

PREFACE

In a bid to standardize higher education in the country, the University Grants Commission (UGC) has introduced Choice Based Credit System (CBCS) based on five types of courses viz. *core, generic, discipline specific elective, ability and skill enhancement* for graduate students of all programmes at Honours level. This brings in the semester pattern which finds efficacy in sync with credit system, credit transfer, comprehensive continuous assessments and a graded pattern of evaluation. The objective is to offer learners ample flexibility to choose from a wide gamut of courses, as also to provide them lateral mobility between various educational institutions in the country where they can carry their acquired credits. I am happy to note that the university has been recently accredited by National Assessment and Accreditation Council of India (NAAC) with grade “A”.

UGC (Open and Distance Learning Programmes and Online Programmes) Regulations, 2020 have mandated compliance with CBCS for U.G. programmes for all the HEIs in this mode. Welcoming this paradigm shift in higher education, Netaji Subhas Open University (NSOU) has resolved to adopt CBCS from the academic session 2021-22 at the Under Graduate Degree Programme level. The present syllabus, framed in the spirit of syllabi recommended by UGC, lays due stress on all aspects envisaged in the curricular framework of the apex body on higher education. It will be imparted to learners over the six semesters of the Programme.

Self Learning Material (SLMs) are the mainstay of Student Support Services (SSS) of an Open University. From a logistic point of view, NSOU has embarked upon CBCS presently with SLMs in English / Bengali. Eventually, the English version SLMs will be translated into Bengali too, for the benefit of learners. As always, all of our teaching faculties contributed in this process. In addition to this we have also requisitioned the services of best academics in each domain in preparation of the new SLMs. I am sure they will be of commendable academic support. We look forward to proactive feedback from all stakeholders who will participate in the teaching-learning based on these study materials. It has been a very challenging task well executed by the teachers, officers & staff of the university, and I heartily congratulate all concerned in the preparation of these SLMs.

I wish you all a grand success.

Professor (Dr.) Ranjan Chakrabarti
Vice-Chancellor

Netaji Subhas Open University
Under-Graduate Degree Programme
Choice Based Credit System (CBCS)
Subject : Honours in Political Science (HPS)
Course Title : Perspectives on Public Administration
Course Code : CC-PS-06

First Edition : December 2022

Printed in accordance with the regulations of the Distance Education
Bureau of the University Grants Commission.

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**Course : Perspectives on Public Administration
Course Code : CC-PS-06**

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Block - I

Unit 1 □ Public Administration: Nature and Scope

Structure:

- 1.1 Objective**
- 1.2 Introduction**
- 1.3 Definition, Meaning and Nature of Public Administration**
- 1.4 Scope of Public Administration**
- 1.5 Scope in relation to people's expectation from the Government**
- 1.6 Conclusion**
- 1.7 Summing Up**
- 1.8 Glossary**
- 1.9 Probable Questions**
- 1.10 Further Reading**

1.1 Objective

After studying this Unit, you should be able to:

- Define Administration and Public Administration
- Describe the nature of Public Administration
- Explain the nature of Public Administration
- Highlight the scope of Public Administration

1.2 Introduction

Administration as an activity is as old as society itself. But as an area of study it originated, with the publication of Woodrow 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 institutional 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 lays 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. Apart from this the Unit will also help you to understand the nature and the scope of Public Administration. 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.

1.3 Definition, Meaning and Nature of Public Administration

Public administration consists of the activities undertaken by a government to look after its people, or to manage its affairs. Before discussing the various interpretations of the concept of public administration, it is pertinent to understand the meaning of the terms 'public' and 'administration' separately. The word 'public' stands for the people of a definite territory or state. As the will of the people of a state is represented by the government of the state, the word 'public' also has a specialised, governmental meaning. Therefore, the acts of administration performed by the government are called 'public administration'. Those acts which are undertaken by individuals in their own capacity are termed 'private administration'. The English word 'administer' is derived from the Latin words 'ad' and 'ministrare', which means 'to serve'. Thus, in simple words 'administration' means the 'management of affairs', or looking after the people. It is a process of management which is practised by all kinds of organisations from the household to the most complex system of the government. Whenever two or more people cooperate to accomplish common goals, an administrative activity is assumed to have been involved. In the words of H. Simon, 'Administration can be defined as the activities of groups cooperating to accomplish common goals.' According to J. M. Pfeiffer, 'Administration is the organisation and direction of human and material resources to achieve desired ends.' J. S. Hodgson describes administration as 'a kind of activity found in both public and business affairs'. It means getting things done, a process which is concerned much more with relations between persons than with manipulation of objects. Therefore, administration means appropriate organisation of men and material in pursuit of desired ends.

The concept of administration has been defined by various writers in different ways. Felix A. Nigro has defined it as –“Administration is the organization and use of men and materials to accomplish a purpose.” E.N.Gladden has defined it as - “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”. While L.D. White defines administration as – “The art of administration is the direction, co-ordination and control of many persons to achieve some purpose or objectives.” The above definitions make it clear that administration has two essential elements viz a collective effort and a common purpose. Administration may be defined as “group activity which involves cooperation and coordination for the purpose of achieving desired goals or objectives”. 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.

Administration is a universal process and occurs in diverse institutional settings. Based on its institutional setting, administration can be categorized into public administration and private administration. The former refers to the administration which operates in governmental setting, while the latter refers to the administration which operates in a non-governmental setting that is business enterprises. Public administration is an aspect of the larger field of administration. It exists in a political system for the accomplishment of the goals and objectives formulated by the political decision maker. It is also known as governmental administration because the adjective ‘public’ in the word ‘public administration’ means ‘government’. Encyclopaedia Britannica defines public administration as ‘the application of a policy of a state through its government.’ Woodrow Wilson defined it as – “Public administration is the detailed and systematic application of law. Every particular application of law is an act of administration.” while L.D.White defined it as – “Public administration consists of all those operations having for their purpose the fulfilment or enforcement of public policy”. Hence, the focus of public administration is on public bureaucracy that is bureaucratic organization of the government. 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.

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. According to the Integral view, all the acts of the government officials starting with 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 differ from each other in many ways. Firstly, the integral view includes the activities of all the persons engaged in administration whereas the managerial view restricts itself only to persons who hold top positions in the organization. Secondly, as far as the integral view is concerned it depicts all types of activities from manual to managerial, from nontechnical to technical. But the managerial view is only concerned with the managerial activities in an organisation. Lastly, administration, according to the integral view would differ from one sphere to another depending upon the subject matter, but this does not hold true in case of managerial view because the managerial view is identified with the managerial techniques common to all the fields of administration.

1.4 Scope of Public Administration

As far as the scope of Public Administration is concerned, we can interpret it in two different ways namely : firstly, public administration as an activity and secondly as a subject matter. Broadly speaking, Public Administration in a Welfare State has become an essential segment of modern society giving rise to the “Administrative State” which regulates all activities of an individual from ‘womb to tomb’. Hence as an activity, the scope of public

administration is as wide as all the activities performed by the state itself. 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. To quote C.A.Beard –”Administration is the science of contemporary civilization. There is no subject more important than this subject of administration. The future of civilized government and even, I think, of civilization itself rests upon our ability to develop a science and a philosophy and a practice of administration competent to discharge the functions of civilized society.”

As an activity, the scope of public administration had been defined by Luther Gulick. He believed that administration consisted of seven elements. He summed up these elements in the acronym - POSDCORB. POSDCORB 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.

1.5 Scope in relation to people’s expectations from the Government

It may be observed here that public administration is only a means to the attainment of the objects of the state itself—‘the maintenance of peace and order, the progressive achievement of justice, the instruction of the young, protection against disease and insecurity, the adjustment and compromise of conflicting groups and interests—in short, the attainment of a good life’. The scope of public administration varies with people’s expectations of what they should get from the government. A century ago they expected chiefly to be left alone. Now they expect a wide range of services and protection. Throughout the world the demands made by people upon governments have continually increased and in time to come they would further increase. The expansion of government functions inevitably means more administrative agencies, more officials and employees. The administrative system

consequently grows and becomes diverse. Thus, it is obvious that though public administration studies the administrative branch of the executive organ only, yet its scope is very wide as it varies with the people's conception of a good life.

1.6 Conclusion

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. Administration is a universal process and occurs in diverse institutional settings. Based on its institutional setting, administration can be categorized into public administration and private administration. Encyclopaedia Britannica defines public administration as 'the application of a policy of a state through its government.' Woodrow Wilson defined it as – "Public administration is the detailed and systematic application of law. Every particular application of law is an act of administration." while L.D.White defined it as – "Public administration consists of all those operations having for their purpose the fulfilment or enforcement of public policy". As an activity, the scope of public administration had been defined by Luther Gulick. He believed that administration consisted of seven elements. He summed up these elements in the acronym - POSDCORB. POSDCORB denote: Planning, Organisation, Staffing, Directing, Co-ordinating reporting the Budgeting. It may be observed here, that the scope of public administration varies with people's expectations of what they should get from the government. A century ago they expected chiefly to be left alone. Now they expect a wide range of services and protection.

1.7 Summing Up

- The concept of administration has been defined by various writers in different ways. However, what is clear from all the definitions is that administration has two essential elements namely a collective effort and a common goal.
- Thus administration is a process common to all group effort, public or private civil or military, large scale or small scale. Based on its institutional setting, administration can be categorised into public and private administration. Again public administration can be subdivided into two categories on the basis of its nature of work.
- According to the integral viewpoint, administration is the sum total of all the activities – manual clerical, managerial etc, whereas according to the managerial view administration involves only managerial activities of an organization.

- As far as the scope of administration is concerned it can be interpreted in two different ways. As an activity, Public Administration performs all those activities which a modern welfare state is supposed to perform. Secondly the scope of Public Administration as a subject matter, holds that Public Administration deals with substantive matters of administration also.

1.8 Glossary

- a) POSDCORB: It denotes - 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.

1.9 Probable Questions

Essay Type Questions

- Define Public Administration and discuss its scope.
- Critically discuss the nature of Public Administration.
- Write a note on the Integral view of Public Administration.

Short Questions

- Write short notes on The Subject Matter view of Public Administration
- What do you understand by POSBCORB ?
- Write a note on the Manageral view of Public Administration.

Objective Questions

- a) In which state the President's Committee on Administrative Management set up?
- b) Who defines "Public administration as consisting of all those operations having for their purpose the fulfilment or enforcement of public policy?"
- c) Who coined the word "POSDCORB"?

1.10. Further Reading

- 1. Public Administration – Concepts and Theories – By S.P.Naidu, New Age International Publishers, 2005.
- 2. Public Administration – Administrative Theories – By B.L.Fadia and Kuldeep Fadia, Sahitya Bhawan.
- 3. Public Administration – Theory and Practice – By Hoshiar Singh and Pradeep Sachdeva – Pearson Publishers, 2011.

