Kahn have also classified organisations into four types based on the functions or goals served by the organisation.

The four types of organisations are:

(i) Production or Economic Organisation

These organisations are concerned with the manufacture of goods, provision of essential services to the people and also building up of infrastructure. Their focus is on creation of wealth.

(ii) Managerial or Political Organisation

These organisations are concerned with adjudication; coordination and control of resources; people; and sub-systems

(iii) Adaptive Organisation

These organisations provide opportunities for creation of knowledge, testing and development of theories and also provide information and solutions to the existing problems. Universities and research institutions are examples of these organisations.

(iv) Maintenance Organisation

These organisations give space and scope and devote to the socialisation of people for their roles in other organisations and in the larger society. Schools, church, and health and welfare institutions are examples of this type of organisation.

2.6.2 Typologies on the Bases of the Consumer or Primary Beneficiary

Blau and Scott

They classified the organisation based on the primary recipient of the output or who benefits. The main basis for this classification is who the direct consumer of the output of the organisation is, or who the prime beneficiary is. Four types of organisation are derived on this basis:

(i) Mutual Benefit Association

In this type of organisation the primary beneficiaries are the members themselves. Political parties, trade unions, professional associations and religious bodies are examples of these organisations.

(ii) Business Organisations or Business Concerns

In this type of organisation the owners of properties are the prime beneficiaries of the organisation. They are mostly concerned about the return on investment in the organisation than with the nature of output of the organisation. The other main concern is that of operating efficiently to make the maximum profit at minimum cost. In order to survive they have to compete with other organisations.

(iii) Service Organisations

In this type of organisation the clients who are served are the prime beneficiaries. Hospitals, educational institutions, social work agencies, legal aid societies, etc. are examples of these organisations.

The clients who are supposed to be the primary beneficiaries do not have usually control over these organisations.

(iv) Commonwealth Organisations

In this type of organisation the public at large is its primary beneficiary. Post office, police service, fire department, military service are examples of these types of organisations. They perform mostly protective services or serve as its administrative arm.

2.6.3 Typologies on the Basis of Compliance

A. Etzioni

He differentiates organisation on the basis of compliance. Compliance involves one party telling or directing another party to do something. It refers to the manner in which the lower participants in an organisation respond to the authority system of the organisation. In this context, Etzioni identifies three types of power: coercive, utilitarian and normative. Coercive power is based on the application or the threat of

physical sanction. Here compliance is alienated. Utilitarian power is based on control over material resources. Here compliance takes a calculative or utilitarian approach. Normative power based on the allocation of symbolic rewards. Here the compliance is moral. Almost all the organisations would follow the three types of authority, which combine three types of compliance.

2.6.4 Typologies on the Basis of Authority

Max Weber identifies three types of organisation on the basis of exercise of authority. They are explained below:

(i) Charismatic Authority

In this type of organisation there will be a leader and set of disciples or followers. Because of charisma or an exceptional quality of the followers accept his authority or repose their faith in the person. In this type of organisation the administrative apparatus is very loose and unstable that is a built in instability.

(ii) Traditional Authority

In this type of organisation the followers or employees accept the authority of a person who occupies the traditionally sanctioned position of authority. The administrative apparatus in this kind of domination would consist of personal servants, relatives and feudal lords.

(iii) Legal or Rational Authority

In this type of organisation people or followers accept the authority of a leader, which is based on the belief in the rightness of law. It is legal because authority is exercised by means of a system of rules and procedures by reason of the office, which an individual holds. The administrative apparatus corresponding to this kind of authority is bureaucracy.

Bases of Organisation – Luther Gullick’s Four Ps

Luther Gullick identifies four bases for organisation, which are popularly known as 4 Ps i.e., purpose (function), process, persons (clientele) and place.

Organisation Based on Purpose or Function

In the first place the organisation may be organised on the basis of purpose or function or service to be performed. The examples are education, law and order, communication, and transport.

Organisation Based on Process

We can have an organisation based on the process or skills or specialisation. The accounts department, public works and law are examples of this type of organisation.

Organisation on the Basis of Persons

Organisations are formed on the basis of the persons served. Women and child welfare department, tribal welfare department, old persons and unemployed are examples of this type of organisation.

Organisation on the Basis of Place or Territory

Organisations are created on the basis of place or territory or area to be served. The railway organisation spread across the nation to various zones based on territory is an example of this type of organisation. Countries and Districts are the best examples of organisation based on territory.

2.7 CONCLUSION

An organisation is the planned coordination of the activities of a number of persons or employees for the accomplishment of some common explicit purpose or goal through division of labour and functions and through hierarchy of authority and responsibility. If two or three persons have to work to achieve a common goal, there arises the need for an organisation. Without having a cooperative and systematic relationship between them the results are likely to be disappointing. James D. Mooney rightly observes that an organisation is necessary whenever two or more people must combine their efforts towards the same end, even if the task is a short-lived one, such as moving a large stone. We are living in a world of organisations. For every aspect we find one or other organisation to provide services. In this unit we try to make you familiarise with the how importance of organisation for administration and explain the meaning, importance, and the principles of organisation. The nature and characteristics of formal and informal organisations and the distinction between them are discussed. The bases on which the organisations are established are also presented.

2.8 Key Concepts

Organisation Development: An approach or strategy for increasing organisational effectiveness. As a process it has no value biases, but it is usually associated with the idea that effectiveness is found by integrating the individual's desire for growth with organisational goals.

Organisational Culture: Basic patterns of attitudes, beliefs, and values that underlie an organisation's operation.

Learning Organisation: Peter Senge's term for organisations in which new patterns of thinking are nurtured and people are continually learning together to improve both the organisation and their personal lives.

Post bureaucratic Organisation: Constantly changing temporary organisational systems; task forces composed of groups of relative strangers with diverse skills created in response to a special problem rather than to a continuing need.

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2.10 Activities

1. Can you identify some public administrative organisations that should not be considered “bureaucratic” from a Weberian perspective?
2. Choose any public administrative function with which you are familiar. How could it be organised to maximise efficiency, representativeness, and equity?

UNIT-3: DEVELOPMENT AND GROWTH OF ADMINISTRATIVE THEORIES

Structure

- 3.0 Learning Outcome
- 3.1 Introduction
- 3.2 Theory: Importance and characteristics
- 3.3 Public Administration theory: Need and importance
- 3.4 Administrative theory: Evolution and growth
- 3.5 Theory-building in Public Administration – An evaluation.
- 3.6 Conclusion
- 3.7 Key Concepts
- 3.8 References and Further Reading
- 3.9 Activities

3.0 Learning Outcome

After studying this unit, you should be able to:

- Know the importance of a theory for the growth and development of a discipline.
- Explain need and importance of Public Administration theory.
- Explore evolution and growth of administrative theory.
- Evaluate theory building in Public Administration.

3.1 Introduction

Public administration is an integral part of a society. Its importance is pivotal in both developed and developing countries. Public administration as a specialised academic field deals essentially with the machinery and procedures of government as these are used in the effective performance of government activities. According to Nichlos Henry, “Public administration purpose is to promote a superior understanding of government and its relationship with society it governs, as well as to encourage public policies more responsive to social needs and to institute managerial practices attended to effectiveness, efficiency and the deeper human requisites of the citizenry”. Public administration is a part of the wider field of administration lends itself to two usages: it is an activity and it also refers to the discipline of intellectual inquiry and study. In simple, public administration is a combination of theory and practice. In this unit, an attempt is made to review the development and growth of administrative theories.

3.2 Theory : Importance and Characteristics

The word ‘theory’ and its meaning is derived from Greek word “Qewpux” meaning theoria, that is looking at, viewing or contemplation. Theory is a body of related principles dealing systematically with a subject. Its task is to tie together significant knowledge to give it a framework. Theory is a concise presentation of facts and a logical set up of assumptions from which empirical laws or principles can be derived. It is a generalisation applicable within the stated boundaries that specifies the relationship between facts. Development of a theory should be in consonance with adoption of scientific approach to analyse and understand a particular phenomenon. The process of scientific theory construction and confirmation can be viewed as involving the following steps.

- (a) The formulation of a problem or problems based on observation.
- (b) The construction of the theory to provide answers to the problem or problems based on inductions from observations.
- (c) The deduction of specific hypothesis from the theory.
- (d) The recasting of hypothesis in terms of specific measures and the operations required testing the hypothesis.
- (e) The devising of factual situations to test the theory.
- (f) The actual testing in which confirmation does or does not occur.

A good theory should have the following characteristics:

- It should contribute to the goals of science. This mean that better theories are more comprehensive in that they reduce a large number of diverse observations to a much lesser number of underlying statements. The more the theory can explain, the more useful it is.
- It should be clearly delineate the domain of the discipline.
- It should direct research efforts to important matters.
- It should have potential for yielding not just a few isolated facts, but powerful explanation and prediction across the whole domain.
- It should be a testable reality;
- It should not only be confirmed by research derived from it but should also be logically consistent within itself and with other known facts; and
- The best theory is the one that is the simplest statement. But Miner adds that what was a good theory at one time many not are so good some years latter.

Developing a theory is important more than one reason. It provides a perspective to the reality stimulates new visions from familiar scenes; and constitutes a base for further theorizing. Theory acts as a guide to action, to collect facts, to explore the new knowledge’s and to explain the phenomena that are being examined. Theories help us to understand, predict, influence or manage the future. This being the importance of theory building, one becomes an inevitable part of the growth and development of any discipline. Public administration is no exception.

3.3 Public Administration theory: Need and importance

Public administration is the action part of government for the fulfilment of the objectives of the political system. The machineries of government and their functioning have attracted the attention of scholars since the time of recorded history. Kautilya's "Arthashastra", Aristotle's "Politics" and Machiavelli's "The Prince" are important contributions to both political and administrative issues and ideas.

Administration as an activity and as an intellectual discipline attracted attention only since the later part of 19th century. The complex nature of the modern state resulted into enormous expansion of the functioning of government. Such expansion generated a compulsive need for an in depth study and comprehensive research into various facets of administration.

The functions of public administration called upon to perform everywhere have not only expanded in scale, range and nature, but also increasing in volume. Dynamic nature of society and complex nature of government activities, make it difficult for the public administrators to understand and realise their goals. There is a need for a broader understanding of the administrative phenomenon in its totality. One of the reasons for the failure of the administrator to realise his goals is his inadequate understanding of the administrative theory.

Theory building in public administration is not an easy task, as there are various kinds of public organisations, administrative structures and processes. The nature of the state, social relations, political culture etc. heavily influences the working of all public organisations. Any public administration theory that does not take this into consideration and ignores these factors would analyse the administrative phenomenon only partially. In such a case scientific validity of such generalisations would be doubtful. Therefore, there is need for a broader and deeper understanding of administrative theory, which would help the administrator to fashion the administration as per societal requirements and enable him to manage the administrative system effectively and efficiently.

Administrative theory will help the administrator to conceive proper reasoning and sound arguments. It will add to the richness of his mind. It adds to his ability to comprehend the phenomenon and provides self-confidence. Administrative theory educates the administrators scientifically, as theory is the conceptualisation of experience.

3.4 Administrative theory – Evolution and growth

Traditionally, administrative theorizing has been the work of practitioners and reformers particularly in the United States of America. In the part of the twentieth century American Universities began to take active interest to bring reforms in government. In 1914 the American Political Science Association published a report, which delineated the objectives of the teaching of political science. One of the objectives stated was to "prepare specialists for governmental positions". Thus, public administration was recognised as an important sub-area of political science. The subject began to gain increasing recognition in the American Universities and its study was steadily spreading. In other words, public administration as a discipline was born in the United States, and that country continues to enrich it even today. The single most important source of literature in the field of public

administration is USA. The discipline has learnt to reflect the American concerns, and in the process they tend to become universalised.

A systematic and scientific study of public organisation can be traced to the 19th and early part of the 20 centuries. A powerful movement at the empirical plane was the scientific management movement by F.W. Taylor. The movement had a resounding impact on the governmental reforms in the United States. Thus, the early American administrative thought developed at a time when the Industrial Revolution was entering a state of maturity. Then, large-scale complex organisations were responding and adjusting to the demands for greater and better production in a rapidly moving competitive world. Concepts like economy and efficiency had become fairly prominent in administrative theory because of their eminent relevance to the process of capacity building of an administrative system. Limited resources and growing demand of public services led to pressure for more efficient and economical operations in the government. Much of the discussion in administrative theory during this period focused on the internal administrative environment of an organisation. It became the prime thrust of the classical school of thought. Taylor and Fayol were almost the first to formulate certain postulates, which were later synthesised as “Principles” that form the basis and substance of classical approach to the study of organisation. The aim of each principle is to raise the level of efficiency of the organisation. But from the public administration point of view several doubts arise pertaining to validity of these principles in political setting. The principles have situational relevance. Herbert Simon criticised these principles as proverbs. Despite such criticism, classical theory has its importance in the history of administrative thought.

In the study of administration themes, Max Weber conceptualisation of bureaucracy provides an influential conceptual framework in public administration. If Wilson is the pioneer of the discipline, Max Weber is its first theoretician who provided the discipline with a solid theoretical base. His “Ideal type of Bureaucracy” continues to remain fundamental in any conceptualisation of organisation. For Weber, bureaucracy was a control system based on rational rules, which regulated the organisation’s structure and process according to technical knowledge and maximum efficiency. At a time when Taylor and Fayol were pursuing an engineering approach to the analysis of administrative phenomena, Max Weber was engaged in the examination of the process of evolution of modern civilisations, with bureaucracies constituting an integral part of this evolutionary process. Weber’s bureaucratic model, which operated in the framework of an ideal typical legal-rational authority system was based on the accentuation of certain logically interrelated characteristics of an advanced administrative system. Even though Max Weber’s bureaucratic theory developed independently of the early American administrative thought, it shared many of the premises of management thought of structuralists such as Taylor and Fayol. Weber emphasised the importance of rationality in administration in order to facilitate the achievement of the implicit goal of efficiency in the solution of complex and specialised problems.

The major form of public administration in modern society is the bureaucratic organisation. Contemporary bureaucratic analysis focuses largely on the functional and dysfunctional aspects of bureaucratic administration, the cultural environment of bureaucracy, bureaucratic power and the bureaucratisation of the administrative culture. Weber’s bureaucratic model is the key conceptual construct in administrative analysis. It was one paradigm in public administration.

The classical theorists from Taylor to Weber laid emphasis on the physiological and mechanistic aspects of public organisations. The next historical stream of administrative thought is described as neo-classical or human relations approach to the study of administrative process. The Human Relations researches of the late 1920s and early 1930s paved the way for transformation of the study of organisations. The identified variables like informal organisation, leadership, morale and motivation, human groups and their dynamics had a noticeable impact on initiating a movement for humanising administrative analysis. Human Relations approach was considered pertinent and functional to facilitate maximum utilisation of human resources in organisations after the Second World War. Gradually the scope of the human relations approach has extended from the early studies of work norms and incentives to applied behavioural science. From the Hawthorn experiments of the 1920s onwards-chemical investigations into human behaviour in organisational settings opened up new vistas of administrative behaviour studies that led to substantial modifications in the concepts and methodologies of public administration. The works of Follett, Barnard and Simon resulted in a significant change in direction of administrative theory.

During the late 1930s and 1940s decisional analysis was introduced in administrative theory through the writings of Chester Bernard, Edwin.O. Stene and Herbert Simon. The behaviour school, which evolved first in Chicago University, entered the public administration domain through decisional analysis and the main credit for this goes to Herbert Simon. Attacking the traditional principles as unscientific “Proverbs”, Simon claims that it is the decision-making that is the heart of administration. He further says that decision-making process alone can reflect the actual behaviour in an organisational setting. Stress on the behaviour of an individual in organisational setting is the crux of Herbert Simon’s analysis of administrative behaviour.

R.K. Arora stated that, although the human relations researches were the first” behavioural researches in organisational analysis these could not get the credit for being so, primarily because their appearance was too early to be noticed by the acknowledged behaviouralists. Nevertheless, human relations approach was an authentic precursor to behaviouralism in administrative studies. Multidisciplinary nature of public administration strengthened the base of behavioural approach to the study of administrative systems. This approach continued to be the centre of many a profound debate in the discipline of public administration.

Since World War-II there has been a growing consciousness that the quality of administration is important to modern life and it must improve. Analysis of various studies has indicated that a high percentage of administrative failures have been due to administrative incompetence and inexperience. In its post Second World War phase of growth, the discipline of public administration continued to be influenced by various disciplines of social sciences. As a result, there was a discernible stress on conceptualisation in relation to various facets of administrative behaviour. The writing of Abraham Maslow, Douglas McGregor, Chris Argyris, Rensis Likert and Warren Bennis, among others had a perceptible impact on the researches and writings in public administration.

Another notable transformation in the field of public administration after Second World War came through the emergence of a host of developing nations in Asia and Africa. These phenomena led to a significant emphasis on the study of administrative systems in cross-national and cross-cultural analysis. The emergence of comparative administration and development

administrative concepts as important facets of public administration focused on the centrality and complexity of achieving the externally induced progressive socio-economic goals by the administrative system.

The ecological approach to the study of administration originated in the wake of the emergence of the Third World and increasing realisation of irrelevance of most of the Western organisation theories to the study of administration. F.W. Riggs and the Comparative Administrative Group of the American Society of Public Administration pioneered a new administrative vocabulary to describe different societal typologies, administrative cultures and administrative systems. Among all the conceptual concepts thrown up by the comparative administration movement, F.W. Riggs's Prismatic-Sala model has been the most prominent.

In nineteen sixties, United States of America was experienced a series of crises. But the established institutions of government and knowledge of traditional public administration were failed to provide answers to the crises. The conventional or conservative public administration measures failed to resolve these crises and necessitated fresh insights and initiatives in public administration to tackle those problems. This recognition led to the initiation of a new movement in public administration during late 1960s and early 1970s and resulted "New Public Administration". The credit for this movement goes to Dwight Waldo, who organised a conference of young public administration scholars and practitioners at the Minnbrook Conference Centre. The conference highlighted in an effective manner the lacunae of traditional public administration. New public administration stressed upon the social relevance of knowledge. George Fredrickson called the new public administrationists as second-generation behaviourists who held that bureaucracy ought to be committed to progressive values and take active interest in the formulation and implementation of the programmes designed to actualise these values. New public administration movement has strengthened the policy science perspective and developed public policy approach in public administration. This movement pushed the discipline towards greater relevance and strengthened client-orientation in administration. This movement also supported democratic humanism in public organisation and produced greater awareness for internal democracy through real participation in public systems. The public policy approach has been a major break through in the growth of public administration.

The Weberian paradigm has dominated the public administration discipline since its inception, despite a variety of criticism against it. A historical perspective would reveal that bureaucracies throughout the world have rarely responded effectively to environmental challenges on their own. They have lagged behind the times. In recent times, there have been some noteworthy contributions to both the theory of bureaucracy and the debate over bureaucracy-democracy relationship. The collapse of Soviet Union appears from causing a retreat of Marxism, led to a resurgence of the old and new alternative theories. One among them is post-modern or post-Weberian theory of public administration. The post-modern theory of public administration is located in the moral principles of democratic and equalitarian polity. It disputes the possibility of universal theory of public administration. Post-modern public administrationists reject the trilogy of Wilsonian political-administrative dichotomy, the scientific management paradigm of Taylor and ideal type bureaucracy of Weber.

Another conceptual construct in public administration is the public choice theory. The approach has been able to explode the myth of neutral and rationale bureaucracy. The bureaucrats have been regarded as utility

maximisers and budget maximisers always exercising a rational choice while choosing among alternatives. Their rationality is determined by and limited to their knowledge of the situation. The explanations of public choice theory, its methodology, its ethical benchmark and its recommendations challenge and contradict the basic premises of classical as well neo-classical public administration.

The other post-Weberian development of great significance is the impact of critical theory on social sciences in general and public administration in particular. Jurgen Habermas is a major exponent of the stifling effect of techno administrative domination of the bureaucracy. Critical theory of public organisation would plead for debureaucratisation and democratisation of administration through free flow of communication and exposure of inherent contradictions in hierarchical relationship.

Discourse theory, propounded by Charles J. Fix and Hugh T. Miller is most radical of the post modernist public administration. Discourse theory while rejecting policy-administration dichotomy subscribes to the view that both policy and administration may better be graspable as public energy field. This field encompasses a variety of actors engaged in the policy process viz., organisation institutions, voluntary agencies, and the fourth estate and citizen groups. The discourse theory of public administration is a significant addition as well as a contribution to public administration theorization in general and post-modern public administration particular. All post-modern public administration theories give importance to people in the organisations than to the formal structure of organisations.

Management science has its penetrating effect on the intellectual development of public administration. The core public administration has always been its external political context as well as internal managerial dynamics. What is internal to a public administrative system is its process of management and what is external to it is its political environment in which it functions. It is universally acknowledged that most maxims, principles, guidelines and dictums of efficiency and effectiveness have emanated from the writings of management thinkers. In other words, scholars of management have offered remedies to bureaucratic ailments and the scholars of public administration have adopted them.

The scholars of public administration in 1980s highlighted the need for adopting in an effective manner sound management practices in government systems. New Public Management (NPM) is one such manifestation in public administration. New Public Management is a contemporary paradigm of public administration. This paradigm emerged on the heels of the movements of re-inventing government and good governance. American scholars, David Osborne and Ted Gabler popularised the concept of “Re-inventing Government” in 1992. The World Bank develops the concept of good governance. The former was designed to be universalistic in its relevance and application, while the latter has been considered more appropriate to the countries of the Third World having democratic form of government. The movement of reinventing government had a startling influence on the governance system throughout the world. New Public Management and good governance philosophical concepts have reoriented public administration toward the multiple actors in governance beyond the traditional organs of formal government. In this scenario public administrator’s new role is thus of facilitator and stimulator. Now administrative theory has to be a vital part of the state theory. The changing complexion of administration has to be contemplated in the context of the changing nature of state.

The above survey of administrative theories shows that the field of public administration is being continually transformed. Traditional public administration assumptions are frequently shattered by contemporary happenings. The subject matter of public administration is exploding in all directions. New types of public organisations are being created. New concepts, techniques and processes for improving the performance of public service delivery are being searched. The result is development of different paradigms in public administration.

3.5 Theory building in Public Administration-An evaluation

Theory building is a complex exercise in public administration due to its diversified nature. Administrative theory is based on conceptualisation of experience administrators or observation of the operational situations in administration. It may be derived or reinforced from the comparative studies or they may be ideas and opinions of intellectuals. The seminal contribution of academics and practitioners to the development of various facets of administration and dissemination of knowledge pertaining to it caused the germination of various theories. Theoretical and practical development in other social sciences do influence theoretical base of public administration and vice-versa due to integrated nature of the social science.

Public administrators have borrowed ideas, methods, techniques and approaches from other disciplines and have applied them with varying degrees of success to public administration. People trained in other disciplines have applied their ideas to the largest and most obvious organisations in society, namely the military, industrial, the public bureaucracy, social service agencies, and public sector which are conceptually, institutional and functionally within the discipline of public administration.

Public policy makers and administrative practitioners complain that they can find little theoretical guidance relevant to their current concerns. They claim that theorists have in mind some mythical world or they use such abstract and rarified language that they cannot be understood. In response, the theorists complain that the practitioners, steeped in pragmatism do not make the effort to understand or cannot be bothered with any theorists that do not rationalise what is currently happening in the practice of public administration. Stephen Bailey believes that, the objectives of public administration theory are to draw together the insights of the humanities and the validated propositions of the social and behavioural sciences and apply these insights and propositions to the task of improving the processes of government and aimed at achieving politically legitimated goals by constitutionally mandated means.

Caiden, Martin Landu and Lepawsky have critically commented on the state of public administration theory. Caiden pointed, “the abundant theories in public administration deal with things both bigger and smaller than public administration, but not with public administration itself. On the one hand, they deal with all administration, all organised cooperative effort, all social organisations, and all human behaviour of which public administration is part. On the other, they deal with unique practices, specific organisations, special administrative case studies and particular administrative sub-processes that constitute parts of public administration. Few of these theories deal with the nature of public administration itself”. As Martin Landau comments, “administrative theory is marked by a plethora of competing schools, a

polyglot of languages, and as a result a confusion of logic. There is neither a common research tradition nor the necessary consensus for a common field of inquiry. Each of the competing schools questions the others, adventurism is rampant and commonly accepted standards of control do not exist. Consequently the whole field is confused. The core concepts need clarification". Lepawsky openly stated that the theorists have not contributed much of their own. Too little relevant public administration theory exists.

The most important priority in theory building is to increase awareness generally of the philosophical issues behind problem solving in public administration. In Stephen Bailey's words public administration theory must attempt to fashion descriptions of reality, postulates of betterment, sophisticated assumptions about the capacities of men and institutions, and workable tenets of instrumentation which can improve both the ends and means of democratic government.

New paradigms in public administration do not look at the discipline from a fresh perspective but merely rehash the old concepts. There is a marked continuity in the administrative approaches with the past. Each new development in the discipline, even while critiquing an older concept, simply builds on the same. Incrementalism appears to be at the very basis of the growth of the discipline. Caiden stated that one of the most compelling reasons why public administration is denied the status of an academic discipline in the other seats of learning is that it has yet to develop a systematic body of theory.

Two major streams today influence the perspective of public administration:

- (a) the general system seeking universal validity for theory, and
- (b) efforts to evolve a theoretical model with a specific reference to the Third World experience. The Third World experience should be the basis for developing a new perspective on the discipline of the public administration.

It is very difficult to evolve a general theory of public administration due to cross-cultural nature of the discipline. Public administration as discipline has to go beyond the forms and processes of administration and look for explanations in social structure, class hegemony, and the dominant forces shaping the character of the state. The goal of theory-building in public administration is need not be to develop a theory of administration but to formulate a series or a set of theories and paradigms which can contribute to better understanding of the complex administrative reality in a different settings – institutions, national, cultural and temporal.

3.6 Conclusion

Theory is a body of related principles dealing systematically with a subject. It is a concise presentation of facts and a logical set up of assumptions from which empirical laws or principles can be derived. Therefore, theory building becomes very important for the growth and development of any discipline, public administration is no exception. Administrative theory will help the administrator to conceive proper reasoning and sound arguments. It educates the administrators scientifically as theory is the conceptualisation of experience.

Public administration as a discipline was borne in the United States and that country continues to enrich it even today. Theory building in public administration is a very complex exercise due to its diversified nature. A brief survey of development and growth of administrative theories brings forth the contributions of various schools of thought are analysed in this unit. The survey identified that too little relevant public administration theory exists. In other words, public administration is yet to develop a systematic body of knowledge.

3.7 Key Concepts

Constituent Policy: Policy designed to benefit the public generally or to serve the government.

Environmental Sensitivity: Tuned into agency and its environment; awareness of importance of non-technical factors.

Political Economy Approach: Focusing on politics and economies as categories for analysing organisational behaviour.

Redistributive Policy: Policy designed to take taxes from certain groups and give them to another group.

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3.9 Activities

1. Explain the importance of a theory for the growth and development of a discipline.
2. Discuss the theory building in Public Administration.

UNIT 4 SCIENTIFIC MANAGEMENT APPROACH

Structure

- 4.0 Learning Outcome
- 4.1 Introduction
- 4.2 F.W. Taylor: His Writings
- 4.3 Taylor on deficiencies of management system
- 4.4 Scientific Management Approach: The Context
- 4.5 Scientific Management: The Basic Principles
 - 4.5.1 The Development of a True Science of Work
 - 4.5.2 Scientific Selection and Progressive Development of Workmen
 - 4.5.3 Bringing together of Science of Work and Scientifically Selected Workers
 - 4.5.4 Division of Work and Responsibility between Workers and Management
- 4.6 Scientific Management: Other Important Concerns of Taylor
- 4.7 Scientific Management Movement
- 4.8 Criticism
- 4.9 Scientific Management: Relevance
- 4.10 Conclusion
- 4.11 Key Concepts
- 4.12 References and Further Readings
- 4.13 Activities

4.0 LEARNING OUTCOME

After reading this unit, you should be able to:

- know the importance of scientific management approach in the administrative theory;
- understand the contribution of the Tailor towards the scientific management approach;
- discuss the basic principles of scientific management; and
- explain the relevance and criticism of scientific management approach.

4.1 INTRODUCTION

In the previous units we have discussed the meaning, importance, significance of public administration. We also discussed the typology of organisations and evolution of administrative theories. In this unit we will be discussing the contribution of F.W. Tailor to the scientific management approach.

Scientific Management Approach is one of the important approaches in the field of administrative theory. This theory came in the wake of new industrial revolution that has taken place during the later part of the nineteenth century. Scientific Management approach is an attempt to solve the problems of complex organisations that have emerged as a result of industrial development. Frederick Winslow Taylor is generally

regarded as the pioneer of the scientific management approach, which paved way for the modern management approaches and techniques.

F.W. Taylor was born in a German town in Pennsylvania on March 20, 1856. He received education in France and Germany. He also received Mechanical Engineering degree from Stevens Institute of Technology of Hoboken, New Jersey. At the age of eighteen he joined the Enterprise Hydraulic Works, Philadelphia and served as apprentice for four years. In 1878 he went to work at Midvale Steel Company as a labourer and he became the Chief Engineer of that company in 1884. He became General Manager of Manufacturing Investment Company in 1890. In 1893 he opened an office in New York as a consulting engineer.

As an engineer he is instrumental in the development of new technologies, he invented several tools to increase the production. Some of the important tools he developed were cutting tool, a heat-treating tool, a steel hammer, hydraulic power loading machinery, boring and turning mills etc. He was always interested in improving upon the techniques of management. He emphasised on the scientific way of developing the tools as well as scientific way of performing the job. He has passion for efficiency and scientific way of work in the organisations.

4.2 F.W.TAYLOR: HIS WRITINGS

The contribution of Taylor for the scientific management approach can be traced in his major writings. His writings bear his intimate observation of the work at the work place and his desire to improve the production and efficiency in the organisation. The major writings of Taylor are, A Piece Rate System (1885), Shop Management (1903), The Art of Cutting Metals (1906), The Principles of Scientific Management (1911) and The Testimony before a Special Committee of the House of Representatives (1912).

4.3 TAYLOR ON DEFICIENCIES OF MANAGEMENT SYSTEM

F.W. Taylor's important ideas on scientific management approach are explained in his writings. In 'A Piece Rate System' he propounded three basic principles. (1) Observation of work through time study (to complete the work and to determine the standard rate) for completion of work, (2) differential rate system for completing piecework and (3) payment to men not to positions. In his article on "Shop Management" he focused basically on organisation and management of workshop. He dealt about the need to maintain low production unit costs and payment of high wages, applying scientific methods of research, standardisation of working conditions, need for training and cooperative relations between workers and managements.

Taylor's stay at Midvale Steel Company and his close observation and study of different operations in different factories, made him to know the defects in their management. They are: lack of clarity of responsibilities by workers and managements, lack of standards of work, restricted output because of soldering of work, lack of job clarity which promotes soldering of work, lack of scientific base for

decisions, lack of division of work, and placement of workers at different jobs without considering their ability, skills, aptitude and interest.

His work on 'The Art of Cutting Metals' is based on extensive research of thousands of experiments conducted over a period of 26 years. He developed instruments for cutting of steel, studied motion and time and analysed how workers handle materials, machines and tools when they perform different works. Taylor felt that there is a best way to do every work and scientific selection of right men for right job is essential for maximum production in any organisation.

4.4 SCIENTIFIC MANAGEMENT APPROACH: THE CONTEXT

As mentioned above the scientific management approach developed in the early phases of industrial revolution. It tried to address some of the problems of industrial society. The basic concerns of industrial society were to improve efficiency, to reduce the cost of production and to increase the profits. This can be achieved through two-pronged strategy. One is related to improving the technology and the techniques of work along with efficient management of workers. The second is expansion of market to the new colonies. Taylor was trying to address the first concern of the industrial society. Hence he emphasised more on scientific knowledge of doing things and scientific way of managing organisations.

4.5 SCIENTIFIC MANAGEMENT: THE BASIC PRINCIPLES

To overcome the deficiencies in the management Taylor formulated four new principles / new duties to be assumed by the management which are known as the principles of scientific management. They are:

1. The development of a true science of work
2. The scientific selection of workmen and their progressive development
3. Bringing together of science of work and the scientifically selected workers
4. The equal division of work and the responsibility between management and workers

4.5.1 The Development of a True Science of Work

Taylor believed that there is a need to develop science of work. He further believed that there is one 'best way' of doing every job. This can be achieved by systematic study of any work and replacing the old thumb-rule method by developing a scientific method. This requires gathering mass of traditional knowledge, recording it, tabulating it and in many cases finally reducing it to laws rules and even to mathematical formulae. And later these laws and rules are to be applied to the everyday work of all workmen of the organisation. The scientific method of work saves worker from unnecessary criticism of the boss and the management to get maximum work from worker. It also results in establishing a 'large daily task' to be done by the qualified workers under the optimum conditions.

4.5.2 Scientific Selection and Progressive Development of Workmen

To ensure effective performance of the scientifically developed work there is a need to select the workers on scientific basis. It is the duty of the management to study the character, the nature and the performance of each worker with a view to finding out his limitations and possibilities for his development. Taylor believed that every worker has potentialities for development. Every worker must be systematically and thoroughly trained. Scientific selection involves selecting a right person for a right job. It is also necessary to ensure that the employee accepts the new methods, tools and conditions willingly and enthusiastically. There should be opportunities for advancement to do the job to the fullest realisation of his normal capabilities.

4.5.3 Bringing together of Science of Work and Scientifically Selected Workers

The third principle of the scientific management is bringing of science of work and scientifically selected and trained workmen together. Taylor says 'bringing together advisedly because you may develop all the science that you please and you may scientifically select and train workmen just as much as you please, but unless some men bring the science and workmen together all your labour will be lost'. Taylor felt it is exclusive responsibility of the management to do this job. He believed that workers are always willing to cooperate with the management but there is more opposition from the side of management.

4.5.4 Division of Work and Responsibility between Worker and Management

Traditionally the worker bears the entire responsibility of the work and the management has lesser responsibility. But Taylor emphasised on equal responsibility between worker and management. This division creates understanding and mutual dependence between them. This results in elimination of conflict and mistrust between the worker and management. Taylor thinks that scientific management can be justly and truthfully characterised as management in which harmony is the rule rather than discord.

4.6 SCIENTIFIC MANAGEMENT: OTHER IMPORTANT CONCERNS OF TAYLOR

In addition to the above four basic principles Taylor also expressed the concern for the following in the scientific management method. They are:

- Mental Revolution
- Functional Foremanship
- Work Study and Work Measurement
- Standardisation of Tools
- Selection and Training of Workers
- Task Prescription
- Incentive Schemes
- Work as an Individual Activity
- Trade Unions
- Development of Management Thinking

- Division of Work

Mental Revolution: Taylor was of the view that scientific management requires a great revolution that takes place in the mental attitude of management as well as the workers. Instead of focusing more on the division of surplus they should together turn their attention towards increasing the size of the surplus until the surplus becomes so large that it becomes unnecessary to quarrel over how it should be divided. Both should stop pulling one another and instead both should work together in the same direction to increase the surplus. They should realise that the friendly cooperation and mutual help results in increasing the surplus. Once the surplus increases there is ample scope for increasing the wages for the workers and increase in profits for the management. It is along this a complete change in the mental attitude of both the sides is required. Taylor further emphasised that the scientific management involves change in the attitude of the workers and the management with regard to their duties and responsibilities and towards their fellow workers. It demands the realisation of the fact that their mutual interest is not antagonistic and mutual prosperity is possible only through mutual cooperation. The principle object of management is to secure maximum prosperity for the employer as well as the employee. Taylor believed that there is no conflict in the interest of employees, workers and consumers. His major concern was that the results of higher productivity should equally benefit the employer, worker and consumer.

Functional Foremanship: Taylor is critical of linear system of organisation in which each worker is subordinated to only one boss. He replaced this system with what is called functional foremanship. In the functional foremanship the worker receives orders from eight different specialised supervisors. Thus he divided work not only among the workers but also at the supervisory level. Out of the eight functional supervisors, four functional foreman, namely the gang boss, the repair boss, the speed boss and the inspector will look after the execution of work and the remaining four will take care of planning aspects. They are the route clerk, the instruction clerk, the time and cost clerk and the shop disciplinarian. Through this functional foreman system Taylor wanted to create the narrowly specialised supervisor for each type of skilled work. He thought this will result in efficiency rather than one supervisor looking after all the activities. He further believed that in this type of organisation a foreman can be trained quickly and specialisation became easy.

Work Study and Work Measurement: Taylor advocated the need for systematic study of work. The use of time study can help us in finding out the optimal way of study carrying out a task. He considered it as an essential component of scientific management. It involves measuring and studying the 'unit times'. Taylor conducted several studies to find out the standard unit of work to be carried out by an individual worker. He studied each and every movement of the worker in performing a particular task with the help of a stopwatch. By studying each and every movement of the work we can eliminate the unnecessary movements of the workers and find out the time required for the each movement. With the help of time study and work-study it is possible to perform a particular task with a lesser movement. The purpose of work-study is to eliminate not only unnecessary movements but also to eliminate the slow movements and fatigue of the workers there by it is possible to find out 'the best way' of performing each activity.

Standardisation of Tools: Taylor maintained that in addition to determining the best methods, the management also should standardize the tools in the light of the needs of the specific jobs. In an experiment at Bethlehem Steel Works on shovelling of coal, Taylor found that the average shovel load varied from 16 to 38 pounds. Further experiments showed that good workers were able to shovel more tons per day if they used a shovel carrying the load of 21 to 22 pounds. Subsequently Taylor found that with the different types of materials to be shovelled, about 15 different types of shovels were needed. From then on when workers arrived in the morning they received written instructions on what to shovel and what type of shovel to be used. After three and half years 140 men were doing the work formerly handled by 400 to 600 workers. This shows that by using a proper instrument for each type of work we can achieve more work with the help of less number of workers.

Selection and Training of Workers: Taylor insisted that each worker should be given the job for which he was best suited. According to Taylor ‘one of the very first requirements of the worker who is fit to handle the pig iron as a regular occupation is that he shall be stupid and so phlegmatic that he more nearly resembles in his mental makeup the ox than any other type’ (cited in Bertram Gross, 1964, p.123). Taylor further felt that “there is work for each type of man, just as for instance, there is work for the dry horse and work for the trotting horse. There is no type of work, however, that suits all types of man” (Bertram Gross, p.123). It is therefore essential to find the realistic ways of judging their capacities of different workers. The management should give them formal training and clear instructions on precisely how to perform the prescribed motions with the standardized tools and materials. (Bertram Gross, p.124)

Task Prescription: Not only the tasks be divided and optimal methods of achieving the tasks be prescribed, the worker should also be given clear description of what he should do. Here Taylor emphasises that the tasks should be well planned in advance and the worker be given clear instructions concerning his particular task to be done. Proper task prescription will provide clarity to the worker as well as the management.

Incentive Scheme: Taylor suggested that the pay should be linked to the piece of work done by the worker. Payment should depend upon his achieving the prescribed output. In the event of achieving a greater output, then a bonus payment should be made to the worker. The bonus paid should be generous and consistent. This system will provide encouragement to the workers to produce more.

Work as an Individual Activity: Taylor is always opposed to any kind of group activity. He believes that people are motivated by personal ambition, and that once put into a group the individual loses his individual drive. He believes that the influence of the group makes one produce less. Further he argued that female workers were prone to such personal pressures and indeed separated them in such a way that verbal interaction was impossible. (Clegg and Dunkerley, 1980.p.89).

Trade Unions: Since Taylor was critical of group activity he was also against trade union movement. He regarded trade unions as unnecessary under his system of work. The employer according to him was on the same side of the workers. The goal of the workers and the employers is the same. Acceptance of scientific management principles would reduce conflict between workers and the management. Since

management itself laid down what was the 'fair day's pay' for fair day's work through objective rationale means, the need for trade unions does not arise.

Development of Management Thinking: Taylor through scientific management saw the development of management as a science. It implies that specific laws could be derived for management practice and those laws relate specifically to wage rates and ways of doing work. Arriving at these laws involved management in the use of scientific method.

Division of Work: Taylor felt that not only there should be a division of labor on a shop floor but also the division of work between the worker and management. According to Taylor the main function of management should be planning for future. The responsibility of worker is to concentrate totally on carrying out the given task. He believed that there were distinct personality types for performing planning function and doing function. The planning function relates to the managements and doing function relates to the workers. He also recommended minute division of tasks for each individual in the organisation.

4.7 SCIENTIFIC MANAGEMENT MOVEMENT

Louis Brandeis first used the word scientific management in the year 1910. In the earlier days Taylor usually referred to these techniques as the "Task System" or "Task Management". Later Taylor welcomed the more appealing nomenclature and declared "management is a true science resting upon clearly defined laws, rules and principles" (Bertram Gross, p.127). He felt that his work covered the entire sphere of Industrial Management. He was convinced that same principles could be applied with equal force to all social activities "to the management of our homes; management of our farm; management of our business of our tradesmen; of our Church; our philanthropic institutions; our universities and our government departments". (cited from 'Scientific Management' of Taylor by Bertram Gross, p.127)

Very soon Taylor became very popular. His close associates such as Henry Grantt, Frank Gilbreth and Lillian Gillberth etc., carried out further research in the area and published many articles and books. Many followers of Taylor served as advisors to hundreds of companies. Engineering Schools began to give courses on shop management and industrial management. Schools of business administration also started giving courses in these areas. Many special disciplines rooted in scientific management have emerged.

In brief scientific management became a "movement". It offered the hope of resolving industrial problems through the use of objective principles. The movement soon became replete with popularisers, traditionalists and dissidents. It had a tremendous effect on industrial practices in the United States. The movement soon became international, spread to Germany, England, France, Sweden and other European countries. Its greatest success however was in Russia. In 1917 immediately after the Bolshevik revolution, Lenin welcomed Taylor's techniques to Russia. He referred to Taylor's system as "a combination of subtle brutality of bourgeois exploitation and a number of its greatest scientific achievements". (Bertram Gross, p.128) The movement seems to have been supported by all contending factions at the higher

levels of the Russian Communist Party. Taylor's ideas were built into the curriculum for the education and training of the engineers who subsequently tended to monopolise managerial posts in the Soviet industry.

4.8 CRITICISM

Though scientific management became a movement and offered solutions to some of the industrial problems, it was equally opposed and criticised by many people. The scientific management has emerged at a time when capitalist development had reached the stage of requiring organisational changes in the functioning of industrial enterprise. Hence it is considered more as a pro-capitalist theory. The critics considered that the scientific management helped more the owners of industries than the workers. The trade unions were against scientific management methods. They considered Taylorism as not only destroying trade unionism but also destroying principles of collective bargaining. They felt that the scientific management was a menace to the community at large as it causes continuous increase in unemployment. Trade unions felt that Taylor was more interested in mechanical aspects of work and not much concerned about the total work situation. As a result there were a number of agitations by labour unions in America, which led the American Congress in 1912 to appoint a special committee of the House of Representatives to investigate in to Taylorism. The trade unions in 1915 succeeded in getting an amendment to the Army Appropriation Act forbidding the use of stopwatches or the payment of premiums or bonuses in army arsenals.

A still stronger attack was made by the investigation conducted by Professor Robert Hoxie on industrial relations. The Hoxie Report concluded that the approach of Taylor and his associates dealt only with mechanical and not with the human aspects of production.

A strong criticism came from Harry Braverman who in his book 'Labour and Monopoly Capital' (1974) argued that an analysis of Taylor's work enables us to distinguish three general principles of scientific management (Clegg and Dunkerly, 1980). They are:

The principle of dissociation of labour process from the skills of the workers: The Taylorism in other wards results in separation of worker from the knowledge that the worker might poses, particularly that knowledge deriving from a craft or traditional process. Now the labour process therefore is dependent upon managerial practices rather than worker abilities.

The principle of separation of conception from execution: By this Braverman refers to the division under the scientific management of manual and mental labour. The implementation of Taylorism leads to a situation where the organisation of work is the prerogative of the management where as the worker has to simply execute the work. In other words this is separation of 'mind' from the 'hand'. Those who work with hand and those who work with mind are two separate entities. This results in alienation of labour from the labour process.

The principle of use of monopoly over knowledge to control each step of labour process and its mode of execution: This principle is logically derived from the pervious two. It shows that the Taylorism results in the managerial section monopolising the knowledge of work and controlling the worker in each and every aspect of execution of the work. This results in domination of managerial class over the workers.

Several others criticised scientific management. Even the managers at that time were critical of scientific methods. They did not appreciate his comments on ‘thumb-rule’ methods. Managers were opposed to the Taylor’s ideas of training programmes for the managers. It is interesting to note that Taylor had to resign from Midvale Steel Works and Bethlehem Steel Company because of the differences with the company managers.

The other critics of Taylor’s scientific management include Oliver Sheldon, Mary Parker Follette, Elton Mayo, Peter Drucker and others. They charged that Taylor’s scientific management was impersonal and underemphasised the human factor. This criticism led to a series of experiments in industrial sociology and social psychology. The studies of Elton Mayo and other researchers on human relations have rejected Taylorism. Taylor’s philosophy that men were generally lazy and try to avoid work has also been criticised.

Another criticism of Taylor is that he did not properly understand the anatomy of work. His emphasis on minute division of work was criticised on several grounds. Firstly, the work gets de-personalised and the worker becomes a mere cog in the machine. The worker lacks the sense of participation in the work; the worker has no outlets to exhibit all his potentialities. Secondly, Taylorism may lead to automation of workers, which may have psychological consequences. Peter Drucker, management expert, aptly says that the organisation became a piece of poor engineering judged by the standards of human relations as well as those of productive efficiency and output.

Taylor’s functional foremanship was criticised by many saying that it will lead to confusion when each worker kept under the control of eight supervisors. A worker may not be able to satisfy eight supervisors in all the aspects.

4.9 SCIENTIFIC MANAGEMENT: RELEVANCE

Scientific management helped many industrial organisations in the United States to overcome the problems of workers. In the similar way Taylorism spread to England to resolve industrial crises in that country. At a time when there is an industrial unrest and increasing unemployment, the scientific management came to the rescue of industrial organisations. Any developing country like India which are facing similar industrial problems can learn lessons from scientific management. With the application of principles of scientific management it is possible to improve the efficiency of organisations. As it is discussed earlier, even the socialist societies such as Russia have welcomed the scientific management principles, which are developed in the context of capitalist economy. This shows the relevance of Taylor’s scientific management to the organisations irrespective of the nature of economy.

4.10 CONCLUSION

The above discussion on scientific management shows that the Taylor's scientific management was responding to the problems of the early industrial organisations. Taylorism provided certain practical solutions to the problems of industries and they got benefited from scientific management. Taylor firmly believed that there is a 'best method' for doing any work. One has to find out the best method by systematic study of work. Taylor emphasised that the management has to take up equal responsibility for the work done in the organisation. He also emphasised that there is a need to select the right type of persons to perform the job and also train them in improving the performance. Apart from systemic study of the work, the standardisation of tools and procedures are necessary. There is also a need for complete understanding and cooperation between the worker and the management. They should instead of focusing on increase in the wages and profits; they should give importance to increase the production.

Taylor's ideas have helped the industrial societies to overcome the basic problems of low production and labour problems. Because of the scientific nature of Taylor's ideas they have spread not only to the European countries but also to the socialist societies like Russia.

4.11 KEY CONCEPTS

Bonus: It is an incentive given to the worker who produces over and above the prescribed amount of work.

Division of Work: In the context of scientific management Taylor emphasised on equal division of work and responsibility between the worker and management.

Functional Foremanship: Taylor suggested eight different supervisors at the work place as against the earlier practice of one supervisor looking after all the activities of the workers under him.

Mental Revolution: It means the change of attitudes of both the workers and the management. They should work with mutual cooperation and mutual interest focusing on increase in the production rather than asking for it's sharing.

Scientific Management: Scientific management became popular with the writings of F.W. Taylor. It broadly indicates undertaking of any work in an organisation in a systematic, planned and organised manner. It includes evolving a correct way of doing work and selecting a suitable individual to perform that work.

Scientific Selection: Selecting the right person for the right job in the organisation and imparting them the necessary skills.

Work Measurement: Measuring of the amount of work done by the individual with the help of a stopwatch with an objective to establish a standard unit of work to be done by the worker.

Work Study: It indicates the study of different aspects of work and time and motion involved in completing the work. The objective of work-study is to fine out the best method of doing any work.

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4.13 ACTIVITIES

1. Do you think that the then prevailing deficiencies in the management system have forced Taylor to propose scientific management approach. Discuss.
2. Do you think that the scientific management principles are applicable in modern administration? Explain.
3. Do you think that scientific management approach has widened the horizons of the discipline of public administration?

UNIT: 5. ADMINISTRATIVE MANAGEMENT APPROACH

Structure

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- 5.1 Introduction
- 5.2 Administrative Management Approach: Important Contributors
 - 5.2.1 Henry Fayol
 - 5.2.2 Mooney and Reiley
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- 5.5 Administrative Management Approach: Relevance
- 5.6 Conclusion
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- 5.9 Activities

5.0 LEARNING OUTCOME

After studying this unit, you should be able to:

- know the important contributors of administrative management approach;
- understand the general principles of administration;
- discuss the criticism of administrative management approach; and
- explain the relevance of administrative management.

5.1 INTRODUCTION

In the previous unit we have discussed about the Taylor's contribution towards the scientific management approach. In this unit we will discuss the important contributors towards administrative management. While Taylor focused on shop floor management the later writers like Gulick and Urwick have focused on the organisation as a whole. Taylor was concerned with worker and emphasized more on floor level activities to enable the management to make its workforce more productive. Taylor has not emphasized on supervisory levels and upwards. The later writers like Gulick and Urwick, who took managerial view of the administration rather than floor level administration, took this up. The rationalization on the floor (done by the scientific management) needed to be supplemented by rationalization through the whole enterprise, to run it profitably. Those who have taken up the managerial view did this. This approach is also known as 'administrative management approach'

5.2 ADMINISTRATIVE MANAGEMENT APPROACH: IMPORTANT CONTRIBUTORS

The important thinkers who have contributed to this approach are Henry Fayol, Mooney, Reiley, Gulick and Urwick. Mary Parker Follet is considered to be the last person to propagate this approach. These thinkers have certain common understanding and approach towards understanding of organisations. In other words their theory is based on certain major premises. Firstly, they gave importance to the structure of the administration / organisation. They consider that without structure, organisation cannot function. For them 'structure is a device through which the human beings working in an organisation are assigned the tasks and are related to each other'. Since they have emphasized on the structure they are also known as structuralists. They believe that effectiveness of organisations depend upon the type of organisation. Structure is basic for any group effort.

Structure moulds the nature of human being according to the needs of organisation. For Urwick, lack of design is illogical, cruel, wasteful and inefficient.

Secondly, they assumed that there is universality of experience. These thinkers have developed certain principles of administration, which they think are universally valid. These principles are derived from the experience of industrial organisations. Mooney observed “there is no principle in industrial organisations as such that is not to be found in all other spheres”. Thirdly, they believe that the principles they have developed are scientifically valid. Since they are based on the industrial and military experience they cannot be considered to be imaginary. They are based on rigorous empirical observations. Hence they have a scientific validity. They considered that the application of such principles would ensure greater economy and efficiency in the organisation. These authors have sincerely believed that it is possible to develop a science of administration based on the experience of organisations.

5.2.1 Henry Fayol

Fayol was born in 1841 in France. He worked as an engineer in a mining company. By 1888 he had raised to the position of Managing Director of the company. He was one of the successful managing directors under whom the company achieved great financial success. Based on his experience he wrote a book ‘General and Industrial Management’ (1916). His papers on ‘The Theory of Administration in the State’ (1923), is considered as a major contribution to the theory of public administration.

Fayol is regarded as the founder of managerial approach. The later writers like Gulick and Urwick have been greatly influenced by this works. Fayol’s major contribution is his principles of administration. They are division of work; authority; discipline; unity of command; unity of direction; subordination of individual interest to the general interests; remuneration; centralization; line of authority; order; equity; stability of tenure; initiative and harmony. Fayol derived the managerial functions in to five elements. They are: planning, organisation, command, coordination and control.

Though he has listed out certain principles, he himself was ambiguous in his writings as to what he means by these principles. Some of them describe managerial activity; others lay down what manager should do. Though they are limited in nature, the Fayol's principles have provided basis for the development of principles of administration by the later thinkers.

5.2.2 Mooney and Reiley

Mooney and Reiley in their book 'Onward Industry' (1931), provided a central framework laying down the principles of management. They have attempted to provide an elaborated historical account of genesis of management and management thought. Like Fayol there appears to be some confusion the use of the term 'principle' used by the Mooney and Reiley. They appear to be a set of statements showing importance of leadership, authority and coordination. Mooney in his article included in "Papers on Science of Administration" maintained that it was 'coordination' that is the fundamental principle of any human organisation. He further writes "the term organisation and the principles that govern it are inherent in every form of concerted effort, even where there are not more than two persons involved". He takes the example of the effort of two men to move a stone and says, 'here we have coordination, the first principle of organisation'.

Mooney and Reiley also referred to the functional principle of organisation. According to them all jobs involve one of the three functions. They are determinative function (setting goals), the application function (acting purposively to achieve the goals) and the interpretative function (decision making). They argue that management must be aware of these functions to be prepared to discharge them when necessary. Thus, they have contributed to the development of managerial theory of administration.

5.2.3 Gulick and Urwick

Luther Gulick was born in Osaka, Japan in the year 1892 and was educated in Columbia University. He served the National Defence Council during first World War. He was associated with the City Research Institute at New York. He also worked as administrator of New York City during 1954-56. He also served as a professor in several universities and consultant in administration for several countries. His important writings are

‘Administrative Reflection from World War-II’, and ‘Papers on the Science of Administration’ (1937), (jointly edited by Urwick) ‘Modern Management for the City of New York’.

Lyndall Urwick was born in Briton in 1891. He was educated at Oxford University. He was a Lt. Col. during the First World War in the British army, and he was considered to be an outstanding consultant on industrial management. Some of his important publications were ‘A Management of Tomorrow’, ‘The Making of Science of Management’, ‘The Elements of Administration’, (1943). He also edited along with Luther Gulick ‘Papers on Science of Administration’ (1937).

Gulick and Urwick had a rich experience in the working of civil service and military and industrial organisations. With these two writers we see a coming together of public administration and business administration. Similar to other writers, in ‘Formal Organisations’ they were much influenced by Taylor and Urwick was to rationalize the work process by bringing work together in a centralized area. They have contributed to the development of classical theory of organisation, known as administrative management theory. They believed that it is possible to develop a science of administration based on principles. They felt that if the experience of administrators are processed it could be possible to develop a science of administration. Administration hitherto remained an art and there is no reason why it can’t be developed into a science. They gave importance to structure of administration while almost neglecting the role of men in the organisation.