Unit 2 □ Significance of Public Administration as a Discipline

Structure:

- 2.1 Objective**
- 2.2 Introduction**
- 2.3 Role of Public Administration in a modern society**
- 2.4 Significance of Public Administration as a Discipline**
- 2.5 Conclusion**
- 2.6 Summing Up**
- 2.7 Glossary**
- 2.8 Probable Questions**
- 2.9 Further Reading**

2.1 Objective

After studying this Unit, you should be able to:

- Understand the importance of Public Administration in a modern society
- Identify the important functions performed by Administration in a modern welfare state
- Understand the importance of public administration as a specialised subject of study

2.2 Introduction

In today's welfare state the role of Public Administration is very important. Public Administration forms the basis of government. It is the instrument of social change and plays vital role in the life of the people. Administration is an instrument for executing laws, policies, programmes of the state. Moreover, it acts as a stabilizing force in the society by providing continuity. Lastly, it is an instrument of national integration in the developing

countries which face several social and political problems. Therefore, it is extremely important to understand the significance of public administration as an academic discipline.

2.3 Role of Public Administration in a Modern Society

Before we discuss the importance of public administration as an academic discipline, it is very important to understand the role of administration in a modern welfare state. The following is the role of Public administration in our society and the nation at large.

First, Public Administration is an instrument for providing public services, as the performance of a variety of activities by the government in the interest of the public. It ensures that essential public goods and services are provided to all, some of which include water, good roads, the supply of power, etc.

Secondly, Public Administration is a government instrument: the government is responsible for the safety and security of its citizens. Public administration helps to achieve that. It sees to it that peace and order are maintained in society. Hence, our lives and properties are protected from any unforeseen danger.

Thirdly, Public Administration establishes a stabilizing force in our society: even though government changes, violent change are seldom experienced in administration. This is often due to an element of continuity established in the operation of the public administration. Thus, there is no disorderliness or sense of confusion whenever a new government comes to power.

Fourthly, Public Administration is an instrument for implementing policies, laws and programs. Their execution, also solely rest on Public Administration. Whether we accept it or not, government-formulated policies have a role to play in the growth and development of the nation. Hence, public administration implements public policies that positively impact the life of millions of people.

Fifthly, Public administration is the pillar and backbone that supports the people and the Government. No Government can function effectively and efficiently without the existence of the public administration since all policies formulated by the Government are implemented by the administrators.

Sixthly, Public Administration serves as an instrument of social change and economic development. In our society today, we all blame the government for any retrogression in our economic development. We believe that the government is responsible for speedy socio-economic advancement. As such, we look up to them with great expectations. It

will interest you to know that Government can do little or nothing in the absence of a well-organized public administration. Public administration has given birth to a new sub-discipline known as “development administration”. This discipline helps the government to discover the areas where they need to put more effort.

Seventhly, Public Administration is essential for the development of civilization: this includes sustenance of economic growth, promotion of social development and facilitating infrastructure development. They also protect the environment to maintain and public-private partnerships among other technologically advanced nations of the World.

Eighthly, Public Administration facilitates the formation of public opinion. The Government is to serve us and provide our social rights and benefits. Hence, if the reverse is the case, we have every right to peacefully bring them back to order. Public administration creates room for us to make our views known through the ministry or the newspaper. Either way, it is ensured that this is integrated into the planning of the government.

Ninthly, Public Administration is an instrument of the welfare state. Our welfare is the priority of the government. The government should provide educational institutions, medical care, social security and employment opportunities for the young aspirants.

2.4 Significance of Public Administration as a Discipline

It is very obvious that public administration plays a very major role in individual lives and societal development. Hence, it is a matter that should not be taken for granted. Thorough research on its working system and procedure should be carried out. It is this study that would bring about vast knowledge and thereafter, a major breakthrough in our country.

Significance of Public Administration as a Discipline

There has been tremendous increase in the importance of public administration with the expansion of state activities. The state is no longer considered as the preserver of status quo, instead the concept of the ‘service state’ has been almost universally accepted. The centuries old notion of ‘police state’, which was to be responsible only for the maintenance of law and order and the policy of laissez faire, i.e., least interference in day-to-day activities, has completely lost its relevance. The modern state has undertaken the new role of accelerator of economic and social change as well as prime mover and stimulator of national development. With this change in the ends of modern state, the

purposes of public administration have also been completely reoriented. Its functions have enormously increased in number, variety and complexity and its methodology has grown from the trial and error stage into an orderly discipline with an organised, ever-increasing body of knowledge and experience. Today we see a great bulk of administrative departments coming into being. Since all members of society remain under public administration from 'cradle to grave', their birth as well as death is to be registered with the local authorities. There are a number of welfare agencies which provide all necessary benefits to the child. Besides, all of us use the services of public administration in almost every walk of life. Most of us are customers of the post-office and we wonder at the vast organisation which is needed to provide this service. There are employment exchanges, rationing offices, government mints, departments of agriculture, industries, foreign relations, etc., which affect almost every citizen in one way or the other. This abundantly proves that public administration is a vital social process charged with providing great needs. It is a permanent force and an integral part of the social, cultural and economic life of a nation. It is possible for a state to exist without a legislature or an independent judiciary but no state can exist without a well-organised administration. Edmond Burke said long ago, 'Constitute government how you please, infinitely the greater part of it will depend on exercise of powers which are left at large to the ministers of state. Without proper management, your commonwealth is no better than a scheme on paper and not a living, active, effective Constitution'. The powerful and important role played by public administration in the life of a nation led Ramsay Muir to remark that in England the minister is a tool in the hands of the permanent executive. In the words of D. Waldo it is 'a part of the cultural complex; and it not only is acted upon, it acts'. It is a great creative force. Lack of sound administration may bring even the mightiest empire to pieces as was the case with the ancient Roman Empire. With the great advancement of science and invention of new techniques at all levels of human activity, the problem of maintaining effective coordination between the administration and the rest of the community has assumed great importance. The administrator is an essential servant of the new age, which is becoming so complex that neither the bluster of the power politician nor the abundant goodwill of the multitude will avoid breakdown, if, despite the adoption of right policies, wrong administrative steps are taken. Therefore the pursuit of greater knowledge of public administration becomes the most essential element in modern times. In the words of Professor Beard, 'The future of civilised government and even, I think, of civilisation itself, rests upon our ability to develop a science and a philosophy and a practice of administration competent to discharge the public functions of civilised society'.

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 numbers 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). Secondly, 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. Finally, 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 realization of the values of citizenship. Lastly, 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.

2.5 Conclusion

There has been tremendous increase in the importance of public administration with the expansion of state activities. The state is no longer considered as the preserver of status quo, instead the concept of the 'service state' has been almost universally accepted. The centuries old notion of 'police state', which was to be responsible only for the maintenance of law and order and the policy of laissez faire, i.e., least interference in day-to-day activities, has completely lost its relevance. The modern state has undertaken the new role of accelerator of economic and social change as well as prime mover and stimulator of national development. With this change in the ends of modern state, the purposes of public administration have also been completely reoriented. The success of government is dependent on the ability of public administration. The future of civilized government rests upon the ability, to develop a service and philosophy and a practice of

administration competent to discharge the public functions of civilized society. Lack of sound administration may bring even the mightiest empire to pieces as was the case with the ancient Roman Empire. 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 realization of the values of citizenship.

2.6 Summing Up

- In today's welfare state the role of Public Administration is very important. Public Administration forms the basis of government. It is the instrument of social change as it plays vital role in the life of the people.
- Administration is an instrument for executing laws, policies, programmes of the state. Moreover, it acts as a stabilizing force in the society by providing continuity. Lastly, it is instrument of national integration in the developing countries which face several social and political problems. Therefore, it is extremely important to understand the significance of public administration as an academic discipline.
- The modern state has undertaken the new role of accelerator of economic and social change as well as prime mover and stimulator of national development. With this change in the ends of modern state, the purposes of public administration have also been completely reoriented. Its functions have enormously increased in number, variety and complexity and its methodology has grown from the trial and error stage into an orderly discipline with an organised, ever-increasing body of knowledge and experience.
- The administrator is an essential servant of the new age, which is becoming so complex that neither the bluster of the power politician nor the abundant goodwill of the multitude will avoid breakdown, if, despite the adoption of right policies, wrong administrative steps are taken. Therefore the pursuit of greater knowledge of public administration becomes the most essential element in modern times. In the words of Professor Beard, 'The future of civilised government and even, I think, of civilisation itself, rests upon our ability to develop a science and a

philosophy and a practice of administration competent to discharge the public functions of civilised society’.

2.7 Glossary

Police State - A political system characterized by repressive governmental control of political, economic, and social life usually by an arbitrary exercise of power by police and especially secret police in place of regular operation of administrative and judicial organs of the government according to publicly known legal procedures.

Welfare State – A political system whereby the state undertakes to protect the health and well-being of its citizens, especially those in financial or social need, by means of grants, pensions, and other benefits. It is an ideal model of provision, where the state accepts responsibility for the provision of comprehensive and universal welfare for its citizens.

2.8 Probable Questions

Essay Type Questions

- a) Discuss the factors behind the rise in the significance of Public Administration as an academic discipline.
- b) 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?

Short Questions

- a) Write a short note on the importance of public administration as a specialised subject of study.
- b) List any five important functions of Public Administration in a modern welfare state.

Objective Questions

- a) In which year was the Haldane Committee Report submitted in Britain?
- b) Who is the author of the essay “The Study of Administration”?

2.9 Further Reading

1. Public Administration – Concepts and Theories – By S.P.Naidu, New Age International Publishers.
2. Public Administration – Administrative Theories – By B.L.Fadia and KuldeepFadia, SahityaBhawan.
3. Public Administration – Theory and Practice – By Hoshiar Singh and Pradeep Sachdeva – Pearson Publishers.

Unit 3 □ Public and Private Administration

Structure:

- 3.1 Objective**
- 3.2 Introduction**
- 3.3 What is Administration?**
- 3.4 What is Management?**
- 3.5 Difference between Administration and Management**
- 3.6 Difference between Public and Private Administration**
- 3.7 Similarities between Public and Private Administration**
- 3.8 Conclusion**
- 3.9 Summing Up**
- 3.10 Glossary**
- 3.11 Probable Questions**
- 3.12 Further Reading**

3.1 Objective

After studying this Unit, you should be able to:

- Understand the meaning of Administration and Management
- Understand the difference between Management and Administration.
- Distinguish between Public and Private Administration
- Identify the similarities between public and private administration

3.2 Introduction

Administer is an English word, which is originated from the Latin word ‘ad’ and ‘ministrare’. It means to serve or to manage. Administration means management of affairs, public or private. The act or process of administering, especially the management of a government or large institution is known as administration. It is the act of effectively

managing the affairs of a business-related organization or state. It indicates the finest use of people, material, and other properties of the organization to accomplish the company's final goal. The administration can do either by private individuals or public officials. Public administration is a branch of social science that works with service-oriented. In contrast, private administration works with business-oriented. Therefore, this unit will be describing what administration is and discuss the difference and similarities between private and public administration.

3.3 What is Administration?

The administration is a systematic process of administering the management of a business organization, an educational institution like school or college, government office or any nonprofit organization. The main function of administration is the formation of plans, policies, and procedures, setting up of goals and objectives, enforcing rules and regulations, etc. Administration lays down the fundamental framework of an organization, within which the management of the organization functions. The nature of administration is bureaucratic. It is a broader term as it involves forecasting, planning, organizing and decision-making functions at the highest level of the enterprise. Administration represents the top layer of the management hierarchy of the organization. These top level authorities are the either owners or business partners who invest their capital in starting the business. They get their returns in the form of profits or as a dividend.

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”.

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 3 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.

3.4 What is Management?

Management is defined as an act of managing people and their work, for achieving a common goal by using the organization’s resources. It creates an environment under which the manager and his subordinates can work together for the attainment of group objective. It is a group of people who use their skills and talent in running the complete system of the organization. It is an activity, a function, a process, a discipline and much more. Planning, organizing, leading, motivating, controlling, coordination and decision making are the major activities performed by the management. Management brings together 5M’s of the organization, i.e. Men, Material, Machines, Methods, and Money. It is a result oriented activity, which focuses on achieving the desired output.

3.5 Differences Between Management and Administration-

The major differences between management and administration are given below:

1. Management is a systematic way of managing people and things within the organization. The administration is defined as an act of administering the whole organization by a group of people.

2. Management is an activity of business and functional level, whereas Administration is a high-level activity.
3. While management focuses on policy implementation, policy formulation is performed by the administration.
4. Functions of administration include legislation and determination. Conversely, functions of management are executive and governing.
5. Administration takes all the important decisions of the organization while management makes decisions under the boundaries set by the administration.
6. A group of persons, who are employees of the organization, is collectively known as management. On the other hand, administration represents the owners of the organization.
7. Management can be seen in the profit making organization like business enterprises. Conversely, the Administration is found in government and military offices, clubs, hospitals, religious organizations and all the non-profit making enterprises.
8. Management is all about plans and actions, but the administration is concerned with framing policies and setting objectives.
9. The manager looks after the management of the organization, whereas administrator is responsible for the administration of the organization.
11. Management focuses on managing people and their work. On the other hand, administration focuses on making the best possible utilization of the organization's resources

3.6 Difference between 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 refers to the administration which operates in the government setting. Private administration on the other hand refers to the administration in the non-governmental setting that is business enterprises.

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 characterized by red-tape where as private administration is free from it.

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.

Another scholar who has made a distinction between public and private administration is Paul Appleby. He observed – “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 scope the government. 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. Moreover, Public Administration is subject to political direction and control. Lastly, Public Administration is accountable for all its actions to the people’s representatives and the people at large.

Apart from the above mentioned points, there are some other important distinguishing features of Public administration may be described under the following sub-heads:

Absence of profit motive: Public administration is characterized by service 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.

3.7 Similarities between Public and Private Administration–

Henri Fayol says that, there is only one administrative science, which can be applied equally well to public and private sector. Following are the similarity between public and private administration

1. Both public and business administration rely on common techniques relating to planning, organization, budgeting, delegation, control and the like. Both make use of common skills such as accounts keeping, maintaining files etc.
2. In modern times the principle of profit motive is not particular to private administration. Profit making is now acceptable as laudable objectives for public sector industries too. Further, the business organizations have also developed the sense of community service. They have also come to realize that they too have wider responsibilities in society.
3. In personnel management the private organizations have been influenced greatly by the practices of public organization. In recent years public organizations have also attempted to adopt private business method and practices. For example,

the public corporations created to run the government owned economic and commercial activities are largely modeled on private business concerns. They resemble the private companies in nature.

4. In modern times private business concerns are also subjected to many legal constraints. Government is exercising much control over business firms through taxation, monetary and licensing policies consequently, they are not as free as they once used to be.
5. These days outsourcing, contracting out, voluntary retirement are common in Public sector as well. Moreover there is considerable exchange of personnel especially at higher level in both Public and Private sector.

3.8 Conclusion

One of the interesting areas of discussion concerning the nature of Public Administration is public versus private administration. Public and Private administration are often compared and contrasted, though there are some thinkers like Henry Fayol, Mary P. Follett, Luther Gullick, and Lyndall Urwick believe that all administration is one and exhibits the same fundamental characteristics. One can conclude that both Public and Private Administration are complementing and supplementing each other which can be clearly seen through the development of the Public Private Partnership (PPP) model in various sectors like health, education, Infrastructure development, and housing. Today, the qualification amongst Public and Private is not any more a sharp one. Or maybe one finds obscuring of lines between the two. All association share open and private highlights. Three measurements include Publicness and Privatness in the public arena: Organization – alludes to the essential contrast between an operator following up for his or her own benefit (that is secretly) or as an administration official whose activity influences others (that is freely) Intrigue -alludes to who advantages and who endures. Consequently, it is the enthusiasm of the private firm that lone the general populations in it or the individuals who claim it are profited by it. Despite what might be expected, it is the enthusiasm of the legislature to serve each individual from the group. Access- alludes to the level of receptiveness that empowers to make the qualification between popularity from privateness. Access incorporates access to exercises, space, data and assets. It can be concluded that public and private administration 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.

3.9 Summing Up

- Administer is an English word, which is originated from the Latin word ‘ad’ and ‘ministrare’. It means to serve or to manage. Administration means management of affairs, public or private.
- The act or process of administering, especially the management of a government or large institution is known as administration.
- Management is defined as an act of managing people and their work, for achieving a common goal by using the organization’s resources. It creates an environment under which the manager and his subordinates can work together for the attainment of group objective. It is a group of people who use their skills and talent in running the complete system of the organization.
- It is an activity, a function, a process, a discipline and much more. Planning, organizing, leading, motivating, controlling, coordination and decision making are the major activities performed by the management. Management brings together 5M’s of the organization, i.e. Men, Material, Machines, Methods, and Money. It is a result oriented activity, which focuses on achieving the desired output. The major differences between management and administration are that management is a systematic way of managing people and things within the organization.
- The administration is defined as an act of administering the whole organization by a group of people. Moreover, management is an activity of business and functional level, whereas Administration is a high-level activity. Public and private administration can be distinguished in terms of its breadth of scope, impact and consideration; public accountability; political character.
- Despite such differences, public and private administration share certain similarities like Both public and business administration rely on common techniques relating to planning, organization, budgeting, delegation, control and the like. Both make use of common skills such as accounts keeping, maintaining files etc. In modern times the principle of profit motive is not particular to private administration. Profit making is now acceptable as laudable objectives for public sector industries too. In modern times private business concerns are also subjected to many legal constraints.

- Government is exercising much control over business firms through taxation, monitory and licensing policies consequently, they are not as free as they once used to be.

3.10 Glossary

Public Private Partnership Model - The term “public–private partnership” describes a range of possible relationships among public and private entities in the context of infrastructure and other services. Other terms used for this type of activity include private sector participation (PSP) and privatization. While the three terms have often been used interchangeably, there are differences: PPPs present a framework that—while engaging the private sector—acknowledge and structure the role for government in ensuring that social obligations are met and successful sector reforms and public investments achieved. A strong PPP allocates the tasks, obligations, and risks among the public and private partners in an optimal way. The public partners in a PPP are government entities, including ministries, departments, municipalities, or state-owned enterprises. The private partners can be local or international and may include businesses or investors with technical or financial expertise relevant to the project. Increasingly, PPPs may also include nongovernment organizations (NGOs) and/or community-based organizations (CBOs) who represent stakeholders directly affected by the project. Effective PPPs recognize that the public and the private sectors each have certain advantages, relative to the other, in performing specific tasks. The government’s contribution to a PPP may take the form of capital for investment (available through tax revenue), a transfer of assets, or other commitments or in-kind contributions that support the partnership. The government also provides social responsibility, environmental awareness, local knowledge, and an ability to mobilize political support. The private sector’s role in the partnership is to make use of its expertise in commerce, management, operations, and innovation to run the business efficiently. The private partner may also contribute investment capital depending on the form of contract. The structure of the partnership should be designed to allocate risks to the partners who are best able to manage those risks and thus minimize costs while improving performance.

3.11 Probable Questions

Essay Type Questions

- a) Discuss the differences between public and private administration.
- b) Explain the similarities between public and private administration.

- c) Distinguish between Management and Administration
- d) Explain the Public-Private Partnership model.

Short Questions

- a) Write a short note on Private Administration.
- b) Mention the four principles mentioned by Sir Josiah Stamp to make a difference between public and private administration.

Objective Questions

- a) Who defines “Administration as the organisation and direction of human and material resources to achieve desired ends”?
- a) What is the full form of PPP in administration ?
- a) Write the full form of “NGO”.

3.13 Further Reading

- 4 Albert Matinez-Lacombra (2013). Governance in Public and Private Management, Published online. <http://dx.doi.org/10.1080/03003930.2013.782860>
- 5 Avasthi, Maheswari (2004). Public Administration, Agra, LaxmiNarain Aggarwal.
- 6 Bidyut Chakraborty Prakash Chand (2012). Public Administration in a Globalizing World Theories & Practices. New Delhi, Sage. G. Alhson (1997).
- 7 Public and Private Management in Shafritz J and Hyde, A (eds) of Public Administration, 4th Edition, Fort Worth: Hart Court Brace, TX pp. 510-529.
- 8 Mohit Bhattacharya (2008). New Horizons of Public Administration, New Delhi, Jawahar Publishers and Distributors.
- 9 Mohit Bhattacharya (2008). New Horizons of Public Administration, New Delhi, Jawahar Publishers and Distributors. Ch. 3.
- 10 Nicholas Henry (2008). Public Administration and Public Affairs, New Delhi, Pearson Prentice Hall. Nicholas Henry (2008).

Unit 4 □ Evolution of Public Administration

Structure:

- 4.1 Objective**
- 4.2 Introduction**
- 4.3 Evolution of Public Administration**
- 4.4 Conclusion**
- 4.5 Summing Up**
- 4.6 Glossary**
- 4.7 Probable Questions**
- 4.8 Further Reading**

4.1 Objective

After studying this Unit, you should be able to:

- Understand the evolution of the discipline of Public Administration
- Get an idea about the futuristic direction of the discipline of Public Administration.
- Identify the focus of each particular phase in the evolution of the discipline of Public Administration.

4.2 Introduction

Public Administration as an activity is as old as civilized life. But as a field of study it is of recent origin as it emerged during the closing years of the 19th century. A pertinent question arises in this regard that can such an important activity continue for a long time without having substantial theoretical base? The answer lies in the close examination of the facts which reveal that it did have a theoretical base as a part of related branches of knowledge like politics, ethics and law in different societies and remained so for a considerable long time. For example, ancient Hindu treatises on politics, like Kautaliya's Arthashastra, deal more with administrative problems than the theoretical basis of the State. Not only Indian but in other societies too one can see a similar phenomenon. Teachings of Confucius, the great ancient Chinese philosopher, contain many administrative

principles. Aristotle, the Greek scholar, who is regarded as the father of political science, also discussed some aspects of administration in his famous book 'The Politics'. During the renaissance era there appeared Machiavelli's *The Prince* which is considered as a treatise on the art of government and administration. But despite all this, there has not been clear recognition of Public Administration as a separate and distinct subject of study. Even the term public Administration was used for the first time in the closing years of 18th century when Hamilton contributed a paper defining the meaning and scope of the discipline. Likewise, the first book on public administration was "Principles d' Administration Publique" written by Charles Jean Bounin, a French scholar in 1812. However, literature on this subject remained scanty so it did not assume the status of an independent discipline. The main reason which can be attributed to this was the lack of sufficient specialization and technicality to merit its separate and independent consideration. But industrial revolution has extended the scope of public administration by opening new vistas and that too in the highly technical fields. As a result administrative processes became too complex to be dealt only by professional and skilled civil services. This gave rise to professional civil servants and the need to systematize their skill and experience into administrative codes and manuals which in turn led to the emergence of theoretical and academic discussion of public administration as an independent discipline.