Based on this approach and their experience they evolved certain principles of organisation. The principles enunciated by Gulick are (1) division of work or specialization (2) bases of departmental organisation (3) coordination through hierarchy, (4) deliberate coordination, (5) coordination through committees, (6) decentralization, (7) unity of command, (8) line and staff, (9) delegation and (10) span of control.

Gulick also coined an acronym ‘POSDCORB’ indicating the seven important functional elements of administration. They are planning, organisation, staffing, direction, coordination, reporting and budgeting.

Urwick identified eight principles of administration. They are (1) the principle of objectives, (2) the principle of correspondence, (3) the principle of responsibility, (4) the scalar principle, (5) the principle of span of control, (6) the principle of specialization, (7) the principle of coordination and (8) the principle of definition.

5.3 THE GENERAL PRINCIPLES OF ADMINISTRATION

Based on the principles enumerated by the above authors, here some of the important principles are explained briefly:

5.3.1 The Theory of Departmentalisation

It is one of the important principles of administrative management. This theory addresses itself to the problem of bases on which the work may be divided in an organisation and departments are created. Luther Gulick identified four bases on which different departments are created. These bases are (I) Purpose, (II) Process, (III) Persons (clientele) and (IV) Place (territory). They were popularly described and known as 4P's of Gulick.

Purpose: In the first place the work may be divided on the basis of the major purpose or function. In order to create certain departments one has to identify the major functions and goals of organisation and create departments for each of the functions. For example, the welfare department was created based on the 'purpose' of looking after the welfare of the people. Similarly there may be other departments created based on other purposes. The advantage of such department is that they are self-contained organisations and low coordination costs are involved in running the department. Such departments are more certain of attaining the goals.

The purpose-based departments however have, certain disadvantages, such as, lack of possibility of work division, failure to use update technology and there may not be enough work for specialist working in the department.

Process or Skills: Some departments are created based on the process or a skill involved in it's functioning. For example, the department of engineering may be considered as a

‘process’ based department. If process is accepted as basis, then all work based on similar process or skills should be grouped together since it involves use of same knowledge, skills and processes. According to Gulick the advantage of process-based department is, it brings together in a single office a large amount of each kind of work, it is possible to make use of the most effective division of work and specialization. Secondly it makes possible maximum use of labour and machinery for mass production. The major disadvantage of this base is it results in purposeless division and growth of department.

Persons or Clientele: Specialisation of work according to the clientele served is the third basis of departmental organisations. For example, the ‘old age welfare department’ serves a particular kind of persons who need special attention. The people who work in this department acquire specialised skills over a period of time to serve that particular clientele. But the disadvantage of this department is the coordination between such organisations become difficult on account of overlapping and duplication.

Place or Territory: Place becomes base for some organisation such as ‘district’ administration or tribal area department. Here all functions performed in a given area are clubbed together and a department is created. This base is useful for intensive development of any area. The members of such departments also become area specialists. But such departments may suffer from lack of functional specialisation and growth.

The theory of departmentalisation is criticized on the basis that the bases of departments are incompatible with each other. They are very vague; there is also overlap between them. For example the department of medicine can be categorized as a process based department because it involves skills. It can also be considered as a purpose based one, because there is a purpose behind the creation of this department.

5.3.2 Single Top Executive or Unity of Direction

This principle is based on the belief that one director or executive should head organisations. Urwick warned against the use of committees for purposes of administration. He thought, ‘boards and commissions are turned out to be failures. They are inevitably slow, cumbersome wasteful and ineffective. They do not cooperate with other agencies. Well-managed administrative unit in the government are always headed by

a single administrator'. Gulick who as a member of President's Committee on Administrative Management, probably felt like this in trying to workout the principle of one man administrative responsibility in place of the structure of many boards and commissions in the United States Federal Government. (Betram Gross, p.145).

5.3.3 Unity of Command

The principle of 'unity of command' suggest that for the effective functioning of organisations the subordinates in the organisation should receive command from one superior only. Gulick agrees with Fayol who said, "a man can not serve two masters" (Betram Gross, p.145). Although rigid adherence to this principle may have its absurdities, these are unimportant in comparison with the certainty of confusion, inefficiency and irresponsibility, which arise from the violation of the principle. However, he has provided certain exceptions to this principle in the case of field office specialist. For example it may be inevitable for an engineer in a field office working under administrative supervision of the field office manager and under technical supervision of the chief engineer in the central office. In such situation the Gulick suggest the system of 'integrated dual supervision' (Betram Gross, p.145).

5.3.4 The Principle of Staff

The principle of staff emphasises that in the performance of organisational activities the executive needs the help of large number of officials. This staff assistance to the executive deserves special attention. The staff is of two categories, (1) special staff and (2) general staff. The chief executive requires the help of the specialist as well as general staff. While general staff assist the chief executive in knowing, thinking and planning functions. The special staffs help the executive in carrying out the basic operations of the organisation. Drawing upon the military experience with line and staff arrangements, Gulick dealt with the problems regarding relation between general and special staff. As in military organisation, general staff may assist their supervisors in their central task of command, control and coordination. They should help to coordinate the work of specialist without themselves taking any specialised functions.

In doing so they act not on their own but as representative of their superior and within the confines of decision made by him. Thereby they relieve the top executive from the burden of day-to-day administration. They free him to concentrate upon the most important matters.

Urwick also recognized that in a civilized life, assistants who act on behalf of top executive will often be regarded as “encroaching” upon the authority of senior official (Betram Gross, p.147). To overcome this problem Gulick suggests that the assistant should be men with a “passion for anonymity” (Betram Gross, p.147).

5.3.5 The Principle of Delegation

The principle of delegation emphasizes on the need for administrators to keep the requisite authority with them to act and delegate the rest of it to their subordinates. In the absence of such delegation the subordinates cannot discharge their responsibility. Urwick maintains that “lack of courage to delegate properly and knowledge of how to do it is one of the most general causes of failure in organisation” (Betram Gross, p.147). Urwick felt that organisations do not function efficiently if executives do not delegate the functions to their subordinates. It is also emphasized the need to delegate responsibility of executives in whom authority is vested should be absolute and that they should be personally accountable for the actions of their subordinates.

5.3.6 The Principle of Matching Responsibility with Authority

This principle maintains that the authority and responsibility must be coterminous, coequal and defined. While Fayol emphasized the need to promote a sense of responsibility, Urwick deals with both sides of authority-responsibility relationship. It is not enough to hold people accountable for certain activities, it is also essential to delegate them the necessary authority to discharge that responsibility. The responsibilities of all persons exercising authority should be absolute within the defined terms of that authority. The persons exercising authority should be personally accountable for all actions taken by subordinates.

5.3.7 The Principle of Span Control

The principle of span of control emphasises that a supervisor cannot control more than a certain number of subordinates. In this regard Urwick felt that “no supervisor can supervise directly the work of more than five, or at the most six subordinates whose work interlocks” (Betram Gross, p.148). This principle is based on the psychological conception of “span of attention”. When the number of subordinates increase arithmetically, there is a geometrical increase in all possible combinations of relationships, which may demand the attention of supervisor. While there is no agreement among the writers about the exact limit of span of control, Sir Ian Hamilton put the limit at three or four. Some authors put the figure at ten or twelve. Gulick identifies various factors that may influence the optimum span, particularly the capacity of an individual executive, the nature of work performed, the stability of an organisation and geographical proximity to those who are supervised.

5.3.8 The Principle of Division of Work

The principle of division of work suggest that in order to bring the efficiency and effectiveness in the organisation the work has to be divided and entrusted to the people who are specialised in it. In fact, Gulick felt that division of work is the basic principle of organisation and it is reason for existence of organisation. He further felt that ‘every large scale or complicated enterprise requires many men to carry it forward. Whenever many men are thus working together, the best results are secured when there is a division of work among these men’. He says man-invented organisation as he failed to perform the work single handily. As a result he had to divide the work and this division of work was the cause for genesis of organisation. Individuals differ in their skills, efficiency and attitudes. A single person cannot work in two places at a time. And also he cannot perform more than one activity at a time. Because of these reasons and also in the context of growing knowledge in different areas the division of work and entrusting different types of work to different people is inevitable. Division of work results in increase in the production and efficiency in the organisation.

However a division of work has its own limitations. According to Gulick the important limitations are the volume of work, the technology, custom, physical and organic limitations. The work can’t be divided if it is too less. Work can be divided only when there are people available with skills to perform it. Integrating divided parts follows

division of work. Gulick says that division of work and integration are bootstraps by which mankind lifts itself in the process of civilization.

5.3.9 The Principle of Coordination

This principle emphasizes that when work is divided and entrusted to different individuals, that work has to be coordinated to achieve the organisational tasks. Without proper coordination it is not possible to achieve the task. Coordination is basically bringing together of the work done by different individuals in the organisation. Mooney particularly emphasized on the importance of this principle. He maintained that it was coordination that is fundamental principle of any human organisation. He further writes, the term organisation and the principle that govern it are interacting in every form of concerted human effort, even when there are not more than two persons involved in it. Here he takes the example of two men's effort to move a stone and says 'here we have coordination, the first principle of organisation'.

5.3.10 The Principle of Hierarchy

Hierarchy indicates the control of the higher over the lower. In the administrative structure, hierarchy means a graded organisation of several successive levels or steps. Hierarchy is also known as scalar principle. Hierarchy places individual in organisation in an order. Hierarchy facilitates the allocation of responsibilities to the different levels of organisation. It also facilitates easy flow of work in the organisation and also easy coordination and control. It fixes responsibilities of individuals and makes it clear who is accountable to whom.

5.4 CRITICISM

Many writers criticized the administrative management approach. The principles of administration enumerated under this approach have become main targets of criticism. The basic criticism is that there is little consistency in the work of any of these writers, either between them or with in them. The term 'principle' is used in different ways by different

authors. Some times it has a descriptive connotation or it expresses the relation between organisation variables: some writers have questioned the scientific validity of the principles. Normally a principle is subject to verification. But such universality is absent in these principles. They appear more in the nature of postulates of experienced men who has closely observed the working of organisations. The major attack on principles came from Herbert Simon. Herbert Simon who commented on the fact that the principles are 'little more than ambiguous and mutually contradictory proverbs'. They form neither a coherent conceptual pattern of determination nor an accurate description of concrete empirical reality (Clegg & Dunkerley, 1980, p, 102). He says that, it is fatal defect of the current principles of administration that like proverbs they occur in pairs. For almost every principle one can find an equally acceptable contradictory principle (For example while the principle of division of work is claimed as essential for the organisational efficiency the coordination principle is also claimed as essential principle to bring efficiency).

One can see a contradiction between the principle of specialization and the principle of unity of command. The specialist working in organisations are always subject to dual control of generalist and technocrats. Similarly there is a contradiction between principles of specialization and span of control. While span of control emphasizes on the limitations of supervisor and his capacity to supervise a certain number of sub-ordinates, it has failed to arrive at a scientifically valid number of subordinates less than one supervisor.

Simon felt that principles of administration are at best criteria for describing administrative situation. He further felt that the principles are either universal, empirically applicable neither theoretically coherent.

The administrative management approach in general is criticized for its neglect of human element in the organisation. Human being is considered insignificant in administrative processes. Gulick and Urwick have shown concern only for 'formal organisation' neglecting informal variables, which are important for the understanding of organisations.

V.Subramanyam points out two important limitation of this approach. In the first place, there is lack of sophistication in the theory; they appear to be commonplace general knowledge propositions, which do not appeal to the intellectual curiosity of the academicians and practitioners of administration. Secondly, it has a pro-management bias

where it mostly dealt with the problems of management in the organisation and not the problem of lower level in the organisation. (Cited from Prasad et. al. p.105)

5.5 ADMINISTRATIVE MANAGEMENT APPROACH: RELEVANCE

In spite of the criticism the principle of administration continue to found relevant even to-day. We find working of these principles such as division of work, coordination, delegation etc. in the present day organizations. Organizations cannot function with out adhering to these principles. These principles continue to be taught in the colleges and universities for the students of public administration and management. Many people have criticized the principles, but they have not developed any alternatives to these principles. They have failed to replace them with better principles. The principles of administration have provided basis for the development of later theories in administration. With some modifications on the lines of changes taking place in the organizations, these principles can find relevance in the present context also.

5.6 CONCLUSION

In spite of various criticism the administrative management approach and the principles of administration have contributed significantly to the theory and practice of administration. This theory emerged historically at a point of time when the organisations were becoming complex and faced with problem of inefficiency and low production. This theory has enabled the large-scale organisations to operate effectively. It is also relevant to understand the administrative processes of the contemporary organisations. In spite of their limitations the principles continue to be practiced in the organisations. They facilitate the smooth functioning of administration. To get benefited from the principles one has to understand this theory in a proper perspective and apply it to the contemporary situation with required modifications.

5.7 KEY CONCEPTS

Authority and Responsibility: sufficient authority is to be given to the officials to enable them to perform their functions. Authority should promote the sense of responsibility in the organization.

Coordination: Bringing together of the work done by different units and individuals in order to achieve the harmonious functioning of the organization.

Delegation: In the organization the authority and responsibility are delegated to the subordinates by the superiors to enable the organization to function effectively.

Department: It is a sub-division or unit of the organization. According to Gulick for establishing any department there has to be some bases. He proposed four basis; they are purpose, process, persons and place.

Division of Work: The work has to be divided and allocated to the individuals in the organization on the basis of their abilities and skills.

Hierarchy: It is a method of arranging individuals in the organization in a graded manner for receiving orders and reporting back about execution of orders.

Span of Control: It is a principle which emphasis that a superior cannot control more than a certain number of subordinates.

Unity of Command: It is a principle, which envisages that for the effective functioning of organizations, subordinates should receive command or orders from one supervisor only.

Unity of Direction: It envisages that a single top executive should head organizations. If more than one person it will lead to confusion in heads the organization it's functioning.

5.8 REFERENCES AND FURTHER READING

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5.9 ACTIVITIES

1. Do you think that the principles of administrative management approach can be scientifically verified or they are mere proverbs?
2. Do you think that the bases of departmentalisation are still relevant in the twenty first century organisations? Discuss.
3. Do you think that the principles of organisations are still relevant in the context of modern day organisations? Discuss.

UNIT 6 MAX WEBER'S THEORY OF BUREAUCRACY

Structure

- 6.0 Learning Outcome
- 6.1 Introduction
- 6.2 Max Weber: His Life and Writings
- 6.3 Weber's Bureaucracy: The Context
- 6.4 Theory of Bureaucracy
- 6.5 Max Weber on Authority
 - 6.5.1 Components of Authority
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- 6.6 Max Weber: The Concept of Bureaucracy
 - 6.6.1 Features of Legal-Rational Bureaucracy
 - 6.6.2 Features of Officials
- 6.7 Max Weber: Elements of Bureaucracy
- 6.8 Max Weber: Limits on Bureaucracy
- 6.9 Max Weber's Bureaucracy: Criticism
- 6.10 Max Weber's Bureaucracy: Relevance
- 6.11 Conclusion
- 6.12 Key Concepts
- 6.13 References and Further Reading
- 6.14 Activities

6.0 LEARNING OUTCOME

After studying this unit, you should be able to:

- understand the Weber's contribution to the theory of bureaucracy;
- explains the types of authority;
- know the elements of bureaucracy;
- discuss the limitation of the bureaucracy; and
- analyse the criticism and relevance of Weberian model to the modern society.

6.1 INTRODUCTION

In the classical approach to administration, Weberian model of bureaucracy finds a central place. Max Weber is the first thinker who has systematically studied the bureaucracy. He has provided a theoretical framework and basis for understanding bureaucracy. Max Weber's analysis influenced many modern writers on bureaucracy. Weber, apart from bureaucracy, wrote on various aspects of the society ranging from history, religion to legitimacy and domination. Weber was founder of modern sociology and a greatest scholar among the pioneers of administrative thought. He was one of the towering thinkers of the twentieth century. The Weberian ideal type bureaucracy continues to be the dominant paradigm in the public administration.

6.2 MAX WEBER: HIS LIFE AND WRITINGS

Max Weber (1864-1920) was born in western Germany. He studied law at the university of Heidelberg. He joined University of Berlin as an instructor in law. He wrote a number of papers on law, and social, political and economic factors prevalent during that time. His major writings were, 'The Theory of Economic and Social Organisations', 'General Economic History', 'Protestant Ethic and Spirit of Capitalism' (1904). He studied law and economics and he became a specialist in the interpretation of religious doctrines and he was a notable biblical scholar. He had a thorough grasp of ancient Roman administration, medieval trading companies and the modern stock exchange. He became a specialist in comparative history of urban institutions. He also made a special study of social and psychological conditions of productivity in a West German textile mill. He studied methodology of social studies.

Weber always preferred knowledge obtained through practical experience than library research. His writings reflect the social conditions of Germany of his time. He saw the decline of liberalism and threat to individual in the bureaucratisation of the society. Unification of Germany under Bismarck and elimination of liberal middle class movement convinced Weber that the great goal could be achieved through power policies. (Prasad. et.al. p.77)

6.3 WEBER'S BUREAUCRACY: THE CONTEXT

Scientific management and theory of bureaucracy mark the first major developments in the theory of organisation. These theories were responding to the needs of industrial organisations. Theory of bureaucracy was needed to bring the efficiency in its functioning. As stated by Weber 'no special proof is necessary to show that military discipline is ideal model for the modern capitalist factory. (Clegg and Dunkerley, p.75). The example of most developed form of organisation, bureaucracy, the theory of which Weber found, is developed from the Prussian military forces, and which enterprises such as the British Railway Companies actually found in the ranks of the British Army, was to become the specific form of management of big business. Weber felt that emergence of modern bureaucratic organisation is 'demanded', he further says 'a peculiarity of modern culture', and specific of its technical and economic basis, demands the very 'calculability of results' (Clegg and Dunkerley, p.81). More specifically 'today it is primarily the capitalist market economy which demands the official business of the administration be discharged precisely, unambiguously, continuously, and with as much speed as possible' (Clegg and Dunkerley, p.80.) Bureaucratisation offers above all, optimum possibility for carrying through the principle of specialising administration functioning according to purely objective considerations. (Clegg and Dunkerley, p.80).

Above lines show that the Weber's theory of bureaucracy was a response to the demands of industrial capitalist economy, which required an efficient administration. While Taylor attempted to rationalise functions of modern factory, Weber made an attempt at the rationalisation of bureaucratic structures. Both of them emphasised on control and discipline in the working of organisations.

6.4 THEORY OF BUREAUCRACY

Bureaucracy was discussed prior to Weber's writings. The invention of word bureaucracy belongs to Vincent de Gournay, a French economist in 1745. He took the conventional term 'bureau' meaning writing-table and office, and added to it the word derived from the Greek suffix for the 'rule', in order to signify bureaucracy as the rule of officials. It rapidly became a standard and

accepted term in the conventions of political discourse. (Clegg and Dunkerley, p.75). By the end of 19th century the term was widely held to have been of German origin. J.S. Mill, an eminent political scientist included bureaucracy in his series of analysis. Karl Marx also discussed about bureaucracy at certain places. According to Marx, bureaucracy like a state itself is an instrument by which the dominant class exercise its domination over the other social classes. (Mohit Bhattacharya, p.52). Hegel conceived the governing bureaucracy of public administration as a bridge between the state and the civil society.

Bureaucracy as an institution existed in China even in the period of 186 B.C, public offices were in existence and persons for those offices were recruited through competitive examinations even then. (Prasad et. al. p.79).

The above discussion shows that there existed a bureaucracy much earlier to Weberian writings and also there were attempts to understand the bureaucracy by different writings. But the Weber is considered to be the first person to attempt at the systematic understanding of the bureaucracy.

6.5 MAX WEBER ON AUTHORITY

Max Weber's concept of bureaucracy is closely related to his ideas on legitimacy of authority. He worked on theories of domination, leadership and legitimacy of authority. Weber differentiated authority, power and control. To him, a person could be said to poses power, if in a social relationship, his will could be enforced despite resistance. Such exercise of power becomes controlled. Authority manifests when a command of definite content elicits obedience on the part of specific individuals. For Weber, 'authority' was identical with 'authoritarian power of command' (Prasad, et.al.p.77). Authority is state of reality where a person willingly complies with legitimate commands or orders because he considers that a person by virtue of his position could issue orders to him. Unlike in 'power' there is willing obedience on the part of clientele to legitimise authority.

6.5.1 Components of Authority

Weber identified five essential components of authority. They are:

- (1) an individual or a body of individuals who rule,
- (2) an individual or a body of individuals who are ruled,

- (3) the will of the rulers to influence conduct of the ruled,
- (4) evidence of the influence of the rulers in terms of the objective degree of command, and
- (5) direct or indirect evidence of that influence in terms of subjective acceptance with which the ruled obey the command.

6.5.2 Categories of People in Organisation

The authority exists as long as it is accepted as legitimate by the ruled. Thus, an administrator or organisation can rule only when it has legitimacy. While explaining authority in various organisations, Weber concluded “all administration means dominance” (Prasad. et. al. p. 77). Weber categorised persons in the organisations in to four types:

- (1) those who are accustomed to obey commands,
- (2) those who are personally interested in seeing the existing domination continue,
- (3) those who participate in that domination, and
- (4) those who hold themselves in readiness for the exercise of functions.

6.5.3 Types of Authority

Since Weber believed that authority could be exercised as long as it is legitimate he divided the authority in to three types based on sources of legitimacy for each authority. Weber classified authority in to three ‘pure’ or ‘ideal’ types based on its claim to legitimacy. They are: (1) traditional authority, (2) charismatic authority and (3) legal-rational authority.

Traditional Authority

It rests on “an established belief in the sanctity of immemorial traditions and the legitimacy of the status of those exercising authority under them”. (Bertram Gross, p.137). In this kind of authority a command is obeyed because of the belief in age-old customs, traditions, conventions and beliefs. Those who exercised authority does so under the rules that have always existed, but may also exercise personal prerogative. This is a pure type of feudal, patrimonial regime under which the organisation consists of household

officials, relatives, and loyalists. Under this type, obedience is given not to the rules but to the rulers, not to the superiors, but to the chiefs. New rules are not enacted, they are “found”. The only documents in the administration of law are the “documents of tradition, namely precedents”. Resistance, when it occurs is directed against the person of chief or a member of his staff. The accusation is that he has failed to observe traditional limits of his authority (quoted from Weber by Bertram Gross, p.138).

Under the traditional authority a person enjoy authority by virtue of their inherited status. The persons who obey orders are called ‘followers’. They carry out the commands out of personal loyalty to the ruler and pious regard for his time honoured ‘status’. The system retains legitimacy as long as the customs and traditions are respected in the organisation.

Charismatic Authority

It “rests on devotion to the specific and exceptional sanctity, heroism, or exemplary character of an individual person and of the normative patterns or order revealed or ordained by him” (D.S. Pugh, p.15). The term charisma (gift of grace) is taken from the vocabulary of early Christianity. Here it is applied supernatural, super human or extraordinary qualities of a leader. Among the holders of charisma are the sorcerer, the prophet or the warrior of chieftain or the personal head of a party and demagogue. (Bertram Gross, p.138). In this type of authority obedience was justified because the person giving order had some sacred or out standing character. The leader exercises authority based on his personal qualities rather than formal stipulations or prescribed norms. Those subject to the authority are “followers” of the leader, not “subject”. The only basis of legitimacy is personal charisma. He can exercise his authority, so long as it is proved, that is so long as it receives recognition and is able to satisfy the followers.

Under this authority the leader selects his disciples or followers as his officials based on their personal devotion to him rather than their special qualifications or status. These ‘disciple officials’ constitute an organisation and their sphere of activity and power of command depends upon likes and dislikes of the leader. (Prasad. et. al. p.79).

Legal-Rational Authority

It rests on “a belief in the legality of patterns of normative rules and the right of those elevated to authority under such rules to issue commands. Obedience is owed to the legally established impersonal order. It extends to the persons exercising the authority of office only by virtue of the formal legality of their commands, and only within the scope of the authority of the office”. (Bertram Gross, p.139). Manifestations of legal authority are found in organisations where rules are applied judicially and in accordance with ascertainable principles valid for all members in the organisation. The members who exercise power under this authority are the superiors and are appointed or elected by legal procedures to maintain the legal orders. The organisation is a continuous process and all its members are subject to certain rules. Weber considers the legal authority as the most rational form of authority.

Obedience to the authority depends upon certain related beliefs. They are: (1) that a legal code can be established which can claim obedience from members of the organisation; (2) that, the law is a system of abstract rules, these rules are applied to particular cases, and the administration looks after the interest of the organisation within the limits of the law; (3) that the man exercising authority also obeys this impersonal order; (4) that only ‘qua’ member does the member obey the law; and (5) that obedience is done not to the person who holds the authority but to the impersonal order which has granted him this position. (Martin Albrow, p.43).

Of all the three types of authority Weber considers the legal authority, not only the most rational authority, but also the most efficient form of authority. He considers bureaucracy as legal-rational type of authority.

6.6 MAX WEBER: THE CONCEPT OF BUREAUCRACY

Weber never defined bureaucracy. He only described it as “an administrative body of appointed officials”. (Prasad. et. al. p.80). He also described its characteristics. Bureaucracy includes explicitly appointed officials only leaving out the elected ones. Weber wrote a great deal about the place of the official in a modern society. For him, it has an increasingly important type of social role. As in the case of authority, Weber categorised bureaucracy into (1) patrimonial bureaucracy found in traditional and charismatic authorities

and (2) legal-rational bureaucracy found only in the legal type of authority. Weber identified certain features of legal-rational bureaucracy.

6.6.1 Features of Legal-Rational Bureaucracy

The model of legal-rational bureaucracy described by Weber has the following features:

- (1) Official business is conducted on a continuous, regulated basis,
 - (2) An administrative agency functions in accordance with stipulated rules and is characterised by three interrelated attributes; (a) the powers and functions of each official is defined in terms of impersonal criteria, (b) the official is given matching authority to carry out his responsibility and (c) the means of compulsion at his disposal are strictly limited and the conditions under which their employment is legitimate are clearly defined,
 - (3) Every official and every office is part of the hierarchy of authority. Higher officials or offices perform supervision and the lower officers and officials have the right to appeal,
 - (4) Officials do not own the resources necessary for rendering the duties, but they are accountable for use of official resources. Official business and private affairs, official revenue and private income are strictly separated,
 - (5) Offices can not be appropriated by the incumbents as private property, and
 - (6) Administration is conducted on the basis of written documents.
- (Prasad. et. al. p.81)

6.6.2 Features of Officials

Weber also discussed in detail, as a part of his model of bureaucracy, the features of officials. They are:

- (1) the staff members are personally free, observing only the impersonal duties of their offices,
- (2) they are appointed to an official position on the basis of the contract,
- (3) an official exercises authority delegated to him in accordance with impersonal rules, and his loyalty is expressed through faithful execution of his official duties,

- (4) his appointment and job placements depend upon his professional qualifications,
- (5) his administrative work is full time occupation,
- (6) his work is rewarded by regular salary and by prospects of career advancement,
- (7) there is a clear cut hierarchy of officials, and
- (8) he is subjected to a unified control and disciplinary system.

6.7 MAX WEBER: ELEMENTS OF BUREAUCRACY

When we closely observe the above-mentioned features of bureaucracy we can identify certain important elements of Weberian model of bureaucracy.

They are:

1. Impersonal Order
2. Rules
3. Sphere of Competence
4. Hierarchy
5. Separation of Personal and Public Ends
6. Written Documents
7. Monocratic Type

Impersonal Order

Weber emphasised that the official should perform their duties in an impersonal manner. The subordinates should follow both in the issuance of command and their obedience impersonal order. According to Merton, “authority, the power of control which derives from an acknowledged status, inheres in the office, not in the particular person who performs the official role”. (Prasad. et. al. p.82). It talks about the de-personalisation of relationship in the organisations.

Rules

Rules are the basis for the functioning of the legal-rational authority. Officials are bound by the rules. The rules regulate the conduct of an office. Their rational application requires specialised training. In this regard Merton felt

that adherence to rules originally conceived as a means, becomes an end in itself. Rules become more important than the goals of the organisation.

Sphere of Competence

It involves a sphere of obligation to perform functions, which have been marked off as a part of a systematic division of labour. It also implies provision of the incumbent with the necessary authority to carry out the functions.

Hierarchy

According to Weber every office and every official is a part of a hierarchy. Under this system the lower office functions under the control of higher office. He attaches greater importance to the principle of hierarchy in the organisation of office.

Separation of Personal and Public Ends

Weber pleads for separation of officials from their ownership of the means of administration. Officials cannot use his office position for personal ends. The office property is separated from personal property; at the same time the official is accountable for the use of office property.

Written Documents

Written documents are the heart of Weberian bureaucracy. All administrative acts, decisions and rules are recorded in writing. These documents make the administration accountable to the people and provide a ready reference for future action.

Monocratic Type

It means certain functions performed by bureaucracy cannot be performed by any other organisation. They monopolise certain functions and only the authorised official can perform that function, makes them monocratic in nature.

For all types of authority, Weber wrote “the fact of the existence and continuing functioning of an administrative staff is vital. It is indeed, the existence of such activity which is usually meant by the term organisation”. (Bertram Gross, p.139). Weber considered pure or monocratic bureaucracy is the most rational form of administrative staff. He further felt that “it is superior to any other form in precision, in stability, in the stringency of discipline and in its reliability. It thus, makes possible a particularly high degree of calculability of results for the heads of organisations and for those acting in relation to it. It is finally superior both in intensive efficiency and in the scope of its operations, and is formally capable of applications to all kinds of administrative tasks”. (Bertram Gross, p.139).

For bureaucratic administration is, other things being equal, always, from a formal technical point of view, the most rational type. According to Weber “for the needs of mass administration today, it is (bureaucracy) completely indispensable. The choice is only that between bureaucracy and dilettantism in the field of administration”. (Bertram Gross, p.140). Thus Weber believed that rational bureaucracy is technically superior and capable of attaining high degree of efficiency.

6.8 MAX WEBER: LIMITS ON BUREAUCRACY

Weber while emphasising on the necessity of bureaucracy was aware of the fact that, the bureaucracy has inherent tendency of accumulation of power. The sources of this power could be seen in the special knowledge, which the official poses. In the course of his duties he acquired a great deal of concrete information much of it artificially restricted by ideas of confidentiality and secrecy. Nevertheless he was convinced that bureaucratisation was inevitable and that bureaucrats gained power. Weber resisted any identification of bureaucracy with rule by officials.

In order to prevent the bureaucracy from acquiring powers Weber suggested certain mechanism for limiting the scope of systems of authority in general and bureaucracy in particular. These mechanisms fall in to five major categories. The categories are: (1) collegiality, (2) separation of powers, (3)

amateur of administration, (4) direct democracy, and (5) representation. (Martin Albrow, pp.47-49). They are explained below:

Collegiality

In a monocratic bureaucracy, Weber meant that at each stage of the official hierarchy one person and one person only, had the responsibility for taking a decision. This makes the bureaucracy more powerful. To prevent this Weber suggested the principle of collegiality involving others in the decision making process. Weber considered that collegiality would always have an important role to play in limiting bureaucracy. But it has disadvantages in terms of speed of decision and attribution of responsibility.

Separation of Powers

Separation of powers meant dividing responsibility and functions between two or more bodies. For any decision to emerge a compromise between them had to be reached. This will avoid monopoly of decision by a single body or person. Weber regarded such a system as inherently unstable. One of the authorities was bound to have edge over the other.

Amateur Administration

Since there is possibility of professional administration become powerful, Weber suggested the involvement of amateur administration in certain activities. Such men have sufficient public esteem to command and general confidence. But this system could not measure up to the demands for expertise which modern society made, and where the professionals assisted amateur it is always the professional who dominated the scene.

Direct Democracy

To limit the power of bureaucracy Weber suggested direct democracy, where the officials were guided by and answerable to an assembly. Short term of office, permanent possibility of recall was designed to serve the purpose of direct democracy. But this system is possible only in small organisations and in local governments.

Representation

Another method of limiting bureaucracy is sharing of authority of bureaucracy with the elected representatives of the people. With this method it is possible to control the power of the bureaucracy. But here, there is a possibility of representatives being bureaucratised. However Weber thought that through this medium there was a greater possibility of check on bureaucracy.

Through all the above means Weber wanted to limit the powers of the bureaucracy.

6.9 MAX WEBER'S BUREAUCRACY: CRITICISM

The Weberian bureaucracy has attracted criticism from several corners. The criticism however revolves around the Weberian model, its rationality concept, administrative efficiency, formalism and the relevance of bureaucracy to the changing circumstances. Some of the very advantages of the bureaucracy claimed by Weber were turned against his own model.

Robert Merton and other sociologists have questioned the rationality of Weber's model saying that it results in certain dysfunctional consequences. Merton says that the structure of the bureaucracy especially its hierarchy and rules can easily result in consequences which are detrimental to the attainment of objectives of an organisation. Merton emphasises that the bureaucracy means inefficiency.

Phillip Selznick, pointing to the division of functions in an organisation shows how sub-units setup goals of their own sometimes conflicting with the organisation as a whole. Both Merton and Selznick have shown that the structure of formal organisations described by Weber is insufficient as a description of how bureaucrats behave clearly brought out this limitation of Weber's bureaucracy.

Talcott Parsons questioned the internal consistency of Weber's bureaucracy. Weber expected the administrative staff to be technically superior as well as poses the right to give orders. Parsons thinks that, this itself is not always possible to ensure that the higher-level authority will be matched by equivalent professional skills.

Alvin Gouldner and others have raised the problem of compliance with the rules by members of an organisation not so much because of informal processes arising within an administrative structure but to conditions outside the organisation which orient the behaviour of the member's vis-à-vis the rules. This criticism highlights the influence of environmental factors on the behaviour of the officials, which was neglected by Weberian model.

Bendix, the biographer of Weber argued against the belief that it is possible to adhere to a rule without the influence of the general social and political values. Rudolf questioned the very conception of Weber's model that administration was a rational machine and officials were mere technical functionaries.

Critics like Peter Blau questioned applicability of Weberian model to different places and times. Efficient administration is possible only when an individual is allowed to identify with the purpose of the organisation and to adopt his behaviour to the changing circumstances. Weber's bureaucracy and its assumptions about the human behaviour may not be valid in non-western environment. Joseph La Palombara believed that the developing societies may find Russian or Chinese model of administration more effective than Weberian model.

Some scholars like H.C. Creel questioned the very idea that rational bureaucracy is a modern phenomenon. He pointed that almost all characteristics of Weberian model existed in China by 200 B.C.

Simon and Barnard have proved that administrative efficiency would be reduced if we follow Weber's structural approach. It is possible to increase the efficiency in the organisations through informal relations than formal practices.

Critics questioned Weber's claim of internal consistency of bureaucracy and its ability to attain maximum efficiency. Gouldner who tested Weber's ideal type empirically found that it has internal contradictions such as tensions between the claims of expertise and claims of obedience based on discipline.

Simon and March who have included Weber in the classical thinkers like Gulick and Urwick felt that he too neglected the human behaviour in an

organisation. Maximum efficiency in the organisation cannot be achieved by emphasising on mere structure of bureaucracy without regard to its behaviour.

Weber was criticised for his neglect of power that a bureaucrat assumes. Phillip Selznick and others felt that a bureaucrat is increasingly pre-occupied with his own social position neglecting the very goals of the organisation.

Weber's model is also not relevant in the context of development administration. Strict adherence to rules results in delay and inefficiency in the administration. Adherence to hierarchy leads to authoritarianism in the organisation. Weber's insistence on records results in too much of formalism in the administration.

6.10 MAX WEBER'S BUREAUCRACY: RELEVANCE

In spite of criticism from the several scholars, the ideas of Weber on bureaucracy continue to be relevant to understand the present administrative system. So far we have not been able to evolve an alternative model to Weber's bureaucracy. Weber is right in saying that when we are accustomed to the bureaucracy we cannot think of any other alternative. It is highly useful for managing large-scale organisations. His ideas on selection of officials based on qualifications, utility of written documents in administration, hierarchy etc., can be seen in any administration of the present day. The monocratic bureaucracy proposed by Weber is superior to all other forms of organisations in achieving the prescribed objectives. To overcome some of the problems of the bureaucracy, we can only bring reforms in it, but cannot replace it with any other organisation. Whether it is capitalist society or a socialist society, irrespective of the nature of economy, we find the bureaucracy playing a very important role. The people who talk about the de-bureaucratisation of the society have not been able to find a viable alternative to the bureaucracy. Even in the present context of liberalisation and privatisation, which emphasises on a minimalist state, cannot escape the necessity of bureaucracy to perform some of the functions of the state. We cannot think of the implementation of all the welfare and developmental programmes without the help of bureaucracy. The voluntary organisations and other forms of people's organisations can only supplement the bureaucracy, but they can not substitute the bureaucracy. In the context of developing countries, people look to the bureaucracy for their day-to-day requirements.

Hence, the bureaucracy of Weberian type continues to find its relevance even today.

6.11 CONCLUSION

Weber can be considered as one of the eminent thinkers of twentieth century. Though he has written extensively on various subjects, his contribution to the theory of bureaucracy is highly valued. Today we can see it in practice in all the societies of the world. Weber being proved correct when he said that the societies once governed by the bureaucracy can never get rid of it. His ideas on authority, rationality of bureaucracy continues to be relevant for the present day society. Most of the time, those who criticise the Weberian model are not actually criticising Weber, but the present day bureaucracy, which reflect the changes that are taking place in the contemporary period. Bureaucracy might need certain reforms to make it more relevant to the society.

6.12 KEY CONCEPTS

Amateur Administration: It emphasises on involving non-professionals and interested individuals in the activities of the administration.

Collegiality: Instead of one individual, a group of persons are involved in the decision making process.

Impersonality: It is one of the features of Weberian bureaucracy. Here rules are objectively followed irrespective of the person.

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6.14 ACTIVITIES

1. What do you understand about the Max Weber's concept of bureaucracy? Explain.
2. Do you think that the major elements of Weber's bureaucracy are basically meant for bureaucratic efficiency? Discuss.
3. Do you notice the existence of three types of authorities in present day Indian society? Please explain based on your experience.

UNIT.7. CRITIQUE OF BUREAUCRACY

Structure

7.0. Learning Outcomes

7.1. Introduction

7.2. Bureaucracy: Early Critics

7.3. Bureaucracy: Weberian Paradigm

7.3.1. Max Weber's Ideas

7.3.2. Critics of Weberian Bureaucracy

7.4. Bureaucracy: Marxian Paradigm

7.4.1. Karl Marx Ideas

7.4.2. Lenin and Stalin

7.5. Conclusion

7.6. Key Concepts

7.7. References and Further Readings

7.8. Activities

7.0. LEARNING OUTCOMES

After studying this unit, you should be able to:

- understand the criticism of early writers on bureaucracy
- know the Weberian concept and criticism of bureaucracy
- know the Marxist criticism of bureaucracy
- understand the inevitability of bureaucracy in spite of criticism

7.1. INTRODUCTION

Bureaucracy as a phenomena or concept is not the product of twentieth century and existed in a rudimentary form in earlier period in different countries of the world. In some of the countries its origin and history was traced to B.C. e.g. China and India. It was believed that way back in 186 B.C. in China the public offices were recruited through competitive examination and the bureaucratic system was in place. It was Vincent de Gourney swho first used the term 'bureaumania' to describe the form of a government that existed in the first half of eighteenth century in France. He used to be a strong critic of it and often felt that the officer, clerks, secretaries and inspectors though exist for the public good or interest but in practice they used to create that public interest for their own existence. Since then many political scientists and sociologists have critically examined the bureaucracy, its mechanism, irrespective of any political system in which the bureaucracy functions. Many times the term bureaucracy is synonymously used for the government also. Criticism on bureaucracy is as old as the government system itself.

7.2. BUREAUCRACY: EARLY CRITICS

Though Vincent de Gourney was responsible for using the word 'bureaucracy' for the first time, but the credit for popularising the word in French goes to Balzac through his novels. While describing it as an organised one with mediocratic background and felt it "as fussy and meddlesome, in short, as a small shopkeeper's wife" (Albrow, p.18)

In the year 1792 Humboldt expressed the fear that the increase in the state authority will facilitate the growth of the administration and the state start functioning in a mechanical manner and transforming the men as machines. The fears of Humboldt's were reflected by Freiherr vom Stein in 1821 who felt that the then Prussia was 'ruled by buralists – salaried, with a knowledge of books, with no cause of support, and without property.....'. Stein described them as "lifeless governmental machines' who draw their salaries from the exchequer and write, write, write, in silence, in offices behind closed doors, unknown, unnoticed, unparsed, and they bring up their children to be equally usable writing machines". (Albrow, p.19). The ideas expressed by early writers on bureaucracy made the people to imagine the bureaucracy as a form of government where power is in the hands of officials; with a collective designation. Many English writers and critics have expressed their views on bureaucracy during 18th century. Carlyle commented in 1850 about bureaucracy as 'the continental nuisance'. In order to regulate or control the bureaucracy more and more bureaucratic machinery was created as a remedy to the existing one.

J. S. Mill

John Stuart Mill in 1848 felt that the bureaucracy as the main reason for inferior political life (Albrow, p.22). J. S. Mill who expressed his ideas on bureaucracy in his book "On Liberty" (1850), felt that in the name of administrative offices, the bureaucracy monopolises the talent of the nation, the youth would develop the idea of getting admitted in to it as the major ambition in life. He further felt that both the governors and the governed become the slaves of bureaucracy and the

reforming would be impossible and nothing against the will of it would be ever done (Albrow, p.22).

While elaborating his ideas on representative government, Mill expressed the view that bureaucracy “accumulates experience, acquires with trained and well-considered traditional maxim, and makes provisions for appropriate practical knowledge in those who have the actual conduct of affairs” (Albrow, p.22). Mill felt that the bureaucracy die its natural death because of its rigid adherence to maxims and only the representative nature of the governments would allow the creative people to take over from the mediocrity who run the affairs of the government.

Mosca and Michels

Mosca and Michels are very important thinkers who gave thrust to the concept of the bureaucracy and analysed it in a new angle of oligarchic rule by the few salaried employees. Their views have widened the scope of the concept of bureaucracy, which propelled Max Weber to study bureaucracy in a sociological context.

The ideas of Mosca on the concept of bureaucracy were appeared in his classic work called “The Ruling Class” (1895). He described how a numerically minority will participate in the government and emerge as a ruling class to which majority of the public will submit. Mosca classified government in to two types, the feudal and the bureaucratic. In a feudal state the ruling class operates a simple structure and the members exercise multi-farious functions in the areas of economy, judicial, administrative or military domains. They exercise their

authority directly on the ruled class. In the bureaucratic state the functions are clearly demarcated among the ruling class through its bureaucracy. They were paid salaries for doing their work from the national wealth. Mosca stated the inevitability of minority rule, which negates the principle of democracy. The public officials were not only seen as a part of ruling class but also they form a part of defining characteristic of modern state. The ruling class reflects the variety of interest and talents of the society. Mosca believed that the elected parliaments might not exercise control over the bureaucracy and suggest the involvement of wealthy public and respectable hard working people directly in the administration. For Mosca bureaucracy is a complex body of public officials who were paid salaries by the nation. Over the years the bureaucrats gain specialisation and centralise the power among the few ruling class.

Michels's book on "Political Parties" (1911) further elaborated Mosca's views on bureaucracy. The ideas of Mosca and Michels have lot of similarities. Michels believed that bureaucracy was a necessity in the modern state. The politically dominant class determines the bureaucracy while the politically insecure middle class seeks security in the government employment. This is how both groups reciprocate and support each other for their existence. While analysing the role of political parties Michels felt that like the governments, big political parties also recruit full-time salaried officials to look after the organisational activities and to run it on professional lines. These officials over a period of time emerge as the specialist in the operational aspects of the political parties and occupy the leadership positions in the bureaucracy. Michels feel that any large-scale organisation needs salaried people to run its activities in the modern world. Thus expanding the role of bureaucracy to other organisations.

Like Mosca, Michels also suggested different ways through which the powers of bureaucracy can be limited which include, referenda, syndicalism and anarchism. At the end Michels concluded that it is difficult to withstand the rule of oligarchy.

Others

The other important thinker who expressed his views on bureaucracy was Walter Bagehot. Bagehot is against the American system of administration which works on the lines of party in power and appreciated the English administration which in spite of regular change of ministers, the bureaucracy was never allowed to sink routinely and in fact the new men who occupied the position responded to the public opinion and enriched the administrative process. Ramsay Muir felt that the permanent officials of England had left lasting influence on the bureaucracy.

Gustav Schmoller, the German social scientist who edited the history of Prussian administrative system and gave many lectures on German officialdom felt that every society consists of three components: a leader, his staff and the masses. While commenting upon the leader's staff Schmoller stated that there are four stages of its development. The first one is primitive stage wherein it is difficult to notice the differences among the offices and the roles of the people in the community. In the second one the administrative offices were recruited hereditarily like feudal societies. In the third category the offices were filled either through drawing of lots or election for a shorter duration. The entry to second and third categories was restricted to propertied ruling aristocracy. The fourth stage of leaders staff development was based on career structure with life-long, salaried hierarchic professional job. Schmoller felt the fourth form of

bureaucratic development of leader's staff is inevitable in the modern state. Though Schmoller was criticised for failing to recognise the dangers of bureaucracy, but his contribution helped to recast and refine the concept of bureaucracy.

The bureaucracy that prevailed during nineteenth century England and Germany has a many contradictions between them. These differences were brought in to lime light by Lorenz von Stein. The German system based on the concept of 'collegium' a body of officials charged with the responsibility of advising the rulers and taking responsibility for its actions. It takes decision after a thorough discussion at different levels, which in fact delays the decision making process of the collective 'collegium'. The English bureaucratic system depends mostly on individual responsibility and drafting and noting of the entire decision making process wherein the fixing of accountability is ensured. (Albrow, p. 27)

Irrespective of the bureaucratic system, either German or English, in place it has the tendency of ever expanding its functions and activities and multiplying its numbers. As bureaucracy executes its activities through pen, which were used to be implemented with the word of mouth earlier. It means more pens are put into use resulting the expansion of bureaucracy and taking up of new activities, which were earlier used to be in the citizens domain. This has resulted in amorphous growth of public bureaucracy and acquisition of power over the citizens. (Albrow, p.28)

The expanding role of bureaucracy over its citizens and the offences committed against the public were drawn the attention of the Polish lawyer Josef Olszewski in 1904. While commenting about the French bureaucracy the social scientist

Frederic Le Play stated that the bureaucracy is basically located in the few middle ranking officials who complicate the bureaucracy with elaborate details and suppress the public initiative (Albrow, p.30)

The important themes that emerged from the writing of nineteenth century writers can be classified in to three groups depending on the way they looked at the bureaucracy. The first group viewed bureaucracy as a form of government irrespective of political system like monarchy, democracy or aristocracy. They are led by Vincent de Gourney and Mill. The second group viewed bureaucracy as a collegium of administrators supported by German writers like Heinzen and others. The third group has brought out the discontent of the public against the officialdom consisting of paid permanent civil servants led by Olszewski and Le play.

The study of bureaucracy was neglected during the twentieth century. However it saw the maximum debate during the same time by eminent thinkers. The debates revolved around two opposite view points. The first one is – bureaucracy as a tool of efficiency and the second one is bureaucracy which leads to administrative inefficiency, have dominated the later theory of bureaucracy. The politico-social thinkers from Mill, Mosca, Michels, to Weber and Marx viewed bureaucracy with their established political notions in mind and elaborated upon their point of views on bureaucracy. It is needless to say that the exercise of power determines the relations in the society. One group of people thinks that those who hold power and justified its exercise through religious-secular and meta physical means. They used to believe that they are exercising power for God or society and the public officials used to share the purpose. The other group

believes that the power was the net result of groups economic place in the society and believes that the officials are the agents representing economic interest groups in term the dominant class.

The bureaucrat often viewed as a paid servant of the government. In practice the paradoxical development has taken place. The person who has employed as a paid servant has started acting as a centre of power and his position is not derived from the society but his position came from the power he holds in government. Many proponents of the bureaucracy in the beginning did not anticipate it. However the later thinkers have deliberated at a greater length on the power of the bureaucrat in the government and society.

7.3. BUREAUCRACY: WEBERIAN PARIDIGM

Max Weber's contribution to the study of bureaucracy is unparallel in the history. He studied bureaucracy in a systematic manner. He explained the features of legal-rational bureaucracy and the features of the officials who form very important component of the bureaucracy. Though his ideas on bureaucracy are discussed threadbare in the previous unit, considering his contribution to the study of bureaucracy and the criticism it attracted from the cross section of the scholars is explained in this section.

7.3.1. Max Weber's Ideas

In spite of the fact that there was a considerable amount of discussion on bureaucracy by the early writers, Weber's contribution to the theory of bureaucracy is more systematic and organised. Weber provided a framework for understanding of bureaucracy. He considered it as the legal-rational model of authority, which is based on impersonality, rule of law, strict hierarchy, written documentation and separation of public office from the private. He viewed bureaucracy as the most positive instrument. He considered the bureaucracy as the most efficient form of organisation. Precision, continuity, discipline, reliability are the important characteristics of Weberian bureaucracy. These characteristics made it technically the most superior and satisfactory form of organisation.

Irrespective of type of organisation, this kind of bureaucracy is essential for their efficient functioning. Weber considered that the society once ruled by bureaucracy can never think of any alternative. Weber was also conscious that the monocratic bureaucracy has the inherent tendency of accumulating power because of its specialised knowledge of the administrative office. Hence, Weber considered certain mechanisms to limit the authority of the bureaucracy. They are: collegiality, separation of powers, amateur administration, direct democracy and representation. (The detailed explanation was given in the previous unit).

7.3.2. Critics of Weberian Bureaucracy

While questioning the Weber's rational bureaucracy, Robert Marten expressed the view that too much emphasis on precision, reliability and rules may be self-

defeating. Graded career structure may encourage the bureaucrats to develop a group solidarity, which may oppose any structural changes and reforms in the bureaucracy. This may lead to the development of vested interest by the bureaucracy contrary to the objectives or interest of the organisation.

In this connection it is not out of context to know what Philip Selznick stated about the functioning of the sub-units of the organisation or administration. He felt that the purpose or objectives of the organisation get defeated if the sub-units set up individual goals for themselves and function contrary to the goals of the broader organisational or administrative structure. He suggests the remedy for this is better coordination not setting up of new departments.

While criticizing Weber for his neglect of humane characteristics of bureaucracy in its functioning both Merton and Selznick stated that the interest, prejudices and fears of bureaucrats will influence their functioning as they are members of other self interest groups also.

Talcott Parsons who translated and edited some of the works of Weber felt that Weber has failed to recognise the individual differences between the persons who exercise authority to issue orders and the professional skills. He means to say that the person in high position may not always have the professional skill confusing the member to whom they should obey, the orders of the person who has authority to issue orders or the person who has greater expertise and professional skills.

Alvin Gouldner distinguished two types of bureaucracies and analysed why people comply with the bureaucracy and its bases. In the punishment-centered bureaucracy, the members of the organisation obey the orders reluctantly because the rules are imposed by a foreign group. In the representative bureaucracy, the member of the organisation considers and comply the rules as necessary in their own interest. Gouldner has brought to the forefront the (type of bureaucracy) bases for complying the bureaucracy is the type of bureaucracy. It means people comply representative bureaucracy and disobey the punishment-centered bureaucracy.

R. G. Francis and R. C. Stone in their book “Service and Procedure in Bureaucracy” (1956) felt that though bureaucracy of an organisation is expected to function impersonally and adherence to rules but in practice, they adapt their action as per the circumstances and needs of the individuals in the organisation. It means the bureaucracy may not always act impersonally as it favours some in execution of its rules and regulations. Rudolf Smend expressed the opinion that even the judicial system is not over board in delivering the justice. It has prompted the socialist to complain that even their judicial system delivers the bourgeois justice.

Though Weber felt that bureaucracy is rational in form he ignored the cultural limitations of administrative rationality in the organisational functioning. Reinhard Bendix expressed that the established rules and human experiences are very essential in understanding the efficiency of any organisation. He focused that culture imposes limitations on the administrative rationality of the bureaucracy. There are many cultural values which are outside the perview of the administration but continue to influence the administration in its functioning.

These aspects are not given due importance in the Weberian concept of bureaucracy.

Peter Blau examined issue of how formal regulations were implemented by the rational bureaucracy in achieving the objectives of the organisation in the United States of America. He examined two departments. He found that a group of officials who cooperated and consulted each other have achieved the organisational objectives better than those who followed the rules and regulations. Blau felt that bureaucratic efficiency can not be achieved by the official by strictly adhering to the rigid rules. It means the bureaucrats need to identify with the objectives of the organisation as a whole and adopt his behavior to the changing circumstances to facilitate the efficient administration, which can achieve the objectives of the organisation.

Non-suitability of Weberian model of administration to different circumstances of non-western societies have been brought to limelight by many thinkers. It is also to be kept in mind that the demands of poor and vulnerable and sick need a pro-active bureaucracy not the rational bureaucracy of Weber. R. V. Prethus noted that the implicit assumptions about the human motivation of which Weber has imagined may not be found in the non-western societies. It means the Weberian bureaucracy is not valid in the context of developing countries. This type of opinion was expressed by other social scientists also. The prominent among them are W. Delaney and Joseph La Palombara. Delaney suggested patrimonial administration where as La Palombara felt that Russian or Chinese model of administration may be more effective for the developing countries than the Weberian and western models of administration.

Herbert Simon, in his classic on administrative science “Administrative Behavior” (1945), maintained that variety of circumstances need varied bureaucratic structures and the so called timeless principles of Weberian model of administration cannot suit to the ever changing circumstances of today’s modern world. The theories should always strive for refinement of concepts and principles so that the administrative system in a changing world can be explained better.

7.4. BUREAUCRACY: MARXIAN PARIDIGM

Karl Marx is the one of the greatest thinkers of the modern social sciences who is responsible for the development of Marxian philosophy, which has a lasting impact on the every walk of life of the human beings. His ideals have influenced every aspect of society and human beings. His ideas on bureaucracy have special relevance to understand the role of the bureaucracy in the hands of the ruling elite and his ideas in dismantling it are worth considering. The views of later Marxists like Lenin and Stalin are also included in this section.

7.4.1. Karl Marx Ideas

Marx has not written explicitly on bureaucracy. But he has dealt with it in his several writings. “Critique of Hegel’s Philosophy of Right” (1844), “The German Ideology”, “Civil War in France” and in some other writings Marx expressed his views on bureaucracy. Marx examined bureaucracy and its role in the capitalist

system. He considered bureaucracy a part of state mechanism. He attacked the so called characteristics of bureaucracy such as superior knowledge, merit principle, rule mindedness, impartiality etc. He says that the bureaucracy is “the imaginary state of the real state. It is the spiritualism of the state. As a result every thing has double meaning, one real and one bureaucratic, just as knowledge is double one real and one bureaucratic. The bureaucracy has the being of the state, the spiritual being of the society, in its possession it is its private property” (KASPA, p.10). It functions like a private property of the state authority.

According to Marx “the general spirit of bureaucracy is secrecy, mystery, preserved inwardly by means of hierarchy and externally as a close corporation” (KASPA, p.10). Marx further says “the hierarchy of the bureaucracy is hierarchy of knowledge. The highest point entrusts the understanding of particular to the lower echelons, where as these, on the other hand, credit the highest with the understanding in regard to the universal and thus they deceive one another” (KASPA, p.10).

According to Marx “the bureaucracy is the state formation of the civil society. It is state’s consciousness, the state’s will, the state’s power as corporation” (KASPA, p.19). In the name of universal interest the bureaucracy protects the interest of the particular. “The bureaucracy must thus defend the imaginary universality of the particular interest, i.e. the corporation mind, in order to defend the imaginary particularity of universal interest, i.e., its own mind” (KASPA, p.9).

“Being state’s consciousness, will, and power as a corporation, the bureaucracy is thus a particular, closed society with in the state” (KASPA, p.9). “The real end of

the state appears to be the bureaucracy as an end opposed to the state. The mind of bureaucracy is the formal mind of the state. Therefore it makes the formal mind of the state. The bureaucracy asserts itself to be the final end of the state. Because the bureaucracy makes its formal aims its content, it comes into conflict everywhere with the real aims. Hence it is obliged to present what is formal for the content and the content what is formal. The aims of the state are transformed into aims of the bureaus or the aims of the bureaus into the aims of the state” (KASPA, p.10). The above observations of Marx reveal that the bureaucracy protects the interest of the state and the class interest of the state. Bureaucracy is considered as a negative instrument in the process of social transformation. For Marx abolition of state will be achieved institutionally by the destruction of bureaucratic apparatus.

7.4.2. Lenin and Stalin

As Marx could not provide clear ideological frame work to reform or remove the bourgeois bureaucracy the later Marxist like Lenin faced very many difficulties. They, at the beginning did not have any guidance on how a revolutionary party can organise a socialist stand and the socialist state has to depend on the bourgeois bureaucracy to build a socialist society. Lenin took the responsibility to explain how the bureaucracy can be dismantled or reformed to suit the requirements of social democracy. Lenin insisted for regulation and discipline has no takers among his followers. Rosa Luxemburg went to the extent of criticising Lenin for enslaving the labour moment to the bureaucracy. Karl Kautsky suggested to accept the inevitability of bureaucracy and to reorganise it in the interest of workers.

Lenin answered his critics and espoused his views on bureaucracy in his book on “The State and the Revolution” (1947), wherein he expressed the need to dismantle the old state bureaucracy and advocated for the rule of the proletariat with strong central control till the withering away of the state. He advocated for continuation of representative institutions. There would be officials, he stated, but not bureaucrats, which means, “privileged persons divorced from the people and standing *above* the people. That is the essence of bureaucracy” (Albrow, p.73). In reality what Lenin visualised is not the bureaucracy but a proletarian administrative apparatus (Albrow, p.74). Lenin conceded during Eleventh party congress that the old bureaucratic apparatus could not be removed. While accepting the continuation of pre-revolutionary bureaucracy, Stalin expressed the doubt that the Party may loose control of the state apparatus. During Sixteenth Congress of the Communist Party in 1930 Stalin accepted that there could be a new communist bureaucrat who could work against the interest of working class and promised to “cleanse the apparatus” (Albrow, p.75).

The commitments of leader after leader could not make much headway in smashing the bureaucracy in the Soviet Union. Trotsky who wished for dismantling of bureaucracy had a difference of opinion with Lenin and Stalin, felt in “The Revolution Betrayed” (1937) that instead of smashing of bureaucracy in the Soviet Union he noticed the emergence of a “privileged and commanding stratum in the Soviet Union, the bureaucracy” (Albrow, p.76). In spite of theoretical commitment to dismantle the bureaucracy in the Soviet Union, the bureaucracy continued as a new class and appropriated the surplus produced by the working class. It thrived there on even in the socialist societies. It all reveals

that bureaucracy as an inevitable institution survived in every type of system- capitalist and socialist and democratic.

7.5. CONCLUSION

There is no doubt that bureaucracy is one of the oldest surviving institutions in the world. It attracted the attention of the scholars of different periods from Mill, Mosca, Michels, Marx to Weber. Mills, Mosca and Michels have highlighted the dysfunctionalities of the bureaucracy. Where as Marx considered the bureaucracy as an arm of the state and viewed it as exploitative instrument. Weber considered bureaucracy not only as a positive institution but also as a most effective form of organisation to achieve the calculable results of the modern society. However Weber was also criticised on the grounds of lack of internal consistency and dysfunctionality of hierarchy and rules in attainment of objectives of organisation. The ideal bureaucracy advocated by Weber is not suitable to the developing societies. In spite of attracting criticism from several quarters the bureaucracy is gaining its importance in its operations in the modern society. The criticism levelled against the bureaucracy has not resulted in evolving an alternative system to the bureaucracy. Thus it became an inevitable institution for all the political systems for their functioning.

7.6. KEY CONCEPTS

Bureaucracy: Appointed officials in an administrative body.

Weberian Model: Type of bureaucracy propounded by Max Weber, which emphasises on impersonality, rules, written documents and separation of public and private ends in administration.

Impersonality: It is one of the features of Weberian bureaucracy. Here rules are objectively followed irrespective of the person.

Collegiality: Instead of one individual, a group of persons are involved in the decision making process.

Amateur Administration: It emphasises on involving non-professionals and interested individuals in the activities of the administration.

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7.8. ACTIVITIES

1. What is your understanding about the criticism of Mill, Mosca and Michels? Explain.

2. Why the Socialistic countries find it difficult to dismantle the bureaucratic apparatus?

3. Do you agree with the view that the bureaucracy is inevitable in the modern world?

UNIT 8 HUMAN RELATIONS APPROACH

Structure

- 8.0 Learning Outcome
- 8.1 Introduction
- 8.2 The Human Relations Movement
- 8.3 Elton Mayo and his Research Findings
 - 8.3.1 Early Experiment
 - 8.3.2 Great Illumination Experiment (1924-27)
 - 8.3.3 Human Attitudes and Sentiments (1928-31)
 - 8.3.4 Social Organisation (1931-32)
- 8.4 Absenteeism in the Industries
- 8.5 Hawthorne Studies/Experiments: Principal Conclusions
- 8.6 The Human Relations Vs. the Classical Approaches
- 8.7 Evaluation of the Human Relations Approach
- 8.8 Conclusion
- 8.9 Key Concepts
- 8.10 References and Further Reading
- 8.11 Activities

8.0 LEARNING OUTCOME

After reading this unit, you should be able to:

- explain the meaning and emergence of human relation approach;
- understand the significance of Hawthorne studies;
- assess the findings and principal conclusions of Hawthorne studies;
- identify the differences between human relations and classical approach;
and
- evaluate the human relations approach.

8.1 INTRODUCTION

In the previous unit, we have discussed about the classical approach in which we try to understand the various streams of the classical approach such as Scientific Management, Administrative Management and Max Weber's Theory of Bureaucracy. The classical approach focused mostly on the structural aspects of the organisation. It has not paid much attention on the human aspects of the organisation. Subsequently, a few scholars devoted their attention to the human aspects of the organisation, thereby contributing to the emergence of the human relations approach.

The classical organisation theory has focused attention on the physiological and mechanical aspects of organisational functioning. These variables were tested in the field to increase the efficiency of the organisation but to the surprise of the researchers the positive aspects of these variables could not evoke a positive response in work behaviour in contributing to the increase in productivity. In this context, the researchers tried to find out the reasons for human behaviour at work. After the investigations they came to conclusion that the real cause of human behaviour was somewhat more than mere physiological and mechanical variables. Then they focused attention on the human beings in the organisation. This approach is referred to as the human view of organisation, or the human relations approach administrative theory.

In this unit we will try to discuss the meaning and emergence of human relations approach and various research studies conducted at the Hawthorne plant of the Western Electric Company, under the leadership of Elton Mayo.

8.2 THE HUMAN RELATIONS MOVEMENT

The human relations movement emerged in the late 1930s as an outgrowth of scientific management. This movement came from number of sources: psychologists, sociologists and anthropologists who were critical of the narrow and limited concept of organisation held by the scholars who contributed to the classical theory. They were mainly against

the de-humanisation of organisation and against treating human beings as cogs in the machine.

However, a major change in organisation theory came after the results of the Hawthorne experiments, conducted by Elton Mayo and others during the 1920s. It made two significant contributions in organisation and management. These are:

- It posed a challenge to the physical or engineering approach to motivation;
- The first real assault was made on the purely structural, hierarchical approach to the organisation.

8.3 ELTON MAYO AND HIS RESEARCH FINDINGS

George Elton Mayo is considered as one of the pioneers of the human relations approach to organisation. His main hypothesis is that relations between employers and employees should be humanistic, not mechanistic. Employees and workers deserve to be treated as individuals with dignity and self-respect rather than as factors of production or interchangeable elements of the production system. He looked upon industrial organisations as psychosocial systems with primary emphasis on human resources, their behaviour and welfare, needs and satisfactions, interactions and co-operation. He focussed his attention on the behaviour of the workers and their production capacity keeping in view physical, economic and psychological aspects. He called this approach a clinical method. He has published books and contributed a number of research articles.

In the late 1920s and early 1930s, the Harvard Business School, under the leadership of Elton Mayo and his associates, conducted research at the Hawthorne plant of the Western Electric Company. This research marked a landmark in organisation theory. Described in detail in the landmark volume, 'Management and the Worker', Mayo's work research led to the first systematic conception of organisations as social systems, and destroyed some of the basic assumptions of the machine model. In all, four studies were undertaken

8.3.1 Early Experiment

Before studies at the Hawthorne plant, Mayo undertook his first research in a textile mill, which came to be known as first enquiry. He started this research in a textile mill near Philadelphia in 1923. The employees of the mill were provided with all facilities, by the management, which was highly enlightened and humane. The mill was considered to be a model organisation. The general labour turnover (absenteeism) in all the departments was estimated to be approximately 5 per cent per annum while in the mule-spinning department the turnover was approximately 250 per cent. To cope up with this problem of high labour turnover, a number of incentives were provided to the employees in this department. Despite incentives, the labour turnover did not come down. Elton Mayo studied the problem of the mule-spinning department.

On the basis of the information collected through his study, Mayo diagnosed the problem as one of lack of adequate rest which was causing fatigue to the workers. He introduced rest periods. The scheme motivated the workers and the labour turnover almost came to an end. In addition, the production rose and the morale of the workers also improved. Encouraged by results, Mayo suggested a new formula to earn bonus under this scheme, if the workers were to produce more than a certain percentage, they would earn bonus proportionate to their extra production. With this scheme i.e. rest periods and new bonus the workers were highly motivated and happy.

In his first experiment Mayo concentrated his attention on fatigue, accidents, production levels, rest periods, working conditions, etc.

One of the important decisions the Management took was that control of rest periods was placed squarely in the hands of workers. This led to consultations among the workers. Social interaction was set in motion. A new awakening began. Workers began taking collective decisions. With this, the assumption of 'rabble hypothesis', which assumes 'mankind as a horde of unorganised individuals actuated by self-interest' was reversed.

Hawthorne Studies

There was a strong feeling that there exists a clear-cut cause and effect relationship between the physical work, environment, the well-being and productivity of the worker. If proper ventilation, temperature, lighting, improvement in other physical working conditions, and wage incentive schemes, are provided to the workers, in turn they will produce more, was the opinion of the management. Taking this clue into consideration the National Research Council of the National Academy of Science under the leadership George Pennock decided to examine the relationship between illumination and the efficiency of the worker with a research programme at the Hawthorne Plant of Western Electric Company (WEC). The WEC employed 30,000 men and women. Here we will know more about this Western Electric Company the reason being why this has been selected for research. The WEC, located in Chicago, was engaged mainly in the manufacture of telephone apparatus. The employees of WEC were drawn from 60 nationalities, representing a typical cross section of American population. More over, within each of the national groups there was a wide variety of skills. These were the main factors which attracted the research academy to take up the research study.

8.3.2 Great Illumination Experiment (1924-27)

In the first study, it was based on parallel observation of two groups of operatives, one a test group and the other control group, engaged in a task related to the production of electrical equipment took part in these tests. The study was designed to examine the level of production on the basis of varying levels of illumination. The control group remained with constant illumination of the level and the type with which the two groups started. Where as in the test group's room, experimental changes were introduced periodically. Then slowly the conditions of work were changed to mark the effect of this change on the output. The researchers observed the groups and kept accurate records of production. The research, spread over a period of two years, established that regardless of the level of illumination, production in both the control and experimental groups increased. The

researchers were surprised and abandoned the illumination theory and began manipulating wage payments, rest periods, duration of working hours. Instead of group incentives plan, an individual piece rate plan and provision of refreshments were introduced. All yielded a further rise in production. Surprised by the outcome, the research team decided to withdraw all the above-mentioned privileges and return to the conditions prevailing at the beginning of these experiments. For a while the output fell a little, but soon it rose to a point higher than at any other time. The research team was totally puzzled over the outcome. The illumination hypothesis was rejected, the relationship between incentive scheme, rest periods, etc., had no apparent relevance to the productivity per se. The research team came to conclusion that it might be due to the interest shown by the research team in the workers or to the incentive wage plan that was retained while several other privileges were withdrawn.

In 1927 Mayo was invited to unravel the problem through further studies. In these studies Mayo collaborated with Fritz Jules Roethlisberger. After interpreting the outcome of the Hawthorne studies Mayo was of opinion that the test room girls became a social unit and because of the increased attention of the research team to them, the unit developed a sense of participation in the project. Then they picked up the loose threads of the earlier WEC studies and found far more valuable insights into the industrial man. After eliminating various explanations they proposed the following two hypotheses to explain the failure of the original illumination project:

- **The first hypothesis:** the individual wage payment incentive had stimulated increase in the output.
- **The second hypothesis:** the changes in supervisory techniques had improved the attitudes and output.

Relay Assembly Test Room Experiment (1927-1932)

To test the above two hypotheses, two new groups were formed. They were placed in a special test room, apart from all the other workers. The group were placed on an

individual incentive plan on a piecework basis. Initially the total output went up and after sometime it remained constant. The second group, although they were placed on individual incentive plan, was experimented with variations in rest periods and duration of work. Changes in the output were recorded.

In this group there was an average rise of output in the production over a period of 14 months. The research team concluded that the first hypothesis was not confirmed since it was not wages, but something else that led to greater output in the both groups.

To test the second hypothesis, the atmosphere was made more relaxed and congenial. The girls were allowed to interact freely with fellow workers and supervisors. Supervisors were told to behave more as democratic oriented supervisors. The other important factor was that managerial practices were modified. Before any change or move, the workers were consulted and advised about changes, their suggestions were also considered sympathetically. The workers responded favourably to the improved style of supervision. This had led to a feeling that they were a team of individuals, not cogs in a machine, allowed the workers to feel free to air their problems and they established new interpersonal contacts with their fellow workers and supervisions. Such work satisfaction led everyone to feel more valued and responsible for his or her performance and that of the group as a whole. The production increased when work groups felt that they were important and their efforts were meaningful.

Mayo felt that work satisfaction depends to a large extent on the informal social pattern of the working group. He said that change in the style of supervision improved the morale of worker, which in turn increased production. This link between supervision, morale and productivity became the corner stone of the human relations

8.3.3 Human Attitudes and Sentiments (1928-31)

The next study of Mayo and his team, conducted during 1928-31, was on human attitudes and sentiments. The workers were given an opportunity to come out and express freely

and frankly about their likes and dislikes on the programmes and policies of the management, working conditions, how they were treated by their boss, etc. They interviewed over 20,000 workers, each one given an adequate time to comment or complain on his or her own thoughts on any aspect of employment or condition. Later, these complaints were analysed and it was found that there was no correlation between the nature of complaints and the facts. Although no reforms were introduced, the workers thought that in view of their complaints the working conditions were improved. They also felt that the wages were better although the wage scale remained at the same level. It appeared that there was an opportunity to 'let off steam' which made the workers feel better even though there was no material change in the environment.

The study team of Mayo and Roethlisberger identified the following two aspects:

- First, the workers appreciated the method of collecting the information on the problems of the company from them. They thought they had valuable comments to offer and felt elated on the feeling that they had an equal status with management. They also realised that they were allowed to express themselves freely and felt satisfied with it. They also entertained a feeling that the conditions in the environment were changed to the better although no such change took place.
- Second, there was a change in the attitude of the supervisors because they realised that the research team closely observed their methods of supervision and the subordinates were allowed to comment freely about their supervisors.

Mayo and his team finally led to the conclusion that the explanation for these unexpected findings lay in the informal social forces at work in the organisation. They became convinced that the behaviour of workers cannot be separated from their feelings and sentiments, which are the products of the individual's personal history and his or her social situation in the organisation. Therefore, to explain behaviour in the workplace, it was necessary to move beyond the limited idea that organisation was simply an economic

and technological structure; the organisation was also to be seen as a **social structure**, “an intricate web of human relations bound together by a system of sentiments”.

8.3.4 Social Organisation (1931-32)

This was the last study undertaken by Elton Mayo and his team in Western Electric Company to observe a group of workers performing a task in a natural setting. It is a detailed study of a social organisation and the operation of intra-group forces within a work group. Three groups of workmen whose work was inter-related were chosen for observation. It was known as ‘The Bank Wiring Experiment’. In this experiment, wages were paid on the basis of a group incentive plan, and each member got his share on the basis of the total output of the group. The research team found that the workers evolved its own norm of standard output, which was lower than the management target. The group, according to its standard plan, did not allow its members to increase or decrease the output. Although they were capable of producing more, the output was held down to maintain uniform rate of output. The work group developed a highly integrated social structure and used informal pressure to set right the deviant members. The following code of conduct was maintained for their group solidarity:

- One should not turn out too much work. If one does he is a ‘**rate buster**’.
- One should not turn out too little work. If one does he is a ‘**chesler**’.
- One should not tell a supervisor anything negative about an associate. If one does he is a ‘**squealer**’.
- One should not attempt to maintain social distance or act officious. If one is an inspector, for example, he should not act like one.

After the study Mayo and his team identified the following views of the workers:

- The workers felt that the behaviour of the research team had nothing to do with the management or general economic conditions of the plant.

- The workers viewed the interference of the extra departmental personnel, such as ‘efficiency men’ and other ‘technologists’ as disturbance.
- They thought that the experts follow the logic of efficiency with a constraint on their group activity.
- The supervisors as a separate category represented authority, to discipline the workers.
- The logic of efficiency did not go well with the logic of sentiments, which had become the cornerstone of ‘social system’.

The Mayo and his team concluded that:

- One should not miss the human aspect of organisations, while emphasising technical and economic aspects of the industries.
- The Hawthorne experience suggested a new mix of managerial skills. In addition to technical skills, the management should handle human situations, motivate, lead and communicate with the workers.
- They also felt that overemphasis on the technical progress and material life at the expense of social and human life was not good.
- The concept of authority should be based on social skills in securing cooperation rather than expertise.

Harmony between the informal social system and the formal organisation is the key concept in Mayo’s approach to human relations. An internal equilibrium has to be established and maintained in the organisation. The logic of organisation behaviour is primarily non-rational in economic terms; it is more social and psychological in its roots. Accordingly, management would have to develop diagnostic skills and the capacity to deal effectively with the dynamics of informal groups and the sentiments of the workers.

8.4 ABSENTEEISM IN THE INDUSTRIES

During the Second World War, The turnover of labour in most of the industries in USA was more than 70 per cent and absenteeism was chronic. Alarmed at this state of affairs, the managements of three industries requested Mayo to study the problem of heavy turnover and unjustified absenteeism in the industries and suggest remedial measures. The research began in 1943.

Mayo and his research team found that in one industry in which the turnover was minimum and the absenteeism was negligible, the management was found to have introduced group wage scheme and made it clear that workers would earn group wage without any shortfall in any shift in a day. In the event of any shortfall in any shift, the cut in the wages was uniformly applied. Therefore, all the workers became alert and formed into a group under the leadership of a natural leader who devoted time and energy in consolidating group solidarity. Now it was the turn of the employees to ensure high productivity and smooth functioning of the industry. Mayo found out how an informal group demonstrated its strength and capacity in raising the level of production by cooperating with the management. In the present case, the positive response was possible because the supervisor and his assistants were too busy otherwise and rarely paid any visit to the department. All the work was under the charge of a man who had no official standing and this person emerged as a natural leader of the team. In the case of the other two factories there were neither informal groups nor natural leaders to knit the workers into a team. They were unable to form a team as they were not given an opportunity to form informal teams. Hence, there was heavy turnover and absenteeism of the labour in the production centres of the industries concerned, resulting in very low productivity.

8.5 HAWTHORNE STUDIES/EXPERIMENTS: PRINCIPAL CONCLUSIONS

- The results of the Hawthorne experiments and subsequent studies led to the discovery of the informal organisation and to the inference that the social and psychological factors at work place are the major determinants of workers' satisfaction and organisational output. However, Fritz Roethlisberger, the principal research associate of Mayo, arrived at different conclusion. According

to him the Hawthorne studies reveal that the primary group had as much, if not greater, impact upon productivity as the formally physical surroundings and economic benefits derived from the job.

- Nigro and Nigro remark that, it was upon the foundations laid by discoveries of Mayo's team that the human relations schools or movement of later years was constructed. Negro et al continue: "On the applied level, the movement's objectives were to provide management with social and psychological insights needed to diagnose problems rooted in the informal organisation and to devise the appropriate interventions". Great emphasis was thus placed on the development of human relations skills, which would help supervisors to effectively bridge the gap between the informal and formal organisations.

Based on the Hawthorne studies, scholars have identified the following concepts:

- **Social Norms:** The level of organisational effectiveness is determined by social norms. Principles of administration such as division of work or the physiological capability of the worker are not critical factors in productivity.
- **The Group:** Group standards are a major influence on the behaviour of individuals in organisations; workers do not act or react as individuals, but they do as members of the group. Groups set standards of productivity and enforce them upon all members. The group also provides a shield against executive reprisals. In both ways, the informal group acts as a restraint on executive power.
- **Rewards and Sanctions:** Instead of economic incentives, non-economic rewards such as social rewards and group sanctions are the strong job motivators. They play significant role in guiding the behaviour of the workers.
- **Supervision:** Supervision is most effective when the supervisors involve and consult the group and its informal leaders in order to ensure their acceptance of

organisational objectives. Human relations scholars believe that effective communication, supplemented by a willingness to allow workers to participate in decision-making, is the key to effective supervision.

- **Democratic Administration:** Workers achieve the highest level of effectiveness when they are allowed to manage their own affairs without bossism from their formal supervisors.

From the various studies conducted by the human relations school the following essentials of theory emerge:

- Workers are basically social beings and they must first be understood as people if they are to be understood as organisation members. Their attitudes and effectiveness are conditioned by social demands from both inside and outside the work situation.
- Work is a group activity. Workers may react to management, the organisation, and work itself as members of groups of informal organisations rather than as individuals.
- The need for recognition, security and sense of belonging is more important in determining a worker's morale and productivity than the physical ability or stamina and the physical conditions under which he/she works. In other words, productivity is strongly affected by social and psychological factors, not simply by conditions of work.
- Non-economic factors, i.e. social rewards and sanctions are significant determinants of worker's motivation and their level of job satisfaction. Economic incentives, by contrast, are less powerful as motivators on the job.

- Informal groups (i.e., natural groupings of the people in the work situation) within the work plant exercise strong social controls over the work habits and attitudes of the individual worker. Group standards strongly influence the behaviour of individuals in organisations.
- The most effective style of supervision is created when the managers consult the work groups and their informal leaders before introducing every change in the work schedule. Subsequent theorists of the human relations school have called this participative management. This style of management allows the workers to influence decisions that affect them and leads to the highest level of effectiveness on the part of the workers. It not only prevents the alienation of workers, but also helps to win their acceptance of organisational goals.

8.6 THE HUMAN RELATIONS VS. THE CLASSICAL APPROACHES

While the human relations writers, like the Scientific Management theorists, acknowledge the importance of ‘management’ in production, they differ from them in their basic approach to the organisation which they characterise as a social system consisting of individuals, informal groups and inter-group relationships, in addition to the formal structure. The Human Relations theory is called the ‘neo-classical theory’ because it accepts efficiency and productivity as the legitimate values of organisation, although it relies on a different set of techniques to achieve these values. Both the classical and human relations theories are alike in their objectives but differ in the approaches adopted to accomplish those objectives. The human relationists seek to maximise the values of efficiency and productivity by eliminating dehumanisation approach of the classical approach. The human relations theory differs from the classical theory in the following respects:

- The classical theory focuses on structure, order, the formal organisation, economic factors and rationality. The human relations theory identifies the informal group as a major explanation of the behaviour in the organisation.

- The classical theory emphasises the formal organisation structure consisting of jobs and job descriptions as spelled out in charts and manuals. In contrast, the human relations theory is concerned with the informal organisation, i.e., the social relationships of individual workers within the organisation.
- The classical theory takes the atomistic view of man and considers workers as various cogs in a machine. On the contrary, the human relations theory considers workers essentially as social beings who react to management, organisation and work itself as members of groups rather than as individuals.
- In determining worker's motivation economic rewards and physical conditions of work are regarded as important factors by the classical theorists. In contrast to this, the social-psychological rewards and group sanctions are considered by the human-relationists as important motivators to work.
- The classical theory emphasises the authoritarian style of supervision, while the human relations theory lays emphasis on democratic type of supervision.

The preceding discussion clearly shows that the classical approach and human relations approach have taken two views of organisations. If classical theory has underemphasised the importance of people, the human relations theory. Neither of the approaches is wholly right, although each is partially right. In reality, an organisation is both a formal structure and informal relations among employees. These two aspects of an organisation are not contradictory but allied to each other. Informal organisations do exist in all formal organisations and are not always harmful; they may facilitate teamwork and collaboration. The human relations theorists state that if the aims of management are in line with group norms, harmony and high productivity have a better chance. But, if the aims and methods of management are in conflict with that of group, management aims are likely to suffer. Therefore, it would be in the broader interests of management to

recognise the informal social system and its dynamics and develop harmony between the formal and informal organisation to enhance effectiveness and promote efficiency.

8.7 EVALUATION OF THE HUMAN RELATIONS APPROACH

Although human relations approach is an improvement over the classical approach, it is not free from certain criticisms levelled against it. The more important ones are noted here.

- The human relationists are accused of being as preoccupied with efficiency as the classical theorists. Both wanted to increase material wealth through greater productivity. The human relationists did not go far enough to assert that the ultimate objective of an organisation is to ensure the employee happiness.
- Mayo and his team tried to substitute human relations-oriented supervisors for union representatives. The criticism is, therefore, about not understanding the role of unions in a free society. Scholars like Loren Baritz and other criticise 'Mayoists' as anti-union and pro-management. Marxist-oriented writers have branded the Hawthorne researchers as 'cow sociologists'. They consider that a conflict and tension-free organisational situations are utopian.
- In its emphasis on informal relations and harmony, the human relations theory almost totally ignored the roles of formal structure, technology and conflict in influencing the behaviour of workers. Hence, it is also one-sided. Thus, it does not adequately explain the multifaceted organisational behaviour and organisational relationships.
- The human relations theory has overdrawn the contrast between the formal and informal organisation and does not attempt to synthesise these two aspects of an organisation to an adequate extent.
- Peter F. Drucker criticises human relationists for their lack of awareness of the economic dimension. He feels that they neglect the nature of work and instead focus a great deal on inter-personal relations.

- The research studies of human relations school at the Hawthorne plant covered the behaviour of small groups only and did not deal adequately with the entire organisation. Carey criticises group selected the Hawthorne experiments on methodological grounds. He calls the small groups of ‘cooperative girls’ (samples of five and six) as an inadequate and unreliable sample to make sweeping generalisations. He is also of the opinion that the data only supports the old view about the importance of monetary incentives, leadership and discipline as motivating factors for better performance. His overall criticism is that the Hawthorne investigations lack a scientific base.

8.8 CONCLUSION

In spite of its shortcomings, Mayo’s human relations approach marked a major turning point in the history of administrative theory and practice. According to Bertram M. Gross, Mayo made an attempt to understand the problem of the workers from an angle different from that of the traditional approach of the scientific management era. Indeed, it is regarded as a major development in the American administrative thought of the period, 1900-1939. It has a great deal of impact initially on business administration, but also in the administrative system of state, particularly in the case of bureaucracy.

Mayo’s findings have profoundly changed the nature of organisation theory. His most important finding is to identify the roots of work satisfaction as non-economic and to connect it with the interest taken in a worker’s performance. These findings reverse Taylor’s emphasis on the incentive of monetary rewards and disprove the rigid Taylorist philosophy of self-interest of the worker.

The Hawthorne studies developed a more realistic model of human nature. As a consequence, human beings are recognised as social entities and an influential input into organisational performance. Human beings are regarded as key contributors to organisational efficiency, productivity, and to its goal attainment and hence they have a respectful place in the organisation.

An important discovery of Mayo and his team is the concept of proper management-workers communication, especially between the lower rungs of the organisation and the higher levels. Communication with the leaders of the informal groups is also considered equally important.

Both Taylorism and the Human Relations schools were a response to the changing needs and problems of an industrial society, albeit with different theoretical frameworks. Taylorism emerged during the heyday of the individual ethic, according to which the individual, acting intelligently in pursuit of his own self-interest, would eventually contribute the most to the good of the group. This ethic has never been completely rejected, but with the human relationalists it coexists with a social ethic that “affirms the value of human collaboration and social solidarity”. As William G. Scott notes, “The conditions existing in pre – 20th century America caused an ethic of individualism to make sense for management. Equally, the changing conditions in 20th century America created a climate in which the social ethic has progressively enlarged its role in management philosophy”. Peter Drucker observed in 1973 that management practice did not reflect the key approaches of the human relations school led by Elton Mayo.

But, to the extent to which it has been accepted and acted upon the human relations approach becomes an explicit central facet of organisational theory and behaviour.

8.9 KEY CONCEPTS

Case Study: A research design that focuses upon an in-depth analysis of a single subject. It is particularly useful for the understanding of a dynamic processes over time.

Clinical Method: A variety of research and diagnostic techniques such as interviews, life histories, testing projective techniques and case observation.

Industrial Revolution: A very general term that refers to a society’s change from an agrarian to an industrial economy. The Industrial Revolution of the Western world is considered to have begun in England in the eighteenth century.

Let-off Steam: Express one's complaints/emotional concerns openly.

Turnover: The rate at which employees leave an organisation – usually expressed as a percentage of all workers who leave, resign or are fired in a specified period.

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8.11 ACTIVITIES

1. Identify the measures taken by your organisation towards the human relations.
2. Do you envisage in term of the future work life, does participative organisation seems appropriate? Why or why not.

UNIT 9 VIEWS OF HERBERT A. SIMON ON DECISION- MAKING IN AN ORGANISATION

Structure

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9.0 LEARNING OUTCOME

After reading this unit, you will be able to:

- describe the views of Simon on classical theory;
- explain the decision making and execution of decisions;

- enumerate the values and facts in decision making;
- discuss bounded rationality;
- describe models of decision making behaviour;
- explain models on organisational influence;
- discuss Simon's views on use of computer in decision making;
- and
- evaluate Simon's ideas on administrative Theory.

9.1 INTRODUCTION

Behaviour studies are studies of human behaviour through interdisciplinary approach drawing knowledge from various social science disciplines. The objective of the behavioural approach is to understand human behaviour in the organisation. After the second world war the behavioural approach to public administration emerged as a protest against the inadequacy and unscientific nature of traditional approaches. In the field of administrative behaviour, the major studies have been on bureaucracy, human relations, motivation and decision-making. Herbert A. Simon's contribution has been particularly significant in the field of decision-making.

Simon started his career in Municipal Government; his greatest contribution to Public Administration is his insight into how individuals make decisions in bureaucratic organisations. According to some scholars Max Weber discussed the anatomy of organisations, whereas, Herbert A. Simon discussed its physiology. Some of his important contributions are: Administrative Behaviour (1947), Fundamental Research in Administration (1953), Organisation (1958), and Human Problem Solving (1972).

In recognition of his outstanding contribution in analysing the decision-making process, he was awarded the Nobel Prize in 1978. He was influenced by Mary Parker Follet's ideas on group dynamics in organisation, Elton Mayo's human relations approach. The greatest influence on Simon is Barnard's work on Functions of the Executive.

In this unit, we will discuss about Simon's views on classical theory; decision-making and execution of decision; bounded rationality; models of decision-making behaviour; organisational influence; and use of computers in decision making. This views of Herbert Simon have been adapted from his original book **ADMINISTRATIVE BEHAVIOUR – A Study of Decision-Making Processes in Administrative Organisation.**

9.2 SIMON'S VIEWS ON CLASSICAL THEORY

Herbert Simon calls the principles of administration as proverbs occurring in mutually contradictory pairs. If there is a proverb "Look before you leap", there is another contrary proverb – "He who hesitates is lost". Simon was the who is first to argue that "most of the propositions that make up the body of administration theory today share this defect of proverbs. For almost every principle one can find an equally plausible and acceptable contradictory principle. Although the two principles of the pair will lead to exactly opposite organisational recommendations, there is nothing in the theory to indicate which the proper one to apply is". For example principle of span of control means a superior can control effectively only a limited number of subordinates, if it exceeds the number it will lead to ineffectiveness. The classical scholars are of opinion that a narrow

span of control contributes to a tall hierarchical organisation which comes into conflict with the principles of minimum number of supervisory levels, implying a flat hierarchy. Another principle, the unity of command implies that in an organisation the employee should receive orders from only one superior but it contradicts another principle, that is, the principle of specialisation. The present organisations are highly complex and due to the reasons of specialisation the specialist would receive orders from technical as well as general supervisors.

Simon says that these principles are not scientifically valid and do not have universal relevance. In his opinion, they are little more than “criteria for describing and diagnosing administrative situations. He also finds no compatibility between the perfection of administrative processes as conceived in the POSDCORD formula, and their utility in the attainment of objectives. Through his attacks, Simon points to the yawning gulf, between the principles and practice.

Administration is defined as the art of getting things done. Here emphasis is placed upon processes and methods for ensuring clear-cut action. In this context, principles are set forth for securing concerted action from groups of men. Simon, is of the opinion that not much attention was hitherto paid to the choice which prefaces all action -- to determining of what is to be done, rather than to the ‘actual doing’. The decision aspect did not receive proper attention. According to Simon without a deeper understanding of this dimension, which is related to the behaviour of man in the organisation, the study of administration would remain largely inadequate.

Simon asserts that we all know that every administrative activity involves both “deciding” (decision) and “doing” (action), it has not commonly been recognised that a theory of administration should be concerned with the processes of decision as well as with the processes of action. This process is known as decision-making process.

Simon feels that the neglect of this process perhaps stems from the notion that decision-making is confined to the formulations of overall policy. On the contrary, the process of decision does not come to an end when the general purpose of an organisation has been determined. The task of “deciding” pervades the entire administrative organisation quite as much as does the task of “doing” – indeed, it is integrally tied up with the latter. A general theory of administration must include principles of organisation that will ensure correct decision-making, just as it must include principles that will insure effective action. The reason for such an ambiguity, according to Simon, is the ‘inadequate’ diagnosis of the situation and definitions of terms and lack of detailed research into real situations.

Any theoretical construct, should possess a frame of reference, with universal validity. It is this methodological approach that led to the growth of the study of administrative behaviour with a focus on authority and decision-making. According to Simon, unlike the principles, which have a contextual relevance, the decision-making, is a universal process and hence can form the base for wider organisational analysis.

9.3 EXECUTION OF DECISIONS AND THE ROLE OF INFLUENCE

In any organisation there are three types of employees. The top level is considered important as they are entrusted with the crucial functions of decision-making. Below the top level and above the lowest level there are supervising staff that affect the organisation work. The supervisory staff/the non-operative staff of an administrative organisation participate in the accomplishment of the objectives of that organisation to the extent that they influence the decisions of the operatives – the persons at the lowest level of the administrative hierarchy. The latter carry out the actual physical tasks of the organisation.

For example, in any war, it is the soldiers who have direct contact with the enemy soldiers, and actually fight in the battlefield. They may take many decisions at their own level. But the overall strategy formed by the Generals, who are not actually involved in the battle, would determine the outcome of the battle. Even in an automobile industry, the automobile is built not by an engineer or the executive, but by the mechanic on the assembly line. In the same way the fire is extinguished not by the Fire Chief, but by the team of firemen who play a hose on the blaze.

It is equally clear that in an organisation the persons above this lowest or operative level in administrative hierarchy have very important role to play in the accomplishment of the organisational goals. As far as physical effect is concerned, it is the soldier, not the General or it is fireman, not the Captain or it is mechanic not the engineer, who is actually involved in fighting the battle, or assembling the automobile, or playing the hose in the blaze. But we all know that it is the General or Engineer or Fire Chief who plays very important role as he/she is

entrusted with the crucial function of decision-making and in realising the organisation goals.

How then, do the administrative and supervisory staff of an organisation affect that organisation's work? The non-operative staff of an administrative organisation participate in the accomplishment of the objectives of that organisation to the extent that they influence the decision of the operatives – the persons at the lowest level of the administrative hierarchy.

In a very small organisation the influence of supervisory staff upon the operative staff is direct, but in units of larger size they are interposed between the top executives and the operative employees. Several levels of middle level supervisors who are themselves subject to influences from above, and who transmit, elaborate, and modify these influences before they reach the operatives.

The supervisory staff at the middle level influences the operative group toward a pattern of coordinated and effective behaviour.

The term “influencing” rather than “directing” is used here, for direction – that is, the use of administrative authority – is only one of several ways in which the administrative staff may affect the decisions of the operative staff; and, consequently, the construction of an administrative organisation involves more than a mere assignment of functions and allocation of authority.

According to Simon, in the study of organisation, the operative employee must be the focus of attention, for the success of the structure will be judged by his performance within it. Due to these

reasons he asserts “insight into the structure and function of an organisation can best be gained by analysing the manner in which the decisions and behaviour of such employees are influenced within and by the organisation.

9.4 CHOICE AND BEHAVIOUR

Human behaviour involves conscious or unconscious selection of particular actions out of all those that are physically possible to the person and to those persons over whom he exercises influence and authority.

The term ‘Selection’ i.e., selection of choice refers to preference of a course of action over other courses of action open to the decision-maker. In many cases the selection process consists simply of an established reflex action, i.e., the choice and the action are directly related. For example, a typist hits a particular key with a finger because a reflex has been established between a letter on a printed page and this particular key. Here the action is, in some sense at least, rational (i.e. – goal –oriented), yet no element of consciousness or deliberation is involved.

In other cases the selection is itself the product of a complex chain of activities called “planning” or “design” activities. For example, if we want to construct a bridge the engineer would decide on the basis of extensive analysis that a particular bridge should be of such and such a design. His design, further implemented by detailed plans for the structure, will lead to a whole chain of behaviours by the individuals constructing the bridge i.e. the rest of the activities will have to be tailored to the design.

Decision-making process involves three important phases as activities. They are discussed below.

Stages in the decision-making process

Simon explains that decision-making is a process of problem definition, of development alternatives, appraisal of alternatives and selection of solution. Thus, according to Simon, the following stages are involved in administrative decision-making:

Identification of Problem

This activity involves finding occasions to take decisions. For this the executive has to analyse and understand the organisational environment. He has to begin with the identification of the problem to be solved. Recognition of such a problem establishes the need for a decision. Problem determination involves intelligence activity.

Search for Alternatives

Once the problem to be solved has been recognised, the administrator begins the search for all various possible courses or strategies or alternatives and identifies the merits and advantages as well as problems involved in each of the alternatives, which would achieve the solution to the defined problem. This second step is called the design activity.

Evaluation of Alternatives

Once alternatives have been developed, the administrator begins the third step: critically evaluating the different consequences and costs of all the alternative courses available.

Selection of Solution

The last step in the decision-making process takes place when the strengths and weaknesses of all the alternatives have been ascertained. The final step is the selection of the most appropriate available alternative, which enables the attainment of objectives at lowest cost. This is called the choice activity.

The four steps in the decision-making process mentioned above require certain skills such as judgement, creativity, quantitative analysis and experience. Although a small fraction of time is spent in choosing between alternatives, a substantial chunk is spending on other related activities in the decision-making process.

9.5 VALUES AND FACT IN DECISION-MAKING

The effectiveness of a course of action depends upon the capacity of that decision to attain the goals that are set. The selection of a correct choice is related to the individual's preference. This deals with the question of 'values'. The effectiveness of a course of action depends upon the information available at a given point of time. This is related to 'facts'. Value is the expression of a preference. It can only be subjectively asserted as valid. Fact, on the other hand, is a statement of reality. It can be proved by observable means. Choice or decision involves both facts and values. They clarify the criteria in analysing the ethical and factual elements involved in a decision.

Every organisation has a purpose. The behaviour of individual in organisation is purposive or oriented toward the attainment of goals or objectives. This purposiveness of the organisation for the attainment of the goals brings about an integration in the pattern of behaviour, in the absence of which administration would be meaningless. If administration consists in “getting things done” by a group of people, purpose gives direction in determining what things are to be done and the things that should not be done.

In the process, even minute decisions that govern specific actions are inevitably instances of the application of broader decisions relative to purpose and to method. Simon gives the example of a man walking. He describes the process as follows:

The walker contracts his leg muscles in order to take a step; he takes a step in order to proceed towards his destination; he is going to the destination, a mail box, in order to mail a letter; he is sending a letter in order to transmit certain information to another person, and so forth. Each decision involves the selection of a goal, and behaviour relevant to it; this goal may in turn be intermediate to a somewhat more distant goal; and so on, until a relatively final aim is reached. In so far as decisions lead toward the selection of final goals, they will be called “value judgements”; so far as they involve the implementation of such goals they will be called “factual judgements”.

For instance, in the budgeting of a local body the council has to decide on what items the amount should be allocated. This depends on the priorities. The decisions whether to allocate more amount to roads or parks, education or health are inter-linked with the 'value judgements'. Once the priorities are decided, then the implementation mostly depends on 'factual judgements'. For instance, the length of the road, the connecting points, and the type of road, etc., are decisions related to factual judgements.

Value decisions and factual decisions do not exist. Values and facts are only the premises and components, which are intertwined. Problems do not come to us as value decisions or factual decisions.

9.6 THE HIERARCHY OF DECISIONS

It is difficult to think of organisation without hierarchy. Hierarchy means a graded organisation of several successive steps or levels. All organisations have purposes. In order to achieve that purpose, it divides its jobs into various functions or units and further sub-units until one reaches the base. The concept of purposiveness involves a notion of a hierarchy of decisions each step downward in the hierarchy consisting of implementation of the goals set forth in the step immediately above. Behaviour is purposive in so far as it is guided by general goals or objectives; it is rational in so far as it selects alternatives, which are conducive to the achievement of the previously selected goals.

It should not be inferred that this hierarchy or pyramid of goals is perfectly organised or integrated in any actual behaviour. A governmental agency, for instance, may be directed simultaneously

toward several distinct objectives i.e. the government agencies seeks to achieve many goals for example, a recreation department may seek to improve the health of children, to provide them with good uses for their leisure time, and to prevent juvenile delinquency, as well as to achieve similar goals for the adults in the community. It is the complexity that makes perfect integration extremely difficult. However, certain amount of integration will have to be achieved in reality, without which no purpose can be achieved. The above discussion, you would notice, unfolds two important dimensions of behavioural approach: (1) the policy-making and the implementation; (2) the involvement of facts and values in decision-making. It highlights that the decisions at the lower levels involve more of factual judgements. In the decision-making process, choosing of ends involves selection of an alternative based on value judgement and factual judgement in selection of means to achieve the end. Rationality in the decision-making process largely depends upon the correct choice of both the 'value judgement' and 'factual judgement'.

9.7 RATIONAL DECISION-MAKING

Simon's decision-making formula assumes that the rational administrator has perfect knowledge of the possible courses of action and their consequences and has equal access to the relevant information on all or any of them. But, this is rarely the case in the real world because administrators operate in the face of numerous limitations in decision-making activities. The various limitations, which stem from the decision-maker's deficiencies in knowledge about various things and the structural arrangement of the organisations, are as follows:

- The decision-maker rarely knows the full range of possible solutions to the defined problem.
- His knowledge of the consequences of each possible alternative strategy is limited.
- His information is inadequate.
- He lacks sufficient time to examine fully each possibility and its consequences.
- Lack of knowledge about the future events in which the decision will be operating.
- Decision-maker's habits, personal beliefs, and intellectual capacity.
- The influence, conventions, and behavioural norms of informal groups.
- Organisational factors such as the rules and procedures of formal organisation, its channels of communication, etc.
- External pressures.

Looking at the above, we note that in the simpler situations analysing the sequence is easier and, therefore, a better and rational decision is possible. In complex situations, which involve a large network of decisions in different phases, rationality in the decision-making is bound to suffer. But Simon emphasises that all decision-making should be based on rational choices. He defines rationality as one "concerned with the relation of a preferred behaviour alternative in terms of some system of values whereby the consequences of behaviour can be evaluated". This requires that the decision maker should have knowledge about all available alternatives. The decision maker should also be able to anticipate the consequences of each of the alternatives.

Simon explains that there are six different types of rationality viz., objective, subjective, conscious, deliberate, organisational and personal. Simon differentiates between these different types of rationality. A decision is:

- objectively rational where it is correct behaviour for maximising given values in a given situation;
- subjectively rational if the decision maximises attainment relative to knowledge of the subject;
- consciously rational where adjustment of means to ends is a conscious process;
- deliberately rational to the degree that the adjustment of means to ends has been deliberately sought;
- organisationally rational to the extent that it is aimed at the organisation's goals; and
- personally rational if the decision is directed to the individual's goals.

9.8 BOUNDED RATIONALITY

Simon recognises these limitations to the decision-making processes and disputes the concept of total rationality in administrative behaviour. He is of the opinion that human behaviour is neither totally rational nor totally non-rational. He, therefore, falls back on the concept of 'bounded rationality' to explain the way in which decisions are made in reality. Operating under conditions of 'bounded rationality' a practical decision-maker has not the wits to maximise on decisions of any significance. On the other hand, he

makes only satisficing (a word derived from the combination of ‘satisfy’ and ‘suffice’) decisions, that is, decisions do not maximise, and they only satisfy and suffice. In other words, the practical decision-maker looks for a satisfactory course of action in solving a problem rather than making an endless search for an ideal solution. He takes into account only those few factors of which he is aware, understands, and regards as relevant in making decisions.

According to Simon, the fundamental criterion guiding an administrator in all aspects of decision-making must be “efficiency”. In Public administration the efficiency criterion dictates the choice of that alternative which produces the largest result for the given application of resources. Simon finds the efficiency criterion applicable to low level decisions also. He thus concedes the significance of efficiency for the lower rungs of administration too.

9.8.1 Types of Decisions

Simon distinguishes between two types of decisions (i) programmed decisions and (ii) non-programmed decisions. These terms have been derived from computer literature.

- (i) *Programmed decisions* are standing decisions. A programme in computer literature is a plan for automatic solution. In organisation there are decisions, which are repetitive and routine in nature. A definite procedure can be worked out for handling them, as they may not be treated as new and, therefore, no adhoc decisions are called for. Programmed decisions are available to administrators as guides in solving those problems that recur frequently.

Programmed decisions are generally used for routine cases such as tenders and contracts, compensation policy and salary administration.

- (ii) *Non-Programmed decisions* when decisions are not repetitive, routine and cannot rely much on the past practices, established rules, regulations and procedures and which are inadequate to deal with the new kind of situations the organisation has to be obviously creative and innovative. Non-programmed decisions thus call for more ingenuity, consultation, and a degree of risk taking. They are new, unstructured and consequential. There is no cut-and-dried method for handling them. They require creativity and a greater amount of judgement in treating each independently. Basically these are special purpose decisions. Their life is short since they exist for a particular or single use. .

According to Simon there are different techniques for handling the programmed and non-programmed aspects of decision-making. To deal with programmed decisions the techniques adopted are habit, knowledge and skills, and informal channel. Whereas for non-programmed decisions the techniques adopted are selection and training of executives possessing higher skills, innovative ability etc. Simon is of opinion that the use of mathematical models, computer simulation and electronic data processing may prove to be revolutionary in making decisions rationally.

9.9 MODELS OF DECISION-MAKING BEHAVIOUR (ADMINISTRATIVE MAN)

There are many models of decision-making behaviour. These models attempt to determine the extent of rationality of the decision-makers. The models range from complete rationality to complete irrationality of the economic man and the social man respectively. Simon develops a more realistic model of administrative man who stands next to the economic man.

The behaviour of an individual in an administrative situation is conditioned by organisational factors such as the expected role of the position, obligations and duties, concern for public interest, and moral and ethical responsibilities. It is therefore, impractical for administrative man to maximise the choice. Economic man maximises – selects the best alternative from among all those available to him, whereas the administrative man cannot perceive all possible alternatives nor can predict all possible consequences. Instead of attempting to arrive at ‘optimal solutions’, the administrative man is satisfied with ‘good enough’ or ‘somehow muddling through’. Examples of satisficing criteria, familiar enough to businessmen and unfamiliar to most economists, are “share of market”, “adequate profit” and “fair price”. Economic man deals with the “real world” in all its complexity. Again, as the administrative man recognises that the world he perceives is the simplified version of the real world, he makes his choices using a simple picture of the situation that takes into account just a few of the factors that he regards as most relevant and crucial. Thus the administrative man makes his choice without ‘examining all possible alternatives’, ‘with relatively simple rules-of-thumb that do not make impossible demands upon his capacity for thought’. Since Simon’s administrative man does not have the ability to maximise, he always ends up with satisficing solutions. However, the difference between

maximising and satisficing is relative. Under certain conditions satisficing approaches also maximise, whereas under other conditions satisficing and maximising are very far apart.

The construct of a model depicting the administrative man is followed by attempts at understanding the impediments and obstacles that come in the way of maximisation. According to Simon resistance to change, desire for status, or dysfunctional conflicts caused by specialisation, etc., may impede maximisation.

9.10 DECISION-MAKING IN THE ADMINISTRATIVE PROCESS

Administrative activity is a group activity. If a man can plan and execute his own work there is no need of developing any process. But as a task grows to the point where the efforts of several persons are required to accomplish it, this is no longer possible. It, therefore, becomes necessary to develop a process for the application of organised effort to the group task. The techniques, which facilitate this application, are the administrative processes.

Administrative process as you know is a decisional process. This process, according to Simon, involves three important steps. They are segregating certain elements in the decisions of members of the organisation, and *establishing regular organisational procedures to select and determine these elements and to communicate them to the members of the organisation*. For example, if the task of the group is to build a ship, a design for the ship is drawn and adopted by the organisation, and this design limits and guides the activities of the persons who actually construct the ship. The organisation, then, takes

away from the individual a part of his decisional autonomy and substitutes it with organisational decision-making process. Organisational decision-making processes specify (1) his function, that is, the general scope and nature of his duties; (2) allocate authority, that is, determine who in the organisation is to have power to make further decisions for the individual; and (3) set such other limits to his choice as are needed to coordinate the activities of several individuals in the organisation.

The following are some of the practices that emerge from the structuring of behavioural choice.

- *Specialisation:* Specialisation is a characteristic of organisations. In this particular practice tasks are allotted/delegated to different levels in the organisation. The specialisation may take a form of “vertical” division of labour. A pyramid or hierarchy of authority may be established, with greater or less formality, and decision-making functions may be specialised among the members of this hierarchy.

Many Scholars of organisation have emphasised “horizontal” specialisation – the division of work – as the basic characteristic of organised activity. Simon emphasises vertical specialisation. He examines the reason as to why the operative employees are deprived of a portion of their autonomy in the making of decisions and subjected to the authority and influence of supervisors.

He gives three reasons for vertical specialisation in organisation. First, if there is any horizontal specialisation, vertical specialisation is absolutely essential to achieve coordination among the operative employees. Second, just as horizontal specialisation permits greater skill and expertise to be developed by the operative group in the performance of their tasks, vertical specialisation permits greater expertise in making decisions. Third, vertical specialisation permits the operative personnel to be held accountable for their decisions; to the board of directors in the case of a business organisation; to the legislature in the case of a public agency.

- *Coordination:* Group behaviour requires not only the adoption of correct decision, but also adoption of the same decision by all members of the group. A group of people decide to cooperate in building a boat. If each has his own plan and if they do not communicate their plans, chances of a good boat construction are very bleak. They would be able to achieve better results if they adopt a design, and execute it. He further observes that by exercise of authority or other forms of influence, it is possible to centralise the function of deciding so that a general plan of operations will govern the activities of all members of the organisation. Such coordination may be either procedural or substantive in nature. By procedural coordination is meant the specification of the organisation itself – that is, the generalised description of the behaviours and relationships of the members of the organisation. Procedural coordination establishes the lines of authority and outlines the sphere of

activity of each organisation member, while substantive coordination specifies the content of his work. In an automobile factory, an organisation chart is an aspect of procedural coordination; blueprints for the engine block of the car being manufactured are an aspect of substantive coordination.

- *Expertise:* There is a need for specialised skill at the operative level. The work in the organisation must be subdivided so that persons possessing those skills can perform all the processes requiring a particular skill. Likewise, to gain the advantage of expertise in decision-making, the responsibility for decision must be so allocated that all decisions requiring a particular skill can be made by persons possessing that skill.
- *Responsibility:* The primary function of administrative organisation is to enforce conformity of the individual to norms laid down by the group. The discretion given to the subordinate personnel is limited by policies determined by top administrative hierarchy. Thus, autonomy in the decision-making is restricted at various levels.

9.11 MODELS OF ORGANISATIONAL INFLUENCE

The decisions of the top management will have no effect upon the activation of operative employees unless they are communicated downwards. This process requires an examination of the ways in which the behaviour of the operative employee can be influenced. These influences fall approximately into two categories (1)

establishing in the operating employee himself attitudes, habits and a state of mind which lead him to reach that decision which is advantageous to the organisation, and (2) imposing on the operating employee decisions reached elsewhere in the organisation. The first type of influence can operate by inculcating in the employee *organisational loyalties* and a *concern with efficiency*, and more generally by *training* him. The second type of influence primarily depends upon *authority* and upon *advisory and informational* services. It is not insisted that these categories are either exhaustive or mutually exclusive.

Authority

Chester Barnard devoted considerable attention to the concept of authority. The organisational culture, as pointed out earlier, builds the myth of authority in such a way that subordinates carry out the order coming from superiors above without questioning them. When exercising the authority the superior does not seek to convince the subordinate, but expects acceptance of the orders readily. Barnard, however, maintains that authority lies with the subordinate who is accepting it and not with the superior who is exercising it. But in practice, the authority is usually liberally admixed with suggestion and persuasion. Although it is an important function of authority to permit a decision to be made and carried out even when agreement cannot be reached. Perhaps this arbitrary aspect of authority has been over-emphasised. In any event, if it is attempted to carry authority beyond a certain point, which may be described as the subordinate's "zone of acceptance" disobedience will follow. The magnitude of the zone of acceptance depends upon the sanctions which authority has available to enforce its commands. The term "sanctions" must be

interpreted broadly in this connection, for positive and neutral stimuli – such as community of purpose, habit, and leadership. Sanctions are at least as important in securing acceptance of authority as the threat of physical or economic punishment.