4.3 Evolution of Public Administration

The term 'Public administration' can be interpreted in two different ways. First, it refers to the activity of administering the affairs of the government. Secondly, it refers to a field of study like that of economics, philosophy and sociology and so on. Public administration as an aspect of governmental activity it is as old as political science that is, it has co-existed with the political systems to accomplish the objectives set by the political decision-makers.

First Phase— Politics – Administration Dichotomy (1887-1926):

This is the beginning of evolution of public administration as a discipline. The basic theme during this stage was the advocacy for the separation of politics from administration popularly known as 'politics-administration' dichotomy. This stage began with the publication of Prof. Woodrow Wilson's essay – *The Study of Administration* in the journal *Political Science Quarterly* in 1887. The essay laid the foundation of a separate, independent and systematic study in public administration. He is therefore regarded as the father of discipline. In his article Wilson argued that politics is concerned with policymaking while administration is concerned with implementation of policy decisions. He thus wrote – "..... that administration lies outside the proper sphere of politics. Administrative questions are not

political questions. Although politics sets the tasks for administration, it should not be suffered to manipulate its offices.” He thus initiated Politics-Administration dichotomy which dominated the scene for quite some time.

The Wilsonian line of thought was furthered by Frank J. Goodnow in his book *‘Politics and Administration’* in published in 1900. He made a sharp conceptual distinction between the two functions of government, that is, politics and administration. He observed – “Politics has to do with policies or expressions of the state will”, “whereas administration has to do with the execution of these policies.”

In 1926, L.D. White wrote the first text book on the subject by, *‘Introduction to the Study of Public Administration.’* With its publication, the subject picked up academic legitimacy, that is, the American universities began to offer courses of instruction in public administration.

Second Phase— Principles of Administration (1927-1937):

During this phase, scholars believed that Public administration is a separate activity with its own well marked field and principles. In 1927, W. F. Willoughby’s book *Principles of Public Administration* was published in which he asserted that in administration there are certain fundamental principles of general application analogous to those characterizing any science. They could be discovered and administrators would be expert in their work if they learned how to apply these principles. Further, efficiency in administration would be increased if these principles are applied. Some of the significant works of this phase were - M. P. Follet’s “Creative Experience” (1924), Henri Fayol’s “Industrial and General Management” (1930) and James D. Mooney and Alan C. Reiley’s “Principles of Organization” (1939). However, the publication of Luther Gulick’s and Lyndall Urwick’s “Papers on the Science of Administration” (1937) marked a watershed and it enhanced the prestige of the discipline. According to Luther Gulick and Lyndall Urwick there are principles which can be arrived at inductively from the study of human organization which should govern arrangements for human associations of any kind. Further, they propounded the famous concept of POSDCORB final expression of these principles. Resultantly, Public Administration touched its zenith and this phase is regarded as a golden era in the evolution of the discipline. A related literature that preceded the work in administrative management was the development of Scientific Management. The most notable contribution to the literature was F. W. Taylor’s “Principles of Scientific Management” (1911). However, Scientific Management had less effect on public Administration during its principles phase because it focused on lower level personnel in the organization.

Third Phase— Era of Challenge (1938-1947):

In the very next year (1938), the mainstream Public Administration was challenged with the publication of Chester I. Barnard's "The Functions of the Executive". The challenge came basically in two forms: first, rejection of the idea of politics administration dichotomy and second, principles of public administration lacking in scientific validity. A book entitled "Elements of Public Administration" edited by Fritz Morstein Marx (1946) was one of the first major volumes to question the assumption that politics and administration could be dichotomized. It was argued that administration cannot be separated from politics because of its political nature. Further, administration is not only concerned with implementation of political policy decisions but also plays an important role in their formulation. According to Nicholas Henry, the rejection of the politics/administration dichotomy was a huge intellectual shift that fundamentally changed the nature of the field for decades and, in a way, also diminished it. The second challenge to the field was that there could be no such thing as principles of administration. In 1947, Herbert Simon in his book "Administrative Behaviour: A Study of Decision-Making in Administrative Organization" argued that for every principle of administration there was a counter principle, thus rendering the whole idea of principles redundant. He advocated the behavioral approach to public administration to make it a more scientific discipline. He focused upon decision-making as the alternatives to the principles approach. In the same year, Robert A. Dahl also countered the claim of principles of public administration as a science in his article entitled "The Science of Administration: Three Problems". He observed: We are a long way from a science of public administration. No science of public administration is possible unless: (a) the place of normative values is made clear; (b) the nature of man in the area of public administration is better understood and his conduct is more predictable; and (c) there is a body of comparative studies from which it may be possible to discover principles and generalities that transcend national boundaries and peculiar historical experiences. All this resulted in an identity crisis in the discipline of public administration.

Fourth Phase— Crisis of Identity (1947-1970):

The discipline was in a state of confusion and suffered from the crisis of identity due to the rejection of two of its earlier paradigms viz : politics administration dichotomy and the principles of public administration. So the scholars of public administration reacted to this crisis by reestablishing the linkages of Public Administration first with Political Science and then with the Management. John Gaus, for example, in his famous article "Trends in the Theory of Public Administration" (1950) observed that a theory of public administration

means in our time a theory of politics also. However, they were not liked and encouraged by political scientists. During this period there was a growing use of the Case Study Method and the rise and fall of Comparative and Development Administration. Comparative Administrative Group was founded in 1960 and it received liberal grants from Ford Foundation. The Foundation's emphasis on the Third World and it led to the development of a semi-autonomous sub-field of the Comparative Public Administration called the Development Administration. The most notable contribution in this sphere was that of F. W. Riggs. But Comparative Public Administration from its very origin emphasized upon theory building and to seek knowledge for the sake of knowledge which ultimately led to its downfall. In 1973 the Comparative Administrative Group was disbanded. Due to their second-class status in the discipline of Political Science, some scholars of Public Administration began to search for an alternative and they found the same in management which sometimes is called administrative science. They argued that organization theory was, or should be, the overarching focus of public administration. They also emphasised on organization theory, as the paradigm of public administration. Scholars like James G. March and Herbert Simon's "Organizations", Richard Cyert and March's "A Behavioural Theory of the Firm," March's "Handbook of Organizations" and James G. Thompson's "Organizations in Action" gave solid theoretical reasons for choosing Management as the paradigm of Public Administration.

Fifth Phase— Public Policy Perspective (1971 – continuing):

However, even when the discipline of Public Administration was at its lowest ebb, it was sowing the seeds of its own renaissance. A few factors, contributed in this process of regeneration. The first was the development of inter- disciplinary programs focusing upon policy science. In this regard three distinct inter-theoretical linkages a) politics-administration union, b) Economics- administration confluence, and c) organization theory - administration intermixing can be identified. The second was the emergence of New Public Administration (NPA) as a result of the first Minnowbrook Conference held in 1968 sponsored by Dwight Waldo. It emphasised on values thereby replacing the traditional goals of efficiency and effectiveness. Moreover, it also stressed on relevance of research conducted in public administration, social equity and social change. The overall focus of NPA movement was to make administration less generic and more public, less descriptive and more prescriptive, less institution oriented and more client-oriented, less neutral and more normative. The above mentioned intellectual currents compelled the scholars of public administration to think in terms of academic autonomy by severing their ties both with political science and

management. All these developments led to the rise of an independent field of public administration. Against this backdrop, in 1970 the National Association of Schools of Public Affairs and Administration (NASPAA) was established which comprises of institutions of higher learning of different countries offering courses on major public administration programs. Thus, the formation of NASPAA represented the development of public administration as an independent area of study. It was during the early 1970s that a new approach developed in public administration along with New Public Administration. It was known as the Public Choice Approach. Vincent Ostrom, the chief protagonist of this approach advocated for replacement of the traditional doctrine of ‘bureaucratic administration’ by the concept of ‘democratic administration’. In his book *The Intellectual Crisis in American Public Administration*, he advocated a variety of different organizational arrangements that could be used to provide different public goods and services. Another trend which one can observe is that the distinction between administration and management is becoming irrelevant. It has given rise to a new theory known as New Public Management Perspective which emerged since the 1990s. The book entitled –*Reinventing Government* by David Osborne and Ted Gaebler, published in 1992 heralded the birth of New Public Management. It represents a synthesis of public administration with private administration. It aims at 3Es – economy, efficiency and effectiveness. It staunchly advocates a basic change in the role of state in society and economy. It emphasizes on the vital role of market as against the state as the key regulator of economy and society.

4.4 Conclusion

Public administration is both an activity and a discipline for systematic study. Since inception, it has been primarily concerned with problems of how to validate law qualitatively, honestly and efficiently. Today, public administration has become more concerned with the processes by which it participates in formulating and interpreting law and actively participating in the process of governance. Moreover, the growth of science and technology has brought about a period of stress as well as development in the field of Public Administration both as an art (way of conducting and actually doing the activities of Public Administration by administrators) and as a science (academics, field of study for students and scholars). In this process public administration as a discipline has undergone a lot of changes in recent times. Recently there has been a growth and spread of new management techniques in public administration. It is concerned with human goals now like life, liberty and pursuit of happiness. The new public administration is trying to balance goals like efficiency and effectiveness with social equity, sensitivity to human suffering and social needs.

Public Administration as an activity is as old as civilized life. But as a field of study it is of recent origin as it emerged during the closing years of the 19th century. There has not been clear recognition of Public Administration as a separate and distinct subject of study since the writing of Woodrow Wilson's essay – *The Study of Administration* in the journal *Political Science Quarterly* in 1887. The essay laid the foundation for a separate, independent and systematic study in public administration. He is therefore regarded as the father of discipline. In his article Wilson argued that politics is concerned with policymaking while administration is concerned with implementation of policy decisions. During the second stage in the evolution of Public Administration emphasis was on increasing the efficiency and effectiveness in administration. The focus was on development of some fundamental principles of general application analogous to those characterizing any science. It was believed that administrators would be expert in their work if they learned how to apply these principles. Further, efficiency in administration would be increased if these principles are applied. In the third stage in the evolution of the discipline of public administration the previous two paradigms of politics/administration dichotomy and scientific principles of administration were challenged and rejected which led to the creation of an identity crisis in the fourth phase. During the fourth phase the discipline was in a state of confusion and scholars of public administration reacted to this crisis by reestablishing the linkages of Public Administration first with Political Science and then with the Management. During the fifth and final stage even when the discipline of Public Administration was at its lowest ebb, it was sowing the seeds of its own renaissance. In this regard three distinct inter-theoretical linkages a) politics-administration union, b) Economics- administration confluence, and c) organization theory - administration intermixing can be identified. The second was the emergence of New Public Administration (NPA) as a result of the first Minnowbrook Conference held in 1968 sponsored by Dwight Waldo. It emphasised on values thereby replacing the traditional goals of efficiency and effectiveness.

4.5 Summing Up

- Public Administration as an activity is as old as civilization itself. But as an academic discipline it is of recent origin. The evolution of public administration as an academic discipline can be divided into five different phases.
- The first phase lasted between 1887 to 1926 and the most important principle of this phase was “politics-administration” dichotomy which was propagated by thinkers like Woodrow Wilson, Frank J Goodnow and L. D. White.