Organisational Loyalties

In any organisation its members tend to identify themselves with that group. This is an important characteristic of human behaviour. They take decisions keeping in view the interests of the organisation with which they have identification. The organisation good always dominates the consciousness of the member. It is this conception of good that makes him loyal and enables him to take decisions, which would be in conformity with the good of the organisation. Thus, the behavioural choice is narrowed down by the *organisational loyalties* and facilitates homogeneity of behaviour rendering group work possible. Each member of the organisation would also have a limited range of values, which is essential to ensure accountability. But the problem in *organisational loyalty* is that each individual takes a narrow view of the organisation and ignores the broader organisational interests. Simon opines that as one moves higher in the organisation, greater would be the need for a broader outlook.

Criterion of Efficiency

The exercise of authority and the development of organisational loyalties are the important means through which the individual's value-premises are influenced by the organisation. But in every decision-making process there are also factual judgements. They are influenced by the criterion of efficiency. The concept of efficiency

involves shortest path and the cheapest means in the attainment of the desired goals. The efficiency criterion is largely neutral as to what goals are to be attained. The order “be efficient” is a major organisational influence over the decisions of members of any administrative agency.

Advice and Information

The communication flow in an organisation is also important in shaping the decision-making process. Advice and information available to an individual is an important input in making factual judgements. The organisation, which is capable of facilitating effective communication can not only condition the behavioural choice but also ensure uniformity of judgement and action.

Training

Training is a device, which prepares members of an organisation to take satisfactory decisions, without the need for the constant exercise of authority or advice. In this sense, training procedures are alternatives to the exercise of authority or advice as means of control over the subordinate’s decisions. It equips an individual in methods of using his discretion in conformity with the design and the goals of the organisation. This is also a device through which the information and the necessary goals are transmitted to an individual. Training may provide him a frame of reference for his thinking; it may teach him “approved” solutions; or it may indoctrinate him with the values in terms of which his decisions are to be made.

9.12 SIMON'S VIEWS ON EFFICIENCY

We have seen that, in the factual aspects of decision-making, the administrator must be guided by the criterion of efficiency. This criterion requires that results be maximised with limited resources. The criterion of efficiency is most easily understood in its applications to commercial organisations that are largely guided by the profit objective. The criterion of efficiency demands that, of the two alternatives having the same cost, that one be chosen which will lead to the greater attainment of the organisational objectives; and that, of the two alternatives leading to the same degree of attainment, that be chosen which entails the lesser cost. This 'balance sheet' efficiency involves, on the one hand, the maximisation of income, if cost is considered as fixed; and on other hand, the minimisation of cost, if income is considered as fixed. In practice, of course, the maximisation of income and the minimisation of cost must be considered simultaneously – that is, what is really to be maximised is the difference between these two.

The criteria of efficiency is closely related to both organisation and conservation objectives. It is related to organisational objectives in so far as it is concerned with maximisation of 'output'. It is related to conservation objectives in so far as it is concerned with the maintenance of a positive balance of output over input. Where resources, objectives and cost are all variable, organisation decisions cannot be reached purely on the basis of considerations of efficiency. Where the amount of resources and the organisation objectives are givens, and are outside the control of the administrator, efficiency becomes the controlling determinant of administrative choice.

A potent device for the improvement in the governmental decision processes, both legislative and administrative, is the budget document. The improvement of budgetary methods will:

- (i) permit a more effective division of labour between the policy formulating and administrative agencies, and
- (ii) focus attention upon the social production functions and their critical role in decision-making.

In later years Simon has downgraded the efficiency criteria and observes that it applies only to lower level decisions, as higher-level decisions do not lend themselves to measurements and comparability.

9.13 SIMON'S VIEWS ON USE OF COMPUTER IN DECISION-MAKING

According to Simon, the major problems of governmental organisations today are not problem of departmentalisation and coordination of operating units. Instead, they are problem of organising information storage and information processing – not problems of the divisions of labour, but problems of the factorisation of decision-making. These organisational problems are best attracted, at least to a first approximation, by examining the information system in abstraction from agency and department structure. Discussing about the decision-making, he observes that there has been a revolution in the recent past in the use of techniques such as mathematical tools, operations research, electronic data processing, systems analysis, computer simulation in decision-making etc. Use of these techniques will reduce the dependency on the middle managerial personnel and lead to centralisation in decision-making.

He specially says use of computers and the new decision-making techniques will lead to re-centralisation. He points out also that the use of new techniques of decision-making will radically change the concept of delegating responsibility and decentralising decision-making. This will also make possible for more rational and coordinated communications of decision than is otherwise possible. With the increasing use of computers more and more decisions can be programmed, which in turn increases rationality in decision-making process and behaviour and thereby increase organisational rationality. This makes the executive's work easier, and satisfying.

The new problems created by our new scientific knowledge are symptoms of progress, not omens of doom. They demonstrate that man now possesses the analytic tools that are basic to understanding his problems ---- basic to understanding the human condition.

Of course, to understand problems is not necessarily to solve them. But it is an essential first step. The new information technology enables us to take that step.

9.14 EVALUATION OF SIMON'S IDEAS ON ADMINISTRATIVE BEHAVIOUR

Simon's idea on administration and decision-making has been questioned by a number of scholars. Firstly, they do not agree with Simon's view that efficiency is the most important goal of administrative organisations. They point out that satisfaction of various interests, the production of goods and services, mobilising resources and using the most rational techniques are equally important objectives.

Secondly, they have objected that the exclusion of values, which are an essential part of policy determination, would limit the study of public administration to mechanical, routine and unimportant aspects. His fact-value dichotomy, critics argue, resembles in one way the politics-administration dichotomy of the classical writers. They are of opinion that the idea of a fact-based administrative theory of Simon is more relevant to business administration than to public administration. There are difficulties in measuring the consequences of many government actions and their costs.

Thirdly, Simon gives much importance to the role of decision-making and relegates the role of social, political, economic and cultural factors to the background in analysing administrative behaviour. Although decision-making is an important variable in the organisational situation, it alone is not enough to explain the total picture of an organisation.

Fourthly, Simon importance to rationality in decision-making. But, decision-making is a process, which involves both rational and non-rational dimensions. Simon fails to recognise the role of intuition, tradition and faith in decision-making. His theory uses the concept of 'satisficing'. The concept may be used to justify all those decisions that are less than optimal.

Finally, it is said that Simon's rational decision-making model remains an abstraction and hence an unattainable ideal in the real world. In the practical world of administration, the elaborate search processes may not be feasible as there is always demand for immediate decision and action than cool contemplation. Further,

Simon's theory is also criticised as extremely general; although it provides the framework, it does not supply adequate details to guide organisation planners.

9.15 CONCLUSION

Despite all the imperfections mentioned above, Simon's contribution is undoubtedly a major breakthrough in the evolution of administrative theory. The decision-making theory of Simon provides a new paradigm in administrative theory. Simon's criticism of the principles approach of the classical writers, and his stress on behavioural approach based on logical positivism have emphasised the need to reformulate administrative theories along much sounder lines than before. He emphasises the importance of the concept of decision-making for theories of administration to develop. His penetrating study of the dynamics of decision-making process provides a deep insight into administrative behaviour. His "Administrative Behaviour" has completely reoriented the study of public administration in the decades that followed its publication in 1947. Following Simon's work, several major theorists such as Michel Crozier, Anthony Downs, Gordon Tullock, Victor Thompson, Dwight Waldo and R.T. Golembiewski made contributions to administrative behaviour. In some ways, , Herbert Simon laid the foundation for the development of a new administrative theory. In recognition of his substantial contribution to the social sciences he was awarded the Nobel Prize, meant for Economics. Simon's work also provides a bridge between public administration and business management.

9.16 KEY CONCEPTS

Zone of acceptance: It refers to the area or the extent to which the subordinate is willing to accept the decisions made by the supervisor. In Indian parlance it is called 'Lakshmanarekha'.

Boundary spanning: Representing an organisation to outside groups and organisations.

Satisfice Satisficing: Accept a satisfactory and sufficient amount of information upon which to base a decision. Herbert Simon invented this word to help explain his theory of bounded rationality or limited rationality.

Re-centralisation: With widespread use of computers for information processing required for decisions, control of the top management has increased. Simon calls this re-centralisation.

9.17 REFERENCES AND FURTHER READING

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9.18 ACTIVITIES

Q.1 Describe the criticisms of Simon on principles of classical theory.

Q.2 Explain the models of organisational influence. How far do they contribute to organisational decision-making?

Q.3 Discuss Simon's theory of decision-making.

UNIT-10 : ORGANISATIONAL STRUCTURE, PROCESSES AND FUNCTIONING

Structure

- 10.0 Learning Outcome
- 10.1 Introduction
- 10.2 Concept of Organisation
- 10.3 Characteristics of Organisation
- 10.4 Types of Organisations
- 10.5 Organisational Goals
- 10.6 Organisation Structure
- 10.7 Organisation – Environment Interface
- 10.8 Organisation Development and Change
- 10.9 Conclusion
- 10.10 Key Concepts
- 10.11 References and Further Reading
- 10.12 Activities

10.0 LEARNING OUTCOME

After studying this unit, you should be able to:

- Know the concept of organisation.

- Understand characteristics and types of organisations.
 - Discuss organisational goals, organisation structure. and
 - Explain Organisation-Environment interface and organisation change.
-

10.1 INTRODUCTION

Organisations are pervasive in modern organisational society. In fact, the existence of organisations is as old as civilisation. They meet any kinds of human need – social, emotional, spiritual, intellectual and economic. Argyris stated that organisations are usually formed to meet objectives that can best be met collectively. Organisations are social inventions for accomplishing goals through group effort. They combine structure and relationship – technology and human beings. In this unit an attempt has been made to discuss organisational structure, processes and functioning.

10.2 CONCEPT OF ORGANISATION

Organisations are different creatures to different people, and this phenomenon is unavoidable. Thus organisations are defined according to the contexts and perspectives peculiar to the person who is defining it. For example, Victor A. Thompson states that an organisation is a highly rationalised and impersonal interaction of a large number of specialists cooperating to achieve some announced specific objective”, Chester I. Barnard defines an organisation as “ a system of consciously coordinated personal activities or forces of two or more persons”, E. Wight Bakke says an organisation is “a continuing system of differentiated and coordinated human activities utilising, transforming, and welding together a specific set of human material, capital, ideational and natural resources into a unique, problem-solving whole whose function is to satisfy

particular human needs in interaction with other systems of human activities and resources in its particular environment”. These definitions are quite different and lead to quite different conclusions. Bakke, a social psychologist viewed organisation in sociological point of view, with little regard for how organisations get their tasks accomplished. Conversely, Barnard explained in his definition how cooperation and coordination were achieved in organisations. Thompson’s emphasis is on rationality, impersonality, and specialisation in organisation. None of these definitions is wrong. Different theorists have emphasised different characteristics of organisation. In other words, it is very difficult to define the term organisation precisely bringing all the characteristics of a good definition. The basic reason for this is the non-standardised use of the term organisation. For example, Urwick states that: “In English-speaking countries, and particularly in the USA, the term organisation has two popular meanings or usages. And these are incompatible. First, there is the meaning or usage in which the term was employed by the so-called classicists of management. There is a second usage of the term organisation which is very general particularly in the USA, but also in Great Britain. That is synonymous for the corporation or undertaking, the human group regarded as a whole. That these usages of the same term are incompatible is obvious”. Thus the term organisation is used in two ways: organisation as a process and organisation as a unit. Naturally a single definition cannot cover both.

As a subject matter of organisational analysis, the term organisation is used in the sense of organised unit. In this context, Barnard feels that it is the individual who must communicate and must be motivated; it is he who must make decisions. Individuals are the basis for the existence of the organisation. He states that: “An organisation comes into existence when there are a number of persons in communication and relationship to

each other and are willing to contribute to a common endeavour”. According to Barnard, there are four characteristics of the organisation: (i) Communication, (ii) Cooperative efforts, (iii) Common objectives, and (iv) Rules and regulations.

Weber has defined organisation as corporate group. Accordingly, “A corporate group is a social relation which is either closed, or limits the admission of outsiders by rules,...its order is enforced by the actions of specific individuals whose regular function this is”. Weber’s definition has served as the basis for many other definitions of the organisation. His focus is basically on legitimate interaction patterns among organisational members as they pursue goals and engage in activities. Parsons has emphasised structuring and restructuring of human groups for certain specified goals as the basis for constituting an organisation. He defines organisation as “social units (or human groupings) deliberately constructed and reconstructed to seek specific goals”. Based on this definition, Etzioni stresses three characteristics of the organisations: (i) division of labour, (ii) the presence of one or more power centers, and (iii) substitution of members.

Scott has defined organisation more elaborately. He defines organisation as collectivities...that have been established for the pursuit of relatively specific objectives on a more or less continuous basis. Scott has emphasised the characteristics of organisations as relatively fixed boundaries, a normative order, authority rank, a communication system and an incentives system which enables various types of participants to work together in the pursuit of goals. Hall has elaborated this definition further when he defines organisations:

“a collectivity with relatively identifiable boundary, a normative order, authority ranks, communication systems, and membership coordinating systems; the collectivity exists on a relatively continuous basis in an environment and engages in activities that are usually related to a goal or set of goals.

This definition provides the basic identifiable characteristics of organisations. A review of definitions reveals that Organisations are complex entities that contain a series of elements and are affected by many diverse factors. Thus, *the organisation may be defined as human group deliberately and consciously created for the attainment of certain goals with rational coordination of closely relevant activities.*

10.3 CHARACTERISTICS OF ORGANISATION

Organisations have the following distinguished characteristics.

1. Identifiable Aggregation of Human Beings. Organisation is an identifiable aggregation of human beings. The identification is possible because human group is not merely a number of persons collected at random, but it is a group of persons who are interrelated. Identifiable aggregation does not mean that all the individuals know each other personally because, in large organisations, this is not possible. The identifiable group of human beings determines the boundary of the organisation. Such boundary separates the elements belonging to the organisation from other elements in its environment. The amount of interaction can be thought of in terms of permeability of the organisation's boundary. This refers to the flow of both people and information across the boundary.

2. Deliberate and Conscious Creation. Organisation is a deliberately and consciously created human group. It implies that relationship between organisation and its members is contractual. They enter in the organisation through the contract and can be replaced also, that is, unsatisfactory persons can be removed and others assigned their tasks. The organisation can also recombine its personnel through promotion, demotion, and transfer. As such, organisation can continue for much longer period than their members. Such deliberate and conscious creation of human groups differentiates between casual or focused gathering having transitory relationships like a mob and social units.

3. Purposive Creation. The organisation is a purposive creation, that is, all the organisations have some objectives or set of objectives. The objectives are mutually agreed upon by the members of the group. An organisational objective is a desired state of affairs, which the organisation attempts to realise. Organisations are, thus, intervening elements between needs and their satisfaction. The success or failure of an organisation is measured in terms of achievement of its objectives.

4. Coordination of Activities. In the organisation, there is a coordination of closely relevant activities of the members. The coordination is necessary because all the members contribute to commonly agreed goals. The object of coordination is activities, not individuals, as only some of the activities of individuals are relevant to the achievement of a particular objective. From this point of view, the organisation must spell out the activities or roles, which must be fulfilled in order to achieve the goal. Which particular person performs this role may be irrelevant to the concept of organisation, though it will be relevant how well the organisation actually operates.

5. Structure. The coordination of human activities requires a structure wherein various individuals are fitted. The structure provides for power centers which coordinate and control concerted efforts of the organisation and direct them towards its goals. It is obvious that coordination among many diverse individuals is not possible without some means of controlling, guiding, and timing the various individuals or groups. Since the individuals are structured in the hierarchy, there is also hierarchy of authority, and depending upon the size and nature of a particular organisation, there may be many centers of authority in the organisation.

6. Rationality. There is rationality in coordination of activities or behaviour. Every organisation has some specified norms and standards of behaviour – such norms of behaviour are set up collectively by the individuals and every member of the organisation is expected to behave according to these norms or standards. The behaviour is governed by reward and penalty system of the organisation which acts as a binding force on its members. The desirable behaviour is rewarded and undesirable one is penalised.

These characteristics differentiate an organisation from other social units. However, modern organisations, though not all, tend to be large and complex. Such characteristics are important from the point of view of the management. In simple, organisations:

- are purposeful, complex human collectivities;
- are characterised by secondary (or impersonal) relationships;
- have specialised and limited goals;
- are characterised by sustained cooperative activity;

- are integrated within a larger social system;
- provide services and products to their environment;
- are dependent upon exchanges with their environment.

10.4 TYPES OF ORGANISATIONS

Organisations may be classified on various bases. A simple and descriptive classification may be based on size-small, medium, large, and giant; ownership-public, private, and mixed; legal form-sole trader, partnership firm, joint stock company, corporation, and co-operative society; area of operation-local, regional, national and international. Such classifications are fairly easy but do not present analytical framework for the study of organisations. There are various schemes of classifying organisations based on analytical criteria. For example, Parsons differentiates four types of organisations based on their functions. These are: (i) economic organisations, (ii) political organisations, (iii) integrative organisations, and (iv) pattern maintenance organisations. Hughes provides another classification of organisations in the form of (i) voluntary association, (ii) military organisation, (iii) philanthropic organisation, (iv) corporation, and (v) family business. Blau and Scott have taken beneficiary of organisations' output as the basis for classifying organisations. This puts organisations into four categories: (i) mutual benefit associations, (ii) business organisations, (iii) services organisations, and (iv) commonweal organisations. Etzioni has used compliance as the basis of classifying the organisations. Thompson and Tuden have based their classification on decision-making strategies. These classifications show a great amount of diversity. This further suggests that there is no single typology of the organisations. These broad categories of typology are based on : (i) function or purpose, (ii) primary

beneficiary, and (iii) compliance. The above types of organisations has been already discussed in the Unit 2 of this course.

10.5 ORGANISATIONAL GOALS

Organisations, being deliberate and purposive creation, have some goals. Goals are the end results for which organisations strive, and these end results are referred to as mission, purpose, goals, objectives, targets etc. Though there are some differences in these terms, but these terms are used interchangeably.

- **Mission and Purpose**

Mission and purpose are often used interchangeably, though at theoretical level, there is difference between the two. Mission has external orientation and relates the organisation to the society in which it operates. A mission statement helps the organisation to link its activities to the needs of the society and legitimise its existence. Purpose is also externally focused but it relates to that segment of the society to which it serves; it defines the business, which the organisation will undertake.

- **Goals**

An organisation is a group of people working together to achieve common goals. Top management determines the direction of the organisation by defining its purpose, establishing the goals to meet that purpose, and formulating strategies to achieve the goals.

Establishing goals converts the defined purpose into specific, measurable performance targets. Organisational goals are objectives that management seeks to achieve in pursuing the purpose of the firm. Goals motivate people to work together. Although each individual's goals are important to the organisation, it is the organisation's overall goals that are most important. Goals keep the organisation on track by focusing the attention and actions of the members. They also give the organisation a forward-looking orientation.

Organisations are purposive creations. Therefore, they must have goals; the nature of organisational goals is as follows:

- Each organisation or group of individuals has some goals.
 - Goals may be broad or they may be specifically mentioned.
 - Goals may be clearly defined or these may not be clear and have to be interpreted by the behaviour of organisational members. Particularly those at top level.
 - Organisational goals have social sanction, that is, they are created within the social norms.
 - An organisation may have multiple goals; many of these goals are intertwined and interrelated.
 - Goals have hierarchy. At the top level, it may be broad organisational purpose, which can be broken into specific goals at the departmental level.
 - Organisational goals can be changed; new ones may replace old goals.
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- **Official and Operating Goals**

Another feature of organisational goals analysis is that there is often difference between official goals and actual operating goals. Perrow states that: Official goals are the general purposes of the organisation as put forth in the charter, annual reports, and

public statements by key and other authoritative pronouncements. Operative goals, on the other hand, designate the ends sought through the actual operating policies of the organisation: they tell us what actually the organisation is trying to do, regardless of what the official goals are.

- **Role of Organisational Goals**

Responsibility of Goal-setting

Organisational goals should be clearly specified because they perform a number of functions. Virtually all organisations have a formal, explicitly recognised, legally specified organ for setting the initial goals and their amendments. Generally, top management determines the overall objectives which the members of an organisation unite to achieve. When top-level managers set overall goals, managers at lower levels set goals for their departments within the context of these goals.

There are many factors that enter into the struggle to determine goals and, thus, goals are the result of a continual bargaining learning – adaptive process in which not only internal factors but external environmental factors also play important role. Therefore, various determinants of organisational goals may be grouped into (1) environmental determinants of organisational goals and (2) personal determinants of organisational goals.

Environmental Determinants of Organisational Goals

One of the key elements in determining organisational goals is the environment with which the organisation interacts. The organisation as input-output system receives inputs from the environment, transforms these inputs, and returns the outputs to the

environment. The organisation, therefore, depends upon the environment for its survival. Thus environment affects the way in which the organisation must operate including the goal setting. In this process of interaction, the organisation must adopt suitable strategies for coming to terms with the environment this strategy may be in the form of competition or cooperation.

Personal Determinants of Organisational Goals

Personal factors affect the choice of organisational goals in two ways. First, choice of particular organisational goals is an ordering of a kind of personal preference, particularly of top management/founders of the organisation and they cannot eliminate their personal preferences. Second, choice of organisational goals depends on various qualitative information, the interpretation of which is likely to be personalised. There are three important personal factors, which affect choice of goals. These are: personal preferences and aspirations, value system of top management, and managerial power relationship.

- **Goals Succession**

Organisational interaction with environment may result in the limitation on goals-choice. This may reflect the goal-choice at the initial stage or modification of existing goals. This may also result into goals succession. Goal succession means adoption of new goals. This may happen in three specific conditions:

1. If the existing goals have been achieved and the organisation is left with not alternative, it must adopt new goals for its continuous existence.

2. In the context of changed environmental or internal circumstances, if it is not desirable to pursue the existing goals, the organisation will have to evolve new goals.
3. If the existing organisational goals are such that they cannot be achieved, the organisation has to adopt, modify, or later the goals.

The goals succession may take the character of goals multiplication, expansion; or substitution of existing goals depending upon the situations.

- **Organisational and Individual Goals**

Goals may be considered from three perspectives: (i) environmental level, (ii) organisational level, and (iii) individual level. These three level goals interact and influence each other. While the interaction between environment and organisation has been identified, this section deals with interaction between organisational and individual goals.

In actual practice, no organisation and individual has completely opposite or completely identical goals. Thus, it can be said that some integration is always there between individual and organisational goals. Based on this, two models suggest the process through which two sets of goals are integrated. One is fusion process and other is inducement-contribution process.

- **Fusion Process**

Fusion Process is based on the assumption that there are certain organisational characteristics and individual characteristics, which interact. Out of this interaction, two

processes-socialising and personalising-operate simultaneously. The socialising process is that by which individuals are made into agents of the organisation and/or the informal group. The personalising process is defined as that by which the individual actualises himself and by which aspects of the organisation and informal group are made into agencies for the individual. Both these processes occur simultaneously and are important.

- **Inducement – Contribution Process**

Another process through which individual and organisation goals are integrated is inducement-contribution process developed by March and Simon. The basic features of this process are as follows:

1. Each member of the organisation gets inducements for the contributions which he makes to the organisation.
2. Each member will continue to give his contributions so long as the inducements are more or equal to contributions. It is based on the assumption that the member can value both contributions and inducements.
3. The contributions from various members are the source through which the organisation produces the inducements for the members.
4. The organisation will continue to give inducements or receive contributions so long as contributions are sufficient to give inducements.

The fusion and inducement-contribution models speak of the process through which individual and organisation goals will be integrated. Both emphasise that higher level of balance between the two will bring higher satisfaction to organisation members, and consequently better organisational results.

10.6 ORGANISATION STRUCTURE

Strategies are specific action plans that enable the organisation to achieve its goals and thus its purpose. Pursuing a strategy involves developing an organisation structure and the processes to do the organisation's work. Organisation structure is the system of task, reporting, and authority relationships within which the work of the organisation is done. Thus, structure defines the form and function of the organisation's activities. Structure also defines how the parts of an organisation fit together, as is evident from an organisation chart.

The purpose of an organisation's structure is to order and coordinate the actions of employees to achieve organisational goals. The premise of organised effort is that people can accomplish more by working together than they can separately. The work must be coordinated properly, however, if the potential gains of collective effort are to be realised.

The structure must identify the various tasks or processes necessary for the organisation to reach its goals. The structure must combine and coordinate the divided tasks to achieve a desired level of output. The more interdependent the divided tasks, the more coordination are required. Every organisation structure addresses these two fundamental requirements. The various ways they do so are what make one organisation structure different from another.

Organisation structure can be analysed in three ways. First, we can examine its configuration, or its size and shape as depicted on an organisation chart. Second, we can analyse its operational aspects or characteristics, such as separation of specialised tasks,

rules and procedures, and decision-making. Finally, we can examine responsibility and authority within the organisation.

- **Structural Configuration**

The structure of an organisation is most often described in terms of its organisation chart. A complete organisation chart shows all people, positions, reporting relationships, and lines of formal communication in the organisation. An organisation chart is a diagram showing all people, positions, reporting relationships, and lines of formal communication in the organisation.

An organisation chart depicts reporting relationships and work group memberships and shows how positions and small work groups are combined into departments, which together make up the configuration, or shape, of the organisation.

- **Structure and Operations**

Some important aspects of organisation structure do not appear on the organisation chart and thus are quite different from the configurational aspects. The structural policies that affect operations and prescribe or restrict how employees behave in their organisational activities. The policies are centralisation of decision-making and formalisation of rules and procedures.

- **Centralisation**

The first structural policy that affects operations is centralisation, wherein decision-making authority is concentrated at the top of the organisational hierarchy. At the opposite end of the continuum is decentralisation, in which decisions are made throughout the hierarchy. Increasingly, centralisation is being discussed in terms of

participation in decision-making. In decentralised organisations, lower-level employees participate in making decisions.

Decision-making in organisations is more complex than the simple centralised-decentralised classification indicates. Some decisions are relatively routine and require only the application of a decision rule. These decisions are programmed decisions, whereas those that are not routine are non-programmed. This difference between programmed and non-programmed decisions tends to cloud the distinction between centralisation and decentralisation.

If there is little employee participation in decision-making, then decision-making is centralised, regardless of the nature of the decisions being made. At the other extreme, if individuals or groups participate extensively in making non-programmed decisions, the structure can be described as truly decentralised.

Participative management has been described as a total management system in which people are involved in the daily decision-making and management of the organisation. As part of an organisation's culture, it can contribute significantly to the long-term success of an organisation. It has been described as effective and, in fact, morally necessary in organisations. Thus, for many people, participation in decision-making has become more than a simple aspect of organisation structure.

- **Formalisation**

Formalisation is the degree to which rules and procedures shape employees' jobs and activities. The purpose of formalisation is to predict and control how employees behave on the job. Rules and procedures can be both explicit and implicit. Explicit rules are set down in job descriptions, policy and procedures manuals, or office memos.

Implicit rules may develop as employees become accustomed to doing things in a certain way over a period of time. Though unwritten, these established ways of getting things done become standard operating procedures with the same effect on employee behaviour as written rules.

We can assess formalisation in organisations by looking at the proportion of jobs that are governed by rules and procedures and the extent to which those rules permit variation. More formalised organisations have a higher proportion of rule-bound jobs and less tolerance for rule violations. Increasing formalisation may affect the design of jobs throughout the organisation as well as employee motivation and work group interactions. Organisations tend to add more rules and procedures as the need for control of operations increases.

Although rules exist in some form in almost every organisation, how strictly they are enforced varies significantly from one organisation to another and even within a single organisation. The test of a good manager in a formalised organisation may be to sue appropriate judgment in making exceptions to rules.

- **Responsibility and Authority**

Responsibility and authority are related to both configurational and operational aspects of organisation structure. Often there is some confusion about what responsibility and authority really mean for managers and how the two terms relate to each other.

- **Responsibility**

Responsibility is an obligation to do something with the expectation that some act or output will result. For example, a manager may expect an employee to write and present a proposal for a new program by a certain date; thus, the employee is responsible

for preparing the proposal. Responsibility ultimately derives from the ownership of the organisation.

- **Authority**

Authority is power that has been legitimised within a specific social context. Authority includes the legitimate right to use resources to accomplish expected outcomes. Like responsibility, authority originated in the ownership of the organisation. Authority is linked to responsibility, because a manager responsible for accomplishing certain results must have the authority to use resources to achieve those results. The relationship between responsibility and authority must be one of parity; that is, the authority over resources must be sufficient to enable the manager to meet the output expectations of others. But authority and responsibility differ in significant ways. Responsibility cannot be delegated down to others, but authority can.

Authority as a “top-down” function in organisations; that is, authority originates at the top and is delegated downward as the managers at the top consider appropriate. In Chester Barnard’s alternative perspective, authority is seen as originating in the individual, who can choose whether or not to follow a directive from above. This perspective has been called the acceptance theory of authority because it means that the manager’s authority depends on the subordinate’s acceptance of the manager’s right to give the directive and expect compliance.

- **Classical views of structure**

The earliest views of organisation structure combined the elements of organisation configuration and operation into recommendations on how organisations should be structured. These views have often been called “classical organisation theory”

and include Max Weber's idea of the ideal bureaucracy, the classic organising principles of Henri Fayol, and the human organisation view of Rensis Likert. Although all three are universal approaches, their concerns and structural prescriptions differ significantly.

Thus, the classic views of organisation embody the key elements of organisation structure. Each view, however, combined these key elements in different ways and with other management elements. These three classic views are typical of how the early writers attempted to prescribe a universal approach to organisation structure that would be best in all situations.

- **Contingency approaches to organisation design**

Organisation designs vary from rigid bureaucracies to flexible matrix systems. Most theories of organisation design take either a universal or a contingency approach. A universal approach is one whose prescriptions or propositions are designed to work in any situation. The classical approaches are all universal approaches. A contingency approach, on the other hand, suggests that organisational efficiency can be achieved in several ways. In a contingency design, specific conditions such as the environment, technology, and the organisation's workforce determine the structure.

Weber, Fayol, and Likert each proposed an organisation design that is independent of the nature of the organisation and its environment. Although each of these approaches contributed to our understanding of the organising process and the practice of management, none has proved to be universally applicable. Several contingency designs, which attempt to specify the conditions, or contingency factors. The contingency factors include such things as the strategy of the organisation, technology, the environment, the organisation's size, and the social system within which

the organisation operates. The decision about how to design the organisation structure is based on numerous factors.

Strategy

A strategy is the plans and actions necessary to achieve organisational goals. Structural imperatives environment, technology, and size – are the three primary determinants of organisation structure.

Size: The size of an organisation can be gauged in many ways. Usually it is measured in terms of total number of employees, value of the organisation's assets, total sales in the previous year (or number of clients served), or physical capacity. Larger organisations tend to have more complex organisation structures than smaller organisations.

Traditionally, as organisations have grown, several layers of advisory staff have been added to help coordinate the complexities inherent in any large organisation. In contrast, a current trend is to cut staff throughout the organisation. Known as organisational downsizing, this popular trend is aimed primarily at reducing the size of corporate staff and middle management to reduce costs.

Technology

Organisational technology refers to the mechanical and intellectual processes that transform inputs into outputs. In small organisations the structure depends primarily on the technology, whereas in large organisations the need to coordinate complicated activities may be more important.

Organisational Environment

The organisational environment is everything outside an organisation and includes all elements – people, other organisations, economic factors, objects, and events – that lie outside the boundaries of the organisation. The general environment includes the broad set of dimensions and factors within which the organisation operates, including political-legal, socio-cultural, technological, economic, and international factors. The task environment includes specific organisations, groups, and individuals that influence the organisation.

Environmental uncertainty exists when managers have little information about environmental events and their impact on the organisation. When the organisational environment is complex and dynamic, the manager may have little information about future events and have great difficulty predicting them.

Strategy and the imperatives of size, technology, and environment are the primary determinants of organisation design. Several different organisational designs that have been created to adapt organisations to the many contingency factors they face.

A mechanistic structure is primarily hierarchical; interactions and communications typically are vertical, instructions come from the boss, knowledge is concentrated at the top, and loyalty and obedience are required to sustain membership. An organic structure is set up like a network; interactions and communications are horizontal, knowledge resides wherever it is most useful to the organisation, and membership requires a commitment to the organisation's tasks.

The socio-technical systems approach to organisation design views the organisation as an open system structured to integrate the technical and social

subsystems into a single management system. Rather than focusing on structural imperatives, people, or rules, Mintzberg's description of structure emphasises the ways activities are coordinated. In his view, organisation structure reflects how tasks are divided and then coordinate. Mintzberg described five major ways in which tasks are coordinated: by mutual adjustment, by direct supervision, and by standardisation of worker (or input) skills, work processes, and by outputs. These five methods can exist side by side within an organisation.

Matrix Organisation Design

The matrix design combines two different designs to gain the benefits of each; typically combined are a product or project departmentalisation scheme and a functional structure. The matrix structure attempts to build into the organisation structure the ability to be flexible and provide coordinated responses to both internal and external pressures.

A virtual organisation is a temporary alliance between two or more organisations that band together to undertake a specific venture.

Contemporary Organisation Design

The current proliferation of design theories and alternative forms of organisation gives practicing managers a dizzying array of choices. The task of the manager or organisation designer is to examine the firm and its situation and to design a form of organisation that meets its needs. A partial list of contemporary alternatives includes such approaches as downsizing rightsizing, reengineering the organisation, team-based organisations, and the virtual organisation. These approaches often make use of total quality management, employee empowerment, employee involvement and participation, reduction in force, process innovation, and networks of alliances.

Reengineering is the radical redesign of organisational processes to achieve major gains in cost, time, and provision of services.

Rethinking the organisation means looking at organisation design in totally different ways, perhaps even abandoning the classic view of organisation as a pyramid.

Managers working in an international environment must consider not only similarities and differences among firms in different cultures but the structural features of multinational organisations. More and more firms have entered the international arena and have found it necessary to adapt their designs to better cope with different cultures.

The four dominant themes of current design strategies are the effects of technological and environmental change, the importance of people, the necessity of staying in touch with the customer, and the global organisation. Technology and the environment are changing so fast and in so many unpredictable ways that no organisation structure will be appropriate for a long time. The changes in electronic information processing, transmission, and retrieval alone are so vast that employee relationships, information distribution, and task coordination need to be reviewed almost daily.

Unfortunately, there is no one best way. Managers must consider the impact of multiple factors-socio-technical systems, strategy, the structural imperatives, changing information technology, people, global considerations, and a concern for end users – on their particular organisation and design the organisation structure accordingly.

10.7 ORGANISATION – ENVIRONMENT INTERFACE

- **Organisation as a System**

Organisation may be well studied and analysed if it is taken as a system. A system is an assemblage of things connected or interrelated so as to form a complexity: a whole composed of parts and subparts in orderly arrangement according to some scheme or plan.

The organisation works within the framework provided by the various elements of society. All such elements lie outside the organisation and are called external environment or simply as environment. At the same time, organisation may create environment internal to it, which affects the various subsystems of the organisation. Environment includes all the conditions, circumstances, and influences surrounding and affecting the total organisation or any of its part. Thus the environmental forces are quite broad.

There are many forces in the environment which influence the working of the organisations. These forces may be classified as economic, legal, political, technological, sociological, cultural, etc. These forces set forth the framework for different organisations and they have homogenising effect. These general environmental forces have an important effect in determining the resources available for inputs, the most appropriate organisational processes, and the acceptability of organisational outputs. Various characteristics of such factors may be favourable or unfavourable for the growth of organisations in general.

For analysing organisation-environment interface, understanding of two features of environment-complexity and variability – is important as their different degrees affect the organisations differently.

- **Environment Complexity**

Environmental complexity is referred to the heterogeneity and range of activities, which are relevant to an organisation's operations. The heterogeneity relates to the variety of activities in the environment affecting the organisation. Complexity or non-complexity of environment is a matter of perception. The same environment one organisation perceives as unpredictable, complex, and evanescent, another organisation might see as static and easily understood.

- **Environmental Variability**

The degree of environmental variability is an important determinant of organisational functioning. In fact, the environment, being dynamic, changes over a period of time, but it is the rate of change which is a matter of concern. There can be low or high change rate, though again it is a matter of perception.

Environmental variability refers to the degree of change that may be seen as a function of three variables: (i) the frequency of change in relevant activities; (ii) the degree of difference involved at each; and (iii) the degree of irregularity in the overall patterns of change. The degree of variability in the environment affects the organisational functioning by affecting the task performance. More is the variability in the environment; more will be the uncertainty in the task performance.

Every organisation has to work within the framework of environmental forces, and there is a continuous interaction between the organisation and its environment. This

interaction creates influences; the environment affects the organisation and, in turn, the organisation affects the environment, though the former effect is stronger than the later. This interaction can be analysed in three ways. First, the organisation may be treated as an input-output system. Second, the organisation can be taken as the central focus for realising the contributions of many groups, both within and outside the organisation. Third, the organisation can be treated as an operating unit in environment presenting opportunities and threats to it. Thus how an organisation can make the best use of the opportunities provided or threats presented is a matter of prime concern for it.

Any single approach by itself is not sufficient to explain the complex relationship between the organisation and its environment. Moreover, these approaches are not inconsistent to each other; they are complementary. Thus the environment in which it works will affect an organisation. Such effect will be on the various aspects of management such as organisation structure, organisational processes, product line, market served, price of the product, resource allocation, community services, etc.

- **Strategies to deal with environment**

While designing strategies for dealing with environment, an organisation faces two types of problems. First, there is interdependence between organisation and its environment because of a variety of exchange relationships and these relationships are not uniform. Therefore, the organisation has to evolve different strategies to deal with different segments of the environment. Second, there is uncertainty in the exchange relationships as the organisation may not have full information about these. In dealing with the environment, the organisation has to overcome the problems of interdependence and uncertainty in exchange relationships. For overcoming these problems, the

organisation has to scan its environment on a regular basis and devise suitable strategies.

These strategies may be of three types:

- (i) strategies for insulating the organisation from the environmental forces,
 - (ii) strategies for gaining control over certain aspects of the environment, and
 - (iii) strategies for organisational adaptation.
- **Insulation of the Organisation:** Strategies for insulation the organisation from environmental forces aim at minimising the negative impact of environmental forces.
 - **Gaining Control over Environment:** The basic objective of this type of strategy is to gain control over some aspects of the environment so that the organisation can reduce its dependence on the environment. This can be done in a number of ways.
 - **Organisational Adaptation:** One of the most frequently adopted strategies to respond to the environment by organisations is to adapt organisation structure and systems and processes according to the needs of the environment.

10.8 ORGANISATION DEVELOPMENT AND CHANGE

Organisation development is simply the way organisations change and evolve. Organisation change can involve personnel, technology, competition, and other areas. Thus, in the broadest sense, organisation development means organisation change. Over the past thirty years, organisation development has emerged as a distinct field of study and practice. Experts now substantially agree as to what constitutes organisational development in general, although arguments about details continue.

Organisation development is the process of planned change and improvement of the organisation through application of knowledge of the behavioural sciences. The most comprehensive type of organisation change involves a major reorganisation, usually referred to as a structural change – a system wide rearrangement of task division and authority and reporting relationships. A structural change affects performance appraisal and rewards, decision-making, and communication and information-processing systems.

Another way to bring about system-wide organisation development is through changes in the tasks involved in doing the work, the technology, or both. Groups and individuals can be involved in organisation change in a vast number of ways. Change is inevitable; so is resistance to change. Paradoxically, organisations both promote and resist change. Resistance to change within the organisation can come from sources that are either external or internal to the organisation. Managing resistance to change means working with the sources of resistance rather than trying to overpower or overcome resistance.

Successfully managing organisation change means taking a holistic view of the organisation, obtaining top management support, encouraging participation by all those affected, fostering open communication, and rewarding those who contribute to the change effort.

10.9 CONCLUSION

An organisation is simply a social unit with some particular purposes. The most common formal definition of an organisation is a collection of people engaged in specialised and interdependent activity to accomplish a goal or mission. The basic

components of organisations have not changed very much over centuries. All organisations have explicit or implicit purposes, attract participation, acquire and allocate resources to accomplish their purposes. Often among competing interests and activities, establish some form of structure to assigned and coordinate tasks and permit some members to lead or manage others.

Rules are needed to make certain people know who is responsible of what, to coordinate activities, and to limit the scope of peoples' activities and decisions. Organisations are different creatures to different people... Organisations are 'defined' according to the contexts and perspectives peculiar to the person doing the defining. Organisations are such enormously complex social/economic/political systems, that multiple perspectives are needed to understand the numerous relationships and variables in and around them. Different types of theories are needed for different purposes.

Government organisations have changed dramatically since World War II, and organisation theories have also. Myriad "school" or "paradigms" of organisation theory have emerged to help us understand government organisations and why they-and the people in and around them-act in the ways they do. The human relations school of organisation theory in the late 1950s and early 1960s – that departed radically from the tenets of classical organisation theory. Since the decade of the 1960s, some of the new "paradigms" of organisation theory have included system terms theories, critical theories, "modern" structural theories, cultural theories, feminist theories, rational choice theories, post-modern theories, and ...on ... and ...on.

The major (groups of) theories challenge the hierarchical authority model. The organisational theories rooted in the dynamics of human relations, condemn the impersonality of bureaucratic hierarchies and so plead for the humanising of

organisations. It is no wonder that a larger number of theories have appeared, given the multitude of perspectives from which to examine organisations. Any one theory about public organisations may appear to be wrong.

10.10 KEY CONCEPTS

Group Dynamics: The sub-field of organisational behaviour concerns about the nature of groups, how they developed, and how they interrelate with individuals and other groups.

Norms: The socially enforce requirements and expectations about basic responsibilities, behaviour and thought patterns of members in their organisational roles.

Organisation Development: An approach or strategy for increasing organisational effectiveness.

Organisational Culture: The culture that exists within an organisation; a parallel but smaller version of a societal culture.

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10.12 ACTIVITIES

- Q.1 Discuss the characteristic future of organisation.
- Q.2 Explain the organisation interface with environment.

UNIT-11: SOCIO-PSYCHOLOGICAL APPROACH:

VIEWS OF CHRIS ARGYRIS

Structure

- 11.0 Learning Outcome
- 11.1 Introduction
- 11.2 Human Personality
- 11.3 Interpersonal competence
- 11.4 A Critique of Formal Organisation
- 11.5 Organising Future Structures
- 11.6 T-Group or Sensitivity Training
- 11.7 Criticism of Simon and Socio-Psycho approaches
- 11.8 A Critical Evaluation
- 11.9 Conclusion
- 11.10 Key Concepts
- 11.11 References and Further Reading
- 11.12 Activities

11.0 Learning Outcome

After reading this unit, you should be able to:

- Know Argyris' views on human personality and its impact on the working of organisation.
- Understand the impact of formal organisation on the individual.
- Identify significance of interpersonal competence in organisations.

- Know the importance of T-Group Training for employees to learn the nature of effective group functioning.

11.1 Introduction

Argyris is best known as a great psychologist and an organisational theorist. He is a leading management thinker who studied organisation from the standpoint of psychology. He focuses upon the individuals relationship to the organisation. He has treated extensively the conflict between the individual's social and psychological needs and the exigencies of the organisation. In developing his conceptualisation on organisational behaviour, Argyris has extensively applied research findings in the fields of psychology, social psychology and human relations. Argyris' influence on the disciplines of management and public administration is widespread.

Argyris has an excellent academic record with a background of economics and psychology. After taking his first degree in psychology he served as Professor of Industrial Administration at Yale University for many years. In 1971 he was appointed James Bryant Conant Professor of Education and Organisation Behaviour at Harvard University. Argyris' major works are:

- Personality and Organisation (1957);
- Understanding Organisational Behaviour (1960);
- Interpersonal Competence and Organisational Effectiveness (1964);
- Integrating the Individual and the Organisation (1965);
- Organisation and Innovation (1965);

- Intervention Theory and Method (1970);
- Management and Organisational Development (1971);
- The Applicability of Organisational Sociology (1972);
- Increasing Leadership Effectiveness (1976);
- Reasoning, Learning, Action (1982);
- Overcoming Organisational Defence (1990).

Besides, he has published a number of articles in journals of international repute.

Argyris has attempted to develop a theory of human behaviour based on the characteristics of the individual, the work group and the formal organisation. Viewing an organisation as an open system, he has analysed the interactions between the organisation and the environment as also between the individual and the organisation. His first mission was to discover the unintended counter-productive consequences of the classical management techniques employed to design and implement the formal, pyramid like organisational structure, production technology, control system and human control system, such as pay and other benefits. The later researches of Argyris focus on reasoning at both the individual and the organisational level. His writings suggest that the personal development of the individual is affected by the organisational situation. Argyris' research attempts to show as to how the personal development of the individual is affected by the kind of situation in which he works. As a consultant and pioneer in the application of the T-Group technique his influence on reforms of

organisational structures and managerial practices is striking. A brief reference to Argyris' views on various dimensions of organisational analysis is attempted below.

11.2 Human Personality

Argyris feels that personality of the individuals working in an organisation has a considerable impact on the working of the organisation as a whole. He holds that greater importance should be given to the development of psychological energy, which essentially forms the basis of human behaviour. Each individual has a set of needs, and these needs release energy in order to get satisfaction. The deeper the need, the greater will be the amount of energy. An individual is likely to put all his energies into meeting a challenge in case he feels assured of the potential satisfaction that he would probably obtain once the challenge is successfully met. According to him effective management systems must aim at a fuller development of individual potentialities and facilitating open interpersonal relationship. Only through the enhancement of psychological energy by the individuals and through a better coordination among different functionaries in an organisation can a more effective organisational performance be achieved.

Argyris' personality model is regarded as a major contribution to the behavioural school of thought. According to him, the organisation should provide an environment in which an individual is able to develop his personality from a state of infancy to a state of personal or psychological maturity. Argyris contends that this progression from infancy towards maturity consists of seven developments:

1. From infant passivity towards adult activity.
2. From dependence towards relative independence.
3. From limited behaviours to many different behaviours.

4. From erratic, shallow and brief interests to more stable and deeper interests.
5. From short-time perspective to longer-time perspective.
6. From a subordinate social position to an equal or super-ordinate social position.
7. From lack of self-awareness to self-awareness and self-control.

Like a child who is dependent and unaware of how his demands affect others, an immature individual person's activities are largely controlled by others. A mature person is active, independent and is self-controlled. According to Argyris personal or psychological maturity is achieved when the individual has acquired the ability to foresee consequences, to pursue interests consistently, and to own responsibilities equal to superior or what others accept. With such development, the individual having potential will put all his energies into meeting the organisational challenges. Effective management must aim at the development of individual towards personal or psychological maturity.

11.3 Interpersonal Competence

Argyris feels concerned to find the lack of interpersonal competence everywhere in organisations. That is, people do not trust each other; they find excuses for their acts; they stick to their old ways and never try new ones, they feel reluctant in being honest about their own feelings; they confine themselves to their limited routine tasks. Frank openness of manner and commitment to the job are lacking. With a view to increasing interpersonal competence, Argyris has specified four specific types of behaviour:

- (i) accepting responsibility for one's ideas and feelings;
- (ii) showing openness to ideas and feelings of those above and below one's self;

- (iii) experimenting with new ideas and feelings; and
- (iv) helping others to accept, show and experiment with their ideas and feelings.

In the context of interpersonal competence, Argyris says that top managers must not be reluctant in telling honestly about their feelings or those of the other persons. They must refuse to become defensive about what other people tell. This approach, according to Argyris, is helpful in reducing tension and conflicts in the organisation.

11.4 A Critique of Formal Organisation

Argyris criticises the 'classic' theory of organisation for creating incongruencies (inconsistencies) between the requirements of organisation and the personal development of the individual. He observes that the formal organisational principles make demands on relatively healthy individuals that are incongruent with their needs. Frustration, conflict, failure, and short-time perspective are predicted as resultant of this basic incongruency. To him formal organisation tends to reduce tasks to minimal specialised routines. There is an emphasis on directing and controlling the individual doing such tasks through a series of supervisors. Consequently, the specialists and subunits in the formal organisation follow their own goals irrespective of interests of the organisation and its members. In such formal organisations the individual is (i) not a forward looking; (ii) he is passive, not creative; and (iii) his concerns are restricted to his own work difficulties.

In such situations, executives are liable to become yet more autocratic and directive. Their excessive control deprives employees of any opportunity of participating in the decisions, which affect their working life, giving rise to feelings of mutual distrust. Employees and even lower managers tend to perceive management

controls as instruments of punishment. Thus the principles of formal organisation coupled with management controls, lack of employees' participation in important decisions, and use of control systems (such as work study and cost accounting) restricts the initiative and creativity of the individuals.

Argyris formulates certain propositions about the impact of formal organisation on the individual. Major hypotheses in this regard are as follows:

- There is lack of disagreement between the needs of individual and the initial demands of the formal organisation. This leads to a conflicting situation because the individual feels that he cannot fulfil his personal needs and at the same time meet the demands of the organisation. This leads to various types of reactions on the part of the individual. He starts thinking in terms of leaving the job, taking leave without informing, ignoring the requirements of the organisation, showing indifference and lack of interest in the organisation and ultimately remaining in a state of conflict and tension which in turn may lead to some major organisational problems.
- Another impact of the rigidities of formal organisation could be the development of frustration among the participants in the organisation. Their desire for a healthy existence and self-actualisation may not be satisfied. The resultant frustration on the part of the participants is likely to lead to a less mature behaviour, aggression and hostility.
- Certain management reactions may produce a sense of psychological failure, the result of which may be loss of interest in work, loss of self-confidence,

tendency of blaming others, lower work standards, giving up easily, and lastly a fear of still more failure.

The consequences of the aforesaid situations could be that either the worker consciously or unconsciously decides to substitute for his own needs avoidance of work or he may demand more money to compensate the situation.

Argyris asserts that the needs of individuals tend to be incongruent with the maximum expression of the demand of the formal organisation. The informal organisation is thus born to weaken conflict between the two and the resultant frustration. The informal organisation serves several purposes. Briefly, it reduces the individual employee's feelings of dependence, submissiveness, subordination and passivity towards management. Secondly, the informal organisation enables him to express his pent-up feelings ranging from outright aggression and hostility to passive internalisation of tensions that are caused by the formal organisation, directive leadership, management controls and pseudo-human relations programmes. Thirdly, being self-feeding, the informal organisation helps the individual employee create his own informal world with its own culture and values in which he finds psychological shelter and a firm anchor to maintain stability while in the process of adjusting and adapting to the formal organisation. Argyris says: "By creating the informal world he can also take an active role in influencing the formal organisation." Argyris further observes that if the informal organisation did not exist, the employee would find himself full of pent-up tension. Here, Argyris makes one point worth noting. The informal organisation is not simply a defensive device to save the individual employee from the formal organisation; it may also be a source of tension and thus have a negative effect on his mental health.

Argyris suggests certain solutions through which disagreement between the formal organisation and the individual could be removed or lessened. A reference to these suggested solutions is being made below:

- The first suggestion given by Argyris is to enlarge the jobs instead of cutting them. Jobs should be enlarged in content and increased in variety. This will create an interest in the employees as also generate a feeling of responsibility, thereby removing the conditions which create conflict, frustration and feelings of failure.
- Another means of reducing disagreement between the management and the individual is to encourage participative management and leadership. For this, Argyris suggests that only mature individuals should be selected for managerial and leadership positions. Where individuals and groups are not mature, they may be unable to face the challenge involved.
- Lastly, Argyris favours the development of ‘reality’ leadership where the leader needs a great deal of understanding rather than just depending upon hunches of guess work for decision-making. Top managers must not be afraid to show their real feelings to those above and below them. They must try to speak constructively about one another in a way, which is honest and helpful.

Chris Argyris is the foremost management thinker to attempt an integration of the individual and the organisation. Argyris’ view of “Integrating the Individual and the Organisation” seeks to provide an alternative organisational framework, which fully takes into, account the energies and competencies inherent in human beings. The

organisation, which integrates the individual and the organisation would not be exactly pyramidal; it would behave like a flat organisation. Besides, the management in the organisation would be more deeply sensitivised to its basic values. These values would be expanded to include the development of a viable internal system capable of adapting to the external environment.

11.5 Organising Future Structures

Looking to the future, Argyris has suggested different organisations for different purposes. According to him organisations of the future will have mixes of characteristics of both the traditional and modern forms. He suggests different mixes of organisation with different pay offs.

(i) *A Pyramidal Structure*

The pyramidal type of organisation is expected to perform limited routine tasks. It may be effective for non-innovative activity that requires little internal commitment.

(ii) *An Adapted Formal Organisational Structure*

A modified formal organisational structure is akin to Rensis Likert's participative structure. This type of structure is more effective because it offers much scope for subordinate participation with the option for the superior to take his own decisions.

(iii) *Defined but Participative Structure*

Under this structure each employee has equal opportunity and can have more control over what is done in his own sphere of activities. This is used in situations

involving group incentives, new product development, inter-departmental operations, etc.

(iv) *Matrix Organisation*

In this form of the organisation each employee has defined power and responsibility. He can have more control within his sphere of activities and greater participation in decisions about them. In a matrix organisation, superior-subordinate relationships are eliminated and substituted by self-disciplined individuals. Each individual has the power to influence the nature of the activity. Under this system project teams represent and perform all the relevant managerial functions, such as manufacturing, marketing, finance, etc. All members function as a cohesive team. The team gets dissolved on the completion of its function. The leadership of the project team is required to be consistent with the management approach. The leader must be able to manage inter group conflicts apart from helping the employees to understand the internal environment.

The organisation of the future will be the classical organisation, but the style of its management will be matrix. Authority would be based less on power and more on the possession of expertise and information.

11.6 T-Group or Sensitivity Training

Effective management must aim at the full development of individual potentialities. Greater attention to training of employees leads to more effective performance. Argyris believes that training enables employees to understand themselves and their situation at work better. He lays emphasis on the T-group method (T-for training) or sensitive training.

T-group technique is a sort of laboratory programme designed to provide opportunities for employees to learn the nature of effective group functioning. The technique is also designed to provide experiences in order to increase psychological success, self-esteem and interpersonal competence. Argyris says that sensitive training is not education for authoritarian leadership. Its objective is to develop effective, reality-centred leaders. The most sensitivity training can do is to help the individual to see certain unintended consequences and costs of his leadership and to develop other leadership styles if he wishes. In contrast to the conventional training programmes, the focus of T-group sessions is to create an atmosphere in which participants forget hierarchical identities and develop distributive leadership for decision-making.