- The second phase started from 1927 and lasted till 1937. This phase is regarded as the golden era in the evolution of public administration. This phase marked the evolution of certain fundamental principles of administration.
- The third phase was known as the era of challenge which lasted from 1938 to 1947. It challenged both the ideas of politics administration dichotomy and principles of public administration.
- The fourth phase generated a state of confusion and identity crisis in the discipline of public administration which lasted from 1947 to 1970.
- The final and fifth phase started since 1971 and is still continuing. This phase marks the emergence of new approaches the public choice and New Public management.

4.6 Glossary

- a) **Politics-Administration Dichotomy** - Woodrow Wilson in his ground breaking essay pointed out that efficiency in the government could not be achieved as long as public agencies were subject to the corrupting influence of politics. For this reason Wilson made a distinction between politics and administration. He wrote in his essay that administration lies outside the proper sphere of politics. Administrative questions were not political questions. Although politics set the tasks for administration, it should not be suffered to manipulate its offices. Thus Wilson argued that public administration should be concerned only with the detailed and systematic execution of public law. Even Frank J. Goodnow supported the ideas of Wilson and further extended the principle by pointing out that Politics has to do with policies or expressions of the state will whereas administration has to do with policies or expressions of the state will.

4.7 Probable Questions

Essay Type Questions

- a) Discuss the evolution of Public Administration as a discipline.
- b) The discipline of Public administration went through a crisis of identity since the late 1940s. Discuss

Short Questions

- a) Discuss the principles of Public Administration.
- b) Write a short note on Politics –Administration dichotomy
- c) Write a short note on the causis of identity in Public Administration.

Objective Questions

- a) Who is the author of the book ‘The Prince’?
- b) Who wrote the first book on public administration ‘Principles d’ Administration Publique’?
- c) In which year was the book ‘Politics and Administration’ published?

4.8 Further Reading

1. Administrative Theories and Management Thought – By R.K.Sapru, PHI Learning Private Limited.
- 5 Public Administration – Concepts and Theories – By S.P.Naidu, New Age International Publishers.
- 6 Public Administration – Administrative Theories – By B.L.Fadia and KuldeepFadia, SahityaBhawan.
- 7 Public Administration – Theory and Practice – By Hoshiar Singh and Pradeep Sachdeva – Pearson Publishers.
- 8 New Horizons of Public Administration, Mohit Bhattacharya, Jawahar Publishers & Distributors.

Unit 5 □ Public Administration in a Globalised Era

Structure:

- 5.1 Objective**
- 5.2 Introduction**
- 5.3 What is Globalization?**
- 5.4 Impact of Globalization on Public Administration**
- 5.5 Conclusion**
- 5.6 Summing Up**
- 5.7 Glossary**
- 5.8 Probable Questions**
- 5.9 Further Reading**

5.1 Objective

After studying this Unit, you should be able to:

- Explain the concept of globalization
- Examine its impact on public administration generally and on the developing countries particularly.
- Understand the new challenges that structural adjustments is posing to the administrative systems of developing countries

5.2 Introduction

Globalization, the buzzword in present times, stands for global spread of goods, services, technology, ideas and processes. Its' important accompanying features are momentous changes in the nature of the States, governments and societies coming under its influence. When thinking of public administration in the context of globalization, there is often confusion as to the role public administration plays. From a domestic perspective, public administration is, among other things, the instrumental body in which the nation-state executes its business. This definition becomes more challenging however, as one begins to

think about it from a more global standpoint. This is because globalization has not only fundamentally changed the way in which we look at the world, but it has also affected how governments interact with their own citizens, as well as how they function with other governments around the world. Globalization has effectively forged new dimensions of interdependence and interactions among nations and peoples around the world and challenges the traditional model of public administration and its role in the process of governance. Thus the process of globalization has raised controversy concerning the fate of the state in modern governance: one predicting the end of the state, another holding for the persistence of the state and national governance and still others with other perspectives in between.

5.3 What is Globalization?

Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information. Countries have built economic partnerships to facilitate these movements over many centuries. But the term gained popularity after the Cold War in the early 1990s, as these cooperative arrangements shaped modern everyday life.

There is no one single definition of Globalization. It has been defined in several different ways. Some of the popular definitions of Globalization are as follows: Anthony Giddens explained Globalization as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa. Fredric Jameson found Globalization as an immense enlargement of world communication, as well as of the horizon of a world market, both of which seem far more tangible and immediate than in earlier stages of modernity. David Held has defined Globalization as a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions - assessed in terms of their extensity, intensity, velocity and impact - generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power. Roland Robertson has described Globalization as the compression of the world and the intensification of consciousness of the world as a whole. Finally, James Mittelman defined Globalization as the compresses the time and space aspects of social relations.

From the following five influential definitions of globalization one can identify four distinct qualities or characteristics that lie at the core of the phenomenon. Firstly, globalization involves the creation of new and the multiplication of existing social networks and activities that increasingly overcomes traditional political, economic, cultural, and geographical

boundaries. The second quality of globalization is reflected in the expansion and the stretching of social relations, activities, and interdependencies. Today's financial markets stretch around the globe, and electronic trading occurs around the clock. Gigantic shopping malls have emerged on all continents, offering those consumers who can afford it commodities from all regions of the world including products whose various components were manufactured in different countries. For instance non-governmental organizations, commercial enterprises, social clubs, and countless regional and global institutions and associations such as the United Nations, the European Union, the Association of South East Asian Nations, the Organization of African Unity, the Common Market of the South, Doctors Without Borders, Amnesty International, the Union of Concerned Scientists, the World Economic Forum, Microsoft, and General Motors, to name but a few. Third, globalization involves the intensification and acceleration of social exchanges and activities. The Internet relays distant information in mere seconds, and satellites provide consumers with real-time pictures of remote events. As Anthony Giddens notes in his definition, the intensification of worldwide social relations means that local happenings are shaped by events occurring far away, and vice versa. In other words, the seemingly opposing processes of globalization and localization actually imply each other. The 'local' and the 'global' form the endpoints of a spatial continuum whose central portion is marked by the 'national' and the 'regional'. Fourth, the creation, expansion, and intensification of social interconnections and interdependencies do not occur merely on an objective, material level. As Roland Robertson notes in his definition, globalization processes also involve the subjective plane of human consciousness. Hence, we must not forget that globalization also refers to people becoming increasingly conscious of growing manifestations of social interdependence and the enormous acceleration of social interactions. Their awareness of the receding importance of geographical boundaries and distances fosters a keen sense of becoming part of a global whole. Reinforced on a daily basis, these persistent experiences of global interdependence gradually change people's individual and collective identities, and thus dramatically impact the way they act in the world.

5.4 Impact of Globalization on Public Administration

The globalization wave is bringing about an unprecedented expansion of trade, finance, and investment accompanied by unparalleled technological innovations and high levels of consumer demands and expectations. The impact of globalization on the economy is mixed, with benefits accruing due to competition along with economic crisis, weakened State apparatus, propagation of market-oriented values, and disturbing concentration of wealth

leading to increasing levels of poverty, inequality, social crises, with significant repercussions on the development process.

Globalization is resulting in a transition from centrally planned to market structures, and their integration with the global economy the world over. This has repercussions for the administrative framework and, the functioning of State machinery. The emphasis is on acquiring new skills and capabilities; and changing the mindset of personnel to adjust to the new environment. The nature and processes of public administration have been severely affected by the changing perceptions of the role of the State, managerial orientation in governance, market-driven approach to development, and increasing advocacy of the complementary roles of government, market and civil society.

Public Administration, according to Jamil Jreisat (2004) is facing new challenges due to the impact of globalization. These are:

- A growing need for negotiation skills among sovereign States
- Changed role of bureaucracy from managing to facilitating economic activities
- An organizational, managerial culture which stresses performance and result-oriented management (There is a demand for managerial skills of adaptability, cooperation and creativity)
- Focus on managerial leadership and expertise which has been necessitated by the demands of negotiations, mediation, and sensitivity to human rights and diversity
- Emergence of e-government, where all countries have been executing major initiatives to tap the vast potential of the Internet for improving and perfecting the governing process
- Need for a comparative perspective wherein, in response to the new global reality, public administration must effectively utilize a comparative outlook that incorporates non-western as well as more developed systems.

The State has always been at the centre-stage of societal governance. The onset of globalization has resulted in significant changes in this traditional role of the State. The market-based approach to public administration is leading to the emergence of a 'Competition State', which encourages public choice initiatives, deregulation, and privatization, irrespective of the local, political and administrative cultures. Cerny (1997) describes the Competition State as one that has been transformed from a primarily hierarchical decommodifying agent into a primarily market-based commodifying agent.

This 'roll back' of the State propagated during the 1980s and 1990s, especially in the USA and UK, due to the influence of Neo-liberalism has resulted in deregulation, privatisation and the introduction of market-oriented reforms in public services. This has led to a pro-market and anti-state philosophy of 'private good' and 'public bad'. The new political economy of development is based on 'market' and not the State as the central actor. In fact, the market approach argues that the government is less efficient than markets over providing services to individuals. The market firms due to competition and profit motive make a more effective use of given resources than the government agencies, which lack similar incentives. Thus a powerful new paradigm of determining the scope and limits of government action that was dominant in Western democracies held the view that government should:

- Do less
- Reduce or relinquish their previous overburdening responsibilities
- Privatize public services or their delivery wherever practicable; and
- Reform their own operations in accordance with the market concepts of competition and efficiency.

Globalization, no doubt impacts heavily on the State, its policies, institutions, and personnel. The 'public sphere' and the space for citizens' involvement have been shrinking and the Corporate State is making its presence felt. The biggest challenge for administration is to recast the role of the State. Osborne and Gaebler (1992) in their work *Reinventing Government* have made a case for government having a key role in restructuring of markets through: • Setting rules in market place • Facilitating the provision of information • Augmenting demand • Catalysing private sector supplies and new market sectors • Creating market institutions • Risk sharing; and • Regulating through application of market-oriented incentives. Effective economic governance demands the State to make efforts to provide a conducive atmosphere for market institutions to function and at the same time strives to make them socially responsive. Necessary administrative support is required for promoting a competitive climate, and maintaining a stable economy. A functioning market economy needs a sound and strong State geared towards evolving a legal and regulatory framework, which ensures predictability, stability, clarity and enforceability. The market-driven processes need to be directed towards achieving economic as well as social development.

Some opponents of globalization argue that it is posing a serious threat to the state sovereignty, democracy and individual freedom of most developing countries. Supranational organizations such as World Bank, International Monetary Fund and World Trade

Organization are forcing member states to adopt globalization decisions that may go against national interests. In the global age, identity becomes fundamental issue, both on an individual and on a societal level. Serving primarily the interest of the globalizing superpowers creates problems of poverty and underdevelopment. Globalization tends to increase inequality and poverty worldwide. Scholars like Hancock labels superpower nations and transworld corporations as the 'lords of poverty'. It causes more poverty by spreading unemployment through technological innovations, drains governing systems with tax subsidies and tax expenditures, and demands massive expenditure on security and military functions for policing and social control. The result is the increasing crisis in governance and public administration and eventual social revolutions worldwide. Thus Farazmand argues that globalization will produce more war, not less as globalizing forces and institutions will use violence to promote the goals of corporate globalization.

The impact of globalization especially on the administrative system of developing countries has resulted in the change in the role of the state and administration. The government in developing countries has a long tradition of interventions in the micro-management of the economy. These interventions include wage and price fixing, control of credit, marketing and restrictions on foreign investments. But globalization has initiated several changes like privatization and liquidation of public sector units that compete unfairly with the private sectors thus eliminating the restrictions on competition, elimination of controlling and licensing functions and dismantling of the public agencies that perform those functions. Another change seen in the administrative system of developing countries is the increasing linkage of the state and the society in the delivery of public services. The government is no longer an autonomous actor in implementing its policies but often depends on the private sector and tertiary sectors to accomplish its ends. This linkage of the administration with the society may enhance the efficiency and legitimacy of the administrative system but it also presents the administration with problems of accountability and control.

In contrast to a widespread belief, the market economy system does not reduce, instead increases the need for the regulation as it helps in preventing competitive distortions and misuse of positions of prominence. The administrative system is also charged with the sole responsibility of protecting the weaker sections of the community to bring about social equity. Only the state can guarantee equality of opportunity, combat societal inequality and protect the weak in the fields of health, education, employment and housing. Moreover, many industrialists themselves call upon the State for help in the form of manpower training, technological innovations, stimulation of small and medium scale industries and export promotion. These are matters in which the state can contribute to growth and equity.

In the exercise of these missions, the administration has a vital role to play in terms of staffing and budgetary credits and also public policy formulation and implementation. Thus the administration is a key element of continuity of the state and its actions throughout the national territory.

5.5 Conclusion

The process of globalization is indeed irreversible, but we need to understand that there is no other alternative to administrative system. It is beyond doubt that globalisation has promoted technological advancements, foreign exchange flows, export growth, Foreign Direct Investment, development of multinational enterprises and so on. There have been attempts globally to evolve a uniform approach in promoting service values and delivery mechanisms. But the most important fact that we need to take cognisance is that the public administration is still the most important institution to counter the imbalances, isolation, and inequality that globalization has created and make the environment more humanistic. What is required is to transform the conventional public administration by integrating three critical players i.e. 'State', 'market' and 'civil society' in governance. The need for a collaborative action amongst the three has been reiterated strongly in the late 1990s. The instability and insecurity that globalization has brought about can be reversed through social cohesion, and cooperation which require all these three players. This leaves the doors open for hybrid organizations that are neither State nor market. Public administration needs to gear up to the challenges of:

- Redefining the respective spheres of State and non-state actors, building mechanisms for better interaction, and cooperation
- Framing suitable laws and regulations that provide necessary stability, confidence, enforcement; and
- Building a professionalized civil service possessing necessary competence, skills, public service, participatory, and a pro-citizen ethic.

5.6 Summing up

- Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border

trade in goods and services, technology, and flows of investment, people, and information.

- There is no one single definition of Globalization. It has been defined in several different ways. Some of the popular definitions of Globalization are as follows: Anthony Giddens, Director of the London School of Economics has defined Globalization as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa. Fredric Jameson, Professor of Literature at Duke University has defined Globalization as an immense enlargement of world communication, as well as of the horizon of a world market, both of which seem far more tangible and immediate than in earlier stages of modernity.
- The globalization wave is bringing about an unprecedented expansion of trade, finance, and investment accompanied by unparalleled technological innovations and high levels of consumer demands and expectations. It is beyond doubt that globalisation has promoted technological advancements, foreign exchange flows, export growth, Foreign Direct Investment, development of multinational enterprises and so on.
- There have been attempts globally to evolve a uniform approach in promoting service values and delivery mechanisms.
- The impact of globalisation on the economy is mixed, with benefits accruing due to competition along with economic crisis, weakened State apparatus, propagation of market-oriented values, and disturbing concentration of wealth leading to increasing levels of poverty, inequality, social crises, with significant repercussions on the development process.
- This 'roll back' of the State propagated during the 1980s and 1990s, especially in the USA and UK, due to the influence of Neo-liberalism has resulted in deregulation, privatisation and the introduction of market-oriented reforms in public services.
- However, opponents of globalization argue that it is posing a serious threat to the state sovereignty, democracy and individual freedom of most developing countries. Supranational organizations such as World Bank, International Monetary Fund and World Trade Organization are forcing member states to adopt globalization decisions that may go against national interests. In the global age, identity becomes fundamental issue, both on an individual and on a societal level.

Serving primarily the interest of the globalizing superpowers creates problems of poverty and underdevelopment. Globalization tends to increase inequality and poverty worldwide.

- We need to take cognisance is that the public administration is still the most important institution to counter the imbalances, isolation, and inequality that globalization has created and make the environment more humanistic. What is required is to transform the conventional public administration by integrating three critical players i.e. 'State', 'market' and 'civil society' in governance. The need for a collaborative action amongst the three has been reiterated strongly in the late 1990s.

5.7 Glossary

1. **Corporate State:** The concept of Corporate State developed under the context of Fascism in Mussolini's Italy as a means of regulating industrial relations. The theory divided society into a limited number of corporations. This system then functioned as a means of control and a channel for government intervention.
2. **Deregulation:** It is the process of lessening the monopolies of only a few in the economic sectors by opening those sectors to other players also. The reforms ushered in India since 1990s, have thrown open certain sectors of the economy such as banking, telecommunications, civil aviation etc. to competition in order to provide better service at lower prices and greater choice. These sectors have been given more autonomy, free from stringent rules and regulations.

5.8 Probable Questions

Essay Type Questions

- a) Discuss the impact of globalization on Public Administration.
- b) Explain Globalisation from the perspective of Public Administration.

Short Questions

- a) Write short notes on the following:
 - i) Corporate State
 - ii) Deregulation

- iii) Privatization
- b) What do you understand by Competition State ?

Objective Questions

- a) Who defines globalisation “as the compression of the world and the intensification of consciousness of the world as a whole”
- b) Who labelled superpower nations and transworld corporations as the “lords of poverty”?

5.9 Further Reading

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2. Farazmand, Ali, 1994, “The New World Order and Global Public Administration: A Critical Essay” in Jeanclaude Garcia et.al. (Eds.), Public Administration in the Global Village, West Port CT, Praeger.
3. Farazmand, Ali, 1999, “Globalisation and Public Administration”, in Public Administration Review, Vol. 59, No. 6, November-December.
4. Sapru, R.K. , 2013, Administrative Theories and Management Thought, PHI Learning Private Limited, Delhi

Block - II



Unit 6 □ Classical Theory-Meaning and Significance

Structure:

- 6.1 Objective**
- 6.2 Introduction**
- 6.3 Meaning of Classical Theory**
- 6.4 Taylor's Concept of Scientific Management**
- 6.5 Henri Fayol's Emphasis on a Number of Principles**
- 6.6 Meaning of 'POSDCORB'**
- 6.7 Contribution of J.D.Mooney, A.C. Reiley and M.P.Follet to the Development of Management**
- 6.8 Critical Assessment of Classical Theory**
- 6.9 Conclusion**
- 6.10 Summing Up**
- 6.11 Probable Questions**
- 6.12 Further Reading**

6.1 Objective

After reading this Unit the learners will be able to:

- understand Classical Organization Theory
- know Henri Foyal's concept of fourteen principles of organization
- realize Classical Theorists' conception of management in organization

6.2 Introduction

Classical organization theory was the name given by Herbert Simon to traditional twentieth century theories which cover the contributions of Frederick Taylor, Max Weber, Henri Fayol, James Mooney, Luther Gulick and Lyndall Urwick. The classical theorists view the organization as a machine even though it consists of human beings. As a machine

is built by certain sets of specifications, similarly an organization can be created according to a specific design. The theory is thus, built on a formal structure of an organization. It adopts a machine approach to organization. This is why it is called a machine theory or formal organization theory. This theory advocated scientific principle of administration. Taylor approached the search for scientific principles by relying on measurement and experimentation while Fayol and Gulick distilled principles from their own experience of administration.

6.3 Meaning of Classical Theory

The Formal Organization Theory, also known as the Mechanistic Theory or the Structural Theory, is the dominant in the field and has been initiated by Henri Fayol, Luther Gulick, L.F. Urwick, J.D. Mooney, A.C. Reily and others. They argue that administration is administration regardless of the kind of work being undertaken or the context within which it is performed. They identified the important elements in the processes of administration as well as features common to all administrative structures. The most distinguishing feature of the classical theory is its concern with the formulation of principles of organization. The classical theorists addressed themselves to the task of discovering the true bases on which division of work in an organization could be carried out and devising effective methods of bringing about coordination in it. They laid emphasis on precise definition of tasks and their inter-relationships, and advocated the use of authority and a system of checks to exercise control over personnel so that the organizational work gets done.

6.4 Taylor's Concept of Scientific Management

In later part of the nineteenth century and early 20th century, the scientific management movement was initiated by Frederick W. Taylor. With his concern for efficiency, he emphasized on planning, standardizing and improving human effort at the level of the worker. He was keen to find out scientifically 'the one best way' of doing each task and thus to increase productivity in the organization.

But scientific management developed by him was narrowly conceived as it focused on efficiency at the operative level. During the first half of the twentieth century, a broader approach to organization was initiated by a group of writers who were interested in formal organization structure and the basic management process. March and Simon have

characterized this as administrative management theory. This is also known as classical theory of management.

The Classical Theory of organization is also called Administrative Theory.

6.5 Henri Fayol's Emphasis on Fourteen Principles

Henry Fayol, a French engineer and chief executive of a large coal and steel combine, was one of the earliest writers on the general theory of management. In 1916, he published a paper entitled 'General and Industrial Management'. This is considered one of the classics of management thought. He thought that knowledge of administration rather than technical knowledge is needed at higher levels of an organization.

It is called classical because it has been one of the earliest theory based on a systematic analysis of an organization. The classical theorists believe that a science of administration can be developed on the basis of fundamental principles of organization and on the basis of the experiences of the administration. The classical theorists proved that administration could be developed into a science of administration. Such a transformation began under the influence of the ideas of Fayol, Gulick and Urwick. They gave more importance to the structure of the organization than to the role of the people working in the organization. They focused upon the study of organization in terms of its hierarchical structures and functions.

Henry Fayol defined the primary function of administration as:

- to plan
- to organize men and materials
- to command or to tell the subordinates about their functions
- to coordinate
- to control.

He laid down a number of principles for the guidance of practicing administrators. He said, "The soundness and good working order of the body corporate depend on a certain number of conditions termed indiscriminately principles, laws, rules. For preference I shall adopt the term principles while dissociating it from any suggestion of rigidity, for there is nothing rigid or absolute in management affairs, it is all a question of proportion. Seldom do we have to apply the same principles twice in identical conditions; allowance must be made for different changing conditions."¹

Fayol divided all activities in an organization into six groups: technical, commercial, financial, security, accounting and administrative. Administration, according to him, comprises the following elements: forecasting and planning, organizing, commanding, coordinating and controlling. Henri Fayol propounded fourteen principles of organization which are most well known.