11.7 Criticism of Simon and Socio-Psycho Approaches

Argyris criticises the approaches and work of both industrial psychologists and organisational sociologists for having ignored much of the research on personality, and interpersonal relationships which, according to him, are critical parts of the organisation. According to Argyris, Individual behaviour, small group behaviour and inter-group behaviour represent important parts that help to create the whole. Argyris is also critical of Herbert Simon's rational man organisation theory. According to him, Simon's theory excludes variables of interpersonal relations, the need for self-actualisation, etc, which are central to organisation behaviour. Further, he criticises Simon's reliance on the descriptive-empirical approach, mechanisms of organisational influence and his concept of satisfying man, being contradictory. Argyris accuses Simon and other traditional administrative thinkers for supporting authoritarian structures, for paying little attention to anger, conflict and emotional feelings of the employee towards the organisation and its goals.

11.8 A Critical Evaluation

Chris Argyris and his ideas have been criticised on several grounds. First Argyris' concept of self-actualisation is being regarded as utopia and without any precise operational indicators. Simon treats self-actualisation as synonymous with anarchy. He has not empirically supported Argyris' contention that people in organisations are opposed to authority. On the other hand, it is maintained that people in the organisation accept its authority and its goals because such acceptance is consistent with their values. Argyris' proposition that the pursuit of the goal of self-actualisation is a universalistic goal has also been questioned. Many may not like to self-actualise themselves and may feel satisfied under situations of directive leadership.

Chris Argyris has advocated for job enlargement and T-group sessions for increasing interpersonal competence. This remedial approach seems myopic in nature and cannot get to the root of the problem so long as the basic conflict of interests between the employers and employees exists. Rather these techniques cannot serve better than maintaining the status quo.

Argyris holds that management philosophy has moved from the initially developed emphasis on scientific management to an emphasis on people and human relations. In fact, an effective management requires the right combination of both the approaches. Only then a judicious blend between the structural and the human dimensions of organisation can be brought about. He predicts that the policies that require people to be friendly will turn into policies that permit freedom for people to dislike as well as to be friendly. He further observes that the belief that superiors can

develop subordinates to be more skilful in interpersonal competence will no more be true since none can develop anyone else except himself. The responsibility of management is not to develop people. It is to develop the climate and opportunities for self-development.

Thus, according to Argyris, what is needed is a philosophy of management that views individual and the organisation not only as interrelated but actually as interpenetrating phenomena. He advocates a philosophy of management where the individuals and the organisation have a right to lead a healthy life.

11.9 Conclusion

Argyris suggests an intervention strategy for organisation development in four core areas. Firstly, the organisation should provide an environment for the development of the individual towards personal or psychological maturity. Secondly, a programme for organisation change should aim at improving the interpersonal competence of the employees. Thirdly, changes must be introduced to transform the traditional pyramidal form of organisation. Fourthly, techniques for programmed learning aimed at individual change should be introduced.

According to Argyris, the present organisational strategies developed and used by administrators lead to authoritarianism, dehumanisation and organisational decay. His objective has been to increase organisational health and improve interpersonal competence. He advocates a basic change in organisations to provide an appropriate environment for self-realisation. Gordon Lippitt observes that the greatest contribution of Argyris lies in his idea that 'formal organisations are basically anti-maturing and therefore, act against employees achieving a sense of self-actualisation.

11.10 Key Concepts

Inter-Organisational Network: Patterns of relationships within and among various groups and organisation working in a single policy area.

Norms: The socially enforced requirements and expectations about basic responsibilities, behaviour, and thought patterns of members in their organisational roles.

Supporting System: Network of people with whom one can talk about problems.

Two Factors Theory: Model of motivation involving two variables: Job Satisfaction and Job Dissatisfaction.

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11.12 Activities

Q.1 Explain the Chris Argyris propositions about the impact of formal organisation on the individuals.

Q.2 Critically evaluate Chris Argyris views on human personality and its impact on the working of organisation.

UNIT-12: SOCIO-PSYCHOLOGICAL APPROACH: VIEWS OF ABRAHAM MASLOW AND FREDERICK HERZBERG

Structure

- 12.0 Learning Outcome
- 12.1 Introduction
- 12.2 Views of Abraham Maslow
 - 12.2.1 The Hierarchy of Needs theory
 - 12.2.2 A Critical Evaluation
- 12.3 Views of Frederick Herzberg
 - 12.3.1 Motivation – Hygiene theory
 - 12.3.2 Propositions in the theory
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12.0 Learning Outcome

After studying this unit, you should be able to:

- Understand the views of Abraham Maslow and Frederick Herzberg on human motivation;

- Know Maslow's hierarchy of needs theory;
- Understand Herzberg's Motivation-Hygiene theory; and
- Discuss the impact of motivational theories of Abraham Maslow and Frederick Herzberg on Organisational Processes.

12.1 Introduction

Employees' motivation has occupied an important area of enquiry among many administrative thinkers. Scientific management believed that workers could be motivated by manipulation of rewards and sanctions, and to this end it devised the payment system based on piecework. As payment depended upon how much one produced, it was assumed that a worker would be induced to produce more. Specialisation was encouraged with the view that if a worker concentrated on a small piece of work he would produce more, thus increasing his income. The Hawthorne experiments conducted by Elton Mayo criticised this theory of motivation, but it did not develop a comprehensive theory of motivation. It was Abraham Maslow who, in 1943, made a breakthrough in human motivation with the appearance of his paper entitled of "A theory of Human Motivation" published in the Journal, Psychological Review. In this article Maslow postulated the idea of a hierarchy of human needs. Human beings are pleasure-seeking beings and are motivated towards satisfaction of their needs. Before Maslow, all administrative thinkers belonging to the human relation school routinely took the instrumental view of man, believing in manipulating him to be a more productive tool of the organisation. Maslow makes a departure from such thinking. He contends that the employee is not to be treated as an instrument as an autonomous hierarchy of needs motivates him. Man, in other words, is a self-actualising being. Maslow holds the view that the best managers are ones who improve

the health of the employees. In this unit an attempt is made to explain the views of Abraham Maslow and Frederick Herzberg on human motivation and also assess the impact of their motivational theories on organisational processes.

12.2 Views of Abraham Maslow

Abraham Maslow's interest and research in understanding human behaviour was the result of his early career as a psychologist. He tried to understand human behaviour through psychoanalysis. Maslow develops the concept of holistic psychology. This, he calls the 'third force' the other two being Behaviourism and Psychoanalysis. Maslow directs his main efforts in the field of personality. He argues that psychology had hitherto concentrated too much on human frailty and neglected human strengths. He contends that human nature is essentially good. As human personality develops through maturation, the creative capacity becomes more sharply defined. If human beings are miserable, the fault lies with the environment, which makes them so. Human beings are not basically destructive or violent: they become so only when they're inner nature is twisted.

Born in 1908 in New York, Maslow obtained his post-graduation degrees in Ph.D. in psychology from the University of Wisconsin. He served on the faculties of Brooklyn College in New York and Brandies University. He was elected President of the American Humanist Association for 1967-68. Maslow's major works are :

- Motivation and Personality (1954).
- Toward a Psychology of Being (1962).
- The Psychology of Science: A Reconnaissance (1966).

- New Knowledge in Human Values (1970).
- The Farther Reaches of Human Nature (1971).
- Dominance, Self-Esteem, Self-actualisation: Germinal Papers of A.H. Maslow (edited by Richard J. Lowry in 1973).

In addition, he published several research papers in journals and books. Initially, Maslow's writings generated interest among other clinical and personality psychologists, but hardly had any influence on organisation theories. Managers and administrators began to read Maslow's ideas only after McGregor popularised them. Abraham Maslow put forward three basic propositions based on the concept of need:

- Man is a wanting animal. He always has some need driving him to action.
- There is a hierarchy of needs. They are arranged in an order of priority with the most basic needs to be satisfied first.
- A need satisfied is no longer a motivator.

Man is driven only by unsatisfied needs. If the physiological and the safety needs are satisfied, there will emerge the love and affection and belongingness needs. These include desire for achievement, adequacy, reputation, recognition, importance, appreciation and the like. According to Abraham Maslow, self-actualisation "refers to man's desire for self-fulfilment, namely, to the tendency for him to become actualised in what he is potentially. This tendency might be phrased as the desire to become more and more what one is, to become everything that one is capable of becoming".

Human behaviour can be analysed from their actions and the motives behind them. These assumptions about human motivation have been familiar since the days of Sigmund Freud. Social Psychology has brought a new path in analysing human needs and motives through human behaviour. Maslow's theory of human motivation provides

the framework to study and analyse human motivation. As Maslow himself said, “Motivation theory is not synonymous with behaviour theory. The motivations are only one class of determinants of behaviour. While behaviour is almost always motivated, it is also almost always biologically, culturally and situationally determined as well”. Among the most widely referred motivation theories, Maslow’s hierarchy of needs theory is quite prominent.

12.2.1 The Hierarchy of needs theory

Maslow sees human needs in the form of a hierarchy, starting in an ascending order from the lowest to the highest needs and concludes that when one set of needs are satisfied then the need for other set arises. According to Maslow, human being is an organism, which drives into action to satisfy its needs. The hunger drive or any other physiological drive cannot become a cantering point in explaining the theory of motivation. A sound theory of motivation centres upon the basic goals of human beings. Human behaviour is a reflection of more than one need. Classification of needs into specific groups is a requisite in formulating a motivation theory. He says that classification of motivations must be based upon goals rather than upon instigating drives or motivated behaviour. He further says that a situation in which a human organism reacts is a valid point in motivation theory, but the emphasis should always be on the behaviour of the organism rather than on the situation.

Maslow arranges the human needs in order of hierarchy of prepotency. At the lowest end are the physiological and security needs. The self-actualisation need is at the highest end. In between there are social and self-esteem needs. Once the needs at the

lower order are satisfied, then the need for needs at the higher order arises. The basic human needs identified by Maslow in an ascending order of importance are as follows:

- **Physiological needs:** Physiological needs are the basic needs for sustaining human life itself. Food, water, clothing, shelter, sleep and sexual satisfaction are the physiological needs without which the people cannot survive. Maslow maintains that unless these needs are satisfied to the degree necessary to maintain life, other needs will not motivate people.
- **Security or safety needs:** Security or safety needs follow the physiological needs. These are the needs that enable people to live free from physical danger and fear of loss of a job, property, food, clothing or shelter.
- **Affiliation or acceptance needs:** Since people are social beings, they need affiliation and to be accepted by others. They want to establish relationships with others and at the same time also want them to establish reciprocal relationships.
- **Esteem needs:** Maslow maintains that once people begin to satisfy their affiliation needs, they want to be held in esteem by others. This kind of need generates such satisfactions as power, self-confidence, social position, and prestige.
- **Need for self-actualisation:** Maslow regards the need for self-actualisation as the highest in the hierarchy of needs. It is the desire to become what one is capable of becoming. It is the desire to maximise one's potential and to accomplish something.

As Maslow maintains that self-actualisation is the highest need in his hierarchy, who then is a self-actualised person? Self-actualised persons have the following characteristics. They possess an unusual ability to detect the spurious, the fake, and the dishonest in the personality; they possess creativeness and originality; they lack overriding guilt and crippling shame and anxiety; they have a mission and purpose in life; they like privacy, dignity, autonomy and freedom to pursue their endeavours in life and work; they derive ecstasy, inspiration and strength from the basic experience of life; they have a deep feeling of identification, sympathy and affection for mankind; they maintain interpersonal relations with few people; and, they are democratic and they can differentiate between ends and means and right and wrong.

After identifying the basic human needs in an ascending order, Maslow discusses the characteristics of these basic needs. First, the hierarchy is neither rigid nor a watertight compartment. It means there is no fixity in the hierarchy of needs. For example, some people prefer physiological to esteem needs. Also the emergence of a particular need after fulfilment of a need at the lower end is not sudden. Secondly, the basic human needs are the same and common irrespective of the societies and cultures in which they live. Thirdly, human behaviour is a reflection of diverse needs and cannot be influenced by a single variable or need. Moreover all behaviours cannot be determined by the basic needs alone. And finally, a satisfied need is not necessarily a motivator.

Although hierarchical aspects of Maslow's theory are questionable and often not acceptable, his identification of basic human needs appears to be useful. In other words, it is necessary that perceptive managers must take a situational or contingency

approach to the application of Maslow's theory. What needs they must approach will depend on the personality, wants and needs of individuals employees. In any case, perceptive managers must not forget that most people especially in a developed society, have needs that spread over the whole spectrum of Maslow's hierarchy.

The thrust of Maslow's hierarchy of needs is that one must satisfy one's basic needs before moving to the satisfaction of higher needs. Maslow draws attention to the larger range of needs needing satisfaction. A manager must note that basic needs of workers must be satisfied, but there are other needs as well. A satisfied need ceases to be a need and another makes its appearance.

12.2.2 A Critical Evaluation

Maslow's contribution in the form of his need hierarchy is a landmark in social-psychological research. His theory has had tremendous impact on modern management approach to motivation.

Maslow's theory of need hierarchy was criticised mainly on grounds of sophistication and validity of his research data and the order of hierarchy of needs. Research on the realities of Maslow's theory does raise questions about the accuracy of the hierarchical aspects of these needs. However, his identification of basic needs has been quite useful. Research by Lawler and Suttle of 187 managers in two different organisations does not support Maslow's theory that human needs conform to a hierarchy. Researchers do note, however, that there are two levels of needs – biological and other needs – and that the other needs would arise only when biological needs are reasonably fulfilled. Their research, further, indicates that at the higher level, the

strength of the needs varies with individuals; in some individuals social needs predominate, and in others self-actualisation needs are strongest.

Porter, in his study, also finds that needs do not follow a hierarchy, especially after lower-level needs are satisfied. He finds that managers at all levels do have common security and social needs and that the three higher needs in Maslow's hierarchy vary greatly with managerial ranks, with lower-level managers being less satisfied than higher level managers. Yet, at all levels, satisfaction of these needs is definitely more or less deficient.

Hall and Nougaim likewise, in their study of Maslow's theory involving a group of managers over a period of five years, do not find strong evidence of a hierarchy. They discover that as managers progress in an organisation, they're physiological and safety needs tend to decrease in importance, and their needs for affiliation, esteem, and self-actualisation tend to increase. They observe that upward movement of needs results from career development and not from the satisfaction of lower-order needs.

The concept of self-actualisation and its characteristics as described by Maslow have been subjected to criticism also. He does not elaborate the methodology adopted by him to select the cases for study. Further, Maslow's list of characteristics of a self-actualised person also contains several contradictory and overlapping features. Cofer and Apply observe that the emphasis on self-actualisation suffers from the vagueness of its concept, the looseness of its languages and the inadequacy of the evidence related to its major contentions.

Recent research studies by Wabha and Birdwell reveal that Maslow's theory is not valid. They say that there are two primary clusters of needs instead of five. They note "there is no clear evidence that human needs are classified in five distinct categories, or that these categories are structured in a special hierarchy. There is some evidence for the existence of possibly two types of needs, deficiency, and growth needs, although this categorisation is not always operative.

Similarly, Nash says that Maslow's theory is interesting but not valid. "Maslow had a good idea". But "the problem with Maslow's need hierarchy is that it cannot be turned into a practical guideline for managers who are trying to make people productive.

Thus the criticisms against Maslow's theory mostly rest on its lack of research support, on the dispute over the hierarchy of needs, and on the imprecise nature of the term self-actualisation. Although Maslow's theory has been subjected to questioning and often not accepted, his identification of basic needs has been fairly popular. He has made an important contribution to our understanding of the nature of motivation. His distinct approach to motivation has greatly influenced the practice of modern management.

12.3 Views of Frederick Herzberg

Frederick Herzberg is another distinguished American psychologist who has questioned the conventional wisdom of managerial dogma and practices. He has studied the problem of human motivation at the work place. "The central core of Herzberg's work stems from his Second World War experiences where he realised that

a society goes insane when the sane are driven insane. As a psychologist Herzberg felt that sanity requires as much professional attention to nourishing the humanistic content of character and ethics as to showing compassion for differences in personality. In this context, Herzberg of serves: “The insane also require care and compassion but their insane actions should never be reinforced by ethically neutral strategies. My theories have tended to emphasise strategies for keeping the sane”.

Frederick Herzberg’s major works are:

- Work and the Nature of Man (1966).
- The Motivation to Work (1959); (Co-author).
- The Managerial Choice: To be Efficient and to be Human (1976).

In developing his motivation theory, Herzberg was influenced by the writings of Abraham Maslow, Douglas McGregor and Chris Argyris. He analysed the relationship between meaningful experience at work and mental health. He believed that all individuals have two sets of needs: (i) to avoid pain, and (ii) to grow psychologically.

12.3.1 Motivation – Hygiene Theory

Herzberg’s theory of motivation is based on the work experience of some two hundred engineers and accountants from nine companies in the Pittsburgh area of USA. These men were asked to think of times when they felt exceptionally good or

exceptionally bad about their jobs. The responses were then classified by topic in order to determine what type of events led to 'job satisfaction' and 'job dissatisfaction'.

The research employed a combination of the critical incident technique, retrospective pattern interview and content analysis. The major objective of the research was to identify the factors that lead to positive and negative attitudes towards the job and to study the effects of these attitudes on job performance, turnover, mental health, etc. The focus of the study was whether different kinds of factors were responsible for bringing about job satisfaction. The study confirmed this hypothesis. In other words, his research purports to explain the factors behind motivation: determinants for job satisfaction and job dissatisfaction. His theory identifies five strong determinants for both job satisfaction and job dissatisfaction.

- **Determinants of job satisfaction:** Five factors that are strong determinants of job satisfaction are: achievement; recognition; the attraction of the work itself; responsibility; and advancement.
- **Determinants of job dissatisfaction:** Five factors that are strong determinants of job dissatisfaction are: company policy and administration; supervision; salary; interpersonal relations; and working conditions.

According to Herzberg the first group of factors, are 'Motivators'. They have the potential of yielding a sense of satisfaction. The second group of factors, are 'Maintenance' or 'Hygiene' factors. Their presence will not motivate people in an organisation, yet they must be present; otherwise dissatisfaction will arise. Thus there emerged two sets of job attitudes and factors, intrinsic and extrinsic. The latter set of

factors contributes towards job satisfaction, but does not directly lead to motivation. The absence of these factors results in dissatisfaction. The intrinsic (job-content) factors, on the other hand, do not cause dissatisfaction when missing but lead to satisfaction when present. Herzberg makes a distinction between positive and negative dissatisfiers and traces to them the lack of success that American industry has had in its attempts to motivate employees via human relations training for supervisors and wage incentive systems. Herzberg also suggests ways in which motivation to work may be strengthened. The hygiene factors, according to Herzberg, operated to remove health hazards....not a curative factor; it is rather, a preventive factor. Similarly, when there are deleterious factors in the context of job, they serve to bring about poor job attitudes. Improvements in the hygiene factors serve to remove the impediments to positive job attitudes. The following table reveals the characteristics of hygiene and motivation seekers:

Characteristics of Hygiene and Motivation

Sl.No.	Hygiene Seekers	Motivation seeker
1.	Motivated by nature of environment	Motivated by nature of the task
2.	Chronic and heightened dissatisfaction with various aspects of his job context, e.g. Salary, supervision, working conditions, status, job security, company policy and administration, fellow employees.	Higher tolerance for poor hygiene factors.
3.	Overreaction of satisfaction to improvement in hygiene factors	Less reaction to improvement in hygiene factors.
4.	Short duration of satisfaction when the hygiene factors are improved.	
5.	Overreaction of dissatisfaction when the hygiene factors are not improved.	Milder discontent when hygiene factors need improvement.
6.	Realises little satisfaction from accomplishments	Realises great satisfaction from achievements

7.	Shows little interest in the kind and quality of work that he does	Shows capacity to enjoy the kind of work that he does.
8.	Cynical view of positive virtues of work and life in general	Have positive feelings toward work and life in general.
9.	Does not profit professionally from experience	Profits professionally from experience
10.	Prone to making 'cultural' noises: (a) may be ultra-liberal or ultra conservative (b) supports management philosophy (c) acts more like top management than top management itself	Belief systems sincere and considered.
11.	May be successful on the job because of talent	May be an overachiever

Herzberg makes a distinction between hygiene factors and motivators. Improved hygiene factors in an organisation lead to less dissatisfaction: an improved job context is not a satisfier and hence, not a motivator. Similarly, an absence of a motivator does not lead to dissatisfaction; it leads to an absence of satisfaction. One must note here that satisfaction and dissatisfaction are different in the sense that they operate differently. In other words, hygiene factors should be attended to when dissatisfaction is to be reduced. If, however, satisfaction is to be increased, attention needs to be given to motivators. Herzberg thus provides the two-factor theory of motivation. The hygiene factors are essential for obtaining minimum performance by gratifying the lower level needs. But motivators are necessary for securing outstanding levels of performance in an organisation.

12.3.2 Propositions in the Theory

Three propositions are at the heart of motivator-hygiene theory:

- (i) First, it is basic to Herzberg's approach that job satisfaction and job dissatisfaction are not the opposite of one another, rather they are concerned with two different sets of man's needs. Therefore, the opposite of job satisfaction, is not job dissatisfaction, but simply "no job satisfaction". Likewise, the opposite of job dissatisfaction is lack of job dissatisfaction.
- (ii) Second, the factors that led to job satisfaction are of a different kind from those that led to job dissatisfaction.
- (iii) The motivators concerned with sustaining job satisfaction have a much long-lasting effect than the hygiene factors concerned with removing dissatisfaction.

The major findings of the study, that factors associated with job satisfaction and job dissatisfaction were distinctly separate from each other, have been applied in several subsequent investigations. In a study involving over 1600 employees belonging to a variety of jobs in business and industry and in a number of countries, Herzberg's findings show that as much as 81 percent of the factors contributing to job satisfaction are motivators concerned with growth and development. On the other hand, 69 percent of the factors contributing to job dissatisfaction are factors concerned with hygiene or environmental maintenance.

To an organisation, it is easy to motivate employees through fear of hygiene deprivation than to motivate them in terms of achievement and actualising the goals. Such a policy would be injurious to the long-term interests of the organisation. Therefore, it is desirable to place emphasis on motivating the people. He advocates an

industrial engineering approach based on the design of jobs. Herzberg suggests job enrichment, vertical job loading as the important means to motivate employees.

12.3.3 Job enrichment

Unlike Taylor's method of rationalising the work to increase efficiency, Herzberg suggests that including the motivating factors, which provide the opportunity for the employee's psychological growth, enrich jobs. In attempting to enrich an employee's job, Herzberg suggests that management should give him an opportunity for growth in his existing job.

The term job enrichment designates a technique used by managers to maximise in individual workers the internal motivation to work, which is the true source of job satisfaction. The job-enrichment concept designates a production and profit-oriented way of managing as well as a means of making work experience meaningful for people. It is based on the premise that people are not motivated by what is externally done to them by management with rewards, privileges or punishment, or by the environment or context in which they perform their work. People develop lasting motivation only through their experience with the content of their jobs i.e., the work itself. Job enrichment calls for vertical job loading where opportunities for achievement, responsibility, advancement and learning are designed into the job.

12.3.4 Vertical job loading

Herzberg contends that management often merely succeeds in reducing the man's personal contribution, rather than giving him an opportunity for growth in his existing job. He calls this "horizontal job loading", as opposed to "vertical loading",

which provides motivator factors. Since job enrichment calls for vertical job loading, it is necessary to look for a subtle approach. Herzberg's approach is to look for ways of removing some controls while retaining or increasing an individual's responsibility for his own work. Some of ways put forward by Herzberg are:

- (i) making the individual accountable for his own work;
- (ii) assigning a person a complete natural module of work;
- (iii) granting freedom and authority to an employee in his job;
- (iv) making reports directly available to the man himself rather than to the supervisor;
- (v) introducing new and more difficult tasks; etc.

Herzberg observes that where these changes have been introduced, the results in both performance and job satisfaction are considerable. For example, resulting increase in job performance was found in the study of laboratory technicians who were asked to write personal project reports in addition to those of the supervising scientists and were authorised to purchase materials direct.

For job enrichment, it is equally important to provide for an effective feedback process. An effective feedback has the following characteristics: (i) it is related to job performance; (ii) it is given on an individual rather than group basis; (iii) it occurs at short intervals; (iv) it is provided directly to the employee rather than through his supervisor. Herzberg's theory thus places on the management the task of calling out the motivators to provide adequate hygiene through company policy, interpersonal relations, working conditions, etc., for causing satisfaction in man's work.

12.3.5 A Critical Evaluation

In spite of the wide ranging application and the popularity of two-factor theory, there are criticisms about Herzberg's propositions. Some studies by Shepard and Herrick, confirm Herzberg's conclusions. The main criticism of the motivation-hygiene concept is that initially it interpreted job and company employment factors to be totally distinct and separate sets of entities. Today it is recognised that these factors at times can be both motivators and hygienic in nature.

Herzberg's hygiene approach to motivation has raised questions about the accuracy, of motivation-hygiene theory. Hinton questions Herzberg's methodology. It is charged that his questionnaire methods tended to prejudice his results. For instance, the tendency of people to blame others for poor performance is thought to have prejudiced Herzberg's results of investigations. Some critics find that the hygiene factors as postulated by Herzberg had the potential of yielding a sense of satisfaction or dissatisfaction.

Mayers who applied Herzberg's theory in his research at Texas Instruments observes that his findings only partially support Herzberg's theory. He discovers that those persons who seek opportunities for advancement and responsibility, whom he characterises as "growth seekers", do indeed fit into Herzberg's approach in that they were concerned with satisfiers and relatively little concerned with environment factors. On the contrary, other people, whom he calls 'maintenance seekers', are greatly concerned with environmental factors. In other words, Mayers observes that what motivates people is largely a matter of personality.

Moreover, factors that are normally environmental may become motivational factors or vice versa. In other words, if opportunities for advancement and achievement

are not given to growth seekers, they may become maintenance seekers. It is now widely recognised that these factors at times can be both motivators and hygienic in nature. Herzberg calls money and fringe benefits ‘negative motivators’ since people feel sad if they have no money but money does not “necessarily make them happier or more productive”.

One criticism against Herzberg’s theory is about the methodology adopted. Schwab and others have adopted the same methodology as that of Herzberg, but they have obtained results different from what the two-factor theory would predict.

Notwithstanding this criticisms, Herzberg’s contribution to human motivation theory is substantial. The concept of job enrichment developed by him is certainly a better-known contribution. He focuses attention on the significance of job content in motivation, which was hitherto unknown. Modern managers have recognised the significance of upgrading job content of their subordinates to motivate them with the influence of Herzberg’s two-factor theory.

12.4. Comparison of Herzberg and Maslow Models

The models of both Maslow and Herzberg focus attention on the same relationship, that is what motivates an individual. Maslow has suggested the theory of hierarchy of needs and as to how people try to satisfy each higher level need successively. Thus, any unsatisfied need becomes a motivating factor for the individual. In the economically advanced countries most of the lower-order needs of workers are fulfilled and hence, only higher-level needs remain motivating factors. This is what Herzberg has suggested. Maslow’s physiological, security and social needs come under

Herzberg's maintenance factors while self-actualisation under motivating factors. There are some divisions of esteem need: some parts coming under maintenance factors, e.g., status, and others, advancement and recognition, going under motivational factors.

There is a particular difference between two models. Maslow emphasises that any unsatisfied need, whether of lower order or higher order, will motivate individuals. Thus, it has universality in its applicability. It can be applied to lower-level workers as well as higher-level managers. In the underdeveloped countries, even lower-order needs are not reasonably satisfied. Hence, needs continue to be motivators. However, according to Herzberg, these are hygiene factors and do not help to motivate workers.

12.5 Conclusion

Employee motivation has occupied an important area of enquiry among many administrative thinkers. Abraham Maslow and Frederick Herzberg have developed comprehensive theories of motivation. Both were psychologists, who questioned the conventional wisdom of managerial dogma and practices and have studied the problem of human motivation in a systematic way.

According to Abraham Maslow, man is driven only by unsatisfied needs. He identifies human needs in the form of a hierarchy. At the lowest end are the physiological and security needs. The self-actualisation need is at the highest one. In between there are social and self-esteem needs, once the needs at the lower order are satisfied, they cease to be motivators' only the higher order needs can motivate the workers then. Maslow's contribution in the form of his need hierarchy is significant in organisation theory.

Herzberg develops motivation-hygiene theory of motivation through an empirical study. His research purports to find two-factor explanation of motivation-determinants for job satisfaction and job dissatisfaction. According to him hygiene factors are essential for obtaining minimum performance by gratifying the lower level needs. But motivators are necessary for securing outstanding levels of performance in an organisation.

The theories of Maslow and Herzberg focus their attention on the same relationship, that is what motivates an individual. But there is a particular difference between their theories. Maslow emphasises that any unsatisfied need, whether of lower order or higher order, will motivate individuals. According to Herzberg lower order needs are hygiene factors and fail to motivate workers. Both these theories certainly help the managers to understand the attitudes of employees towards work, and to take appropriate steps to motivate them.

12.6 Key Concepts

Case Study: A research design that focuses upon the in-depth analysis of a single subject.

Morale: The collective attitude of the workforce toward their work environment and a crude measure of the organisational climate.

Self-actualisation: The apex of Abraham Maslow's needs hierarchy, where an individual theoretically reaches self-fulfilment and becomes all that he or she is capable of becoming. The importance of the concept of self-actualisation was established long before Maslow gave it voice. The nineteenth-century poet Robert Browning described

its essence when he said, “A man’s reach should exceed his grasp, or what’s a heaven for?”

Two Factor Theory: Model of motivation involving two variables: Job satisfaction and Job dissatisfaction.

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12.8 Activities

Q.1 According to Maslow Human being is an organism, which drives into action to satisfy its needs. Discuss.

Q.2 Discuss the characteristics of hygiene and motivation seekers of Frederick Herzberg.

Q.3 Analyse the impact of motivational theories of Abraham Maslow and Frederick Herzberg on organisational processes.

UNIT-13: SOCIO-PSYCHOLOGICAL APPROACH:

VIEWS OF DOUGLAS MCGREGOR AND VICTOR VROOM

Structure

- 13.0 Learning Outcome
- 13.1 Introduction
- 13.2 Theories of Motivation
- 13.3 Views of Douglas McGregor
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13.0 Learning Outcome

After studying this unit, you should be able to :

- understand assumptions of theory X and theory Y and managerial implications of the theories of McGregor; and
- know Victor Vroom's Expectancy theory and its implications for organisational processes.

13.1 Introduction

People work for a wide variety of reasons. Some people want money, some want challenge, and some want power. What each unique person in an organisation wants from work has an instrumental role in determining that person's motivation to work. Motivation is vital to all organisations. Often the difference between highly effective organisations and less effective ones lies in the motivation of their members. Thus, managers need to understand the nature of individual motivation, especially as it applies to work situations.

Motivation is the set of forces that lead people to behave in particular ways. Managers strive to motivate people in the organisation to perform at high levels. Motivation is the most difficult factor to manage. If motivation is deficient; the manager faces the more complex situation of determining what will motivate the employees to work harder. In view of the importance of motivation in managerial processes, in this unit we will discuss the motivational models of Douglas McGregor and Victor Vroom in the organisational context.

13.2 Theories of Motivation

Organisation theorists tried to find out the answer as to what motivates people in human organisations. Fredric W. Taylor and his followers in the form of scientific management and more particularly in the differential piece rate system, made the starting. Scientific management attempted to use financial incentives to motivate people in work organisations. Then came the findings of human relations, which emphasized security and working conditions at the job besides financial incentives for work motivation. In the early 1960s, those concerned with work motivation started to search for new theoretical approaches and to devise new techniques for application. Some of these approaches tried to identify the types of needs that people had and the way these needs could be satisfied so that people could be motivated. These theories are known as ‘content theories of motivation’. Maslow suggested the theory of need hierarchy; Herzberg proposed two-factor theory; McClelland emphasised on power, affiliation, and achievement motives; and Alderfer proposed three groups of core needs: existence, relatedness, and growth (ERG model).

A need is anything an individual requires or wants. Most people have many different needs. These needs can be grouped into two categories: primary and secondary needs. Primary needs are things that people require to sustain themselves; therefore, food, water, and shelter. Needs of this type are instinctive and physiologically based. Secondary needs, on the other hand, are requirements based more in psychology and are learned from the environment and culture in which the person lives. Examples include the needs for achievement, autonomy, power, order, affiliation, and understanding. Secondary needs often arise in organisational settings, so it is especially important to consider them when examining motivated behaviour. For example, if people are to be satisfied with their psychological contracts with their

organisation, the inducements offered by the organisation must be consistent with their own unique needs.

Need theories are the starting point for most contemporary thought on motivation, although these theories too attracted critics? The basic premise of need theories, consistent with the motivation framework introduced earlier, is that humans are motivated primarily by deficiencies in one or more important needs or need categories. Need theorists have attempted to identify and categorise the needs that are most important to people. The best known need theories are the hierarchy of needs and the ERG theory.

Scholars also tried to find out the process involved in motivation. It led to the emergence of process theories of motivation. These theories are more concerned with the cognitive antecedents that go into motivation or effort and with the way they affect each other. Vroom proposes the theory of work motivation based on valence and expectancy. Porter and Lawler make some refinements in Vroom's model and suggest their own model. Behaviourists add the concept of equity to these models and propose the 'equity theory of work motivation'.

Some scholars attempt to relate the nature of human beings with the work motivation. Though these propositions are not confined to work motivation, they offer some insights into understanding work motivation. Prominent theories in this group are McGregor's theories of X.

Various theories of motivation approach the problems of motivation from different perspectives, but all of them emphasise similar sets of relationships. These relationships pertain to the individual, his needs, his perception of how he can satisfy

his needs, and whether his need satisfaction is equitable. All these theories have their relevance only to particular contexts, and when the context changes, they may not work because they are not universal theories, which can be applied in all situations.

13.3 Views of Douglas McGregor

Douglas McGregor was born in 1906 in Detroit, USA and was Professor of Industrial Management at the Massachusetts Institute of Technology. In his quest for productivity, McGregor develops two managerial approaches called Theory X and Theory Y. The theories are published in his “The Human Side of Enterprise”, (1960). McGregor was greatly influenced by Abraham Maslow and made him the starting point for his work.

The main argument of McGregor’s work is that “the theoretical assumptions which the management holds about controlling its human resources determine the whole character of the enterprise.” Like other psychologists, McGregor studies the assumptions about human behaviour, which underline the managerial actions. His theoretical construct characterising ‘Theory X’ and ‘Theory Y’ assumes a quest for high performance in the organisation. McGregor’s major works are:

- The Human Side of Enterprise (1960).
- Leadership and Motivation (1966).
- The Professional Manager (1967).

13.3.1 Theory X and Theory Y

The management’s action of motivating human beings in the organisation, according to McGregor, involves certain assumptions, generalisations and hypotheses relating to human behaviour and human nature. These assumptions serve the purpose of

predicting human behaviour. The basic assumptions about human behaviour may differ considerably because of the complexity of factors influencing human beings. McGregor presents these assumptions on two opposite sides: Theory X and Theory Y.

13.3.2 Assumptions of Theory X

The assumptions underlying Theory X are the following according to McGregor:

- The average person is lazy and works as little as possible.
- People lack ambition, dislike responsibility, and prefer to be led.
- People are inherently self-centred and indifferent to organisational needs.
- People are resistant to change.
- Most people are gullible and stupid.

Theory X views that people are passive or resistant to organisational needs and need to be persuaded, rewarded, punished or controlled to achieve organisational needs.

Theory X is based on the traditional conception of control and direction. It is traditionally known as “the carrot and the stick” theory, and is based practically on the mechanistic approach to human relations. Managers subscribing to these views about human nature attempt to structure control and closely supervise their employees. They feel that external control is most appropriate for dealing with irresponsible and immature employees. McGregor believes that these assumptions about human nature have not changed drastically though there is a considerable change in behavioural patterns. He argues that this change is not because of changes in the human nature, but because of changes in the industrial organisation, management philosophy, policy, and practice.

The Hawthorne studies, research findings by Likert and other behavioural studies suggest that the assumptions of Theory X cannot be meaningfully explained. McGregor himself questions the validity of Theory X. The assumptions about human motivation fail to motivate employees to work toward organisation goals. He says “the ‘carrot and stick’ theory of motivation which goes along with Theory X works reasonably well under certain circumstances”. But this “theory does not work at all once man has reached an adequate subsistence level and is motivated primarily by higher needs”. McGregor argues that theory X fails to describe or explain human nature. McGregor’s generalisation is that “so long as the assumptions of theory X continue to influence managerial strategy, we will fail to discover, let alone utilise the potentialities of the average human being”.

13.3.3 Assumptions of Theory Y

McGregor comes out with an alternative, “Theory Y” with the underlying principle of integration which replaces traditional concepts of direction and control. Theory Y takes the apposite view and assumes that:

- People are not by nature resistant to organisational needs.
- People have a latent capacity to develop and accept responsibility.
- People can be motivated towards management goals.
- Management must arrange matters so that people can achieve their goals through organisational objectives.

The assumptions of Theory Y suggest a new approach in management. It emphasises the co-operative endeavour of management and employees. The attempt is to get maximum output with minimum amount of control and direction. Generally, no conflict is visible between organisational goals and individual goals. Thus, the attempt of employees that are in their best interests are also in the interests of organisation.

Theory Y postulates that people can be encouraged to perform better and thus recommends increased decentralisation of power, delegation of responsibility, job enlargement, employee participation, consultative management and performance appraisal in which the employee actively participates.

Theory Y leads to a preoccupation with the nature of relationships, with creating an environment which encourages commitment to organisational objectives and which provides opportunities for the maximum exercise of initiative, ingenuity, and self-direction in achieving them. This theory recognises interdependence of human organisations and participative management. The central principle of theory Y is that integration of behaviours is the key process in management. The concept of integration reflects a recognition of the needs of the individual and those of the organisation. McGregor calls his theory Y an open invitation to innovation.

Theory Y is today a household expression in management circles. Administration, today, is tending towards theory Y, and the future will see more and more democratic administration.

13.3.4 Comparison of Theory X and Theory Y

Both theories X and Y have certain assumptions about human nature. These assumptions seem to be mutually exclusive. The difference between the two sets of assumptions can be visualised as follows:

- Theory X assumes human beings to be inherently distasteful towards work. Theory Y assumes that for human beings work is as natural as play.
- Theory X emphasises that people do not have ambitions and try to avoid responsibilities in jobs. The assumptions under Theory Y are just the reverse.

- According to Theory X, most people have little capacity for creativity while according to Theory Y, the capacity for creativity is widely distributed in the population.
- In Theory X, motivating factors are the lower needs. In Theory Y, higher order needs are more important for motivation, though unsatisfied lower needs are also important.
- In Theory X, people lack self-motivation and require be externally controlling and closely supervising to get maximum output from them. In Theory Y, people are self-directed and creative and prefer self-control.
- Theory X emphasises scalar chain system and centralisation of authority in the organisation while Theory Y emphasises decentralisation and greater participation in the decision making-process.
- Theory X emphasises autocratic leadership; Theory Y emphasises democratic and supportive leadership styles.

13.3.5 Managerial Implications of Theories X and Theory Y

The major implications of theories X and Y may be seen in the management process. According to Harold Koontz and his colleagues, the managerial process involves: (i) setting objectives and developing plans to achieve them; (ii) implementing the plans through leadership; and (iii) controlling and appraising performance against previously set standards. These key managerial activities are selected to illustrate the possible effects of Theory X and Theory Y on managerial actions. These effects summarised by Koontz and his colleagues, in the following table present conjectural view that awaits validation by databased research.

Table I- Theory X and Theory Y

Selected key managerial activities		Theory X : People dislike work; people must be forced to work; people do not willingly assume responsibility	Theory Y : People like work; people work best under self-direction; people like to assume responsibility
(a)	Planning (including setting objectives)	Superior sets objectives for subordinates.	Superior and subordinate set objectives jointly.
		There is little participation by subordinates in setting objectives and developing plans. Few alternatives are explored.	There is a great deal of participation by subordinates in setting objectives and developing plans. Many alternatives are explored.
		There is low commitment to objectives and plans.	There is high commitment to objectives and plans.
(b)	Leading	Leadership is autocratic, based on authority only.	Leadership is participative and teamwork is based on competence.
		People follow orders, but hidden resistance and mistrust exist.	People seek responsibility, feel accountable, and are committed to performance.
		Communication is one-way, top-down, with little feedback. Information flow is limited.	Communication is two-way with a great deal of feedback. Necessary information flows freely.
(c)	Controlling and appraising	Control is external and rigid.	Control is internal and based on self-control.
		Superior acts as a judge.	Superior acts as a coach.
		There is low trust in appraisal.	There is high trust in appraisal.
		Focus is on the past, with emphasis on fault finding.	People learn from the past, but focus on the future; feed forward control emphasises problem solving.

Source: Harold Koontz, Cyril O Donnel and Heimz Weihrich, Management, (McGraw – Hill International, eighth edition, 1984), p. 465.

13.3.6 A Critical Evaluation

McGregor's rejection of traditional conception of administration has been questioned. Traditional concepts such as control and direction which he has rejected are still of great value for understanding human motivation. Theory X that McGregor does not favour, as it leads to an emphasis on the tactics of control, is of some value. Despite all the researches and theories of motivation that have come to the fore in recent years, it should not be forgotten that the carrot and stick theory (use of rewards and punishments) is still strong, and hence could motivate people. In spite of the tremendous amount of research generated by McGregor's theory, it has never been

tested adequately. Douglas McGregor makes constructive contribution to the human motivation theory. He rejects the underlying assumptions about human behaviour on which formal organisation is built and propounds Theory Y based on a more adequate understanding of human motivation. His theory has had a tremendous impact on managerial thinking in modern organisations. Theory Y explodes the myth of the “economic man” and traditional concepts of direction and control.

The current research in human motivation has gone far beyond Theory Y, but this does not mean that this Theory is irrelevant. McGregor himself calls his Theory Y an open invitation to innovation. His ideas on leadership, management development programme, and on developing the professional manager are of considerable value to current administrative practices.

13.4 Views of Victor Vroom

Content theories are basically based on three assumptions that (i) all employees are alike, (ii) all situations are alike and (iii) there is only one best method to motivate employees, i.e., satisfying needs. Contrary to the assumptions of content theory, a number of other theories have been developed after extensive studies based on empirical evidence.

13.4.1 Expectancy Theory

Criticising the content theories of motivation, which are based on the needs of people and their priority, Vroom has presented an alternative theory, which is based on

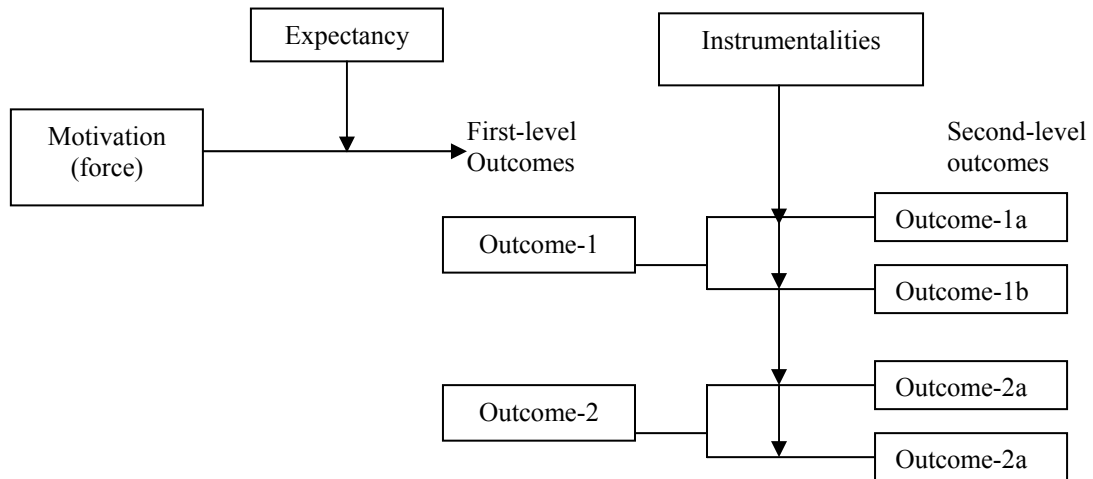
motivation process. He made a significant contribution to our understanding of motivation through his expectancy Theory. The basic expectancy theory model emerged from the work of Edward Tolman and Kurt Lewin. However, Victor Vroom, is generally credited with first applying the theory to motivation in the workplace. The theory attempts to determine how individuals choose among alternative behaviours. The basic premise of expectancy theory is that motivation depends on how much we want something and how likely we think we are to get it.

Vroom's expectancy theory can be classified as process theory in contrast to the content theory primarily because it attempts to identify relationships among variables in a dynamic state as they affect individual behaviour. This systems orientation is in direct contrast to the content theories, which have attempted largely to specify correlates of motivated behaviour. In the expectancy theory, it is the relationship among inputs that is the basic focal point rather than the inputs themselves. Vroom develops his motivation model around the concepts of value, expectancy and force.

Vroom's expectancy theory has its roots in the cognitive concepts in the choice behaviour and utility concepts of classical economic theory. According to Vroom, people are motivated to do things to achieve some goals to the extent that they expect that certain actions on their part will help them to achieve the goal. Vroom's model is built around the concepts of value, expectancy and force; its basic assumption is that 'the choice made by a person among alternative courses of action is lawfully related to psychological events occurring contemporaneously with the behaviour. Vroom's concept of force is basically equivalent to motivation and maybe shown to be the algebraic sum of products of valences multiplied by expectations. Thus,

$$\text{Motivation (force)} = \Sigma \text{Valence} \times \text{Expectancy}$$

Vroom's expectancy theory is presented in figure. I



The three terms referred by Vroom in his model are analysed below:

Valency

This term refers to degree of desirability or preferences for various outcomes or incentives, which are available to him. These include value, incentive, attitude and expected utility. Before an individual decides to put effort into the performance of a task, he first looks at the various alternatives at his disposal and the outcomes (rewards) associated with it. Hence, valency reflects the strength of a person's desires for the attraction to rewards, if he adopts a particular cause of action. Hunt and Will also opine that valency is the strength of an individual's desire for a particular outcome and it is the subjective value attached to an incentive or reward. To clarify the concept of valency they have taken the example of promotion. Assume that an individual wishes for a promotion in his organisation and feels that if his performance is superior to others, it will be a positive factor for him in achieving the promotion. His first level

outcomes are therefore superior, average or poor performance and his second level outcome is promotion. The individual's first level outcome i.e., high performance acquires a positive valency by virtue of the expected relationship to the preferred second level outcome i.e., promotion. Thus the individual would be motivated to give superior performance in order to get promoted. The superior performance, i.e., the first level outcome is instrumental in obtaining promotion, i.e., the second level outcome.

Expectancy

At first glance the expectancy may seem to be the same as the instrumentality input into valence, but they are different. Expectancy differs from instrumentality in that it relates efforts to first level outcomes where instrumentality relates second-level outcomes to each other. Since expectancy is rated as the probability of connection between effort and performance, its value ranges between 0 and 1. If an individual sees no chance that effort will help him to achieve the desired performance level, the expectancy is 0. On the other hand, if he is confident that the task will be completed and he will achieve the desired performance level, the expectancy value assigned is 1. Thus, the expectancy of an individual will lie between these two extremes, i.e., 0 to 1. Hence, we can say, in order that motivation take place, the expectancy must also be high like valence.

Expectancy = Efforts to First Level Outcomes.

(The belief that efforts lead to performance).

Instrumentality

Instrumentality refers to the outcomes (rewards) for the individuals for each level of job performance (expectancy). It helps to answer such questions, 'Will I be rewarded if I perform the job well? Instrumentality is probabilities attached by an

individual to each possible performance-outcome alternatives as he previously assigned probabilities to various levels of effort leading to different levels of performance. In the example given earlier, instrumentality refers to the person's perception of the relationship between high performance (first level outcome) and promotion (second level outcome). Thus perceived instrumentality is a subjective feeling, if an individual perceives that his performance is suitably rewarded the perceived instrumentality will be positive. On the other hand, if he perceives that the performance will make no difference to the rewards the instrumentality will be low. Think of your own decision-making process on how much effort you put into studies for an examination or writing a term paper. And you get the answer based on Vroom's model of motivation.

13.4.2 Implications of the theory

One of the important features of this theory is that it recognises individual differences in work motivation and suggests that motivation is a complex process as compared to Maslow's or Herzberg's simplistic models. It also clarifies the relationship between individual and organisational goals. Hunt and Hill point out that instead of assuming that satisfaction of a specific need is likely to influence organisational objectives in a certain way, we can find out how important to the employees are the various second-level outcomes (worker goals), the instrumentality of various first-level outcomes (organisational objectives) for their attainment and the expectancies that are held with respect to the employees' ability to influence the first-level outcomes. Thus, Vroom's theory is consistent with the idea that a manager's job is to design an environment for performance, necessarily taking into account the differences in various situations. Furthermore, this theory is also quite consistent with management by objectives. However, Vroom's theory is difficult to research and apply in practice. This

is evident from the fact that there have been only a few research studies designed specifically to test Vroom's theory. In fact, Vroom himself depended largely upon researches conducted prior to the formulation of his theory. Nevertheless, from a theoretical standpoint the Vroom model seems to be a step in the right direction, but does not give the manager practical help in solving his motivational problem.

Vroom's theory is very popular in academic circles and has generated some research because it attempts in understanding organisational behaviour in a wider perspective. This theory recognises the complexities of work motivation, but it is relatively difficult to comprehend and apply in practice.

13.5 Conclusion

Motivation is vital to all organisations. Thus, managers need to understand the nature of individual motivation, especially as it applies to work situations. Motivation is the most difficult factor to manage. Theories of motivation can be classified into two categories – content theories of motivation and process theories of motivation. Need theories developed by Abraham Maslow and Alderfer come under content theories of motivation. These theories are based on the types of needs that people have and the way these needs could be satisfied so that people would be motivated. Motivation models developed by McGregor and Vroom come under the category of process theories of motivation. These theories are more concerned with the cognitive antecedents that go into motivation or effort and with the way they affect each other.

McGregor studied the assumptions about human behaviour, which underline the managerial actions. The management's action of motivating human beings in the organisation, according to McGregor, involves certain assumptions, generalisations and

hypotheses relating to human behaviour and human nature. He characterises these assumption in two opposite points, Theory X and Theory Y. Theory X view is that people are passive or resistant to organisational needs and need to be persuaded, rewarded, punished or controlled to achieve organisational needs. On the other hand, Theory Y takes the opposite view. The assumptions of Theory Y emphasise the co-operative endeavour of management and employees. The central principle in the assumptions of theory Y is that integration of behaviours is the key process in management.

Victor Vroom presents expectancy theory that is based on motivation process. The theory attempts to determine how individuals choose among alternative behaviours. He develops his motivation model around the concepts of value, expectancy and force. One of the important features of this theory is that it recognises individual differences in work motivation and suggests that motivation is a complex process and compared to Maslow's or Herzberg's simplistic models.

Motivation models developed by McGregor and Victor Vroom are useful to managers in understanding the nature of motivation in work situations. These models also help to understand the complexities of determining what motivates the employee to perform better.

13.6 Key Concepts

Job Enlargement: Adding additional but similar duties to a job.

Job Enrichment: Adding different kinds of duties so that the work is both a higher level and more personally satisfying.

Job Satisfaction: The totality of an employee's feelings about various aspects of his or her work; an emotional appraisal of whether a job lives up to an employee's values..

Motivation: An amalgam of all of the factors in one's working environment that foster (positively or negatively) productive efforts.

Peer Group: People at the same organisational level in terms of rank, title or salary.

Reinforcement: An inducement to perform in a particular manner. Positive reinforcement occurs when an individual receives a desired reward that is contingent upon some prescribed behaviour. Negative reinforcement occurs when an individual works to avoid an undesirable outcome.

Theory X: The assumptions that the average human being has an inherent dislike of work, that most people must be threatened to get them to put forth adequate effort, and that people prefer to be directed and to avoid responsibility.

Theory Y: The assumptions that work is as natural as play, that workers can exercise self-direction and self-control, and that imagination, ingenuity, and creativity are widespread.

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13.8 Activities

Q.1 Theory X is based on traditional conception of control and direction. Explain.

Q.2 Analyse the assumptions of Theory X and Theory Y.

Q.3 Discuss the Victor Vroom's expectancy theory and its implication on organisational processes.

UNIT 14 OPEN AND COOPERATIVE SYSTEMS

Structure

- 14.0 Learning Outcome
- 14.1 Introduction
- 14.2 The Closed-System
 - 14.2.1 Scientific Management
 - 14.2.2 Administrative Management Movement
 - 14.2.3 Weberian Bureaucracy
 - 14.2.4 Evolution Through Differentiation
- 14.3 The Open-Systems Approach
 - 14.3.1 The Hawthorne Experiment
 - 14.3.2 Hierarchy of Needs
 - 14.3.3 Humanistic Organisation
 - 14.3.4 Prismatic-Sala Model
 - 14.3.5 Cooperative System
- 14.4 Synthesis of Closed and Open-Systems
- 14.5 Conclusion
- 14.6 Key Concepts
- 14.7 References and Further Reading
- 14.8 Activities

14.0 LEARNING OUTCOME

After studying this unit, you should be able to:

- understand the system approach in the study of organisation;
- analyse the features of closed, open and cooperative systems; and
- discuss the synthesis of closed and open system;

14.1 INTRODUCTION

This unit outlines the systems approach in the study of organisation. It deals with the closed and open systems approaches.

The Study of Organisations has fascinated researchers over centuries. Various approaches have been adopted to analyse organisations. The earlier studies of systems approach adopted the evolutionary perspective in analysing the development of social systems. These were the stages societies or social systems undergo through social differentiation. The differentiation process was also central to modernisation, in that a unit or sub-system divides into separate systems or units, which differ in both structure and functional significance. The literature on Organisations is drawn from a variety of sources and is multidisciplinary in nature, with contributions from sociology, political science, public administration, economics and psychology, to name a few.

Undifferentiated social systems can best be illustrated by the kinship-centred household, which combines both the units of residence and agricultural production. Our knowledge about the Systems approach would be incomplete without an understanding about the basic assumptions/theoretical underpinnings underlying the two main

approaches central to the Systems analysis, the closed systems and the open system models. One led to the other, in that the critique of the closed system approach opened the way for the conceptualisation of the open systems model. Taken together, they constitute the whole.

The two major schools of thought could be broadly analysed under the closed Systems Approach and the open systems approach. In this unit we will be discussing the models under closed and open system, cooperative system, and syntheses of closed and open system.

14.2 THE CLOSED SYSTEM

The Closed Systems approach is based on the theory of formal organisation. The three major models under the Closed Systems are: (a) scientific management (b) administrative management and (c) Weberian bureaucracy. These schools were based on the rational model according to which a system could be closed, or if closure were not complete, the external forces acting on it would at least be predictable.

Features of Closed Model

Under the closed model, work is systematically divided into different components, which follow standardised work methods. The system is planned in such a way that there is no scope for any part to malfunction. All the tasks are thus isolated from the outside environment. The model does not take into account the human factors that are likely to impact on the organisation.

14.2.1 Scientific Management

The scientific management movement headed by Frederick Taylor dominated the post World War II industrial set up. His work, published in 1911, was titled Principles of Scientific Management. The Scientific Management Movement which flourished at the beginning of the 20th century continuous to remain very much in use in industry today. The Scientific Management Movement had its intellectual roots in America's business and engineering colleges. The focus of this approach is on improving organisational efficiency and increased production. It primarily focuses on manufacturing and production activities. It employs economic efficiency as its ultimate criteria and tries to maximise efficiency by planning out procedures, based on technical logic. An important step is to set standards and exercise control to ensure that the standards conformed to a technical logic. Scientific Management is more popularly known as time and motion studies. The emphasis of this approach is on rationality. Scientific Management sought to achieve conceptual closure of the organisation based on the assumption that goals are known and tasks are repetitive. Taylor tried to standardise tasks based on the time and motion study to quantify the amount of time each task would require. According to Taylor there was only one best way to accomplishing a task. He set about breaking up each task into segments to study the time each task required. Thus, through time and motion studies, he tried to standardize tasks, tools and techniques.

Taylor's scientific management demonstrated how production could be efficiently organised and planned to meet specific targets. Scientific and systematic management was Taylor's remedy to inefficiency in production. The foundation of scientific management was built upon clearly defined principles. To quote Taylor (1947) "This task specifies not only what is to be done but how it is to be done and the exact time allowed for doing it"

Taylor demonstrated this concept with his experiments at Bethlehem Steel Company where loading of pig iron per man per day increased dramatically as a result of his experiments. Taylor's scientific management had a universal message and relevance irrespective of the system of government. Standardisation of work methods was the key to improved efficiency. According to Taylor "it is only through enforced standardisation of methods, enforced adoption of the best implements and working conditions, and enforced cooperation that this faster work can be assured. And the duty of enforcing the adoption of standards and of enforcing this cooperation rests with the management alone"

As Waldo observes (1948): "Scientific management and public administration are related aspects of a common phenomena: a general movement to extend the methods and the spirit of science to an ever-widening range of man's concerns". The impact of Taylorism on administrative theory was indeed far reaching.

14.2.2 Administrative Management Movement

The administrative-management movement, drawing inspiration from the scientific management movement, divided work according to a master plan. Gulick and Urwick (1969) set forth principles of public administration, which had universal application since they were assumed to be based on scientific principles.

The essence of their theory of organisation lay in the division of work and the co-ordination of the parts with the whole. This could be accomplished in the following manner:

- By organisation, that is, by interrelating the subdivisions of work by allotting them to men who are placed in a structure of authority, so that the work may be co-ordinated by orders of superiors to subordinates, reaching from the top to the bottom of the enterprise.
- By the dominance of an idea, that is, ‘the development of intelligent singleness of purpose in the minds and wills of those’ who are working together as a group, so that each worker will, of his own accord, fit his task into the whole with skill and enthusiasm

Administrative management theorists designed the nuts and bolts for the administrative machine. Their emphasis is on the organisation of work and the division and co-ordination of activities. They spell out the principles of public administration by specifying its various aspects through concepts such as span of control and unity of command. Span of control refers to the number of subordinates a supervisor can control

effectively. Unity of Command implies that a workman, should have only one boss if he is to perform his duties satisfactorily. Gulick and Urwick also propose seven Principles of Public Administration (POSDCORB) they stand for:

- Planning
- Organising
- Staffing
- Directing
- Coordinating
- Reporting
- Budgeting

Administrative Management focuses on structural relationships among the units of the organisation such as production, supply, personnel, and other units. According to its reasoning efficiency would be maximised by specialising in tasks and grouping them into departments. Responsibilities are to be fixed according to principles such as delegation, span of control and unity of command. Administrative management assumes that it can achieve closure by strictly following a master plan against, which specialisation, departmentalisation and control are determined.

14.2.3 Weberian Bureaucracy

The third important model based on the rational or closed-systems approach is the Weberian theory of bureaucracy. Max Weber identifies three types of authority:

traditional, charismatic and legal-rational. Among them, rational authority is grounded in the legitimacy of rational-legal rules. The Weberian model achieves conceptual closure through defining offices according to jurisdiction in a hierarchical structure. The Weberian theory focuses on staffing and structure as also on establishing rules for all categories of activities.

Weber found the bureaucratic system “rational” as it assures predictability of the behaviour of employees working in it. The bureaucratic organisation is designed to work in a “rational” manner as tasks to be accomplished are divided into highly specialised jobs. The office functions on the basis of well-defined rules. The assumption is that strict adherence to Rules ensures predictability; it makes the system insensitive to pressures; it minimises discretion; it ensures objectivity, impartiality and uniformity in the application of rules. Thus, the system is highly predictable and reliable as it encourages vigorous application of rules. The organisational ethos further reinforces this. However, the emphasis is more on discipline and conformity to rules of the organisation, rather than innovation and experimentation.

Rational authority is thus grounded in rational-legal rules. The emergence of the rational-legal authority system is dependent on the breakdown of particularistic traditionalised structures. It also has a levelling influence when privileged status based on birth and social class give way to universalistic norms. Unlike the traditional and charismatic authority systems where obedience is owed to a person, under legal-rational authority obedience is owed to an impersonal order, which has been legally established. However,

as Henderson and Parsons (1947) observe, none of the historical cases examined by Weber adhere to these three ideal types in their 'pure' form.

Unlike the other forms of organisation, bureaucracy is based on the legal-rational authority system. The distinguishing features of bureaucratic administration are: hierarchically organised offices with defined competence; selection on the basis of technical competence specialised knowledge and merit criteria; separation of the 'personal' from the 'public' domain; a career system with advancement based on seniority and /or achievement; salary paid in money; and a mechanism for disciplinary purposes.

14.2.4 Evolution Through Differentiation

An essential element in Weber's conceptual approach is the concept of "differentiation." He contends that the fully developed bureaucracy would be as efficient as the mechanical process of production. Similarly, the separation of personal from official interests of an incumbent could result in a clear differentiation between the two. When this happens officials would transcend love and hate or prejudice and hence would be impartial in their dealings with their clients. This would result in the systematic application of law irrespective of who the clients are. The differentiation would involve the following stages: (a) hierarchical organisation of office; (b) codification of laws; (c) appeals from lower level to the higher level; (d) fixed and official jurisdictional areas governed by laws, rules and administrative regulations; (e) fixed official duties; (f) stable distribution

of authority to give commands, and (g) selection to office of persons with requisite qualifications. Max Weber proceeds to make a related observation:

“The fully developed bureaucratic mechanism compares with other organisations exactly as does the machine with the non-mechanical modes of production. Precision, speed, un-ambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs...these are raised to the optimum point in the strictly bureaucratic administration...” (Gerth and Mills, English translation of Weber’s original work in German, 1956, p. 214).

Weber’s bureaucratic theory had far-reaching implications. It held out the hope that rational bureaucratic organisations could be developed anywhere in the world. There was no reason why this mechanical device could not be imported into any country. The Weberian model highlighted formal rationality – a belief in the possibility of quantitative calculation even in the relationship among men. Through discipline, it is possible for leadership to be confident of uniform and predictable responses to the exercise of formal authority.

Common to all three approaches Scientific Management, Administrative Management and Weberian Bureaucracy is their worldwide relevance. Improved efficiency is the ultimate objective of all the three models. Each tries to achieve efficiency through a closed - system strategy. For example, scientific management focuses mainly on

production activities through planned procedures and set targets. Based on the assumption that goals are known and tasks are repetitive, the organisation achieves conceptual closure.

The administrative-management model attempts to realise economic efficiency through the structural relationships that exist between its several components (e.g., production, personnel and supply). The emphasis is on specialised tasks being grouped into departments, which in turn would facilitate fixing of responsibility based on principles such as span of control. Administrative management obtains closure in that specialisation, departmentalisation and control, follow a master plan.

In the case of weberian bureaucracy, the focus is on staffing and structure. The office is organised on a fixed pattern of super-subordinate relationships and strict observance of rules and regulations. Thus, all three models offer the potential for applying their techniques across cultures. They could be applied in democratic and non-democratic, developed and developing countries. They call for controlled conditions and hold all other factors constant.

14.3 THE OPEN-SYSTEMS APPROACH

Features of Open System

Whereas the Closed Systems approach believed in the insulation of the organisation from outside pressures, the Open Systems Approach conceives Organisations as part of a larger environment. It argues that work cannot be strictly compartmentalised into watertight components. The Open system is based on the assumption that human beings cannot be programmed to work like machines. They have to be motivated to contribute their best towards attaining organisational goals.

The Human Relations school challenged the view of scientific management of scientific that factories are essentially nothing more than production systems and that workers could be made to work as machines. The Open-System Approach, which is also identified as the natural-system model. It grew out of a challenge to the closed systems approach. As a natural system the complex organisation is viewed in the context of inter-dependent parts, which together constitute a whole. Each part is expected to contribute something towards the whole. The whole in turn is inter-dependent with the larger environment. Survival of the system is the ultimate goal wherein the relationship between the parts is determined through an evolutionary process. Dysfunctions are conceivable, but the assumption is that an offending part will adjust in order to produce net positive contribution or alternatively disengage itself. If this does not happen the system will degenerate. Whereas the Closed System sealed off the organisation from influences from the environmental variables. The Open-System, which is also, a cooperative system assumes interaction between the different parts. The Open-System focuses on variables, which are not included in the rational models such as sentiments, cliques, social controls through informal norms, etc. The informal or Open-System

organisation is considered as a spontaneous entity, which is essential for complex organisations to function by permitting the system to interact with the environment, make suitable adaptations in order to. We can trace the origin of the open-systems model to the Human Relations movement.

14.3.1 The Hawthorne Experiment

The Hawthorne Studies conducted by Elton Mayo at the Hawthorne plant of the Western Electric Company, located in Chicago, USA, marked the watershed in the way scholars viewed organisations. The experiments at the Hawthorne plant centred around two groups of female workers, both performing the same tasks. The two groups were made to work in different rooms with different levels of illumination. However, the researchers observed that there was no difference in the output of the two groups despite the varying levels of illumination at their work place. They concluded that awareness on the part of the workers about the fact that they being observed had its impact on the two groups. From this, the researchers inferred that paying more attention to workers rather than treating them, as machines would lead to greater productivity.

One of the major contributions that came out of these research efforts was the birth of the informal organisation, highlighting the role of groups in shaping the behaviour of workers. The Hawthorne study opened up the field of organisation theory to the examination of a whole new set of variables that could influence the work environment, and which were ignored by the Closed System theorists.

14.3.2 Hierarchy of Needs

Theories of human motivation in course of time became an important area of research. Abraham Maslow's theory of "Hierarchy of Needs" is a seminal work in this area. According to Maslow there are five categories of needs that need to be satisfied. They are physiological needs, safety and security needs, social needs, esteem needs, and self – actualisation needs. The physiological needs form the foundation of the human need system, which include the basics for survival such as food, water and clothing. Once the physiological needs are satisfied, the next set of safety and security needs have to be addressed. These are followed by satisfaction of the need for esteem and recognition, which is also referred to, as ego needs. This need for self-actualisation is driven by the desire to excel and be recognised. Once the lower level needs are satisfied, the individual may achieve self-actualisation, thus fulfilling one's potential to perform in a particular area. However, as needs are satisfied they no longer serve as motivators. Thus, once each of the "lower" needs is satisfied, men seek to fulfil the next higher need.

14.3.3 Humanistic Organisation

Chris Argyris compares bureaucratic – pyramidal values, which dominate closed-Systems organisations with humanistic – democratic value system, central to Open-Systems organisation. He came to the conclusion that while bureaucratic values lead to shallow

and mistrustful relationships, humanistic or democratic values enhance inter-group cooperation and organisational effectiveness.

14.3.4 Prismatic-Sala Model

Fred Riggs has formulated the Prismatic-Sala model for analysing the administrative sub-systems of developing countries. His prismatic-sala model is based on a series of interconnected concepts. Riggs places societies on a scale of differentiation, from fused or functionally diffuse ones, whose structures perform a large number of functions, as opposed to diffracted or functionally specific societies, with a limited number of functions and in which every function has a corresponding structure. A prismatic society is a transitional society which occupies an intermediate position between the fused and diffracted ones.

Sala is a Spanish word which means an office that merges specialised administrative tasks with traditional functions. For example, a government office could be a personal room at home from which both office functions and family tasks are undertaken. A prismatic society is also characterised by heterogeneity. It refers to the simultaneous presence of the mixture of traditional and modern practices and elements or different kinds of systems and norms. Formation is yet another characteristic of prismatic societies. It refers to the gap between appearance and reality or formally prescribed and effectively practised behaviour.

14.3.5 Cooperative System

Our discussion of the open-systems model would be incomplete without highlighting the cooperative approach as outlined by Chester Barnard. According to Barnard an organisation is a part of the larger system-society. The organisation is in close interaction with its environment. Barnard adopted a consensual approach in defining the concept of authority, which rests on the acceptability of subordinates. Central to the cooperative system are communication channels, which need to remain open so that the executive can communicate effectively with the employees both in terms of communicating organisational objectives and for learning the employees' requirements. These could be written, verbal or observational. Again, authority is heavily dependent upon the system of communication adopted by the organisation as also on the cooperation and personal attitudes of individuals working in it. Acceptance of authority by individuals working in an organisation is dependent upon the following factors: (a) communications have to be clear and understandable; (b) they have to be consistent with the organisational goals and objectives; (c) they have to be compatible with the personal interests of the employees; and (d) they should be designed in such a way that they motivate individuals working in an organisation. Thus, authority is closely intertwined with the system of communication as also with the spirit of cooperation amongst individuals working in the organisation. At the core of the cooperative model is participative management and mutual dependence of management and employees in running the organisation. Further, an organisation is a mix of formal and informal interactions and relationships. They both build on each other and one cannot survive without the other. In fact, an informal organisation creates a

formal structure in course of time through an evolutionary process. Formal organisation in turn leads to the creation of informal groups and structures.

The organisation has to abide by the rules of the game, which are arrived at through some kind of contract. It could however negotiate if it so desires for a revised set of rules.

14.4 SYNTHESIS OF CLOSED AND OPEN-SYSTEMS

The assumptions on which the closed-system and the Open-System operate are thus based on extreme positions. However, in reality organisations cannot afford to be either totally closed or totally open. The Closed-System, which emphasised on rationality, came under severe criticism by scholars such as Herbert Simon. He calls the principles of public administration as outlined by the administrative management movement, as nothing more than proverbs. He points out that for every set of principles there can be a contradictory set of principles. What we emphasise is that these two extreme approaches need to be reconciled. As one can see some organisations which face environmental influences require them to be flexible and informal, to be in consonance with the Open-Systems model. On the other hand, organisations which by nature manage routine standardised activities could be operated on the Closed-System model. Thus, as Thompson observes, organisations are a combination of the two approaches. They are differentiated systems wherein some components or sub-units could be designed to function as open-systems and some others as closed. James March and Herbert Simon were the first to recognise and incorporate the open-systems approach into organisational

studies. Katz and Khan made a systematic and comprehensive attempt in incorporating the Open Systems approach into organisational studies.

14.5 CONCLUSION

The foregoing analysis describes the various approaches adopted in the study of Organisations. Two broad streams of thought are identified – the Closed System and the Open Systems approaches in organisation theory. The three main models under the Closed–System are the Scientific Management; the Administrative Management Movement; and the Weberian bureaucracy. These three models are also known as the “Rational” models. All the three models believe in the conceptual closure of organisations. They believed that organisations could be sealed off from outside influences. The Closed Systems approach is based on the formal theory of Organisation. Models following the closed systems approach assume that by adopting rationality the Organisation could be managed on scientific lines. According to them there is ‘one best way’ to organise men and matters irrespective of cultural differences or variations in political systems.

Differentiation is at the core of the systems approach. The argument is that the more differentiated the structure of an organisation, the more complex it is likely to be. Coordination will then be the central issue.

The Open–Systems approach adopts a totally opposite approach in that organisations are conceptualised as informal and open to environmental influences. The human relations school was perhaps the first to follow the Open System model. The Cooperative Organisation also reflects the views of Open Systems theorists. Communication is central to the Cooperative Organisation. The advocates of this view argue that many variables impact on the Organisation such as human emotions, inter-group relations, etc., which cannot always be anticipated in advance.

Though the two approaches are based on different sets of assumptions, we can argue that a synthesis of the two approaches is possible at the theoretical level. An organisation can have components that follow the Closed Systems approach and some other components might reflect the Open Systems approach. In fact, the Open Systems theorists assume that the formal and informal organisations are closely interrelated; and one leads to the other.

14.6 KEY CONCEPTS

Political Culture: That part of the overall societal culture that determines a community's attitudes toward the quality, style, and vigor of its political processes and government operations.

Rational Decision Making Model: A view of the public policymaking process that assumes complete information and a systematic, logical, and comprehensive approach to change.

Satisfice: Accept a satisfactory and sufficient amount of information upon which to base a decision. Herbert Simon invented this word to help explain his theory of bounded rationality.

Systems Analysis: The methodologically rigorous collection, manipulation, and evaluation of data on social units (as small as an organisation or as large as a polity) to determine the best way to improve their functioning and to aid a decision maker in selecting a preferred choice among alternatives.

Unit Cohesion: Solidarity within a work group as demonstrated by commitment to common goals, to the organisation as a whole, and by the members to each other.

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14.8 ACTIVITIES

Q.1 Explain briefly the importance of the Systems Approach to the study of organisation.

Q.2 It is said that the closed and open systems approaches are two sides of the same coin. Explain.

Q.3 Design an organisation, which combines all the three approaches – Closed, Open and Cooperative Systems. Outline its various activities and then group them under (a) closed system, (b) Open System and (c) Cooperative System. This exercise will help you in identifying activities in an organisation which can be best handled by adopting each of the three different approaches for separate set of functions within the same organisation.

UNIT-15 : SYSTEMS APPROACH: VIEWS OF DAVID EASTON AND CHESTER BARNARD

Structure

- 15.0 Learning Outcome
- 15.1 Introduction
- 15.2 Systems Approach – Meaning
- 15.3 Organisation – As a Open System
- 15.4 Views of David Easton
- 15.5 Views of Chester Barnard
- 15.6 Conclusion
- 15.7 Key Concepts
- 15.8 References and Further Reading
- 15.9 Activities

15.0 Learning Outcome

After studying this unit, you should be able to:

- know the meaning and nature of systems approach.
- analyse modern organisation as a open system.
- understand the David Easton’s application of systems approach to analyse political system.

- highlight the Chester Barnard's application of systems approach to understand administrative processes of an organisation.

15.1 Introduction

A modern organisation witnesses vast growth in size, complexity and scale of activity. Its growing complexity and scale of operations demand that a successful administration must integrate them within a framework. In an age of specialisation integration becomes more and more important in an organisation. Organisations are transcending national boundaries. They are engaging in product diversification. To explain such a growing phenomenon, systems approach of organisation become important. The modern organisational approach is called systems approach. The structural functionalism of Talcott Parsons, the political system theory of David Easton and the functional theory of Robert Merton, Gabriel Almond and others influence this approach. The system approach marks a departure from the earlier approaches of organisation. In present unit, an attempt is made to know the views of David Easton and Chester Barnard on analyses of political and administrative systems respectively.

15.2 Systems Approach: Meaning

A system is an interconnected set of elements that function as a whole. The theory of systems was first developed in physical sciences, but it has been extended to other disciplines such as political science, public administration, management etc. A system is characterised by three properties. First, it is a set of interactions taking place within itself. Second, these interrelated activities or elements have a boundary set around them. Third property constitutes the environment of a system. The most

important activity of a system is to maintain administrative order and equilibrium among sub-system.

According to systems approach administration is described as a system comprising sub-system, structure, people, action and interactions that enable it perform certain functions. An administrative system is divided into three distinct processes --- inputs, through puts and outputs. The system's framework assumes interactions between the three processes. Environment forces influence the administrative system.

15.3 Organisation – As a Open System

Systems approach of organisation theory places emphasis on studying organisation as a system in its totality. Organisation as a system is made up of a number of sub-parts or sub-components while at the same time it is also affected by an environmental supra-system, which comprises economic, social, political and technological influences. Organisation is an open system and it continuously interacts with environment. In this interaction, it takes inputs from the environment, processes these in the form of outputs, which are exported to the environment. The simplest open system consist of an input, a transformation process and an output which is depicted thus:

Input =>Transformation Process => Output.

A system cannot survive without continuous input, the transformation process, and output. There are three types of inputs that an organisation takes from its environment – materials, energy and information. The inputs are converted into outputs through men and machines. The organisation exports the outputs created through the

process of conversion. These outputs are given back to the environment for importing further inputs. Thus, this goes like a cycle.

Systems approach to organisations provides a useful framework for understanding how the elements of an organisation interact among themselves and with their environment. If administrators do not understand these interactions, they may tend to ignore their environment or to overlook important interrelationships within their organisation. The systems perspectives help administrators conceptualise the flow and interaction of various elements of the organisation as they enter the system, are transformed by it and then re-enter the environment.

In today's dramatically changing environment an open systems approach is becoming much more relevant and meaningful. Organisations do not exist in a vacuum. They are subject to forces from the outside world, such as culture, technological change, education, politics, natural and human resources as well as economic framework. All these constitute the external environment. Administrator's task is to ensure the integration of these variables in meeting the organisational objectives. This means that the modern administrator has to be a systems analyst.

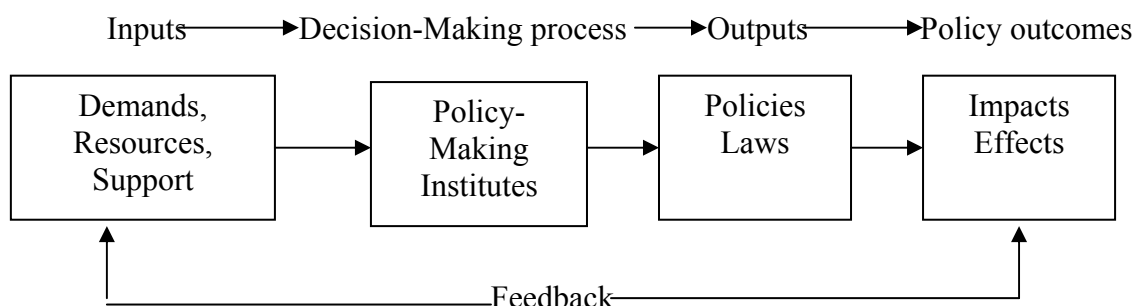
A representative author of systems approach literature stream is David Easton. He adopted this approach to public policy making. Chester Barnard regarded all organisation as systems, which are subordinate to longer system, such as society. The following sections discuss the views of David Easton and Chester Barnard on application of systems approach to analyse political and administrative systems.

15.4 Views of David Easton

Systems theory portrays public policy as an output of the political system. It is a useful aid in understanding the policy-making process. Systems approach helps us to conceptualise the linkages between the environment, the political system and public policy.

David Easton in his analysis of political system argued that the political system is that part of the society engaged in the “authoritative allocation of values”. The values held by the policy makers are fundamentally assumed to be crucial in understanding the policy alternatives that are made. Both internal and external environment have an influence on the policy making process is influenced by the values and ideologies held by the decision makers in the system. The demands and supports that the political system receives from the environment in the form of inputs go through a conversion process within the system and take the form of outputs. A feedback mechanism is developed through which the effects and consequences of out puts are put back into the system as inputs. To Easton a political system is a complex cyclical operation where a set of processes, which converts inputs into, outputs as a routine matter. The systems approach to political analysis can be shown in the following figure.

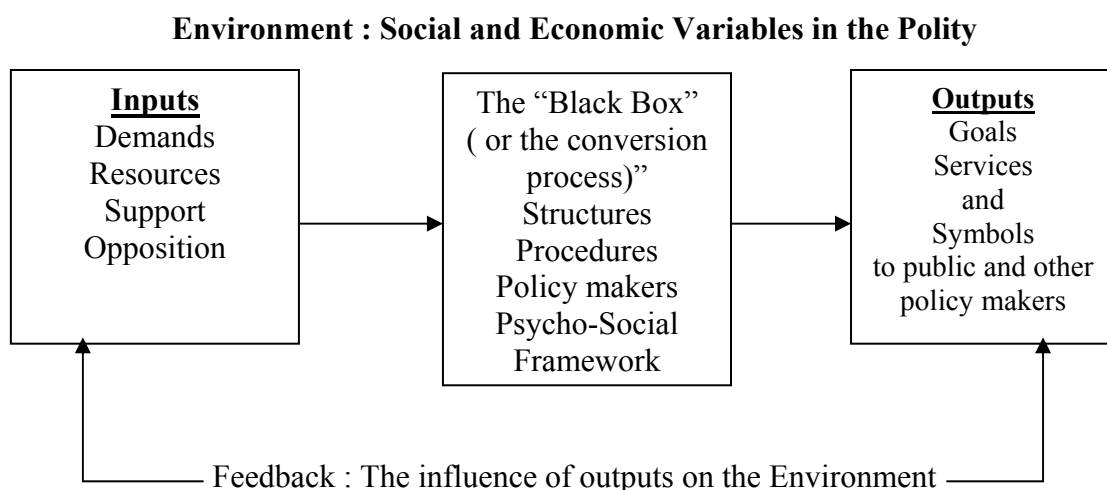
Environment : Social and Economic Variables in the Polity.



Easton states that the authorities formulate public policies in a political system. Policy analysis enables us to describe and explain the causes and consequences of

public policy. The policy making process has been regarded as a “black box” which converts the demands of the society into policies.

Policy-making is closely related to decision-making. However, it is not the same as decision-making. Policy-making does involve decision-making, but a decision does not necessarily constitute a policy. Decision making often involve an identification of problem, a careful analysis of possible alternatives and a selection of one alternative for action. The policy decisions eventually taken thus provide a sense of direction to the courses of administrative action. Anderson says “Policy decisions are decisions made by public officials that authorise or given direction and content to public policy actions”. These may include decisions to issue executive orders, promulgate administrative rules or make important judicial interpretation of laws. In simple, policy analysis is a technique to measure organisational effectiveness, through the examination and evaluation of the effect of a programme. The system model of public policy making and implementation is diagrammed in the following figure:



The field of public policy has assumed considerable importance in response to the increasing complexity of the society. Public policy is an important mechanism for moving a social system from the past to the future. David Easton adopted systems approach to analyse public policy making and implementation in a dynamic political system.

15.5 Views of Chester Barnard

Chester Barnard is considered to be the outstanding theorist in modern administrative thought. He introduced social concepts into the analysis of managerial functions and processes. While Taylor and his associates concentrated on improving the task efficiency of the individual, Barnard on the other hand, started with individual, moved to cooperative effort, and ended with executive functions. His views on motivation, executive leadership, authority, organisational decision, national planning demonstrate a profound understanding of the complexity of organisation process. His contributions vastly enriched organisation theory. He highlighted the broader issues of administration such as formal and informal organisational units, functional overlay, organisational relation to the external environment, and equilibrium among organisational units.

- **Organisation as a cooperation system**

Barnard regards an organisation as a system that is subordinate to the longer system – society. He emphasises “At root, the cause of the instability and limited duration of formal organisations lie in the forces outside. These forces both furnish the materials which are used by organisations and limit their action”. He viewed organisation as a social system. For him all organisations with the exception of the

State and the Church are partial systems since they are dependent upon more comprehensive systems.

Chester Barnard defines an organisation as a “System of consciously coordinated activities or forces of two or more persons”. He says that organisation comes into being when:

- (a) There are persons able to communicate with each other;
- (b) Who are willing to contribute action; and
- (c) To accomplish a common purpose.

Therefore, the elements of an organisation according to him are (a) communication, (b) willingness to serve, and (c) common purpose. The principal concern of organisations is that of adoption to changing circumstances. To Barnard organisation is a cooperative system. He maintains that ‘cooperation originates in the need of an individual to accomplish purposes which he individually cannot achieve’. With the result organisation becomes an enlistment of other individuals cooperation.

For the purpose of cooperative effort in a formal organisation the question of incentives is also important. The net satisfaction, which induces a man to contribute his efforts to an organisation results from the positive advantages as against the disadvantages. The incentives are of two kinds; material and non-material. The material incentives include the conditions of salary and chances of promotion etc. There are also the non-material incentives, which include the hierarchy of positions, with gradation of honours and privileges and maintenance or pride of organisation, community sense and

so on. Both the types of incentives are essential. He emphasises that no organisation can exist without a combination of these two types of incentives.

- **Concept of authority**

Barnard defines authority as “the character of a communication (order) in a formal organisation by virtue of which it is accepted by a contributor or ‘member’ of the organisation as governing the action he contributes”. This indicates that for Barnard authority consists of two aspects; first, the subjective aspect, the personal aspect, the accepting of communication as authoritative and second, the objective aspect – the character in the communication by virtue of which it is accepted.

Barnard further argues that if a directive communication is accepted by one to whom it is addressed, its authority for him is confirmed or established. A person can and will accept a communication as authoritative only when four conditions simultaneously obtain:

- (a) he can and does understand the communication;
- (b) at the time of his decision he believes that it is not inconsistent with the purpose of the organisation;
- (c) at the time of his decision, he believes it to be compatible with his personal interest as a whole; and
- (d) he is mentally and physically able to comply with it.

Chester Barnard’s comments on authority are original and have profound values. Authority in administration is generally viewed as originating at the top. It was Barnard who asserted that authority rested on the acceptance or consent of

subordinates. The decision as to whether an order has authority lies with the subordinate to whom it is addressed.

- **Zone of indifference**

Authority is surrounded by a 'Zone of indifference'. Chester Barnard calls the zone of action in which the superior is free to act "the zone of indifference". He used the term to refer to employees' disposition to accede to authority within a sphere of action. The size and nature of this zone will be wider or narrower depending upon the degree to which the inducements exceed the burden and sacrifices that determine the individual's adhesion to the organisation. The zone of indifference can be expanded depending on the effectiveness of greater inducements. If the inducements are not adequate, the range of orders that are likely to be accepted by the members of the organisations would be limited. Therefore, the executive should be conscious of the zone. He should issue only those orders, which would fall within the zone and are acceptable.

- **Informal organisations**

Chester Barnard's contribution to the concept of organisation becomes all the more marked by his exposition of informal organisation. He defines informal organisation as, "By informal organisation I mean the aggregate of the personal contacts and interactions and the associate grouping of people.....".

Informal organisation is structure less in form and transitory in character and involves interactions and relationships that take place without any joint purpose and are thus not a part of any formal organisation. Barnard argues that it serves an important function by establishing general understanding, customs, habits and institutions; it

creates conditions favourable to the rise of formal organisation. He believes that the formal organisation and the informal organisation necessarily coexist.

- **The Functions of the Executive**

The essential executive functions, as stated by Barnard, are first, to provide the system of communication; second, to promote the securing of essential efforts, and third, to formulate and define the purposes.

The first function of maintenance of organisational communication has two phases. The first is definition of organisational positions and the second is maintaining a personnel system. The former requires organisational charts, specification of duties, division of work, etc. The latter includes recruiting men who have appropriate qualifications, offering incentives etc. These two phases are complementary and depend on each other.

The second function of securing essential services from individuals also has two main aspects. The first is brining persons into cooperative relationship with the organisation and the second is eliciting services and contributions from such people. These can be achieved, according to Barnard, by maintaining morale, education and training, incentives, and supervision and control.

The third executive function is the formulation of organisational objectives and purposes. These purposes must be widely accepted by all the members of the organisation.

The above three functions arise basically from the need for cooperation among various human beings as every organisation is basically a cooperative system, the cooperative effort requires to be consciously coordinated. It is in this area of

organisational process the executive has to perform the role in realising the goals and purposes of a cooperative system.

15.6 Conclusion

A modern organisation witness vast growth in size, complexity and scale of operations. To analyse the modern organisations systems approach is more appropriate and relevant. Systems approach marks a departure from the earlier approaches of organisation. It places emphasis on studying organisation as a open system.

Systems approach to organisations provides a useful framework for understanding how the elements of an organisation interact among themselves and with their environment. In today's dynamic environment systems approach is more relevant for organisational analysis. David Easton and Chest Barnard have adopted systems approach to analyse political and administrative systems respectively. David Easton adopted this approach to analyse public policy marking in a political system, whereas Chester Barnard adopted it to analyse processes of administration in an organisation. The contributions of these theorists are presented in this unit.

15.7 Key Concepts

Cohesion: Degree to which members of a group are uniformly committed to the group and its goals.

Cooperative Federalism: Greater sharing of responsibilities between federal and state governments.

Intergovernmental Relations: A term encompassing all the complex and interdependent relations among those at various levels of government.

Interorganisational Networks: Pattern of relationships within and among various groups and organisations working in a single policy area.

Utilitarianism: Philosophy of the greatest good for the greatest number of people.

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15.9 Activities

- Q.1 Discuss the David Easton's application of systems approach to analyse political system.
- Q.2 Explain the Chester Barnard's application of systems approach to understand administrative processes of an organisation.

Unit-16: Concept of Learning organisation

Structure

- 16.0 Learning Outcome
- 16.1 Introduction
- 16.2 Recent Trends in Management of Organisations
- 16.3 Concept of Learning Organisation
- 16.4 Organisational Behaviour in the Learning Organisation
- 16.5 Operationalisation of Learning Organisations
- 16.6 Conclusion
- 16.7 Key Concepts
- 16.8 References and further Reading
- 16.9 Activities

16.0 Learning Outcome

After studying this unit, you should be able to:

- Know the recent trends in management of organisations.
- Understand the meaning and characteristics of learning organisations.
- Explain the difference between traditional organisations and learning organisations.
- Discuss operationalisation of learning organisations.

16.1 Introduction

Today's organisational environment is different from that of the past. Global competition, information technology, the quality service revolution, and diversity and

ethics are forcing management of all types of organisations to rethink their approach to operations and human resources. As a result of this paradigm shift, new organisations are emerging that are more responsive to both their internal and external environments. State-of-the-art information technology, total quality management practices, and organisational learning characterise these emerging organisations. This unit examines the concept of learning organisation.

16.2 Recent trends in Management of Organisations

- **Information Technology**

Over the past two decades there have been dramatic changes in information technology. This has had a dramatic impact on overall organisation structure and has been carried down to the redesign of individuals' jobs. Information technology has led to the flattening and downsizing of today's organisations. For example, electronic mail (E-Mail) allows everyone to communicate directly with everyone else, thus eliminating the need for levels of hierarchy and a long chain of command. In other words, the organisation becomes flatter. Downsizing is an impact on organisation due to effect of information technology. Downsizing is the process of reducing the number of people in the organisation. Besides, the impact on organisation structure, information technology has also had a dramatic effect on the way business is conducted in today's organisations. It has brought paperless revolution in management of an organisation. A good example is electronic data interchange. It is a process by which customers, suppliers and manufacturers can communicate directly on a computer-to-computer basis. As a result, electronic data interchange, has eliminated some jobs, totally

revamped other jobs, reduced operating time, empowered employees, and increased both productivity and profit.

Another information technology breakthrough that is now beginning to change the way people do their jobs is neural networks, which are a combination of computer software and chips that are capable of mimicking brain functions. These “brain” networks are currently regarded as one of the most important forms of emerging information technology, and they are going to have an impact on the way work is done now and in the coming years.

- **Total Quality Management (TQM)**

Total Quality Management (TQM) is a widely publicised approach that focuses on trying to meet or exceed customer expectations. TQM is an organisational strategy with accompanying techniques that deliver quality products and / or services to customers. TQM techniques are employee to deliver quality service to all customers. The TQM techniques that are especially relevant to organisational behaviour are reengineering, benchmarking and empowerment. These techniques are discussed below.

- **Reengineering**

Reengineering, involves a total redesign of operations by analysing jobs and asking, how can this work be done most efficiently, rather than modifying current work procedures. The reengineering process begins with a clean slate and plans the job from beginning to end. Unsaddled with previous work procedures and rules, reengineering allows the organisation to eliminate inefficiencies and increase productivity.

Although there are many different approaches, reengineering can be broken down into several steps. The goal of these steps is to improve efficiency and performance. Under the reengineered process, employees must become part of and must be trained in the new way of carrying out tasks.

- **Benchmarking**

Benchmarking is the process of comparing work and service methods against the best practices and outcomes for the purpose of identifying changes that will result in higher-quality output. Benchmarking incorporates the use of human resources techniques such as goal setting to set targets that are pursued, identified, and then used as a basis for future action. The benchmarking process involves looking both inside and outside the organisation for ways of improving the operation.

Benchmarking offers a number of benefits to organisations. First, this technique helps organisations compare themselves against successful companies for the purpose of identifying improvement strategies. Second, benchmarking enables organisations to learn from others. Third, it helps create a need for change by showing the organisation how procedures and work assignments should be altered and resources reallocated.

- **Empowerment**

Empowerment is even more directly tied to the study and application of organisational behaviour than is reengineering or benchmarking. Empowerment is the authority to make decisions within one's area of operations without having to get approval from anyone else. While this process is similar to that of delegated authority, there are two characteristics that make empowerment unique. One is that the personnel are encouraged to use their initiative. The second is that employees are given not just

authority but resources as well, so that they are able to make a decision and see that it is implemented. There are several basic conditions necessary for empowerment to become embedded in the organisational culture and become operational: participation, innovation, access to information, and accountability.

16.3 Concept of Learning Organisation

Advanced information technology and total quality have almost become the cost of entry into competition in the global economy. To become successful and gain a competitive advantage, organisations today and tomorrow must become learning organisations.

Many authors have tried to define and describe the learning organisation, as if the idea was homogeneous. However, no one seems to have succeeded with that task. Authors point out that confusion still exists about the concept. The terms ‘organisational learning’ and ‘learning organisation’ are used interchangeably. Many authors emphasise the difficulty, or even the impossibility of describing what a complete learning organisation looks like. They argue that learning organisations change continually or that each learning organisation must be different in order to fit the specific organisation. Furthermore many authors present some definitions of ‘the learning organisation’ and make a synthesis. However, most syntheses and definitions have more differences than similarities. For instance, Watkins and Marsick define ‘the learning organisation’ as one that learns continuously and transforms itself”, while, according to Senge, it is ‘an organisation that is continually expanding its capacity to create process can be more easily solved with explicit knowledge, whereas un-analysable problems require a non-routine search process that draws much more on

tacit knowledge. Practitioners in four distinct types – ‘organisational learning’, learning at work ‘,’ learning climate and learning structure, use in the literature and the term learning organisation.

The organisation portrayed as a learning system is not new. In fact, at the turn of the century Frederick. W. Taylor’s learning on scientific management were said to be transferable to workers to make the organisation more efficient. However, the beginning of today’s use of the term “learning organisation” is usually attributed to the work of Chris Argyris and his colleagues, who made the distinction between “single-loop”, and “double-loop”, learning.

- Single-loop learning involves improving the organisation’s capacity to achieve known objectives. It is associated with routine and behavioural learning. Under single-loop, the organisation is learning without significant change in its basic assumptions.
- Double-loop learning reevaluates the nature of the organisation’s objectives and the values and beliefs surrounding them. This type of learning involves changing the organisation’s culture. Importantly, double-loop consists of the organisation’s learning how to learn.

Peter Senge and his colleagues have characterised the learning organisation from a systems theory perspective and have made the important distinction between adaptive and generative learning. The simpler adaptive learning is only the first stage of the learning organisation, adapting to environmental changes. Generative learning involves creativity and innovation, going beyond just adapting to change to being ahead

of and anticipating change. The generative process leads to a total reframing of an organisation's experiences and learning from that process.

16.4 Organisational Behaviour in the Learning Organisation

The adaptive learning organisation would be associated with employees' reacting to environmental changes with routine, standard responses that often result in only short-run solutions. In contrast, generative learning, with its emphasis on continuous experimentation and feedback, would directly affect the way personnel go about defining and solving problems. Employees in generative learning organisations are taught how to examine the effect of their decisions and to change their behaviours as needed.

Learning organisations have the following human – oriented cultural values and characteristics:

- Everyone can be a source of useful ideas, so personnel should be given access to any information that can be of value to them;
- The people closest to the problem usually have the best ideas regarding how to solve it, so empowerment should be promoted throughout the structure;
- Learning flows up and down the hierarchy, so managers as well as employees can benefit from it;
- New ideas are important and should be encouraged and rewarded; and
- Mistakes should be viewed as learning opportunities. Learning from failures is an especially important cultural value for people in the learning organisation.

16.5 Operationalisation of Learning Organisations

There are a number of ways that the learning organisation can be operationalised into the actual practice of management. For example, managers must be receptive to new ideas and overcome the desire to closely control operations. Many organisations tend to do things the way they have done them in the past. Learning organisations break this mould and teach their people to look at things differently. Another way to operationalise the learning process in organisations is to develop systemic thinking among managers. This involves the ability to see connections between issues, events, and data as a whole rather than a series of unconnected parts. Learning organisations teach their people to identify the source of conflict they may have with other personnel, units, and departments and to negotiate and make astute trade-offs both skilfully and quickly. Managers must also learn, especially how to encourage their people to redirect their energies toward the substance of disagreements rather than toward personality clashes or political infighting. Another practice of learning organisations is to develop creativity among the personnel. Creativity is the ability to formulate unique approaches to problem solving and decision-making. Creativity also includes the willingness to accept failure. Learning organisations see failure as feedback that contributes to future creativity, and managers encourage this behaviour by providing a supportive environment.

Another practice is the development of a sense of personal efficacy, as characterised by an awareness of personal and organisational values and a proactive approach to problem solving. In learning organisations, the organisation clearly spells

out its sense of mission and values. Then the personnel are given the opportunity to identify and examine their own values. This helps employees better understand and work into the linkage between the two. In addition, the personnel are taught to evaluate the effects of their behaviour on others, so as to maximise their own effectiveness. In the process, they also learn how to solve problems before critical situations develop. This step-by-step approach helps employees analyse and evaluate situations with a view toward both addressing problems early and preventing their recurrence.

A final practice in learning organisations is to instil a sense of empathy and sensitivity. Personnel are taught to look at interpersonal relations over a long time dimension. When managers or departments have disagreements, this conflict can result in continual problems. Learning organisations teach their personnel to repair these relationships quickly through discussion of the sources of misunderstanding, refusal to assign individual blame, mutual problem solving, and the maintenance of confidence and trust in the other party. This proactive, empathetic approach ensures that the personnel work together in dealing with organisational problem.

Senge summarises the difference between learning organisations and traditional organisations, which is presented in table I. These differences help illustrate why learning organisations are gaining in importance and why an increasing number of enterprises are now working to develop a generative learning environment.

Table I – Traditional Versus Learning Organisations

Function	Traditional Organisations	Learning Organisations
Determination of overall direction	Vision is provided by top management	There is a shared vision that can emerge from many places, but top management is responsible for ensuring that this vision exists and is nurtured.
Formulation and implementation of ideas.	Top management decides what is to be done, and the rest of the organisation acts on these ideas.	Formulation and implementation of ideas take place at all levels of the organisation.
Nature of organisational thinking	Each person is responsible for his or her own job responsibilities, and the focus is on developing individual competence.	Personnel understand their own jobs as well as the way in which their own work interrelates and influences that of other personnel
Conflict resolution	Conflicts are resolved through the use of power and hierarchical influence.	Conflicts are resolved through the use of collaborative learning and the integration of diverse viewpoints of personnel throughout the organisation.
Leadership and motivation	The role of the leader is to establish the organisation's vision, provide rewards and punishments as appropriate, and maintain overall control of employee activities.	The role of the leader is to build a shared vision, empower the personnel, inspire commitment, and encourage effective decision making throughout the enterprise through the use of empowerment and charismatic leadership

Source: Adopted from Peter M.Senge, "Transforming the Practice of Management", Human Resource Development Quarterly, Spring, 1993,p.9.

16.6 Conclusion

Learning organisations go beyond merely adapting to change, instead they strive to anticipate and learn from change. Some of the common operational practices in learning organisations dealing with people are openness, systematic thinking,

creativity, and awareness of personal and organisational values, empathy, and sensitivity. Learning organisations constitute an environment for the study and application of organisational behaviour. The use of information technology and total quality management is important to emerging organisations, but organisational learning takes this process a necessary step further to ensure not only that organisations can compete and be successful in the fast-changing, turbulent environment, but that they can even survive.

16.7 Key Concepts

Benchmarking: Targeting of specific goals based on previous performance levels, standards set by similar organisations, objectives created through a strategic planning process, or any combination of these and other relevant sources.

Managerialism: An entrepreneurial approach to public management that emphasises management rights and a reinvigorated scientific management.

Postbureaucratic organisation: Constantly changing temporary organisational systems; task forces composed of groups of relative strangers with diverse skills created in response to a special problem rather than to a continuing need.

Reengineering: Radically redesigning work processes and organisational structures to be in line with agency outcomes.

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16.9 Activities

- Q.1 Analyse the recent trends in management of organisations.
- Q.2 Discuss the meaning and characteristic of learning organisations.

Q.3 Explain the difference between traditional and learning organisations.

UNIT 17 NEW ORGANISATION CULTURE

Structure

17.0	Learning Outcome
17.1	Introduction
17.2	What is Organisation Culture?
17.3	Components of Organisation Culture
17.4	Types of Organisation Culture
17.5	New Organisation Culture
17.6	Creating new organisation culture
17.7	Conclusion
17.8	Key Concepts
17.9	References and Further Reading
17.8	Activities

17.0 LEARNING OUTCOME

After studying this unit, you should be able to:

- know what is organisational culture;
- define organisational culture;
- discuss the functions of organisational culture;
- understand the stuff/components of organisational culture;
- identify the types of organisational culture; and
- explain new organisational culture.

17.1 INTRODUCITON

We live in a time of rapid change in a competitive world, in which organisations need to shift their functions constantly without warning and with no apparent reasons. Liberalisation, loosening of trade barriers, etc., increase in product diversity and volume of transactions, global competition, revolution in information technology, material sciences, genetic engineering, rise of consumerism, changes in sex roles, etc. are the major reasons resulting in shifts towards a market based economy. Many of the traditional, tested managerial and organisational solutions are increasingly becoming obsolete. It is imperative that organisations need to marshal their resources with lightening speed to respond to changing conditions, utilise and maximise the combined skills and wisdom of all the people on a sustainable path to success.

This complex unpredictable and interconnected environment of organisations the need for continuous revamping have resulted in growing popularity of the term the “Learning organisation” (Garret, 1987, Senge, 1990). The major feature underlying this concept is a vision of an organisation, which is capable of ‘self-reflection’ and of creating and utilising new knowledge. Prahalad and Hamel (1990) emphasise the need for a focus on developing “the core competencies which constitute the collective learning of the organisation. This makes it imperative for organisations to promote the development of new organisation culture and devise strategies for constant learning.

In this unit we will try to discuss, what organisational culture is, functions of organisational culture, types of organisational culture and creating new organisational culture.

17.2. WHAT IS ORGANISATION CULTURE?

Introduction

Each organisation is unique in its own way, with a distinct organisational culture. The cultural characteristics are relatively enduring over time and resist attempts to change. It can explain the dynamic nature of an organisation. Some uniformity in the behaviour of employees is demonstrated, i.e., the way they think, feel and behave in similar ways. It is this implicit agreement among employees that binds every organisation and creates its culture. In other words, employees are captive of the culture and also create the culture of organisation, which enables one to predict attitudes and behaviours of the people of organisation. Organisations have cultures that, influence employees' actions toward clients, competitors, superiors and subordinates.

Organisation Culture defined:

According to Pacanowsky and O'Donnell "A culture is not something an organisation has; a culture is something an organisation is. Thus organisation culture is described as:

- A concept created and resides in the minds of people.
- A submerged part of organisational iceberg.
- Pervasive, yet somewhat intangible.
- The personality of organisation - its overall orientation, values its unwritten codes and norms.
- Cannot be discovered and verified, rather only inferred, conjured and interpreted and defined.

Campbell *et al* (1970); describe five-characteristics which tap the essence of organisation culture:

- *Individual autonomy* - includes individual responsibility, independence, and opportunities for exercising individual initiative.
- *Structure* - degree of formalisation, centralisation, and direct supervision.
- *Reward orientation*-factors of reward, promotion-achievement orientation, and emphasis upon profits and sales.
- *Consideration* - warmth and support provided by superiors.
- *Conflict*-degree of conflict present in interpersonal relationships between peers, as well as the willingness to be honest and open about interpersonal differences.

There are several definitions of organisational culture (Sergiovanni and Corbally, 1984) define culture in the following words.

1. “Culture governs what is worth for a particular group and how group members should think, feel and behave. The stuff of culture includes customs and traditions, historical accounts be they mythical or actual, tacit understandings, habits, norms and expectations, common meanings associated with fixed objects and established rites, shared assumptions, and inter-subjective meanings.”.
2. Based on various definitions proposed by various management theorists Schein (1985) arrives at six meanings ascribed to organisation culture. They are noted below.
 - a) The dominant values which are espoused by the organisation (or by the dominant members of the organisation).
 - b) The philosophy that guides the decisions and policies of an organisation.
 - c) Observed behavioural regularities in the interactions, language and rituals of the organisational members.
 - d) The norms that evolve over a period of time in working groups.
 - e) The rules of the game (“the ropes”) one must learn in order to survive and be accepted in the organisation.
 - f) The feeling and climate that pervades and gets conveyed in the day-to-day functioning of the organisation.

Functions of Organisational culture

According to Ott (1989) organisation culture serves the following functions:

1. It provides shared patterns of cognitive interpretations or perceptions, thus, communicating to the organisational members how they are expected to think and behave.
2. It provides shared patterns of feelings, i.e., an emotional sense of involvement and commitment to organisational values and moral codes of things worth working for, or believing in, so that the organisational members know what they are expected to value and how they are expected to feel.
3. It defines and maintains boundaries, allowing identification of members and non-members.
4. It functions as an implicit organisational control system, prescribing and prohibiting certain behaviours.

Thus, essentially organisational culture can be seen as an integrative mechanism, which serves to tie up the diversity of organisational experiences into a meaningful whole.

17.3. COMPONENTS OF ORGANISATIONAL CULTURE

The expression of organisational culture can be manifested, and studied, in a variety of ways and at many different conscious or subconscious levels.

Understanding of these different manifestations is crucial for managing cultural change. It perpetuates itself through these manifestations and gets transmitted to new employees.

The following are some of the common expressions of organisational culture.

Physical Artefacts

These are the most tangible and visible manifestations of organisational culture: Physical layout and décor; nature, availability and use of facilities; Centralisation or dispersion of common utilities. They represent symbolic expression of an underlying meaning, value or belief, which is shared by the people in the organisation.

Cultural artefacts

These are recurring themes, manifested in the behaviour of organisation members and what they talk and how they do things. Cultural artefacts are symbolic in nature. Their values lie not in what they are, but in what they mean to people.

Examples:

- a. Work in Maruti Udyog starts every morning with all employees assembling and doing yoga.
- b. TISCO encourages its employees to go for mountain trekking in groups.
- c. In the annual conference of the branch and depot managers of Transport Corporation of India, the high performing managers are often gifted a suit-length material by the CEO.

Language, Jargon and Metaphors

Most organisations use unique terminologies, phrases, acronyms as a means of universal communication. Such linguistic symbols distinguish between members and non-members and reinforce cultural identity.

Examples:

- a. In one organisation, members of the corporate office are referred to as *nawabs*.
- b. In another organisation, the acronym J.I.T. (Just-in-Time) was jokingly used to describe all badly planned fire-fighting jobs.
- c. In a secretariat office, the absence or non-availability of an employee is not communicated directly to visitors. They would simply say: he/she had gone out for tea or went to some other office.

Stories, Myths and Legends

Important cultural assumptions, beliefs, values and norms are communicated through stories, myths and legends to the new members. These are more clearly remembered, believed and followed.

Ceremonies and Celebrations

These are consciously enacted collective behaviours that helps in reinforcing an organisation's cultural values and assumptions.

Examples:

- a. Every year the Indian Institute of Public Administration (IIPA) celebrates Founder's Day, to commemorate and reiterate its adherence to the original values.
- b. Senior managers of several organisations are arranged brainstorming sessions at holiday resorts to which their family members are also invited, all at the organisation's expense.
- c. Each year several Universities have an Alumnus Day intended to reinforce the identity and collective pride of the old boys with the institution.

Routines, Rites and Rituals

Organisations carry out repetitively, many routines activities, without giving them a second thought, such as: staff meetings, training programmes; rituals of filling out performance appraisal forms, superiors' annual visits, etc., which often acquire a life of their own. Such rituals serve the purpose of providing a sense of security and personal identity, giving meaning to members' actions, and serving as mechanisms of control.

Behavioural Norms

Behavioural norms evolved over a period of time in the groups' functioning, describe the nature of expectations which impinge on the members' behaviour. According to Schmuck, they are strong stabilisers of organisational behaviour and are transmitted to new members through a process of socialisation.

Shared Beliefs and Values

These are mental pictures about organisational reality, and are fundamental for justifying a member's behaviour as right or wrong. For example, if the organisation believes that customers' satisfaction is essential for success, any behaviour which meets this criteria is acceptable, even if it violates established rules and procedures.

Basic Assumptions

These are unconscious values and beliefs held by the members of the organisations. These are expressed through repeated occurrence of certain events, situations and behaviours. If one finds repeatedly that competent professionals do not remain for a

long time in the organisation it implies that competent people are not valued in the organisation.

17.4. TYPES OF ORGANISATION CULTURE

Types of Organisation Cultures

There are four different types of organisation cultures. They are presented below:

Rational Culture

Rational cultures focus on tasks and strategically planned organisation objectives/performance, productivity and efficiency. Employees need goal-relevant competencies and skills; and they influence organisational decision-making processes.

Organisations which face competitive environment such as those dealing with consumer products, Banking and financial services, etc. often have a 'rational culture.'

Developmental Culture

Development cultures have innovative environments with a futuristic orientation and emphasise growth and development of people, ideas and society. Organisations encourage people to be creative, develop multiple perspectives and to take risks in all job situations. Creative advertising firms, software organisations and Research & Development departments are more conducive for nurturing developmental cultures.

Consensual Culture

These are highly team-oriented cultures. Members are open, spontaneous, and informal and build and maintain effective relationships. Supportive and Participative leadership is required for managing this culture. Achievement of objectives in a set time limit is perceived as less important than to maintain a stable and harmonious system. Organisations such as small sized project teams, workshops, and educational institutions often have this culture.

Hierarchical Culture

This culture has a static and non-changing environment, where tasks are achieved through established rules, procedures and standard operating techniques. The leaders follow bureaucratic, cautious and rule-bound approach and exert greater power and influence. Risk-taking is not encouraged in this culture.

17.5. NEW ORGANISATION CULTURE

Introduction

Drawing upon the current business scenario, emphases in public organisations has also shifted to developing a learning organisation which demands a performance-oriented work culture with commitment to continuous learning for improvement.

Senge (1990) describes a learning organisation as a place where “people continuously expand their capacity to create the results they desire, where new patterns of thinking are nurtured, where collective aspiration is set free and where people are continuously learning how to learn together.” Having worked in hundreds of organisations and learning from the experiences of many leaders, Miller (1995) identifies the key characteristics of a high performance work culture.