- Division of work or specialization.
Specialization belongs to the natural order, and it increases efficiency.
- Authority and responsibility
Authority is the right to issue orders which the subordinates are bound to obey. Authority should be equal to responsibility.
- Discipline.
It is absolutely essential for the smooth functioning of the organization.
- Unity of command
 - (a) It means that all the units of an organization should be integrated under the authority of one head.
 - (b) It means that there should be only one person and not a body of persons at the top of an organization and all lines of authority should concentrate in his hand.
 - (c) It means that no individual employee should be subject to the orders of more than one immediate superior.
- Unity of direction.
For any group of activities with an identical objective, there should be one head and one plan'. This principle emphasizes the need for coordination at higher levels.
- Scalar chain.
It means the chain of superiors from the topmost authority to the lowest rank in an organization.
- Centralization.
It means the concentration of formal authority at the top level of an organization. It is the opposite of dispersal, delegation and decentralization of authority in few

hands at the top level. It means the concentration of power or authority. The lower level personnel are busy with routine work of the administration.

- Order

Fayol defined order as the right man in the right place.

- Equity.

Justice tempered with kindness is called equity.

Wage and salary should be fair and should be adjusted to circumstances and the value of the employee.

- Subordination of individual interest to general interest.

The interest of one employee or a group of employees should not prevail over that of the concern.

- Stability of tenure.

Managers and employees need time to learn their jobs. So stability of tenure of personnel is necessary.

- Initiative:

Managers must not have any ego to inspire confidence in the lower ranks so that all levels show initiative.

- *Espirit de corps*:

Fayol emphasized on the need for teamwork and healthy interpersonal relationships. He cautioned managers against divide and rule, and abuse of written communications. Oral directions are to be given, because face-to-face contacts facilitate speed, harmony and clarity.

Administrative management theory was founded on these fourteen principles of Fayol. These principles were meant to raise management to the level of science. He acknowledged the need for flexibility and timely adjustment.

6.6 Meaning of 'POSDCORB'

The most comprehensive enunciation of this theory is contained in *Papers on the Science of Administration* edited by Luther Gulick and L. Urwick. Luther Gulick summed up the principles of organization in the word 'POSDCORB'. Gulick said, 'POSDCORB' stands for the following activities.

Planning, that is working out in broad outline the things that need to be done and the methods for doing them to accomplish the purpose set for the enterprise.

Organizing, the establishment of the formal structure of authority through which work subdivisions are arranged, defined and coordinated for the defined objective.

Staffing, that is, the whole personnel function of bringing in and training the staff for and maintaining favourable conditions of work.

Directing, that is, the continuous task of making decisions and embodying them in specific and general orders and instructions and serving as the leader of the enterprise.

Coordinating, that is, the all important duty of interrelating the various parts of work.

Reporting, that is, keeping those, to whom, the executive is responsible, informed as to what is going on, which thus includes keeping himself and his subordinates informed through records, research and inspection.

6.7 Contribution of J.D.Mooney, A.C. Reiley and M.P.Follet to the Development of Management

James D. Mooney and Alan C. Reiley made important contributions to administrative management theory. They enunciated four principles of organization: the coordinative principle, in pursuit of unity of action; the scalar or hierarchical principle, emphasizing hierarchy in organizational design, the functional principle, to be followed in organizing tasks into departments and the staff principle for giving advice and information alongside line management for the exercise of authority.

According to this theory organization is a formal structure of plan, amenable to creation in accordance with clearly understood principle, like a building plan prepared by an architect in advance. This concept emerges from two beliefs, (i) there is a body of principles in accordance with which organization plan can be spelled out to fit into the requirements of the chosen purpose or activity, and (ii) the requisite personnel must meet the requirements of these preconceived plan. This theory views organization as a machine. In the words of L.D.White, “It is a formal declared pattern of relationships established in government by law and by top management. It is based on the nature and volume of work to be done and is dictated by the requirements of efficiency in the sense of securing the most effective use of men and materials and by the need for responsibility. The organization is established

and supported by authority and can be set out, although imperfectly on a chart or diagram. It is normally the dominant set of work relationships.”ⁱⁱ This approach “bears the stamp of the engineer seeking scientific precision, logical structure, and the one best way of performing each step, and of relating the parts to a unified whole.”

It is marked by an almost exclusive attention to the problems of the structure in the role’s relations. Thus focus is now not on the human beings as such, but on the role as it relates to other roles in the context of the organizational objective. It is marked by the following six characteristics:

- It is atomistic in the sense that it sees the individuals in isolation from fellowmen.
- It is mechanistic. It does not explain the dynamics of organizational behavior.
- It is static.
- It is voluntary based upon the belief that the individuals are immune from the control by the groups or social factors.
- It is rationalistic. Rational behavior means performance of task according to method determined by the principles of scientific performance.
- It does not take note of non economic incentives.

Mary Parker Follett contributed significantly to the development of management thought but at the same time differed from others. According to her, organization was a social system and management, a social process. Psychological and sociological aspects of management were given prominence in her writings. She attached special emphasis to lateral coordination, authority acceptance in an organization, integration of individuals and organization, and administrative change. Follett can be considered as the harbinger of behavioural approach to organizational analysis.

The classical theorists deserve credit for the consideration that ‘management’ in an organization deserves careful observation and analysis. The principles identified by them have been followed in the structuring of organizations. Many of these principles are still found useful in organizationaal analysis.

6.8 Critical Assessment of the Classical Theory

The classical principles are not specific enough and are not very helpful for the practising administrator. For example, the principle of division of work and specialization

tells very little about how the tasks in an organization should be actually divided. Though the principle of span of control is acceptable, does not provide a specific guideline. In actual situation, the principle of span of control has been found to be much wider than the principle suggests.

The classical principles cannot be completely followed and some of them are contradictory. Herbert Simon has criticized the classical theorists and has termed these as “no more than proverbs”. He has pointed out the serious contradictions thus:

“One of the most important uses to which authority is put in an organization is to bring about specialization in the work of making decisions, so that each decision is made at the point in the organization where it can be made most expertly...If an accountant in a school department is subordinate to an educator then the finance department cannot issue direct orders to him regarding the technical, accounting aspects of his work. Similarly, the director of motor vehicles in the public works department will be unable to issue direct orders on care of motor equipment to the fire-truck driver.

The principle of unity of command is perhaps more defensible if narrowed down to the following: In case two authoritative commands conflict, there should be a single determinate person whom the subordinate is expected to obey, and the sanctions of authority should be applied against the subordinate only to enforce his obedience to that one person...Even this narrower concept of unity of command conflicts with the principle of specialization, for whatever disagreement does occur and the organization members revert to formal lines of authority, then only those types of specialization which are represented in the hierarchy of authority can impress themselves on decision.”ⁱⁱⁱ

Herbert Simon criticized Gulick’s recommendation for departmentalization as ambiguous. He points out; an education department can be looked at as a purpose organization or a clientele organization.

Classical theory has been most severely criticized by the behavioral scientists. It has been characterized as too mechanistic and incompatible with human nature. March and Simon have called it the ‘machine model’ theory. Warren Bennis observed that the focus of this theory is on “organizations without people”.

The classical theory deals with formal organization-an organization which is deliberately and rationally designed to fulfill the objectives of an organization. This theory treats the organization as a closed system, unconnected with and uninfluenced by its external environment. It is more concerned with what ought to be and this kept it away from the

actual behavior in organizations. It underestimated the human factor and oversimplified the human motivations.

6.9 Conclusion

The classical theory despite these criticisms has its importance in the history of administrative thought. What they wrote were naturally conditioned by the state of society and technology of their time. This theory has made major contributions to administration which cannot be ignored. This theory played a major role in rationalizing and stimulating production.

This theory for the first time focused that administration was a separate activity, and deserves intellectual study.

It formulated a set of concepts in administration and evolved a terminology which has provided a base for further research in the field. The limitations of this theory stimulated further researches in organizational behavior.

The ideas of this theory regarding unity of command, delegation of authority, span of control and departmentalization are still in use in the organizational structure. Many of the present day theorists accept the basic framework of the classical theory and seek to enrich it with the recent developments in the behavioral and management sciences. The classical organization theory is the foundation of twentieth century administrative thought.

6.10 Summing Up

- Classical organization theory was the name given by Herbert Simon to traditional twentieth century theories which cover the contributions of Frederick Taylor, Max Weber, Henri Fayol, James Mooney, Luther Gulick and Lyndall Urwick. The classical theorists view the organization as a machine even though it consists of human beings.
- In later part of the nineteenth century and early 20th century, the scientific management movement was initiated by Frederick W. Taylor. With his concern for efficiency, he emphasized on planning, standardizing and improving human effort at the level of the worker. He was keen to find out scientifically 'the one best way' of doing each task and thus to increase productivity in the organization.

- The Classical Theory of organization is also called Administrative Theory. Henry Fayol, a French engineer and chief executive of a large coal and steel combine, was one of the earliest writers on the general theory of management. In 1916, he published a paper entitled ‘General and Industrial Management’. This is considered one of the classics of management thought.
- The most comprehensive enunciation of this theory is contained in Papers on the Science of Administration edited by Luther Gulick and L. Urwick. Luther Gulick summed up the principles of organization in the word ‘POSDCORB’.
- James D. Mooney and Alan C. Reiley, made important contributions to administrative management theory. They enunciated four principles of organization: the coordinative principle, in pursuit of unity of action; the scalar or hierarchical principle, emphasizing hierarchy in organizational design, the functional principle, to be followed in organizing tasks into departments and the staff principle for giving advice and information alongside line management for the exercise of authority.
- Mary Parker Follett contributed significantly to the development of management thought but at the same time differed from others. According to her, organization was a social system and management, a social process. Psychological and sociological aspects of management were given prominence in her writings.
- The classical principles are not specific enough and are not very helpful for the practising administrator. The classical principles cannot be completely followed and some of them are contradictory. Herbert Simon and has criticized the classical theorists and has termed these as “no more than proverbs”.
- Herbert Simon criticized Gulick’s recommendation for departmentalization as ambiguous. Classical theory has been most severely criticized by the behavioral scientists. It has been characterized as too mechanistic and incompatible with human nature.
- The classical theory despite these criticisms has its importance in the history of administrative thought. What they wrote were naturally conditioned by the state of society and technology of their time. This theory has made major contributions to administration which cannot be ignored.
- The classical organization theory is the foundation of twentieth century administrative thought.

6.11 Probable Questions

Essay Type Questions

- a) Critically evaluate the classical theory of organization with particular reference to the views of Henry Fayol and Luther Gulick.
- b) Do you think that classical theory of organization is a “machine model” theory?
- c) Critically discuss about the important contributions to administrative management theory.
- d) Discuss about the principles of classical administrative theory following Urwick.
- e) The classical administrative theory exercised a big impact on the theory of and practice of Public Administration.-Do you agree with this view? Give reasons.

Short Questions

- a) What do you mean by classical theory of administration?
- b) Why is it called classical theory?
- c) What is POSDCORB?
- d) Knowledge of administration rather than technical knowledge is needed at higher levels of an organization – Henri Fayol. Explain.

Objective Questions

- a) Who coined the term “classical organisation theory”?
- b) What is the alternative term used for “formal organizational theory”?
- c) In which year was the article ‘General and Industrial Management’ published?

6.12 Further Reading

1. Avasthi and Maheswari (1962), Public Administration, Agra: L.N. Agarwal.
2. Bhattacharya, Mohit, (1987), Public Administration, Calcutta: The World Press.
3. Bhagwan, V. and Bhushan, V. (1961), Public Administration, New Delhi: S. Chand and Company.