Characteristics of high Performance Work Culture

Aligned and Focused Organisation

Miller (1995) observes that in the contemporary world, organisations need to manage their resources with lightening speed to respond to changing conditions. This calls for alignment of all-important elements of an organisation. Such an organisation provides a road map to a high performance work culture.

The aligned and focused organisation integrates its strategic initiatives to its mission, vision, external environment, human resource systems, management practices and culture. All these elements are consistently directed towards supporting the organisation mission. The focus and alignment create synergy with a much more productive system than the sum of its individual parts.

Although every employee has to play his/her part in the change process, the support of union leaders and other informal leaders is critical. Resolution of conflicts through open, honest communication would help to promote organisational change

17.6. CREATING NEW ORGANISATION CULTURE

Cultural change, like social change, is rather a slow process. Planned cultural change requires conscious, sustained continuous efforts of all members in organisations. The following efforts will go a long way in developing new organisation culture.

Developing ‘Aligned and Focused Organisation’

It has been established that change efforts that are not aligned with an organisation’s mission, vision and strategy usually fail. Hence, achieving an aligned and focused organisation is a prerequisite for developing new organisation culture.

The following are the interventions to manage the ten elements of Aligned, focused organisation model mentioned earlier.

External Environment

Managing the external environment is of prime importance in the model. The organisation needs to be exposed to new information gathered through surveys on specific aspects such as client/customer satisfactions, their perceptions and suggestions

about performance and impediments to it. Surveys conducted by state-run transport organisations are an example of getting feedback on various aspects from the passengers. Airlines conduct similar surveys from air travellers.

Mission

Organisation's 'mission' is the concern stone of the organisation, which inspires commitment and enables employees to connect their contributions to its success' essential for developing a performing work culture. It should relevant to organisation's day-to-day operations.

The mission of the organisation should clarify the goals and evaluate every action or task by considering how it relates to the mission. The mission should also encourage and facilitate processes, which enable employees to question and review the existing norms and practices. Further, as Shukla notes, the organisation should develop capabilities of self-reflection and problem solving. Governments have been going through elaborate exercises targeted at the above.

Public systems should be able to identify and prioritise the values provide clarity of coleus and connect them to the mission of the organisation.

Organisation needs a definition of what success means for long term and short term as well as an image of success. Determining how closely the organisation approaches that image requires precise measuring tools. The success metrics measure the organisation success and identify milestones. Metrics are an essential part of implementation. They provide individual the ability to chart their programmes and be accountable for their part of the success of future to accomplish the mission and strategy of organisation.

Identify compelling reasons to change

The ideal condition conducive for changing culture is the one when change becomes almost inevitable. New leadership at the top of organisation also provides reason to change. Davis (1984) contended that dominant, charismatic and visionary CEOs can act as the primary sources, transmitters, and maintainers of organisational cultures.

Example

- Organisations like MMTC, SAIL and ACC, saw major changes occurring after new CEOs took over.

Develop a core of Internal change Agents

Intervention: a) efforts include identification of leaders from all levels who feel the need for change; b) develop the competencies and build their level of commitment through coaching, education, networking and mentoring; c) develop teams that are committed to cultural change; d) develop task competencies; e) equip the terms with resources; and f) allow the teams to prove their success and enable them to become core of internal change agents as well as role models; and provide coaching to leaders by skilled and experienced people so that organisational leaders can lead the change efforts.

Greater union - management cooperation and conducive management policies

Management and trade unions need to resolve their differences and work together to develop a positive work culture. Appropriate managerial Policies toward employees and a nurturing managerial style are essential for a positive work culture, for which the onus is directly on management. Sharma (1990) identifies four organisational characteristics as the most important determinants of congenial work culture, viz. 1) grievance handling, 2) recognition and 3) appreciation at work, 4) participative management and 5) scope for advancement.

Other Suggestions

There are a number of things which Chief Executives can do to facilitate cultural change. Some of the specific suggestions of Shukla (1996) are noted below:

- a) develop a committed work force with individuals motivation to perform
- b) the Chief Executives should act as positive role models for conveying the cultural values.
- c) new symbols and rituals can replace (but should not contradict) the earlier ones.
- d) Incentives/rewards be arranged to encourage the acceptance of new set of values. Employees espousing and practising new values must be identified, supported and rewarded. For instance, if the new values emphasise team spirit, the performance system must reinforce group efforts, rather than individual achievement only.
- e) Since the major resistance to cultural change comes from the subcultures, the efforts of the Chief Executive must focus on diluting their influence in the organisation.
- f) Most importantly, do not forget that culture is something that is shared and not imposed. Employee acceptance must be solicited through participation around the new values.

17.7. CONCLUSION

The current environment of public organisations demands change in the organisation culture with emphasis on constant learning. An attempt has been made in this unit to describe the concept and characteristics of new organisation culture and suggestions for interventions for developing the same.

Organisation culture is an integrative mechanism, with an implicit organisational control system prescribing and prohibiting certain behaviours. The organisation culture is manifested at different conscious and unconscious levels and gets transmitted to new employees.

Common expressions are: Physical Artefacts; Cultural Artefacts; Language, Jargon and Metaphors; Stories, Myths and Legends; Ceremonies and Celebrations; Routines, Rites and Rituals; Behavioural Norms and Shared Beliefs and Values.

The new organisation culture is characterised as Aligned and focused organisation, with the involvement of formal and informal leaders in the change process.

Developing new work culture requires planned, conscious and sustained continuous efforts of all people in organisations. Many highly successful organisations throughout the world have integrated these characteristics and are working towards the rest.

17.8 KEY CONCEPTS

Artefact: It is also spelled Artifact. An Artefact is a object that is made by a person, for example a tool or an ornament.

Inter-organisational Networks: Patterns of relationships within and among various groups and organisations working in a single policy area.

Strategic Management: A systems-based approach to management that seeks clarity with respect to goals and objectives, strategies to achieve those goals and objectives, and processes of evaluation to measure accomplishments.

Third Sector: All those organisations that fit neither in the public sector (government) nor the private sector (business); a generic phrase for the collectivity of non-profit organisations, or organisations that institutionalise activism to deal with issues and problems that are being ignored by the public and private sectors.

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17.10 ACTIVITIES

1. What it is organisation culture? Identify its functions.
2. Discuss the types of organisation culture and characteristics of high performance work culture.
3. Explain what efforts should be taken in developing new organisational culture.

UNIT 18 NEW PUBLIC ADMINISTRATION

Structure

- 18.0 Learning Outcome
- 18.1 Introduction
- 18.2 New Public Administration: Emergence and Growth
- 18.3 The Philadelphia Conference
- 18.4 The First Minnowbrook Conference
 - 18.4.1 New Public Administration: Goals
 - 18.4.2 New Public Administration: Anti Goals
 - 18.4.3 New Public Administration: Features
- 18.5 The Second Minnowbrook Conference
 - 18.5.1 Major Thrust Areas
- 18.6 New Public Administration: An Evaluation
- 18.7 Conclusion
- 18.8 Key Concepts
- 18.9 References and Further Reading
- 18.10 Activities

18.0 LEARNING OUTCOME

On going through the Unit, you should be able to:

- explain the emergence and growth of New Public Administration
- enumerate the outcome of Philadelphia Conference
- highlight the important concerns of the First Brook Conference
- discuss the goals, anti goals and features of New Public Administration
- examine the major thrust areas of the second Minnowbrook Conference;
and
- make an appraisal of New Public Administration.

18.1 INTRODUCTION

The discipline and practice of Public Administration since 1987 has undergone several changes. The politics – administration dichotomy, propounded initially, by Woodrow Wilson, slowly gave way to a gradual recognition of the science of management. F.W. Taylor’s Scientific Management movement and Elton Mayo’s Hawthorne experiments in the 1920s, had subjected the structures and processes of public organisations to a critical analysis. Efficiency had become the key concern in public administration. Gradually, during the post-war period, concepts such as informal organisation, work group, team work, leadership, cooperation, etc. gained prominence. The need to gauge the influence of these concepts in organisations, thereby giving importance to the human element in the organisation was emphasised, especially by the protagonists of the Human Relations School. Herbert Simon’s Administrative Behaviour in the 1940s, brought to the fore the significance of logical positivism in the arena of policy making and the need establish a link between the means and ends. The scope of the discipline of public administration got widened, with efforts made to relate it to other disciplines such as economics, political science, psychology and sociology. Change was visible with the abandonment of politics – administration dichotomy and re-establishing a link between the two in the context of public policy making. Policy making was considered the essence of public administration.

The discipline and practice of public administration which had all along emphasised principles and work procedures gradually underwent a transformation. The influence of the ‘New Public Administration’ movement has been a turning point in this change process.

In this Unit, an attempt will be made to trace the genesis of New Public Administration, highlight the thrust areas of the Minnowbrook I and Minnowbrook II conferences, to enable us to appreciate the changes in the discipline and practice of public administration. The broad areas of distinction in the dominant themes between the two Conferences will be focused upon.

18.2 NEW PUBLIC ADMINISTRATION: EMERGENCE AND GROWTH

The American society, by the end of the 1960s was faced with a number of problems. They included dissatisfaction with the Vietnam war, population increase, environmental problems, increasing social conflicts and economic crisis which made the younger generation of intellectuals question the efficacy and speed of the response of the political and administrative systems. Serious concerns were raised regarding the efficiency and economy in administration. It was felt that the dissatisfaction arising from the persisting turbulent environment calls for restoration of values and public purpose in government. Human and value-oriented administration was suggested. It was felt necessary to inject the goals of being responsive to the needs of clients and ensuring social equity in service delivery. This thinking led to the emergence of New Public Administration (NPA). It intended to provide a philosophical outlook for public administration.

It was during 1967-68 that various efforts were initiated in the USA, with the aim of providing a multidisciplinary, public policy and social equity-oriented focus to public administration. The significant landmarks in this direction include:

1. The Honey Report on Higher Education for Public Service
2. The Philadelphia Conference on the Theory and Practice of Public Administration.
3. The Minnowbrook Conference – I
4. The Minnowbrook Conference - II

The American Society of Public Administration (ASPA), for quite sometime was concerned about the growth of public administration as a discipline with distinct identity and enlarging its scope in the curriculum offered by university departments. In 1966, John Honey of Syracuse University undertook an evaluation of Public Administration as a field of study in the US universities. Certain problems confronting the discipline were highlighted. These include:

- Uncertainty and confusion over the status of the discipline.

- Inadequate funds at the disposal of the university departments for promoting the discipline.
- Institutional shortcomings;and
- Lack of communication between the scholars and practitioners of Public Administration.

It recommended generation of resources from government and business, encouraging higher studies in public administration, interlinking university departments and government through appointment of professors to positions in government and vice versa, and setting up of a National Commission on Public Service Education to provide leadership in the field.

The report, inspite of its shortcomings, laid the basis for examining the role of Public Administration in generating social awareness.

18.3 THE PHILADELPHIA CONFERENCE

In 1967, the American Academy of Political and Social Sciences under the chairmanship of James C. Charlesworth, organised a Conference on “The Theory and Practice of Public Administration”. The major viewpoints that emerged out of the conference included:

- Flexibility in the scope of the discipline that would facilitate its development. The massive increase in the functions and responsibilities of the government calls for widening of the scope of public administration.
- The dichotomy between policy and administration was considered meaningless, due to the interlinkages between the policy making and implementation functions of the discipline.
- Public administration as a discipline and practice needs to focus more on social problems such as poverty, unemployment, environment and so on.

- Promoting social equity and other values such as efficiency, accountability, administrative responsiveness, people's participation in decision-making.
- Excessive emphasis on adherence to other internal mechanisms increases the hierarchy, and administrative rigidity. Hence to enhance its efficacy, there is need for management flexibility and other innovations.
- Training of administrators in professional schools.
- Training programmes in Public Administration to sharpen not just managerial abilities and skills but to deepen the social sensitivity of the trainees.
- Emphasis on administrative ethics in the training programmes.

This conference is considered quite significant, as it provided a broad philosophical basis to the discipline of public administration. The outcome was the convening of the Minnowbrook Conference of 1968.

18.4 THE FIRST MINNOWBROOK CONFERENCE

The 1960s in the USA was marked by an optimistic view about public administration's ability to solve the country's technological as well as social problems. The social atmosphere was characterised by a steady decline in the commitment of Americans to institutions such as family, church, media, profession and government. This was due to cynicism amongst the younger people towards the institutions. Also the Black Americans were denied a share in the growing prosperity of the country in the 1950's and 1960s. It was against this backdrop that in 1968 Dwight Waldo of Syracuse University had taken the initiative of examining certain key concerns. The idea was to analyse the changing perspectives in the field of public administration, amongst those who experienced the Great Depression, New Deal, World War II and those who entered the field in the 1960s. It was intended to examine the enduring effect of varying perspectives on public administration and government.

This conference was held at Minnowbrook by the young scholars of Public Administration under the guidance of Dwight Waldo. The basic objective of this was to examine the ways of making public administration responsive to social concerns and assume the role of a change agent in reforming the society. The New Public Administration emerged out the discourses of this conference.

The Minnowbrook Conference focused on certain important concerns of public administration. These included:

1. The public policy approach to public administration, which has become important as it has a significant effect on the quality of government.
2. In addition to efficiency and economy, in implementation of policies social equity, was considered a key objective.
3. The earlier notion of public administrators being mere implementers of fixed decisions, it was felt, is no longer valid. In addition, values such as ethics, honesty and responsibility in the provision of public service holds good in the practice of public administration.
4. The Minnowbrook perspective argued that, as public needs change, government agencies often outlive their purposes. Hence wherever needed, cut back of government agencies, needs to be resorted to.
5. Responsive government has to manage change, not just growth.
6. Active and participative citizenry, it has been considered, needs to be a part of public administration.
7. The efficacy and usefulness of the concept of hierarchy have been challenged.
8. Implementation has come to occupy a significant place in the decision-making process.
9. Though pluralism is accepted as a useful device for explaining the exercise of public power, it is felt, that it has ceased to be the standard for the practice of public administration.

The young academicians who participated in the conference were sensitive to the problems in the functioning of American democracy. Hence, they attempted to provide a new focus to public administration.

18.4.1 New Public Administration: Goals

The scholars emphasised on five major goals that public administration needs to take cognisance of, namely relevance, values, social equity, change and client orientation.

Relevance: Traditionally, efficiency and economy have been the key concerns of public administration. The discipline, the conference felt, needs to be relevant to the contemporary issues and problems. The excessive management orientation in the discipline needs to be done away with and public administration has to deal with political and administrative implications of administrative action. The scholars desired radical changes in the curriculum of the discipline to make it more relevant to the realities of public life.

Values: The earlier view regarding the value-neutral orientation of public administration has been vehemently criticised and rejected. The conference made a plea for a greater concern with values, issues of justice, freedom, equality and human ethics. It was held that commitment to values would enable the discipline to promote the cause of the disadvantaged sections in society.

According to Nicholas Henry (1975) “The focus was disinclined to examine such traditional phenomena as efficiency, effectiveness, budgeting and administrative techniques, conversely the NPA was very much aware of normative theory, philosophy and activism. The question it raised dealt with values, ethics if there was an overriding tone to the NPA, it was a moral tone”.

Social Equity: The then prevailing social unrest in the society, strengthened the belief that social equity needs to be the primary aspect of administration. The conference made a plea for distributive justice and equity to be the basic concerns of Public Administration.

George Frederickson (1971) considered that public administration which fails to work for changes to redress the deprivation of minorities is likely to be eventually used to repress the minorities. The NPA protagonists were in favour of making the discipline proactive towards major social issues.

Change: Public Administration is generally considered to be status-quo oriented. The conference attempted to make the discipline more relevant and social equity oriented through change and innovation. The administrator was considered a change agent. Hence, the discipline needs to be receptive to change.

Participation: The conference advocated greater participation by all employees in an organisation in matters of public policy formulation, implementation and revision. In addition, participation from individuals and groups from outside the organisation was sought to make public administration more responsive and client-oriented.

Client Orientation: It was the first Minnowbrook conference that had taken the lead in identifying client orientation as a key goal of public administration. This called for a change in the attitudes of bureaucrats to be people-oriented.

The Minnowbrook conference made a significant contribution in changing the complexion of public administration by advocating client orientation, social sensitivity and normative concerns. The normative approach called on the government to adopt the objective of reducing the economic and social disparities and enhance the life opportunities for everyone in the society.

18.4.2 New Public Administration: Anti-Goals

Robert Golembiewski identified three anti-goals or situations that the NPA needs to abandon. These are:

1. **Anti-Positivism:** Positivism implies absolute uncertainty about facts which are not certain. This makes administration more rigid. The NPA

movement intended to reduce the rigidities in administration to make it more adaptable, receptive and problem-solving.

2. **Anti-Technology:** This implies human beings are not to be treated as cogs in the machine, to foster the traditional goals of economy and efficiency.
3. **Anti-Hierarchy:** Hierarchy as an organisational principle promotes bureaucracy, brings in rigidities, kills creativity, innovation and isolates the administrator from the surrounding environment. Hence, the NPA scholars condemned hierarchical structures as traditionally been propagated by Public Administration.

18.4.3 New Public Administration: Features

George Frederickson has referred to certain key features of New Public Administration. These are:

1. **Change and Responsiveness:** There is change all over in the social, political, economic and technological environments. This calls for administration to bring about necessary and appropriate changes internally as well as externally to the environment. Necessary flexibility and adaptability also need to be introduced in the functioning of administration.
2. **Rationality:** This calls for judging the efficacy of administrators' actions not only from their point of view of the government, but also from the citizens' perspective.
3. **Structural Changes:** New Public Administration calls for experimenting with different organisational structures in tune with the relevant situation and needs of environment. There is need for small, decentralised, flexible hierarchies to facilitate citizen interaction.
4. **Emphasis on Multi-disciplinary Perspective:** Public Administration is influenced not just by one single thought, but several knowledge streams. Hence, an understanding of various approaches including political, management, human relations, is essential to contribute to its growth.

The dominant themes deliberated in the conference included relevance and anti positivism, dissatisfaction with the state of the discipline, and a concern for ethics, motivation, improved human relations, client-centered responsiveness and social equity.

18.5 THE SECOND MINNOWBROOK CONFERENCE

The Second Minnowbrook Conference was held after a gap of twenty years. The conference, held on September 4, 1988, was attended by sixty-eight scholars, and practitioners of public administration and other disciplines such as history, economics, political science, psychology and so on. The conference was held against the backdrop of the changing role of state and government, more privatisation, contracting out, and increasing role for non-state actors in the governance process.

The first Minnowbrook Conference held in the 1960s, was a period, which was characterised by influence of public purpose, the Vietnam War, urban riots, and campus unrest, accompanied by growing cynicism towards all institutions, especially the government. But the scenario in the 1980s was entirely different, with domination of the philosophy of privatisation and a concern for private interest. The Minnowbrook II aimed to compare and correct the changing epochs of public administration. This was attempted through a comparison of theoretical and research perspectives of the 1960s with that of the 1980s and their respective influences on the conduct of governmental and other public affairs.

Since 1968 there has been a sea change in the context of American Public Administration. Due to change in the nature of state, emphasis on governance, privatisation, contracting out, a general preference amongst the American public has been towards lesser government. New methods of improved responsiveness of government have not been devised. Added to this has been increased levels of poverty and unemployment, especially amongst urban areas.

The discipline of public administration underwent significant changes. Its field expanded since 1960s, with many universities in USA offering programmes in public administration. Also it became more interdisciplinary in nature compared to the 1960s when it was a part of Political Science.

The conference, which drew participants from diverse areas such as policy sciences, economics, planning, urban studies, attempted to deliberate upon wider themes such as ethics, social equity, human relations and so on, thereby ensuring continuity in intellectual interests. Due to changing scenario, some new thrust areas such as leadership, technology policy, legal and economic perspectives also found place in the deliberations. The conference reiterated the necessity of government as a tool for strengthening society. Public administration, in the changing scenario, was to renew its capacity to cope with the problems of emerging future. The need to strengthen and establish linkages between the theory and practice of public administration on the one hand, and between scholars and administrators on the other officials was emphasised. We will be discussing in detail about the major thrust areas of this conference.

18.5.1 Major Thrust Areas

Eleven themes emerged out of the deliberations of Minnowbrook II. The first five themes provided a historical perspective, which aimed at comparing the discussion at Minnowbrook II with the legacy of Minnowbrook I. The last six themes focus on the current and future visions of the theme. These are discussed below:

1. Though social equity was a predominant theme at Minnowbrook I, it was felt that in the present times it is much closer to reality than it was in 1968.
2. Strong concerns were expressed about democratic values and the centrality of public administration in promoting them. The concern was manifest in the focus on ethics, accountability and leadership in public administration.

3. The debate between the normative and behaviourist perspectives has not diminished.
4. Diversity in society and in the work force was accepted as a basic value among the participants. Diversity was identified in three main contexts: the issue of generalists vs. specialists; racial, ethnic and sexual diversity; and gender diversity. But not much attention was given towards the reality that heterogeneity brings, and on the conflict resolution strategies, arbitration skills and values clarification.
5. The radical reforms that emerged from the discussions in the conference were considered to be in the nature of short-term goals. It was felt that the environment in which public administration must perform is so complex that a meaningful long-term vision is neither reasonable nor perhaps even possible.
6. The discussions, gave an impression of the prevalence of “a professional ethnocentricity” or parochialism indicating that public administration as a field, is not much concerned with examining interdisciplinary issues.
7. There was a strong negative attitude towards business as an enterprise. The deliberations exhibited a disdainful acceptance of capitalism and business. One of the challenges to public administration it was felt is to manage the “seams” of society, than building on the best that business as well as public sector offer.
8. Impatience with the constraints of public personnel systems was evident. A need was felt for innovative personnel practices, to bring out the best in the employees and reinforce high productivity.
9. Unwillingness to address technological issues was evident, though some areas such as artificial intelligence, design science, expert systems, etc. formed part of some of the themes.
10. Unwillingness to look at the specifics of what government should do was evident. In spite of the discussions focusing on the inevitability of administrators exerting control over policy agendas, the politics-administration dichotomy was still alive (Guy, 1989).

The deliberations of Minnowbrook II Conference, highlight certain key concerns. The first is the changing nature of American public administration, the diversity in the problems faced by the government such as AIDS, nuclear wastes, budget and trade deficits and so on. Hence the environment within which the administrator works has become substantially more complex than it used to be. This makes it essential for them to rely much more on facilitation, dialogue and negotiation. The schools of public administration have a key role in this context. The curricula need to be revised with a view towards highlighting the societal as well as political context, emphasising inter-personal skills and techniques. This, the conference participants opined, makes a strong case for developing a theory of public administration.

A second proposition emphasised the need for administrators to keep in view the requirements of democracy and employ democratic process-based methodologies in the performance of their duties. This was felt necessary due to the (1) need for positive action by public officials for the fulfilment of its potential by representative government and, (2) the underlying obligation to advance democracy, which is an ethical requirement of public service.

A major thrust at Minnowbrook II was on correcting the imbalance between the public needs in the present times and the resources devoted to their amelioration. To maximise the value of the administrator's role in these situations, it was felt that a bureaucracy which is concerned more with dialogue and consensus was required. In the backdrop of the American system of government, the bureaucracy needs to consciously utilise the democratic methodologies in its work. Hence, it was emphasised that practising public administrators need to be more proactive in the performance of their duties. Also openness and public participation in administration need to be encouraged (Ceary, 1989).

According to Mohit Bhattacharya, (2001) the distinctive character of the Second Conference is evident from its emphasis on the following thrust areas:

1. It set its visions to the near future, without trying to be radical. There was a tacit acceptance of the fact that the environment of public

administration is exceedingly complex and the problems are of huge proportions. Hence, a meaningful long-term vision is neither reasonable nor feasible.

2. The scholars in the discipline, while aware of their indebtedness to other disciplines, exhibited a strong sense of intellectual parochialism. The general model was not to lose disciplinary identity. Rather, there was keenness to rebuild the discipline.
3. Even if 'privatisation' was accepted tacitly, there was a strong negative attitude toward business. The Minnowbrook-II world view was expressed in terms of a curious tension between capitalism and democracy that resulted in "an unusual form of a truncated capitalist economy operating within a truncated democracy". Against this backdrop, public administration has to rely on the best that business offers as well as the best that the non-profit public sector offers.
4. Public personnel practices came in for closer scrutiny, and the discussions underlined the need for innovative personnel practices in order to move away from public managers' current inability to hire employees on a timely basis, promote the best employees, and reinforce high productivity.
5. The participants had been generally unwilling to deal with the technological issues. "Technology was faulted more than vaunted" it was said. There was general reluctance to idolise technology as a necessary tool for improving public policy.
6. The specifics of what government should do were avoided.

The Second Minnowbrook Conference made an attempt to examine the theory and practice of public administration in the changing scenario. It tried to project a future vision for public administration by balancing the business and public sector. The effort has been on rebuilding the discipline and not to lose its identity.

18.6 NEW PUBLIC ADMINISTRATION: AN EVALUATION

New Public Administration had a significant impact on the discipline and profession of public administration. In both the conferences, an attempt has been

made to relate public administration with the prevailing socio-economic scenario and the dominant philosophical concerns of the times.

The second Minnowbrook Conference was held in a changed scenario, especially in American Public Administration. It was marked by cynicism towards big government and increasing public preference for less for government. The state underwent a change in nature from the welfare to the regulatory state. It has been characterised by more privatisation, outsourcing and predominance of private over public purpose values. In addition, there has been a change in the nature of the discipline of public administration. The field, which was an integral part of the political science in the 1960s, became more multi-disciplinary, analytical and theoretically sophisticated.

There are variations in the mood and tone of the two conferences. While the 1968 conference was contentious, confrontational and revolutionary, the 1988 conference was more civil, and practical. The 1968 dialogue was considered anti-behavioural, while that of the 1988 conference was more receptive to the contributions of behavioural science to public administration.

Minnowbrook I Conference, intended to redefine public administration at the then prevailing socio-political and economic scenario. During the intervening period of nearly twenty years, when the second conference was held, the environmental setting of public administration underwent a sea change. People's confidence in public administration, especially the bureaucracy decreased considerably. Managerialism, and privatisation have gained respect on the agenda of public administration scholars. Yet, there was also marked sense of confidence in public organisations in tackling societal problems.

The conferees of 1988, according to Marc Holzer, sketched two arguments for public administration as a challenging pursuit. First is the citizen seeking a renewed sense of community and shared endeavour, emphasising interpersonal values and de-emphasising personal gains and the second is to look at public administrators as an important link in the social system, since government is an inevitable tool for strengthening society. Hence, this involves adherence to two

key measures. Firstly, to establish a linkage between theory and practice and between public administrators and other government officials. To facilitate this, the schools of public administration need to build the theoretical capacities of the practitioners of public administration by providing a number of educational programmes and enriching communication through new techniques.

Secondly, public administration, it was felt, must be amenable to radical reforms. To build, equitable, sensitive, open and productive organisations some key concepts require attention which include competitiveness not only between the sectors but between public sector organisations, compensation systems, improved capacities, changes in recruitment practices and management-employee relations.

The first Minnowbrook Conference challenged public administration to become proactive with regard to social issues. The second Minnowbrook Conference focused its attention on examination of issues that help to strengthen the discipline of public administration. A key assertion is that public administration offers the hope for developing policies that ameliorate problems because it operates at the margins of all the disciplines and is the only institution that interacts with all other institutions and individuals within the society. No doubt the second Minnowbrook Conference identified certain basic concerns that if taken cognisance of and put in practice, can lead to the development of a theory of public administration, with epistemological and research methodology components. Public administration, it is felt needs to draw inputs from various disciplines and construct a relevant discipline integrating other disciplines. It has to be more practitioner-oriented.

There have been criticisms against the New Public Administration. Some academicians consider it as nothing new except that it made a plea for administration being responsive to societal problems prevalent during that period. Also doubts were expressed whether the new thinking would sustain for long.

Yet New Public Administration, made a moderate impact, by redefining public administration because of its on a few emphasis key concepts such as participation, responsiveness, client-orientation and so on. An attempt was made

to bring administration closer to people and strengthen its capacities to solve societal problems. It stirred intellectual thinking towards democratising public administration, building a theory of public administration in tune with its interdisciplinary nature, thereby attempting to reform public administration in its outlook and functioning.

18.7 CONCLUSION

New Public Administration that evolved in 1960s in the aftermath of the first Minnowbrook Conference gave primacy to key concerns that had relevance during those times. They included social equity, policy issues, change, participative citizenry, etc. The development that occurred in the 20 years since Minnowbrook - I in the form of regulatory state, less government, more governance, privatisation reflected public's cynicism towards government. In tune with the changes in economy, technology and employment. The second Minnowbrook Conference, against this background, attempted to examine the future of public administration. The conference made a sincere attempt to highlight some of the themes such as ethics, human relations, social equity, concern for the state of the field, along with current themes such as technology policy, economic and legal perspectives etc. Public administration, the deliberations noted, should draw from, various disciplines that intersect the field and construct a new, more relevant discipline that integrates several selected areas. It was felt that there is need for a theory of public administration with an overarching epistemology and research methodology.

18.8 KEY CONCEPTS

Affirmative Action: Use of positive, result-oriented practices to ensure that women, minorities, handicapped persons, and other protected classes of people will be equitably represented in an organisation.

Environmental Sensitivity: Tuned into agency and its environment; awareness of importance of non-technical factors.

Ombudsman: Permanent office that receives complaints and acts on behalf of citizens to secure information, request services, or pursue grievances.

Re-distributive Policy: Policy designed to take taxes from certain groups and give them to another group.

Utilitarianism: Philosophy of the greatest good for the greatest number of people.

18.9 REFERENCES AND FURTHER READING

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18.10 ACTIVITIES

Q.1 What according to you, should be the focus of public administration in present times? Prepare a brief note.

Q.2. Assuming that another Minnowbrook Conference is to be held next year, identify certain major themes the conference need to deliberate.

UNIT 19 PERSPECTIVE OF PUBLIC CHOICE

Structure

- 19.0 Learning Outcome
- 19.1 Introduction
- 19.2 Methodological Individualism, Rationality and Economic Analysis of Politics
 - 19.2.1 Methodological Individualism and Rationality
 - 19.2.2 Political Economy and the Economic analysis of Politics
- 19.3 Some Basic Elements of the Public Choice Approach to the State and Politics
 - 19.3.1 Nature and Origin of State
 - 19.3.2 Social Choice and Voting
- 19.4 Analysing Bureaucracy and Administration using Public Choice
 - 19.4.1 Functioning of bureaux
 - 19.4.2 Provision of and public goods and services
- 19.5 Regulation and Rent-Seeking
 - 19.5.1 Regulation
 - 19.5.2 Rent-Seeking
- 19.6 Conclusion
- 19.7 Key Concepts
- 19.8 References and Further Reading
- 19.9 Activities

19.0 LEARNING OUTCOME

After reading the unit, you shall be able to:

- Explain the concepts of rationality and methodological individualism;
- Discuss the basic ingredients of the Public Choice approach to political processes and institutions;
- Define public goods and club goods;
- Analyse the functioning of the bureaucracy, including provision and delivery of public goods and regulation activities, using the public choice approach;
- Describe the characteristics of rent-seeking behaviour; and
- Critically examine the relevance and analytical power of the public choice approach to bureaucracy.

19.1 INTRODUCTION

In your previous units, you have been exposed to various approaches to the study of bureaucracy. In this unit, we discuss a fresh approach to political economy and public administration, an approach that has a radically different view about people, their motivations and actions in the arena of politics and administration. This approach is called **Public Choice**, and the present unit deals with how this approach studies bureaucracy and administration.

For a long time, those who studied bureaucracy assumed that while bureaucracies display the behaviour of any formal organisation, what characterised these and set these apart from other formal organisations like business firms, was that bureaux functioned keeping the public interest in mind. The personnel and staff of public administration agencies were motivated to work for implementing, as efficiently as possible, the overall policies and strategies of the government.

In actual practice, bureaux and development administration agencies often display behaviour that has prompted many to ask: "is their behaviour consistent with actions and tactics which will efficiently and effectively implement government policies?" Are there delays, inefficiencies, and sub-optimal behaviour? Are some of the officials venal? Are the policies which are being implemented the best policies to begin with? The question is, if such behaviour is sometimes seen, why are these sort of behaviour displayed? Is it a problem of motivation, of incorrectly devised incentive system? Why is there often a deviation from the official policy line? These are serious questions that any student of public administration is confronted with.

Public choice theory sought to provide a different way of approaching the study of administration. Basically the theory suggested that when we study any organisation or institution, we should look at the behaviour of the people, that is, the individuals constituting the organisation or institution. The underlying assumption is that there is a *representative* individual who typifies the behaviour of people in that organisation or institution. This is not to suggest that all individuals are identical or behave in the same manner. It merely suggests that to make the analysis or study easier we may think of a typical individual. Thus to study bureaucracy, you may think 'how would a typical bureaucrat behave in a given situation. You should not go away with the idea that the public choice approach deals with pathological cases or situations that are deviations from the ideal one. What it aims to do is give a general framework and overall mode of analysis of political and administrative processes and institutions. This is what we propose to study in this unit, with particular emphasis on the functioning of bureaux and administration.

The following section expounds and clarifies the methodological bases of the public choice mode of analysis. The section discusses the notion of rationality, as the basic premise of the public choice approach is that political actors are inherently rational. The public choice approach is anchored in the framework of methodological individualism. This section also expounds on the definitional characteristic of public choice, as also some related approaches, as politics-as-exchange. This means that the political and administrative processes are seen as 'exchange' processes. Section 19.3 discusses the

public choice approach to some basic political processes, actions and institutions, such as collective choice and voting, and interest and pressure groups. The section also discusses the origins and nature of the State. Having set the ball rolling, in the following two sections the unit takes up in right earnest the discussion of administration and bureaucracy using public choice. Section 19.4 discusses the structure and nature of bureaux and tries to explain why they are so, as well as explains the provision of public goods. It discusses, from within the Public Choice tradition, some of the principal theories of bureaucracy. Section 19.5 analyses the practice of regulating the economic activities of the private sector by government regulatory authorities, as well as what is called rent seeking.

19.2 METHODOLOGICAL INDIVIDUALISM, RATIONALITY, AND ECONOMIC ANALYSIS OF POLITICS

Let us begin the discussion by first looking at the two words, ‘public’ and ‘choice’. As the first word makes clear, the approach focuses on the activities of, and processes in, public organisations, like bureaucracy, legislature, executive, or other organs of the State. It is not concerned with the actions of private individuals except as members of a collective, like voters or members of an interest group. We mentioned in the previous section that the Public Choice approach avers that to study the functioning of any public organisation, one needs to look at the behaviour of people in that organisation. The word ‘choice’ suggests that behaviour or actions of people in public organisations or activities is to be understood in terms of a single dimension, that of the choices the individuals make from the available alternatives and within constraints. We shall elaborate on this in subsection 19.2 below.

The interesting thing here is that although the objects of study are public organisations or institutions, the public choice approach insists that for a fruitful analysis, one needs to look at the behaviour of a typical ‘representative’ individual within these institutions. Thus although *public* organisations are being studied, the behaviour of *individuals* are being looked at. This approach is part of a general way of looking at the relationship between individuals and collective, social or public institutions and organisations. This is what we turn to now.

19.2.1 Methodological Individualism and Rationality

The methodology of Public Choice consists of two related elements. The first is *methodological individualism*. Methodological individualism rejects viewing the society as an organism, and considers a holistic approach misleading. Public Choice theorists argue that even when studying collective entities and groups, the *individual* should be the unit of analysis, both as the basic unit of decision-making as well as the unit for whom the decision is made. Groups, organisations, or even societies, are nothing more than the (sum of the) individuals comprising them. While many other approaches talk of group

decision-making, the Public Choice approach denies the legitimacy of decision-making at the group level. This approach contends that an organic view of society is not accurate, is indeed misleading.

The second element of economic methodology, closely related to the first, is *rational choice*. Rational choice is merely the modern application of the attribute of “measuring the pleasure- pain calculus” that according to classical philosophers people follow. It takes but one aspect of human behaviour, namely decision-making in specific environments. The fundamental idea is that people try to do the best they can, given the constraints that they face. People are assumed to be able to rank alternatives in order of preference, and choose the most preferred alternative – and also be consistent in their choices. It does not imply that people are selfish or that they are negligent of other people. This is true in all areas of human endeavour, whether economic, political or social. Applied to politics, the basic implication that Public Choice theorists make is that politics should not be analysed from a ‘public interest’ perspective, but from an ‘individual gain-maximising’ one. All participants in the political arena – politicians, bureaucrats, voters, and stakeholders act to maximise their own gains.

19.2.2 Political Economy and the Economic Analysis of Politics

Public Choice theory is the application of economics to the study of political processes and institutions. This is not so much the assertion that economic events or forces or processes influence political events and activities, but the application of the methodology and tools of economics to the study of political science. Public Choice is an approach and a methodology. It does not have its own separate topics. Its topics are the same as those of political science. Public Choice studies processes by which people indicate preferences and choices in the political sphere. It urges that social scientists who study political and bureaucratic activities should not that politicians and bureaucrats act out of benevolence or that they have the ‘public interest’ in mind. Rather, politicians and bureaucrats have self-interest uppermost in their minds when they undertake actions. Politicians may think of taking actions that would help them to get re-elected or win an election ticket. Similarly, a bureaucrat may have career promotions or increase in status and power in mind when undertaking actions. Public choice suggests that we abandon any romantic notion of motivations of politicians and bureaucrats and take a realistic view.

To reiterate, the basic ideas in analysing politics using an economic approach are: studies of the group as a category rather than the individual are meaningless, and political studies using the public interest perspective rather than rational choice one are misleading.

Public Choice theorists deal with the question of the state in a contractarian paradigm. Government is an economic institution in two senses. It is an instrument thorough which people can realise certain ends. Secondly, it arises as the result of the bargaining and exchange among individuals. Governments are not only a party to, but also the result of, this exchange process.

Government is the *product* of collective choice. The social contract theory of the state is a normative application of the concept of agreement as an indication of social desirability. According to public choice theorists, economists should eschew the maximisation approach, or more accurately, resource allocation and the scarcity paradigm and instead should focus on the exchange paradigm. This 'exchange' paradigm public choice theorists seek to extend to the political sphere.

This implies that the edges between the "economy" and the "polity" get blurred. Once the catallactics approach is adopted, political decision making institutions can be analysed in the same way as economic institutions. Of course, even in this approach, the fact that power and coercion exist in society is not lost sight of. Once we move away from the political counterpart of such a model and get into situations of rent seeking, power relations come into play. These non-voluntary relations involving power and coercion should be the realm of study of the discipline of Political Science. Thus Public Choice should not be viewed as economic imperialism, but the assertion that the human propensity to truck barter and exchange as Adam Smith put it, is not limited to 'economic' exchanges or commercial transactions but is present in almost all areas of human interaction. Thus the view of politics that public choice takes is that of politics-as-exchange.

A normative principle that follows from the exchange paradigm is that if voluntary exchange involving consent is preferred to coercion, then those policies that promote voluntary exchange among consenting individuals, are to be preferred. This is why public choice theorists are such vocal proponents of market relations. The market in its idealised form, is not only an efficient economic institution that promotes growth and prosperity, but the voluntary exchange process that underlies the market and in any sphere, is the best guarantor of human liberty and the best protector against coercion.

Market failure and Government Failure

Let us look at some concepts from standard economics that public choice uses that are employed in public choice analysis. Standard economics suggests that provided certain assumptions are met, people entering into voluntary exchange with one another, each pursuing his or her self-interest independently ensure that competitive markets are the most efficient institutions for allocating resources. A situation of Pareto-optimality will be reached, which means a point will be reached where no one can be made better off without at the same time someone else being made worse off. This is so called after the economist and sociologist Vilfredo Pareto. The price system will take care of resource allocation. The notion of competition in standard economics, when it speaks of competitive markets, is a situation where no producer or consumer is able to take control of the market or rig it. Competition is so severe that no one has it in his or her power to set a price that would guarantee extra gains for that individual or organisation. Everyone sells homogeneous goods or services and sellers can enter or leave the markets with ease. Perfect competition means a situation where paradoxically there is no rivalry. Every one has equal power (or lack of it). 'Big business' is absent.

This kind of perfect competition, along with the absence of public goods, absence of increasing returns to scale and absence of externalities has traditionally been considered the only case where markets work efficiently, and any deviation from these conditions is called a situation of *market failure*. Hence it can be seen that theoretical conditions for market success are extremely stringent and rarely to be found in the real world. Cases of market failure would be ubiquitous. Thus whenever public goods are present, or monopolistic conditions prevail are situations of market failure. Later, situations where different agents in the market have unequal information about market parameters or have imperfect or incomplete information have been added to the situations of market failure. In the scheme of neo-classical economics the government has a role to play, apart from maintaining the legal framework and property rights, Everyone sells homogeneous goods or services and sellers can enter or leave the markets with ease. Perfect competition means a situation where paradoxically there is no rivalry. Every one has equal power (or lack of it). 'Big business' is absent in correcting market failure.

Public choice theorists and some other economists have forcefully argued that the existence of market failure does not imply that the government will do a good job of participating in economic production and provision, it does not automatically make a case for government intervention. Governments could be inefficient in provision, could overspend, may not pay heed to cost overruns. Governments can fail, too. The situation where government displays inefficiency in provision has been called government failure.

The case of government failure, it should be noted, does not say that governments are inherently bad and markets are inherently good. What it does say is that even accepting the conditions under which markets are said to have failed, what is the guarantee that a *real world government* will be more efficient or will automatically enhance social welfare. The theory of government failure is part of public choice theorists' repeated plea for focussing on real governments and officials rather than some ideal or theoretical representation of these. Public choice theorists have severely criticised mainstream economists for assuming that the government would could *or would* automatically carry out the most efficient and welfare increasing policies. Public Choice theorists explain government failure in terms of pursuit of vested interests by politicians who try to win elections and to get re-elected and by rent-seeking bureaucrats.

The origins of the public choice approach is generally attributed to Duncan Black who investigated the rationale of group decision (Black, 1948). Public choice theory concentrated on providing a rational choice approach to political processes and institutions. Public choice deals with public finance in a major way; indeed, it emerged as a reaction to traditional public finance. James McGill Buchanan in two important papers (1954a, 1954b) argued that decisions in the political sphere (collective decision-making) are not the same as economic decisions (individual decision-making in the market).

Among the seminal works on the supply of public goods was Downs (1957) where Downs suggested a theory of political competition, with politicians attempting to maximise votes analogous to profit maximisation by business firms. He analysed

institutions of democracy, albeit of the Parliamentary British type William Riker in 1962 presented a theory of political coalitions., In 1962 itself was published a book which was to be one of the canonical works in the whole Public Choice literature. This was *Calculus of Consent* by James Buchanan and Gordon Tullock (Buchanan and Tullock, 1962). This book set out the basics of the analysis of constitutions. It discussed the nature of majority rule. In *The Logic Of Collective Action* (Olson, 1965), Olson discusses the free-rider problem. The basic point is that the larger the group, the more difficult it is to take collective action. Small groups are better at solving the incentive problem.

19.3 BASIC ELEMENTS OF THE PUBLIC CHOICE APPROACH TO STATE AND POLITICS

19.3.1 Nature and Origin of State

In addition to providing insight into how public decision-making occurs today, public choice analyses the rules that guide the collective decision-making process itself. These are the constitutional rules that are made before political activity gets underway. Public Choice theorists argue against adopting an organic view of the state and society. A society is merely the collection of individuals who constitute it. Similarly, the state is not a homogeneous organic entity. It is a collection of politicians, administrators and other official and personnel.

Social Scientists should look at the structure within which political decisions are made. Before looking at the effects of alternative economic policies within a given set of rules, social scientists should analyse the structure of the state and political apparatus.

First investigate the relationship of the individual and the state; see why people come to cooperate and engage in exchange in society. Look at the 'constitution' of economic policy. Public Choice theorists stress in the politics-as-exchange model that in exchange, the process itself, rather than outcome, should be focussed on. There is no external authority which judges outcome to be efficient. From this arises the contractarianist view of society where a just social order arises as a result of voluntary exchange among individuals to develop a social contract. Consensus and unanimity are fundamentally important.

Public choice theorists have propounded on collective choice, or how groups in societies form collective decisions. People often feel the need to coordinate their strategies to get some potential gains or meet some objectives. Mancur Olson was one of the first to provide an insight into why collective or group action is not likely to be very successful, specially if the group size is large. The basic idea that Olson put forward was that the public interest was a public good and that people would free-ride, that is, try to get benefits without incurring any cost. Since the larger the group the smaller the individual benefit, therefore the less any person is likely to volunteer or participate in the group

activity needed to bring a particular objective to fruition. Hence, the smaller the group, the more likely is the group activity to succeed. Public choice theorists see the danger of special interest dominating the public interest in many spheres. In many cases, lobbies and pressure groups get organised and use the political process to garner subsidies, which are inefficient from a social point of view, at the cost of the unorganised bulk of the population. When there are public interest groups and lobbies, the outcome could not only be unfair but also pareto-suboptimal. People find it hard to come together and devise pareto-efficient solutions because public interest is a public good, and there will be an under-supply of privately produced public good.

19.3.2 Social Choice and Voting

One of the chief underpinnings of public choice theory is the lack of incentives for voters to monitor government effectively. Anthony Downs, in one of the earliest public choice books, *An Economic Theory of Democracy*, pointed out that the voter is largely ignorant of political issues and that this ignorance is rational. Even though the result of an election may be very important, an individual's vote rarely decides an election. Thus, the direct impact of casting a well-informed vote is almost negligible; the voter has virtually no chance to determine the outcome of the election. So spending time following the issues is not personally worthwhile for the voter. Evidence for this claim is found in the fact that public opinion polls consistently find that less than half of all voting-age Americans can name their own congressional representative.

Public choice economists point out that this incentive to be ignorant is rare in the private sector. Someone who buys a car typically wants to be well informed about the car he or she selects. That is because the car buyer's choice is decisive—he or she pays only for the one chosen. If the choice is wise, the buyer will benefit; if it is unwise, the buyer will suffer directly. Voting lacks that kind of direct result. Therefore, most voters are largely ignorant about the positions of the people for whom they vote. Except for a few highly publicised issues, they do not pay a lot of attention to what legislative bodies do, and even when they do pay attention, they have little incentive to gain the background knowledge and analytic skill needed to understand the issues. Public Choice theorists have contributed to voting theory, namely single-peaked preference, median voter hypothesis, vote-trading, strategic and insincere voting, and so on.

Duncan Black, in 1948, discussed some rules of decision-making in committees (Black, 1948). He discussed situations where a group decision has to be made, but strict unanimity does not obtain. In this paper, Black also introduced the notion of single-peaked preference in voting.

19.4 ANALYSING BUREAUCRACY AND ADMINISTRATION USING PUBLIC CHOICE

Now that you have been acquainted with the basic approach of public choice to political institutions and processes in general, we may look in greater detail specifically how public choice deals with bureaucracy and administration. The public choice approach is one of the late approaches in the line of inquiry into, and discourses on, the working of the bureaucracy and government administration. Till about 1965. The scholarly body of work on the bureaucracy was carried on in the spirit of Weber and Wilson, notwithstanding Simon who used the theory of decision-making to study among other topics, the functioning of bureaucrats. He put forward the idea of bounded-rationality, which you have no doubt studied in an earlier unit. In 1965 Gordon Tullock published his book *The Politics of Bureaucracy*. This book marked the beginning of work, within the public choice framework, on the analysis of bureaucracy. Till that time, the public choice literature had busied itself with analysing and developing models of representative government and the State in general.

19.4.1 Functioning of Bureaux

At the heart of any understanding of the function and role of the bureaucracy is the fact that bureaux are engaged in the activity of providing public goods and public services. Since these goods and services provided by the bureaucracy are not sold, a political process replaces the market process. The point of departure of the public choice approach is the assertion that although the structure of a political process is completely different from a market-based interaction process, the motivations and behaviour of the actors in the political arena are very similar to actors in the marketplace. In other words the dichotomy that sought to explain the behaviour of businessmen, entrepreneurs and suppliers as being motivated by self-interest while that of bureaucrats, administrators and politicians is motivated by ‘the public interest’ is a false one.

The classic work in the public choice literature on bureaucracy is Niskanen (1971). This work started an onrush of future contributions on bureaucracy from a public choice perspective. Niskanen’s theory is in an exchange paradigm. It talks of the exchange of output for a budget, between the individual bureau and the government. What is relevant is also how work is organised within the bureau. Niskanen formulated his theory in a framework of what economists call bilateral monopoly or a situation where there is a single seller of a product confronting a single buyer of the product. Consequently, both come to have considerable power, control and bargaining strength. In his model, the government and not the public is the buyer of bureaucratic services. The bureau is the only seller of its services and the government the only buyer of the ‘output’ of the bureau. This exchange of the output is for a budget and not a per-unit price. Here Niskanen brings in the rational choice aspect of this formulation. In any rational choice model, agents are expected to optimise some behavioural function; in this model, bureaucrats are supposed to want to maximise their budget. On the buyer’s side, the behaviour and preference of the government are derived from conventional models of representative government and majority rules which already existed in the public choice literature. In a later paper (Niskanen, 1975), Niskanen added a more basic maximisation exercise underlying budget maximisation. Bureaucrats are pictured as being utility maximisers, with utility taken to be depending, among other things, on expected remuneration,

patronage, discretionary power, ease of management and ideological factors. Tullock (1965) and Downs (1967) had made indirect allusions to some of these points.

Later an extension of the Niskanen model was provided by Dunleavy which is called Bureau-shaping model. The basic extension was that higher-ranking bureaucrats supposedly place greater emphasis on non-pecuniary gains rather than on maximisation of budgets as Niskanen had proposed. Thus senior bureaucrats are supposed to shape their bureaus that increase their non-pecuniary power and status, since in public bureaucracies, compared to the private sector, there are greater constraints to pecuniary and monetary gains

19.4.2 Provision of Public Goods And Services

You might be thinking that public goods are goods provided by the public sector, that is, the state. While this is true in many cases, this is not always so. While the government largely provides public goods—and later we will discuss the reasons—this type of goods may be provided by the private sector. There are two characteristics that a public good possesses regardless of whether it is provided by the government or not. These two characteristics are **non-rival consumption and non-exclusion**. Let us see what these concepts mean

Non-rival Consumption

This concept means that for a given quantity of a good available, consumption by one person does not diminish the quantity left for someone else to consume. In other words, a good is characterised by non-rivalry in consumption if, once it is produced, several people can simultaneously consume it. A classic example is national defence. National Defence ‘consumed’ by one citizen of country does not reduce the amount left over for others. Yes, it is true that people living in border areas may feel threatened more by an external attack; nevertheless military defence *per se* is a good characterised by non-rivalry in consumption. Other examples are pollution control measures, and many public health programmes.

Non-exclusion

This is the second characteristic of a public good. To understand non-exclusion we can look at private goods which are characterised by the exclusion principle, and see what this means, then we can grasp the meaning of non-exclusion. Take a private good like an apple. If you eat an apple you can exclude me from eating the apple. For a good with non-exclusion property, on the other hand, it is impossible or extremely expensive, to confine the benefits of the good to a few persons. A person will derive benefit from the production of the good, regardless of *whether or not he or she pays for the good*.

It is important to carefully distinguish between non-rivalry in consumption and non exclusion. The former concept captures the idea that the amount consumed by one person does not reduce the amount left over for consumption by others. A good may be non-rival and yet it may be possible to exclude some people from using that good. A classic example is cable television broadcast. If a programme is being broadcast, then its viewing by one person does not diminish the amount left for others. However, it is possible to exclude some people from viewing the programmes. Those who do not have access to a TV set, or for some channels those who do not subscribe to channels may not be able to view certain programmes. Remember there is no diminishing of the quantity available for consumption. Another example is cinema in a theatre. For the people inside the hall, no one gets to watch more of the movie than anyone else does. It is, however, possible to exclude people who do not pay for the ticket from watching the movie. So the movie is a good that is non-rival but excludable. Goods that are both non-rivals in consumption as well as having the non-exclusion property are sometimes called **pure public good**. A classic example of a pure public good is a lighthouse. When the light of the lighthouse is on, it is difficult to prevent any nearby ship from seeing it and being guided by it (non-excludability). Moreover, one ship's use does not reduce the light left for other ships, or, in other words, one ship's use does not affect the ability of other ships to use the light (non-rivalry). To qualify as a public good, a good has to have at least non-rival consumption. In the examples given above, although there is non-rival consumption, the goods are excludable.

Club Goods, Congestion and Impure Public Goods

We mentioned above that *pure* public goods are characterised by both non-rival consumption as well as exclusion. There are, however some goods for which consumption is non-rival but where exclusion can be applied as in the cable television or movie theatre examples above. These goods are sometimes called club goods. This is actually what happens in the case of members of a club, who have joint and hence non-rival consumption, but where non-members are excluded. Because of this kind of nature of an actual club, goods, which possess the characteristic of non-rival consumption coupled with exclusion possibilities, are sometimes called club goods.

There is another class of impure public goods. This class of goods have rival consumption but in their case, it is very difficult or extremely costly to carry out exclusion in consumption. A congested road is a prominent example. One person driving a vehicle does not mean others can be excluded from driving their vehicles but clearly, the space taken up by one person on the road reduces the space available for others – hence use of road space is a rival good. A similar example is that of a beach. People cannot exclude others from enjoying a beach, but it is possible that the beach gets crowded and hence the space available for each person on the beach gets reduced. Thus a beach has rival consumption. From these examples we see that cases of congestion are yet another type of impure public good in a sense opposite of club goods – which exhibit rival consumption but no or negligible exclusion.

Public Choice theorists have provided incisive analysis of supply of public goods that are not pure public goods, specifically club goods. They have also broadened our understanding of collective action. They have made a persuasive case for the possibility of government failure and shown that it is more widespread than was thought, and have given powerful insights into the theory of regulation and rent seeking. The impact of the Public Choice Theory views on bureaucracy and rising state expenditures can be seen in the fact that beginning with Margaret Thatcher in Britain in the 1980s, many countries have sought not merely to use the expression “rolling back the state”, ‘downsizing government’, but actually implement them. In other words, not only has the private sector been allowed greater play, but the state and bureaucratic machinery actually shrunk in several countries. Public Choice theory’s major contribution pertinent to the area of public administration has been the fact that it has questioned the very basis of bureaucracy-run governance. Their principal contribution overall has been that they have largely managed to convincingly argue that it is futile to talk of economic policy, and public finance, without discussing politics. Economic policy is, after all, made by politicians. While the private sector has expanded, the state sector has shrunk both in direct administration as well as through privatisation of public enterprises. Moreover, there was widespread adoption of management precepts and practices of business firms for use in the public sector. Along with this, there has increasingly been contracting out of services to private providers as well as outsourcing by government enterprises from private firms. The whole *New Public Management* approach and viewpoint is, moreover, heavily influenced by Public Choice Theory and can indeed be said to trace its lineage to it. Finally, Public choice theorists have provided insightful analyses of political business cycles – the relation between economic prosperity and depression and political events such as elections.

19.5 REGULATION AND RENT SEEKING

19.5.1 Regulation

Public Choice Theory has suggested that regulators (in the government) have some basic incentive while regulating some economic activities (say monopolies) of the private sector. These incentives suggest that influential individuals and units in the private sector and special interest groups ‘capture’ the regulatory process by influencing the bureaucrats who are in charge of this regulation by appealing and playing on the bureaucrats’ incentives.

Traditional theory (prior to public choice theory) had argued for regulation only of natural monopolies so as to enhance efficiency and increase total welfare. George Stigler in 1971, put forward a startlingly different theory of regulation (Stigler, 1971). In this paper, Stigler put forward a theory of “regulatory capture”, whereby those who are regulated by the state themselves capture the regulatory process and actually earn benefits at the cost of consumers. Big business or large farmers often benefit from regulation by

getting subsidies, by being protected from competition and price control which ensures large demand. Of course, trying to get regulation would involve lobbying, and being regulated means subject to rules and regulations, but so long as the costs are lower than the benefits, monopolies would try to get regulated.

19.5.2 Rent-Seeking

Public choice theorists speak of rent-seeking and directly unproductive profit-seeking activities (DUPs). DUPs are means of earning a profit through activities that do not add to social value. They produce goods and services that do not provide utility. Typical examples of DUPs are tariff-seeking lobbying, creating artificial monopolies that generate rents, even smuggling. The important thing about DUPs is that these use up resources to create profits but produce no output. Some theorists like Jagdish Bhagwati and T.N. Srinivasan have argued that DUP can arise both as a consequence of particular policies, as well as be undertaken to influence the making of favourable policies. As examples of the former situation, we can consider lobbying by special interest groups to gain from some policy. Another type of activity within this category is the smuggling that may take place as a consequence of a protectionist policies characterised by high custom duties. As an example of the second category, we can think of strong industrial groups, which lobby for high tariffs and quotas or policies that discourage foreign competition. DUP is related to the general concept of rent seeking.

19.6 CONCLUSION

In this unit, you have been acquainted with a particular approach to bureaucracy and public administration, one that has been highly influential, the public choice approach. We saw that the public choice unit takes one particular aspect of human behaviour even in the arena of public administration and politics, namely the display of preference and the making of choices. The main contention of public choice theorists is that first, it is wrong to think that when we talk of decision-making in the private sector we know that people are governed by their self-interest, while decision-making in the public sector or government or public administrative agencies is somehow governed by public interest or social interest. Even in these areas the people making the decisions are the same and hence they will be governed by the same motivations whether they make decisions in the private sector or in the government. Hence the tools that neoclassical economics employs to study decision-making in markets can fruitfully be used to study decision-making in the political domain.

In the course of the unit, we began by looking at the concept of rationality since public choice theory assumes that decision-makers are rational. The unit also studied the idea of methodological individualism that is the cornerstone of public choice philosophy. The unit further discussed the idea of politics-as-exchange and how public choice uses economics to discuss politics.

In terms of applications, the unit discussed two basic themes in political theory and how public choice analyses these. These were the nature of the state and its origins, and theories and ideas in voting. Finally the unit moved to the centre-stage of its discussion, that of the application of public choice to the bureaucracy. The unit explained Niskanen's theory of bureaux and discussed some extensions, and elaborated on the theme of public goods and how they are provided, and further, how public choice analyses these actions of bureaucracies. In the subsequent section, the unit discussed the public choice approach to rent seeking and the theory of regulation.

19.7 KEY CONCEPTS

Cost-benefit: Identifying and quantifying both negative impacts (costs) and positive impacts (benefits) of a proposal, then subtracting one from the other to arrive at a net benefit.

Outcome Evaluations: Evaluations that focus on the results of program activity, the extent to which a programme meets its objectives in terms of impact on the environment.

Performance Measurement: Careful and detailed measurement of the achievement of programme objectives and outcomes by a programme or agency.

Political Economy Approach: Focusing on politics and economies as categories for analysing organisational behaviour.

Stakeholders: The many different persons who are involved in policy decisions and are affected by the results.

19.8 REFERENCES AND FURTHER READING

Buchanan, J.M. and Tullock, G., 1962, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, University of Michigan Press, Ann Arbor.

Mueller, D.C., 2003, *Public Choice III*, Cambridge University Press, Cambridge

Niskanen, W., 1971, *Bureaucracy and Representative Government*, Aldine Atherton, Chicago.

19.9 ACTIVITIES

- Q.1 Explain the concept of rationality and methodological individualism as used by public-choice theorists
- Q.2 What do you understand by 'politics-as-exchange'? How would you use it to understand the basic nature and purpose of the state?
- Q.3 Discuss the public choice approach to rent-seeking and regulatory activities of the state.

Unit-20 : Pertinence of Critical Theory

Structure

- 20.0 Learning Outcome
- 20.1 Introduction
- 20.2 Origin of the concept
- 20.3 Characteristics
- 20.4 Critical Theory in Public Administration
- 20.5 Conclusion
- 20.6 Key Concepts
- 20.7 References and Further Reading
- 20.8 Activities

20.0 Learning Outcome

After reading this unit, you should be able to:

- Know the origin and characteristics of critical theory.
- Understand the relevance of critical theory in public administration.

20.1 Introduction

Public Administration is a field of knowledge with uncertain boundaries. Public administration scholars are hesitant to call it a discipline due to lack of indigenous theories to the field. They borrowed many of their conceptual frameworks from the areas

of business administration, theories of management, leadership, employee motivation and so on and from political science and economics. In such a field critical theory offers a critique on the functioning of public institutions and provide a vision of a better future. But critical theory appears infrequently in the literatures of public administration. In simple critical theory offers critique of public institutions and possibilities for a better future. In this unit an attempt is made to discuss critical theory in the context of public administration.

20.2 Origin of the concept

Critical theory is grounded in the enlightenment, eighteenth century thought in Europe and America that used science, reason, and individual self-determination to cast off religious and governmental authority. Critical theory is associated with the Frankfurt School beginning in the 1920s and extending through the later work of principal members Max Horkheimer, Theodor Adorno, and Herbert Marcuse, in the 1960s and 1970s.

Frankfurt critical theory recognises the concrete temporal and cultural specificity of the individual. Consciousness-values and perceptions are shaped by the time and society in which we live, but ultimately the measure of society is its effect on people, on their happiness and sense of freedom to determine the future. Critical theory can be described as a “category of sociological thought” that developed from the work of Marx.

The term critical theory is also applied to writers whose work began in the early part of the twentieth century, such as Georg Lukacs and Antonio Gramsci, as well as to later twentieth-century writers such as Jurgen Habermas. Because of differences in approach between authors and changes in the work of individual authors over time, it is

difficult to construct a unitary narrative of critical theory. It will be helpful to identify a few common characteristics in this body of work, recognising that not all authors treat them the same, or even agree on their status within critical theory.

20.3 Characteristics

Though critical theory has in important ways moved beyond Marx as times have changed and problems have been identified in his work, it includes the three characteristics discussed below:

Contradiction, Dialectic and Change

A primary characteristic of critical theory is the idea that social systems change over time because of built-in tensions, or contradictions, between how they are and how they could be. Each such systemic contradiction is inherent in and cannot be solved without modifying, or ‘moving beyond’, the basic structure in which it occurs. Critical theory shows the relationship between ideas and theoretical positions and their social environment, and thus attempts to contextualise, or historicize, ideas in terms of their roots in social processes.

The process of acquiring knowledge of alternatives to the status quo and encouraging constructive change is dialectical. The Frankfurt School’s use of the Hegelian concept of dialectic is not conceptually foundational and does not involve a predetermined outcome. In agreement with writers such as Lukacs, Korsch, and Gramsci, Frankfurt theorists rejected “objectivistic Marxism”, a type of Marxist thought that emphasised “economic laws and objective social conditions.

Frankfurt theorists stressed reason and gave the term a specific meaning. Reason, signified a faculty that went beyond mere appearances, exploring “a deeper reality”,

knowledge of the contradictory opposite(s) of things, people, and situations, into which they may change over time.

Though critical theorists believe that reason have been used in support of systems of domination and control, some also think people can use reason to imagine a different future. Critical theorists who understand the “dialectic of enlightenment” and are committed to a non-foundational, historically based process of change may seek to reconstruct critical reason as a counter to contemporary instrumental rationality. Critical reason in practice involves the dialectical use of imagination and fantasy to envision a better future. For critical theorists to abandon the idea of radical change in societal institutions and practices that would allow for greater human freedom and self-determination.

20.4 Critical Theory in Public Administration

The development of critical theory as a philosophical and practical discipline has greatly influenced social sciences in general, public administration in particular reiterating the need for the humanisation of public organisations. It is a post-Weberian conceptualisation of the Frankfurt School. All Post-modern public administration theories have given importance to people in the organisation than to the formal structures of organisations. They also give importance to the subjective as well as inter-subjective aspects of organisations and their functions.

Critical theory provides an opening for conceptualisation and practice that acknowledges the value-based, normative character of public administration. The public professional who perceives contradiction between current public practices and a future

with reduced inequity and oppression may use critical theory as a guide for taking action to create social change.

The communication theory of Habermas is the most commonly used version of critical theory in public administration today. The idea of undistorted communication as a critical tool for social change has been important in public administration. Robert Denhardt suggested that a critical approach to organisational theory would be useful in public administration. Denhardt reviewed the origins of critical theory, from Hegel and Marx to the Frankfurt theorists, but focused on Habermas. He emphasised the Habermasian concern about value-free science and efficiency and urged attention to the larger historical and normative context of public organisations as part of a critical examination of bureaucracy and its relationships with clients.

Critical theory provides an ethical impulse toward substantive equality and democracy. Critical theory has much to offer the field of public administration and its intention is to create consciousness such that theory and practice become one. Several articles and books in public administration related fields have used concepts with critical elements though they are not explicitly built upon critical theory.

Jurgen Habermas, the best-known exponent of critical theory. Like Weber, Habermas refers to the preponderance of technical efficiency in a modern state through the operation of public bureaucracy. As the society gets increasingly bureaucratised, social power and discretion tend to be concentrated in the hands of bureaucratic state apparatus. The expanding role of the public bureaucracy is not matched by its popular acceptance. There is increasing criticism of the bureaucracy as a self-aggrandising force alienated from the public who can rarely repose trust in it. Public interest and bureaucratic interests seem at many places at loggerheads. The trend toward over-

bureaucratisation causes concern about the social role of the bureaucracy that can be inquired into from the critical perspective. The critical theory of public administration urges replacement of the stifling effect of techno administrative domination of bureaucracy through debureaucratisation and democratisation of administration based on free flow of communication and an expose of inherent contradictions in hierarchical relationship.

Despite a great variety of management structures and styles, the common assumption has been that management is basically technical in nature whose primary motive is to produce practicable results by manipulating human beings and materials. A critical theory of public organisation would be interested in improving the quality of organisational life. It would enquire into the conditions of power and dependence in an organisation and try to reveal the inherent contradictions in hierarchical relationships as embedded in a bureaucracy. The critical approach would concentrate on the distorted patterns of communication that characterise present day organisations both in terms of internal and external relationships.

As regards to organisation – client relationship, the alienation takes the form of organisation distrust and occasional hostility to the working of bureaucracy. The organisation tends to look at the client as a burden and the client in turn tends to look at the organisation as unhelpful. In such a situation, the organisational design and operation run counter to the basic purposes of a democratic public service. The critical approach would suggest a different style of management. The basic thrust of critical theory of public organisation is toward reaffirmation of a commitment to the democratisation of all kinds of social relationships by locating and removing the disabilities that have blocked the surfacing of true needs of individuals in social and political spheres.

Critical theory has inspired a movement for improving the quality of organisational life by advocating self-reflection and self criticism on the part of administrators and by pleading for a reordering of priorities so as to give primacy to the growth of individual as against the productivity of organisation. This theory has strong individualistic, subjectivist and anti-bureaucratic thrust.

A critical approach involves a systematic analysis of social conditions and a framework for action guided by normative purpose. Critical social theory encourages academicians and practitioners not only to view social structures and practices as vehicles of domination, repression and manipulation but also as potential starting points for meaningful social change. Critical theory framework of dialectical change, critical imagination, and self-determination may be applied to public service and to local governance.

Recent decades have witnessed a great transformation and upheaval marked by technological revolution and global restructuring of capitalism. It brought issues like heightened exploitation of labour, corporate downsizing, great levels of unemployment, inequality and insecurity. There is instability and violence in many places. All these issues are bearing influence on public governance. In this context critical approach is very much needed to analyse them. Therefore, public administration needed critical theory now more than ever.

Given societal conditions and the nature of research and practice in public administration, the conceptual framework of critical social theory offers promise for those scholars who wish to critique the status quo of professional practice in public organisations, with intent to imagine better options for the future. Critical theory has had limited discussion and application in public administration. This could be because in

one-dimensional society people have become unaware of potential alternative, or they do not want to see contradictions because it could be upsetting or dangerous to challenge the status quo.

20.5 Conclusion

Critical theory is grounded during the period of renaissance in eighteenth century in Europe and America that used science, reason and individual self-determination to cast off religious and governmental authority. Critical theory is associated with the Frankfurt School beginning in the 1920's. It recognises the concrete temporal and cultural specificity of the individual.

The development of critical theory as a philosophical and practical discipline has greatly influenced social sciences in general, public administration in particular. It is a post-Weberian conceptualisation. It offers critique of public institutions and provide a vision for a better future. This theory has strong individualistic, subjectivist and audit-bureaucratic thrust. In the present era of globalising world, critical approach is very much needed to analyse the issues that are influencing governance. Critical theory is needed now more than ever.

20.6 Key Concepts

Conservatism: Adherence to a political disposition that prefers the status quo and accepts change only in moderation.

Dialectic: The philosophical system of asserting truth by resolving the references that exist between factors in a particular situation.

Libertarianism: A political doctrine holding that a government should do little more than provide police and military protection: other than that, it should not interfere – for either good or ill –in the lives of its citizens.

Objectivist: One who believes that reason and logic is the only means to knowledge, that self-interest determines ethics, and that capitalism should prevail in society.

Patronage: The power of elected and appointed officials to make partisan appointments to office or to confer contracts, honours, or other benefits on their political supporters.

Privatisation: The process of returning to the private sector property or functions previously owned or performed by the Government.

Reactionary: A person who supports outmoded ideas of the past. The term is a derogatory reference to political malcontents who yearn for a previous status quo.

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20.8 Activities

Q.1 Discuss the origin and characteristics of critical theory.

Q.2 Analyse the relevance of critical theory in era of liberalisation, privatisation and globalisation.

UNIT 21 NEW PUBLIC MANAGEMENT PERSPECTIVE

Structure

- 21.0 Learning Outcome
- 21.1 Introduction
- 21.2 New Public Management Perspective: Genesis
 - 21.2.1 Increase in Government Expenditure
 - 21.2.2 Influence of neo-liberalism
 - 21.2.3 Impact of New Right Philosophy
 - 21.2.4 Public Choice Approach
 - 21.2.5 Washington Consensus
- 21.3 New Public Management Perspective: Salient Features
- 21.4 Impact of New Public Management Perspective
- 21.5 New Public Management Reforms: An Appraisal
 - 21.5.1 Clash of Values between Traditional Public Administration and New Public Management
 - 21.5.2 Managerial Predominance over Policy Capacity
 - 21.5.3 Lack of Clarity of Relationship between Citizens and Political Representatives
 - 21.5.4 Absence of a Clear Cut Concept of Accountability
 - 21.5.5 Promotion of Individualistic Ideas in Place of Collective Interests
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- 21.6 Conclusion
- 21.7 Key Concepts
- 21.8 References and Further Reading
- 21.9 Activities

21.1 LEARNING OUTCOME

After going through this unit, you should be able to:

- trace the genesis of New Public Management perspective;
- highlight its salient features;
- examine the impact of New Public Management perspective; and
- appraise the New Public Management response.

21.1 INTRODUCTION

Globalisation, which is multi-faceted, is having a tremendous impact on various facets of life in the twenty first century. It has also influence on various disciplines. While an economist looks at globalisation as removal of trade barriers, promotion of foreign direct investment, entry of multinational enterprises, a sociologist examines it from political, cultural and social perspectives. The onset of globalisation is leading to significant changes in the roles of individuals and institutions across the world. Markets have come to occupy a key place. The nature of state is also undergoing some transformation. You have already discussed this aspect in detail in Course-011 on State, Society and Public Administration of this Programme.

Globalisation has ushered in other changes such as interdependencies among the states, reduction of trade barriers, increasing use of information technology, communication revolution, blurring of boundaries and realignment of public and private sectors. These developments have a profound influence on public administration.

The transformation of economies, in the past few years, from command to market-oriented, all over the world has raised various concerns about the failure of the ‘traditional’ state model to implement appropriate policies and deliver effective services. A need for developing an alternative model of administration was being felt. During 1980s, debates and discussions centred around making a deliberate conscious choice between the ‘old’ public administration which relied on bureaucratic efficiency and the present day new perspective of public administration with a significant management orientation which is labelled ‘New Public Management’ (NPM). This

perspective led to introduction of a series of managerial concepts and techniques in the governmental systems, with a view to making public organisations efficient, economical and effective. NPM attempts to prescribe ways for renewed governmental functioning in the globalisation scenario.

At attempt is made in this unit to trace the emergence of New Public Management Perspective and highlight its salient features. The reforms initiated in several countries are highlighted and an appraisal of this perspective is done.

21.2 NEW PUBLIC MANAGEMENT PERSPECTIVE: GENESIS

Public administration, as we have discussed in the previous units of this Course since its inception in 1987, advocated a conceptual distinction between policy and administration. It emphasised on the state discharging the political, economic and social functions and assigned importance to bureaucracy as an instrument of state of the implementation of policies and programmes. The emphasis of public administration all along has always been promotion of public interest, assuring equity, responsiveness, and representativeness to the citizens.

The impact of globalisation on public administration has been significant, emphasising change, reinventing public administration with a management orientation. From the early 1980s, serious challenges have been posed to administration to reduce reliance on bureaucracy, curtail growth of expenditure and seek new ways of delivering public services. New Public Management Perspective prescribes a set of reform measures of organising and offering of services, with market mechanisms, to the citizens. Beginning 1980s, there has been a widespread attack on public sector and bureaucracy as the governments all over began to consume scarce resources. The expansion of government has been into too many areas, which could as well be in the domain of private sector. Bureaucracy was considered to be too unwieldy, unresponsive, inefficient, ineffective, and unable to withstand the competition. A culmination of several factors has given too rise to NPM perspective. These include:

21.2.1 Increase in Government Expenditure

During the 1970s and 1980s, the excessive increase in government expenditure, in many countries brought to light the wastage, mis-management, increasing debts coupled with corruption and inefficiencies in governmental operations. The rise in government expenditure along with poor economic performance led to the questioning of the need for large bureaucracies. Hence, attempts were initiated to slow down and reverse government growth in terms of increasing public spending as well as staffing. This paved the way for a shift towards privatisation, quasi-privatisation of certain activities, and moving away from core government institutions.

21.2.2 Influence of neo-liberalism

There has been a powerful influence of neo-liberal political ideology during the 1980s and 1990s. You have already discussed about this in detail in Course 1. Neo-liberalism favoured dominant presence of market forces than the state. Concepts such as efficiency, markets, competition, consumer choice, etc. had gained predominance. Neo liberalism favoured cutting back of welfare state, maximising individual liberty and freedom, and encouraging market mechanisms leading to equitable outcomes. Free markets unrestrained by government, removal of barriers to facilitate the free flow of goods and money and privatisation were considered significant measures for economic growth. The then prevailing scenario favoured roll back by the state and the space created by it to be filled with the private sector. The state was expected to promote the efficient functioning of markets.

21.2.3 Impact of New Right Philosophy

The New Right Philosophy propagated in the 1970s in UK as well as USA, favoured markets as more efficient for allocation of resources. Excessive reliance on state was not considered appropriate and it propagated lesser role for it and opted for self-reliance. The

new right denounced the role of bureaucracy, and proposed minimal role for state in provision of social assistance. This perspective had a global impact in generating a consensus about the efficiency of market forces. Markets were considered to play a key role in the creation of economic wealth and employment.

21.2.4 Public Choice Approach

The public choice approach had a major impact on the evolution of the new public management perspective. Economists such as Tullock, Niskanen, Buchanan propounded it and the central tenet of their approach is that all human behaviour is dominated by 'self interest'. The human being is considered to be a utility maximiser, who intends to increase net benefits from any action or decision. The voters, politicians and bureaucrats are considered to be motivated by self interest. The vote maximising behaviour of politician and self-aggrandisement bureaucrats tend to affect the collective interests of the society. There are very few incentives to control costs. Such behaviours and attitudes, according to the public choice theorists, lead to an increase in size and costs of government and inflated departmental budgets. Bureaucracy, being the core of public administration, is held responsible for the declining quality of public services. This thinking led to the new paradigm of government sensitive to market forces, which meant remodelling of government according to concepts of competition and efficiency. The efficiency of institutions and processes such as market and decentralised service delivery has become attractive as a consequence of this approach.

21.2.5 Washington Consensus

The 1980s and 1990s have been characterised by questioning of the role of state in economic development. It was increasingly felt that the poverty and economic stagnation, especially in the developing countries, was the result of the state undermining the operation of market forces. The need for bringing about adjustments in the economy on various fronts such as financial and banking sectors, and reduced role for the state in economic development have been considered indispensable. This led to the emergence

of Washington consensus. It basically comprises the reform measures promoted by Brettonwoods institutions (International Monetary Fund and World Bank), the US Congress and Treasury, and several think tanks, which aimed to address the economic crisis, especially by Latin American countries during the 1980s. This is also termed as structural adjustment cum stabilisation programme which emphasised the need for sound micro economic and financial policies, trade and financial liberalisation, privatisation and deregulation of domestic markets. This strategy, gradually adopted in many developing countries, promoted minimal state that refrains from economic intervention, which focuses on sound monetary policy, provision of education, health and infrastructure. This has also been responsible for giving a push to market forces.

The emergence of NPM perspective has been one of the recent striking trends in the discipline of public administration. Its focus basically is on the following:

1. Restructuring government operations along market lines;
2. Distinguishing strategic policy formulation from implementation;
3. Emphasising performance evaluation and quality improvement; and
4. Stressing upon effective services provision and value for money for the customer.

21.3 NEW PUBLIC MANAGEMENT PERSPECTIVE: SALIENT FEATURES

New Public Management Perspective has subjected to critical questioning the size, role and structure of public sector. Concepts such as efficiency of state vs. market, managerial orientation in governmental activities, contracting out and privatisation started gaining prominence in many countries. NPM intendeds to promote a new thinking that:

- the present changing scenario requires government reforms;
- there is a need for change in the mindset of government from mere execution of tasks to performance orientation; and

- public organisations need to be risk-taking, mission-oriented and service-oriented.

The core characteristics of NPM perspective include:

- **Productivity:** gaining more services from lesser revenues
- **Marketisation:** replacing traditional bureaucratic structures, mechanisms and processes with market strategies
- **Service orientation:** keeping the needs of customers as a priority
- **Decentralisation:** transferring service delivery responsibilities to lower levels
- **Policy-administration dichotomy:** making a distinction between policy and execution

In addition, it has certain distinct characteristics as follows:

1. An emphasis on managerial skills to complement policy-making skills
2. Disaggregation of large public organisations into separate self-contained units having their own goals, plans and requisite autonomy.
3. Adoption of private sector managerial practices by public sector
4. Setting explicit measurable performance standards for public organisations
5. Controlling the performance of public organisation by pre-determined output measures
6. Preference for private ownership, contracting out and competition in public service provision.
7. Promoting competition both among public sector organisations as well as public and private sectors.
8. Strengthening of strategic capacities at the centre.
9. Making services more responsive to the needs of the customer and ensuring value for money.
10. Steering role of government rather than a direct provider of goods and services
11. Use of information technology to facilitate better service delivery.

21.4 IMPACT OF NEW PUBLIC MANAGEMENT PERSPECTIVE

The New Public Management Perspective had a major impact on administrative systems of western democracies by the mid 1980s. The economic recession arising out of oil crisis of the 1970s, public sector cutbacks, limiting public expenditure, striving towards productivity, efficiency, and economy provided impetus to the reforms. A host of initiatives were ushered in the form of creation of new agencies, restructuring, privatisation, contracting out, etc. These attempted to address certain key concerns that include productivity, marketisation, service orientation, decentralisation, and accountability for performance.

In the United Kingdom, the public administrative systems underwent a major transformation since 1979 wherein the Thatcher government initiated key reforms. The measures favoured rolling back the state, free markets and limited government. With a view to bringing in economy in the public sector, a series of reviews into various aspects of the work of departments, to examine specific policies, activities and functions to bring about savings, were carried out. An Office for Public Service was created in the cabinet office, entrusted with the responsibility of overseeing the reorganisation of government. The various activities of the different ministries were examined by adopting a procedure known as 'prior options review'. This attempted to analyse the functions of government, whether the work being done was necessary, or can be done away with, or privatised or decentralised. This effort yielded significant results.

Financial devolution has been a major initiative in Britain at the central government level, introduced in 1982. Under Financial Management Initiative (FMI), measures were directed towards improved financial delegation, financial control focusing on clear-cut objectives, measuring performance against them and assessing the costs involved in achieving them.

The basic tenet of NPM is decentralisation with multiple agencies performing the activities instead of a single agency. 'Next steps' or executive agencies were created for discharge of a specific set of activities. These comprise civil servants and chief executives responsible to the concerned Ministry. Each agency has to set out objectives and responsibilities in the form of an agreement. The key financial, service and quality targets are to be indicated in a business plan.

New Public Management attempts to give an explicit place and status to the user of public services. The government of John Major, intended, in 1991 to bring market closer to the state through citizens' charters. The citizens' charter programme insisted on public organisations to draw, publish and work towards a clear set of service standards. A charter indicates:

- clear standards of performance for the services used by individuals and other organisations
- accurate information about services and their cost
- courteous and helpful service
- access to redressal mechanisms

The basic principles of citizen's charters are openness, information, transparency, accessibility and redressal. A citizen's charter Unit was set up in the cabinet office and several charters were formulated.

Contracting out of public services was introduced in UK during 1992, covering a variety of services such as street cleaning, garbage collection, etc. Gradually it was extended to other areas such as health and social care services. Privatisation of public-owned enterprises was initiated in areas of gas, electricity, water supply, etc. To monitor the activities of private entities, set service standards, prices of privatised utilities, regulatory organisations have also been set up. Public private partnerships in financing of new public facilities, including transport projects, roads, hospitals, museums, etc were initiated.

In USA, the concept of entrepreneurial government enunciated by David Osborne and Ted Gaebler (1992) made an elaborate case for transforming the bureaucratic government into an enterprising government that is responsible to citizens needs in a market-oriented manner. We have already discussed in detail about this in Unit 16 in Course 1. There has been a general feeling amongst the citizens of many democratic countries, especially USA, that public administration is inept, wasteful and this was indicated by the public opinion polls conducted in USA in 1993. The latter necessitated a critical investigation of the functioning of the American government structure.

In the U.S.A., in 1993 under the influence of Osborne and Gaebler's views of entrepreneurial government, the then Vice-President Al Gore, had initiated National Performance Review (NPR). This report was entitled 'From Red Tape Results: Creating a Government that Works Better and Costs Less'. The basic objective of this has been to transform the culture of federal organisations by making them performance-based and customer-oriented and to prescribe a new type of government that functions cheaply and efficiently. It identified adherence to certain steps which include among others: putting customers first, making service organisations compete, empowering employees to get results, and decentralising decision making power. The NPR promoted certain measures in achieving the above-mentioned objectives.

Cutting Red Tape: The goal was to cut unnecessary red tape and to achieve this certain steps were proposed. They included:

- a) streamlining of budgeting processes;
- b) decentralisation of personnel policy to promote effective appointment, promotion, reward, resignation policies; and
- c) abolition of insignificant rules.

Putting Customers First: This gave importance to citizens as users of public services and proposed to:

- a) provide scope to customers to voice their problems;
- b) dismantle government monopolies; and
- c) utilise market mechanisms to solve certain problems.

Empowering Employees to Get Results: This aimed to stimulate employees in the provision of high quality results through:

- a) decentralised ways of functioning;
- b) emphasizing responsibility for results;
- c) education and training; and
- d) improvement in work environment.

Cutting Back to basics: This meant return to the core activity of government through:

- a) investing in effectiveness of government institutions;
- b) reformulating the programmes to save costs; and
- c) eliminating unnecessary tasks and activities.

The reinventing government initiative attempted to create a government that works better costs less and gets better results.

The Western countries, many state and local governments adopted these measures. For example, Oregon in the U.S. initiated a Benchmark Programme for establishing clear, quantified goals for improving health, education, housing, public safety and so on. This enabled the government agencies and service institutions to assure citizens, on the achievement of results or progress. Research studies indicate that there has been significant savings in the costs of government, reduction in the number of positions and field offices. The reforms continued under George Bush in the President's Management Agenda. The agenda focused on strategic management of human capital, competitive out

sourcing, improved financial performance, expanded electronic government and budget and performance integration.

In the Australian government, the adoption of NPM measures aimed at slimming the state and use of market mechanisms in provision of services. Certain activities were outsourced. Partial user-pay charges for health and education services were introduced. Privatisation of government business enterprises was also undertaken. Service charters were introduced in all government departments and business enterprises. Public service reforms were also ushered in to make the system more efficient, flexible, responsive, performance-oriented, accountable through performance-based pay system, and decentralisation, etc.

In New Zealand, corporatisation of government commercial enterprises, contractual relationships between government and civil servants to ensure accountability, performance orientation and customer service were initiated. A Senior Executive Service (SES) was created comprising the Chief Executives of government departments and a new group of senior officials. They were appointed on Five-year renewable contracts. To examine the social consequences of corporatisation, a Specialist Social Impact Unit (SIU) was set up. The SIU was entrusted with the responsibilities of identification of mechanisms by which central government could work constructively with regions, communities and employer organisations during transition, policy areas where the government might need to consider alternative means of meeting social objectives, issues which might be treated as non-commercial objectives and funded on a contractual basis. Contracting out certain services to the outside agencies by local government bodies was also resorted to; for example, though education and health services are publicly funded, the delivery of these services has been contracted out. Charters are formulated, between the minister and boards of trustees in case of management of schools, incorporating broad guidelines in the form of locally negotiated goals and requirements. The reforms in New Zealand aimed at reducing the size of the core public service, setting up new form of state-owned enterprises, segregating policy

and service delivery activities, measurement of performance of public service organisations.

The developing countries such as India also introduced managerial reforms as part of the aid conditionalities imposed by donor agencies such as the World Bank and International Monetary Fund. They included reduced budgetary support to public sector enterprises, disinvestment, corporatisation, and outsourcing of certain activities. Attempts have also been made to introduce citizens' charters, strengthen redressal grievance mechanism, e-governance initiatives and so on. We have already discussed these in detail in Unit 16 in Course 011 of this Programme.

21.5 NEW PUBLIC MANAGEMENT REFORMS: AN APPRAISAL

Public administration is a key component of all human endeavours towards betterment of lives. In the present day globalisation scenario, alternative approaches have emerged in the arena of provision of public services. The New Public Management (NPM) perspective has brought in reforms, which attempted to create a new entrepreneurial, user-oriented culture in the public organisations with focus on performance measurement and autonomy to the organisations and individuals in contrast to the traditional model. But the basic question is can private sector interests and initiatives replace the pursuance of public service motives. Market philosophy cannot be an adequate substitute for the 'public interest', which is the core of the governmental operations. The entry of economic and managerial principles into the public sector affects not only the organisation concerned, but also the nature of the state as a whole. This has raised certain critical issues within the state, between state and market as well as state and society.

The ongoing reforms focus on privatisation, marketisation, contracting out, debureaucratisation, downsizing, etc. Doubts arise regarding the efficacy of this management framework to the developing countries especially, due to divergence between market economy's interests and pursuance of social concerns.

21.5.1 Clash of Values between Traditional Public Administration and New Public Management

The New Public Management (NPM), perspective does not propagate just implementation of new techniques, but also makes a case for propagation of a new set of values derived from the private sector. Public service as distinct from the private sector is characterised by certain basic norms such as impartiality, equality, justice and accountability. These seem to be overridden by market values such as competitiveness, profitability, efficiency and productivity. Some apprehend that this could lead to weakening of public interest, challenging the legitimacy of public service.

21.5.2 Managerial Predominance over Policy Capacity

New Public Management gives significance to managerial principles and practices and does not assign importance to policy making. Policy is the most important component of the administrative system. Some of the NPM reforms are likely to have effect on the policy rendering function of the bureaucrats. For example, the practice of contractual employment for civil servants might undermine their capacity to render effective policy advice to political representatives. Also the practice in vogue in some countries of recruiting personnel from private sector or using consultants to render advice on policy matters, according to some, is said to undermine the significance of policy-making capacity in government.

21.5.3 Lack of Clarity of Relationship between Citizens and Political Representatives

NPM fails to establish a clear-cut relationship between citizens and politicians. In any democracy people have a key role having direct relationship between their elected representatives. The politicians also are expected to be responsive to their needs and demands through varied ways. This way, the state is able to control the society on the basis of a democratic mandate from the people. But for NPM model, market mechanisms

play a dominant role and fail to indicate the ways through which people in a market system can contribute towards creating a suitable democratic system.

21.5.4 Absence of a Clear Cut Concept of Accountability

Public administration, as we all know, places emphasis on democratic accountability. This provides the citizens a direct and effective means of ensuring accountability as they could vote the elected representatives out of office whenever they feel like. The processes, laws and hierarchical controls are intended to make administration efficient and accountable to public. NPM envisages enhanced accountability, as one of its goals, but the focus is more on results or outputs. With the market forces playing a key role, there is a fear of dilution of the concept of hierarchical accountability. NPM is more managerial in nature than political, which emphasises on the strategic role of public managers. Yet, it lacks clarity in defining the roles of politicians and bureaucrats. We shall be discussing about the changing concept of accountability in Unit 19 in Course 013 on Public Systems Management of this Programme.

21.5.5 Promotion of Individualistic Ideas in Place of Collective Interests

Promotion of collective interests affecting the majority is a distinct feature of democracy, but New Public Management is considered to be an individualistic philosophy that fails to take cognisance of the collective demands of the society. The market-oriented restructuring, especially, in a developing country is bound to affect certain categories of society particularly the poor, peasants and labourers due to its repercussions such as withdrawal of subsidies, reduction in the work force, and cutbacks in welfare programmes.

21.5.6 Citizen vs. Customer Orientation

New Public Management (NPM) provides customer orientation to government. It calls for empowerment of customers, increased citizen choices, strengthening the government

in providing public choices in meeting the needs of the customer. This is in contrast with the conventional public administration, which emphasises on effective and equitable public service. The increasing emphasis on customer orientation is the fallout of the public choice theory and application of market economics to the government that promotes provision of choices by the market forces. George Frederickson(1996) in bringing out the differences between the New Public Administration and Reinventing Movement propounded by Osborne and Gaebler in USA, points out that the latter focuses on empowerment of individual customers to make their own choices. The value of individual satisfaction is judged more than the value of achieving collective democratic consensus. NPM initiatives intend to empower consumers thereby diluting the citizens' rights. It gives prominence to those who can pay for services thereby claiming efficient services.

Many, as negating the values of social justice and equity, consider new Public Management's emphasis on efficiency. The anti-state ideology it pursues leads to decline in basic social services provision, creating a bunch of inequities. The NPM reforms' reigning themes are achievement of objectives of economy and efficiency. But the issues of social equity, justice, accountability, responsiveness, transparency and participation are equally important to be taken cognisance of by any system.

New Public Management reforms are not generalised prescriptions solutions that can hold good and yield positive results for all the countries. It cannot be a single dominant administrative reform strategy for developing countries. Any reform initiative has to be in conformity with the local conditions. Public administration has to be set and looked at from its own environmental context. NPM reforms basically originated in the west and hence its impact is bound to vary. As Caiden (1991) remarks, "unless reconciled with local ecology, universal formulas of administrative reform based on western concepts were unlikely to work". There has been lack of research studies to examine the impact of NPM reforms on developing countries. Also there have been no proper indicators of measurement of NPM reforms. There are methodological problems in assessing the costs and benefits of the reforms. For instance, it is not feasible to assess the effect of

performance-related pay, short-term contracts on the morale and motivation of staff and the productivity of public sector.

21.6 CONCLUSION

New Public Management (NPM) has emerged as a management tool for achieving developmental goals. Despite its focus on roll back of state, there persists a growing concern about the government's crucial role in creating a sound environment for its citizens. Public administration, no doubt is slow moving, cautious as compared to management. But the 'publicness' aspect in it should not be sidelined. Managerial orientation as applicable to the public domain has to support government and citizens. What is needed is public service orientation, decentralisation and networking of public agencies. No doubt, there is clear evidence of greater exchanges between public and private sectors and a desire to bring reforms in the structure, functions and work culture of government organisations.

In the Commonwealth Association for Public Administration and Management (CAPAM) Conference held in Canada in 1994, the need for strengthening the civil society, especially in the developing countries was emphasised. 'Empowering' the citizens also assumes crucial significance. The focus, it was reiterated, is at the grassroots where people are striving hard to create democratic space for themselves.

Any reforms under the influence of NPM need to be introduced in any country keeping in view its political and socio-economic set up. The advocates of NPM focused on benefits of managerial autonomy, exposed the over-protected bureaucracy to managerial models, which if carefully adopted, can bring about improvement in traditional public administration.

Public administration, in the present times, is becoming complex and in this scenario, it is moving towards enlightened public governance. It is the co-existence of government, market and civil society organisations working towards enhancing opportunities for the

well being of its citizens. As Denhardt and Denhardt suggest, NPM needs to evolve along the lines of New Public Service (NPS) which propagates public interest, acting democratically and ensuring the accountability of public servants not only to market, but also to community values, citizen interests, valuing people, citizenship, public service above entrepreneurship. This calls for different kinds of collaborative partnerships, networking, thereby striving towards combining economic management with social values. A balance needs to be maintained between managerial reforms and governance challenges.

21.7 KEY CONCEPTS

Contracting Out: It is the process of purchasing of services from an outside organisation or the obtaining of services from the private sector. Through the instrument of contract, the relation between the parties are managed and regulated.

New Public Service: This indicates the values derived from the money spent on public services be it education, health etc. in terms of outcome, efficiency and productivity. For instance the expenditure incurred on reduction of crime is assessed in terms of several parameters such as number of offenders dealt with, total recorded crimes, responses to crime that were reported etc.

Value for Money: This concept propounded by Janet V. Denhardt and Robert B. Denhardt focuses on public servants adhered to law community values, professional standards and citizens' interest. It gives importance to democratic norms, citizens, and communitarian values.

21.8 REFERENCES AND FURTHER READING

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21.9 ACTIVITIES

1. Based on newspaper reports or visit to any government undertaking or enterprise, prepare a note highlighting the New Public Management Reforms in produced in recent times.
2. Discuss the silent features of New Public Management.
3. Analyse the impact of New Public Management perspective.

UNIT-22 : STATE OF ADMINISTRATIVE THEORY IN 21st CENTURY

Structure

- 22.0 Learning Outcome
- 22.1 Introduction
- 22.2 Administrative Theory – A constant state of flux
- 22.3 Changing nature of public service
- 22.4 The state of administration theory in a dynamic environment
- 22.5 Conclusion
- 22.6 Key Concepts
- 22.7 References and Further Reading
- 22.8 Activities

22.0 Learning Outcome

After studying this unit, you should be able to:

- understand the impact of globalisation on administrative theories.
- highlight the changing nature of public service
- know the state of administrative theory in a dynamic environment

22.1 Introduction

In the world, remarkable changes took place in the 1980s and the 90s as governments in the West sought to adopt themselves a new technology, new societal demands and keen competition. This led to an emergence of a new kind of public

administration based on managerial orientation. There is a criticism on control-oriented, people-avoiding and rule-bound Weberian bureaucratic model and emphasised construction of a model focus on results and cost effectiveness in public governance. In this scenario many of the flexible organisational designs and practices pioneered by the private sector have introduced in public administration with suitable modifications. It is noted that rigid bureaucratic system was inefficient and ineffective in delivering of effective public services.

David Walker stated that “the government is on a burning plat form” and the statuesque way of doing business is unacceptable. This perception that the old ways are no longer up to the new tasks has prompted new actors using instruments of civic action to emerge to meet citizens’ needs. New Right thinkers and Public Choice theorists have criticised the pre-eminence of the state and government in delivering of public services. They advocated in favour of grater role for the market and lesser role for the state and government.

To make public administration receptive to global pressures, the reforms like debureaucratisation, downsizing, disinvestments, marketisation, liberalisation, privatisation have brought discernible changes in the philosophical concepts of public administration. A series of reforms that have initiated are directed towards bring about a change in the public systems and institutions. In this context the state of administrative theory in 21st century should looked into. We have analysed development and growth of administrative theories in unit-3, in this unit an attempt is made to know the state of administrative theory in rapidly changing environment.

22.2 Administrative theory – A constant state of flux

Public administration in the past has been limited by two important positions deeply rooted in the history of the discipline viz.:

1. a view of moral and political accountability conceived in hierarchical terms in terms of responsiveness of agencies to elected officials, and
2. a transposition of business values or at least managerial values into the conduct of public agencies.

While such views may have been responsive to the concerns of the nineteenth century, they may not be appropriate to the concerns of the late twentieth century and beyond.

Since the beginning of the twentieth century, administrative thought has been in a state of flux. It has been modifying its premises and prescriptions according to the demands of the fast-changing socio-economic and political environment. Stephen. K. Bailey identified that public administration is concerned with the development of four kinds of theories viz.

1. **Descriptive Theory:** It consists of descriptions of hierarchical structures and relationships with their sundry task environments.
2. **Normative theory:** the “Value goals” of the field – that is, what public administrators (the practitioners) ought to do given their realm of decision alternatives, and what public administrationists (the scholars) ought to study and recommend the practitioners in terms of policy.
3. **Assumptive theory:** A rigorous understanding of the reality of the administrative persons, a theory that assumes neither angelic nor satanic models of the public bureaucratic.

4. **Instrumental theory:** The increasingly refined managerial techniques for the efficient and effective attainment of public objectives.

The current periodical literature in public administration theory illustrates a vast range of topics including the role of the public bureaucracy in the governance process, the ethics of public services, citizenship and civic education, alternative epistemologies, organisational dynamics, inter organisational policy implementation and political economy and public choice. The periodical literature demonstrates the diversity and complexity of the theoretical enterprise. Robert. B. Denhardt stated that public administration theorists have continued to address many traditional concerns of public administrationists, such as the role of public organisations in the governance process. In his view public administration theory draws its greatest strength and its most serious limitation from this diversity. Public administration theorists are required to understand a broad range of perspectives relevant to their theory-building task. The basic concern of public administration theory still revolves around structures of public organisations, processes of administrative bureaucratic behaviour, and organisation-environment interaction. The issues related to the relationship between public administration, state, market and non-state groups have not been sufficiently analysed.

Globalisation and subsequent new World Order have implications for public administration and its sub-fields. It was widely acknowledged that globalisation has changed the nature of public administration worldwide. Globalisation, marketisation and privatisation processes have totally altered the boundaries of public administration. Almost all the countries around the world have initiated by process of restructuring their administrative apparatus in order to enable it to adjust itself to the new developments. It resulted emergence of global public administration. The emergence of

global public administration along with the global bureaucracy characterised by extreme diversity, extensive complexity and significant interdependence will have major implications for administrative theory, public administration education and practice. These developments require the scholars and students of public administration to think globally rather than parochially. Parochial solutions will not work, but only exacerbate the problems. Thinking globally enables public administration scholars to understand better the field now than in the past. Riggs and Caiden called for an expanded, comprehensive, pluralistic and public role for public administration in future.

One significant feature of public administration in recent times is the free exchange of administrative practices between the capitalist and socialist countries. In future there is likely to evolve a culture of shared practices and theories. Public administration theory should have citizen-orientation and achievement zeal. For developing countries the role of government is engineering socio-economic change and brining about goal directed progressive multi-dimensional development. Therefore, the contemporary emphasis in public administration theory is not on less government but on better government. This is where the value of sound managerial practices has permeated the field of public administration. In future, public administration is destined to flourish in a Poly-paradigmatic environment facilitating its multifaceted growth.

22.3 Changing nature of public service

The defining characteristics of the old public service are a product of industrial era. Those who comprised the old public service were government employees carrying out functions in centralised, hierarchical, bureaucracies according to routine standard operating procedures. Their discretion was limited their position in the vertical chain of

command and they were accountable to their superiors. Elected officials set public policy, defined the public interest, and monitored program management. Authority flowed from top to bottom services were provided directly to citizens, control or regulation was government centred, staff roles were clear and skill were specialised. Civil service protection was granted to permanent employees whose pay and benefits came directly from government.

The new public service has a different set of characteristics more suitable to a post-industrial, service based economy. Today vertical hierarchy is giving way to horizontal networks; bureaucracies are diminishing and shared leadership structures are emerging. The public interest is identified and pursued as a collaborative process based on dialogue with relevant stakeholders. Employee job boundaries are flexible and skill sets are versatile. The transition from the old to new style of providing public services has altered the role of the public sector emphasising collaboration and enablement rather than hierarchy and control.

Now public services have become quality conscious. They laid increasing stress on result orientation through rigorous performance oriented mechanisms. They should be accessible, transparent and accountable to citizens. In government many works previously handled by the bureaucracy are now being entrusted to the private agencies on contract basis. Low cost coupled with output is now a yardstick in the delivery of public services.

Management of public services is a developing theme in the discipline of public administration. Under the changed circumstances the traditional model of public administration based on Weberian bureaucracy is no longer viable to provide efficient public services. In the changed environment governments operate indirectly as

‘enablers’ to provide public services allowing non-government agencies to operate directly in a wide range of social activities. Governments have been adopting contracting out and privatisation methods to provide public services. The basic traditional norms of public service values such as neutrality, impartiality, accountability, responsiveness and equality are being replaced by pro-market values like competitiveness, efficiency quality productivity and profitability in the provision of public services. The future portends a smaller role for government, an enlarged role for non-profit sector and an increased role for public-private partnerships in delivery of public services. The blurring of the boundaries between government, private and non-profit sectors have given public service a broader meaning.

Today’s environment is characterised by a rapid change. This fast paced change poses new challenges for public service. The rapidly changing external environment -- corporate globalism, cyber technology, changing values and management philosophies has affected the delivery of public services. Likewise, changes in the internal environment – increased sector mobility, privatisation and devolution require rethinking of public services who and how they are to be delivered. The dynamic external and internal environment creates the need for professional managers who possess technical, ethical and leadership competencies to meet the complex governance challenges of the 21st century. In other words, today’s public service requires skills in three areas – technical, ethical and leadership competencies. Technical competencies include strategic planning, programme management, and resource stewardship, and ethical competencies such as moral reasoning, value management and prudent decision making are needed for public servants to cope with the changes in the external and internal environment. Technical competencies help to ensure that things are correct,

while ethical competencies leads public servants to do good things. Leadership competencies such as skill in assessment, negotiation and change management are needed to harness the energies of disparate service providers and orchestrate their efforts to advance the general interest. Citizens will be well served by those public servants who possess these skills in abundance.

22.4 The State of Administrative theory in a dynamic environment

Public administration both as a discipline and as a profession has been changing in view of contemporary changes in socio-economic forces of the world. Issues arising out of globalisation namely information technology, global institutions and efficiency and productivity have radically altered the nature and scope of public administration. The term “public” in public administration has got wider connotation. In other words the “public” aspect of public administration lends special character to it. It has been expanded to include any administration that has considerable impact on the public. It would, therefore, not proper to maintain the distinction between “public” and “private” rigidly as it was constructed earlier. Kuldeep Mathur argues that, “an examination of the genesis of institutions of public administration because it reflects those social and political forces that dominate at a particular time. The effectiveness of achieving aims of public policy will depend on the motives of those groups or interests that brought these organisations into being. This perspective demands that we look beyond the boundaries of organisation and take into account wider societal forces which give rise to specific interests that lead to the establishment of organisations”. Therefore, administrative theory no longer confined to the analysis of traditional concepts, it has to respond to the challenges of the ‘new economic order’. Changes in the ideological climate are to have a decisive impact on administrative theory. The market model of

governance has been holding the centre stage since 1980s. Drawing upon the basic thrust of this model, several new models--participatory model, flexible government model, reinventing government, deregulating government was constructed to articulate the emerging trends in governance. In terms of administrative theory building, the current emphasis on new public management needs to be viewed in a proper historical perspective.

Momentous changes have been taking place in the Third World public administration. On the one side, the structural adjustment policy tends to down size government and allow the market more free play of the governance concept. On the other hand mooted to move away from the traditional model of organisation of formal government and instead recommended plurality of societal actors. In this context, the traditional concept of public administration revolving around a sheltered bureaucracy is no longer viable. It has been alleged that bureaucratic failures, affected the society so badly. On Third World public administration theory and research, Prof. Haragopal rightly stated that even though the Western theories stand challenged by the Third World scholars, no alternatives indigenous theories are being developed. Whatever is there in the form of conceptual and implementation growth of public administration appears to be borrowed, initiated and applied out of context. The socio-economic cultural and political milieu of public administration is not a part of research.

In changing scenario government prefer to act indirectly as 'enablers' allowing non-government agencies to operate directly in a wide range of social activities in most countries of the world. With the changes in the role of government globally, some of the major theoretical concerns in the public administration discipline according to Bidyut Chakrabarty and Mohit Bhattacharya are:

- Application of public choice theory to public administration seeking to assess the relative importance of both market and state as contending providers of public good.
- Participation and empowerment of people at the grassroots.
- The inadequacy of the Weberian rational bureaucracy, which is being assailed as self-aggrandizing, priority-distorting and budget maximising.
- Organisational Pluralism striving to ensure absolute freedom of the individuals in choosing without interference. As a consequence, lead sheding of government, privatisation, decentralisation and empowerment and also encouragement of NGOs in the voluntary sector.
- Networking of government, NGOs and private agencies, public-private joint partnership ventures in public service delivery.
- Small government in terms of downsizing and grass roots peoples efforts.
- Transparency of governance and open citizen-friendly administration via citizen's charter are advocated.

This paradigm shift has brought governance as a theory of public administration. The term governance has transcended the word "government". In the new dispensation, government is a part of governance. Government is endowed with formal authority, whereas governance refers to activities backed by shared goals that may and may not derive their legitimacy from the government. Other sources of legitimacy for activities and goals are civil society and the market. Thus, governance goes beyond government and encompasses non-governmental mechanisms to meet the

needs and aspirations of citizens. Governance as a theory helps providing a guide to the changing world of government. It identifies key trends and development. According to Gerry Stoker, Governance as theory has the following five propositions:

1. Governance refers to a set of institutions and actors that are drawn from but also beyond government.
2. Governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues.
3. Governance identifies the power dependence involved in the relationships between institutions involved in collective action.
4. Governance is about autonomous self-governing networks of actors.
5. Governance recognises the capacity to get things done which does not rest on the power of government to command or use its authority.

Governance as a theory has brought greater democratisation and liberalisation in the public administration system, with an increased emphasis on accountability, rule of law, independent judiciary, right to information and congenial coordination with civil society organisations. In the 1980s concepts like efficiency of state vs. market, increasing managerial orientation in governmental activities, and promotion of privatisation as a panacea for several problems gained popularity in the public administrative theory.

Contemporary public administration needs a theory that can easily relate its underlying philosophic and social ideas to the ground reality. Theory building must help the discipline to cope with dynamic change. In the changing scenario, the nature of the discipline needs to be redefined and its domain clearly demarcated. Administrative

theory in future must attune itself to the changing face of information technology, ecology-environment, administrative capability, gender sensitivity and participatory development. The role of values and ethics in governance, organisational reforms, responsive administration, decentralisation, participatory resource management, creation of alternative institutions of governance such as the civil society organisations are the pertinent areas public administration theory need to be looked into. Administrative theory of coming decades should address issues like privatising public services, rightsising the government, attaining and maintaining efficiency, effectiveness and transparency in public service delivery and ensuring cost-effectiveness along with enhanced productivity due to impact of globalisation on public administration. Administrative theory has to transform, innovate and adapt to these changing trends. The researchers in the field of public administrations should always address their work primarily to practitioners. Denhardt stated that public administration theorists as well as researches in the field have dual obligation: one to enhance the state of knowledge of public organisations generally and second to transmit our understanding of the world of public organisations to those active in that world. In his view the shift toward a subjectivist position in public administration theory holds forth considerable promise for establishing a better connection between theory and practice.

Modern organisations of all kinds have enormous impact on the personal lives of individual in society. In these context public administration theories especially theories of democratic administration might come to be models for organisation theory in general. In Denhardt view the connection between thought and action, theory and practice, demands that public administration theorists share a moral obligation with practitioners in public organisations. The responsibility of the theorists is developing a

normative theory of practice. They have to understand the moral implications of their own work. The discussion on the state of administrative theory in 21st century can be concluded with the words of Denhardt that. “We are students not merely of public administration but students of public organisations, that our concern is with managing change in pursuit of publicly defined societal values. We have to build a new theory of public organisations one that recognises the diversity of our field but also acknowledges our common purpose. There is something distinctive about administrative action in public organisations, and that distinctiveness should provide the basis for a coherent and integrated theory of public organisations”.

22.5 Conclusion

Today’s administrative environment is characterised by a rapid change. Globalisation, marketisation and privatisation processes have totally altered the boundaries of public administration. It was widely acknowledged that globalisation has changed the nature and scope of public administration worldwide. This led to a emergence of new kind of public administration based on managerial orientation.

Management of public services is a developing theme in the discipline of public administration. Under the changed circumstances the traditional model of public administration based on Weberian bureaucracy is no longer viable to provide efficient public services. The blurring of the boundaries between government, private and non-profit sectors have given public service a broader meaning. Low cost coupled with output and quality is now a yardstick in the delivery of public services. The performance of public administration is now measured in terms of efficient public service delivery. The rapidly changing external and internal environment has affecting

public service delivery. Administrative theory of 21st century should address this issue by developing conceptual models for effective and efficient service delivery.

Contemporary public administration needs a theory that can easily relate its underlying philosophic and social ideas to the ground reality. Administrative theory in future must attune itself to the changing face of information technology, ecology-environment, administrative capacity, gender sensitivity and participatory development. Administrative theory has to transform, innovate and adapt to these changing trends. Administrative theory should address the problems of practitioners. There should be better connection between theory and practice.

22.6 Key Concepts

Autocracy: Government by one.

Democracy: A political system in which decision-making power is widely shared among members of the society.

Distributive Policy: Policy involving use of general tax funds to provide assistance and benefits to individuals or groups.

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22.8 Activities

Q.1 Analyse the impact of globalisation on administrative theories.

Q.2 Discuss the state of administrative theory in a dynamic environment