Footnotes

- i. Fayol, H. (1949) *General and Industrial Management*, London.
- ii. Avasthi and Maheswari (1962), *Public Administration*, Agra: L.N. Agarwal, p.105.
- iii. Bhattacharya, Mohit, (1987), *Public Administration*, Calcutta: The world Press, pp.49-50.

Unit 7 □ Scientific Management (F.W.Taylor)

Structure:

- 7.1 Objective**
- 7.2 Introduction**
- 7.3 Organization Theories**
- 7.4 Scientific Study of Public Administration**
- 7.5 Frederick W. Taylor's Concept of 'The Principles of Scientific Management'.**
- 7.6 Other Theorists of Scientific Management**
- 7.7 Time and Motion Study**
- 7.8 Methods-Time -Measurement**
- 7.9 Critical Assessment of Scientific Management**
- 7.10 Conclusion**
- 7.11 Summing Up**
- 7.12 Probable Questions**
- 7.13 Further Reading**

7.1 Objective

After going through this unit the learners will be able to :

- understand the first systematic theory of organization which is referred as 'Scientific Management'.
- to examine Taylor's contribution to the development of scientific management
- to make a critical assessment of the scientific management approach.

7.2 Introduction

Organization is the most significant and integral part of administration. Without proper organization, no administration can be possible. Administration is an organized activity. It

gets operationalized only through an organization. An organization facilitates proper utilization of men, material and money for the achievement of goals. It is a special unit with a specific purpose.

In each social system, there are at work a large number of organizations such as the government, business organizations, hospitals, educational institutions religious institutions and others. Each has its own purpose. An organization comes into existence for satisfying a purpose and always remains at work for securing it.

In this age of science and technology, the scientific approach to the study of social sciences became popular. Scientific method of study came to be extensively used and advocated by a large number of social scientists. The scientific approach became popular in the study of public administration. Several approaches came to be developed by different social scientists for the study of administration.

7.3 Organization Theories

Studies on organization have been an ongoing process. The organization theories are diverse. Such writings can broadly be classified into two basic categories. On the one hand, there is the “Universal design theory”, advocating one best way of structuring organizations. The second group is less orthodox and more flexible, as it provides adjustments in response to factors like technology and environmental changes. This is known as “situational design theory.” These are also known as closed system and open system approaches to organizational analysis. Under universal design theory, the relevant thoughts for public administration can be identified as:

- (a) Scientific Management School
- (b) Classical Theory of Management or Administrative Management Theory, and
- (c) The Bureaucratic Theory

7.4 Scientific Study of Public Administration

The scientific approach became very popular as it was considered very useful for an objective and systematic study of public administration. Scholars like Frederick Taylor, Henry Fayol, Max Weber, Mooney, Gulick and Urwick were the forerunners who attempted to conduct a scientific study of administration. Taylor advocated the ‘Principles of Scientific Management’ for improving productivity and efficiency in organization. He started the Scientific Management movement and he and his followers were the first to study the work

process scientifically. They studied how work was performed and they looked at how this affected worker productivity. He believed that making people work hard as they could was not as optimizing the way the work was done.

The first systematic theory of organization is referred to as ‘Scientific Management’, which came to be formulated in the beginning of the twentieth century. At that time, the conditions in the factories were rather unplanned. There was nearly complete absence of standardization of methods of work. The workers were left entirely themselves in the matter of choosing the methods to be employed for doing the work. They even used to bring their own tools for doing the work. Whether these methods were the efficient ones and whether the tools were of the right kinds, were none of the responsibilities of the management. In this background, Scientific Management emerged as a new philosophy of management.

7.5 Frederick W. Taylor’s Concept of ‘The Principles of Scientific Management’

In 1909, Frederick W. Taylor published **The Principles of Scientific Management**. He began his career as an apprentice in a small machinery-making shop in Philadelphia. Later he became a machinist foreman, and in that capacity he became interested in improving methods of work and efficiency in organization. With his concern for efficiency, he emphasized on planning, standardizing and improving human effort at the level of the worker. He was interested to find out scientifically ‘the one best way’ of doing each task and thus to increase productivity in the organization. According to him, increased productivity would benefit employer and employee and would bring about a ‘mental revolution’. Scientific management would also maximize the earnings of workers and employers by maximizing the productive efficiency of each worker. Hence, all conflict between capital and labour would be resolved by the findings of science.

He was very interested in efficiency. He applied the scientific method to study the optimal way to do any workplace task. He found that by calculating the time needed for the various elements of a task, he could develop the best way to complete that task.

The focus of scientific management was rather narrow, as it essentially concentrated work done at the lowest level in the organizations. The purpose was to analyze the relationships between the physical nature of work and the physiological nature of workers to determine job definitions.

Taylor wrote that it is only through enforced standardization of methods, enforced adoption of the best implements and working conditions, and enforced cooperation that this faster work can be assumed. And the duty of enforcing the adoption of standards and of enforcing this cooperation rests with the management alone. He believed in the principle: “Best management is a true science”. This principle is applicable to all kinds of human activities.

During the later part of the 19th century, the new industrial climate in U.S.A. gave rise to the emergence of a new class-the managerial class. The Scientific Management theory stressed rationality, predictability, specialization and technical competence.

Taylor measured the distances that men and materials traversed and evolved a theory that a large percentage of both labour and material was wasted through improper supervision and direction. Through changes adopted by him he reduced the time in which the operations were done. Up to 1900 both public and private administration had been conducted on the basis of tradition, rules and trial and error. No organized attempt was made to find out the most rational and economic structure of system to suit particular situations. The change in this respect was initiated by the scientific management movement by Taylor and others. His paper on ‘Shop Management’ was an attempt to establish that remedy for inefficiency lay in systematic management rather than searching for some extraordinary people and also to prove that the best management was a true science based upon clearly defined laws and rules.

Taylor’s contribution to the development of scientific management was found in his papers titled: A Piece-Rate System (1895), Shop Management (1903), The Art of Cutting Metals (1906) and The Principles of Scientific Management (1911).

The essence of scientific management was stated by Taylor as:

- Development of a true science of work. The foremost guiding principle of scientific management is the objective of developing a true science of management. This principle replaces the old rule- of- thumb method. Taylor pointed out that management is a true science based on fixed laws, rules and principles. The main object of management is to secure maximum prosperity for the employer combined with a maximum prosperity for each employee. Theory of scientific management rests upon the view that there is no inherent conflict in the interests and intentions of employers, workers and consumers. The primary concern was that the result of higher productivity should equally benefit all people.-workers, employers and consumers, in the form of higher wages to the workers, greater profits to the

management and lower price for the products to the consumers. The science of work enables an organization to produce more, enables the worker to receive higher wages, and makes it possible for the organization to register much larger profits.

- Scientific selection and progressive development of the workmen. The theory advocates the need to select only those workers who possess necessary qualifications for the effective performance of the work. He believed that every worker has potentialities for development. He said that every worker must be systematically and thoroughly trained. It is the responsibility of the management to develop the worker and to offer him opportunities for advancement to do the job. For this purpose it was necessary to ensure that the employers should accept their views willingly.
- Bringing together the science of work and scientifically selected and trained men. Taylor advocates that it is the responsibility of the management to inspire the workers..He believed that workers were always eager to cooperate with the management but there is usually an opposition from the management. This process of bringing together the management and workers needs a psychological change. For this purpose, Taylor propagated the concept of mental revolution. In order to secure success of this mental revolution, it is essential to select workers in a scientific way as scientific selection and training can secure a conflict free environment in an organization. According to Taylor, management must cooperate with the workers and a cordial relationship must develop between management and workers.
- Division of work and responsibility. In the traditional management theory, the workers take the entire responsibility for work while the management had a lesser responsibility. Taylor's concept of scientific management advocates equal responsibility of the management and workers. He had suggested that the entire volume of work should be distributed among all the workers properly. In other words, some workers shall not be overburdened. If this is not done, some workers shall be aggrieved.
- The concept of scientificity, rationality and keenness shall be propagated among the workers and they shall be inculcated.
- The entire workload of the organization shall be overhauled, standardized and be made up-to-date. While doing this the working condition of the management

shall be thoroughly checked and unnecessary elements which are harmful shall be removed from the premises of organization.

- There shall be favourable working conditions which will inspire the workers to work in a happy mode.
- It was also suggested that the attitude and mentality of the workers shall be properly considered and investigated and the authority must try to know what the workers like or dislike.

Taylor claimed that if all these methods are judiciously applied that would undoubtedly ensure the working condition and improvement of the organization.

Taylor's 'Principles of Scientific Management' was published in 1911. There were also other members of the school and they are Luther Gulick and Lyndall Urwick. They published 'The Papers on the Science of Management'. Henri Fayol was also another member of the Scientific Management group. The objective of Henri Fayol, Luther Gulick and Lyndall Urwick was to make suggestions for the proper management and physical improvement of an organization. Though Henri Fayol differed from Gulick and Urwick but all of them agreed that the management of an organization shall be brought under Scientific Management, otherwise the objective of setting up an organization will never be fulfilled. Peter Self summarized the general approach of these three scholars of public administration.

The central problem of any organization is coordinating an elaborate system in which full opportunity ought to be taken of the advantages of specialization. In every modern management there is enough space for specialization. But specialization does not mean exclusiveness. There are differences among branches or organs. Proper coordination among all departments is absolutely necessary.

7.6 Other Theorists of Scientific Management

Taylor and his associates namely, Henry Gantt and Frank and Lillian Gilbreth wrote books and articles on the scientific management. These writings had profound impact on industrial structures and practices in the U.S.A and Europe. Gantt became well known for the invention of Gantt chart on which progress of work could be plotted continuously against time. Gilbreth's system became known as "speed work" as it involved reduction in the amount of work through the elimination of unnecessary motions. Taylor initiated improved methods of work, but Gilbreth's work to find out the best way of doing each job was much more far reaching and laid the foundation of modern motion-study techniques. The flow process chart was the other contribution of Gilbreth. An operation is broken down into

steps that may be performed by several workers. This helps to discover whether some of the steps in the operation can be eliminated or shortened.

Dwight Waldo identified four major principles of scientific management:

- The development of a true science;
- The scientific selection of workmen;
- The scientific education and development of workmen;
- Intimate ,friendly cooperation between the management and the men.

7.7 Time and Motion Study

The best known technique of scientific management is Time and Motion Study. The purpose of this study is to help workers at every level to get the best out of themselves. It aims at removing (i) inefficient or unsuccessful attempt in doing the work,(ii) fatigue caused by the accumulation of waste products in the body, and (iii)defects in the physical environment like poor lighting,excessive humidity,inadequate heating and others. Time study seeks to arrive at the optimum time for each separate operation and by adding these together to arrive at a optimum time for the operation taken as a whole. It provides an objective yardstick for measuring the effectiveness of the individual work.

Motion study aims at finding the best way in which any operation can be done. It analyzes the whole sequence of movement needed for the job and eliminates any unproductive movement. The steps needed in this study are:a)the job is classified into basic steps and motions;

- b) the most efficient way of doing the job is evolved with proper allowances for equipment and work floor
- c) precise time-values are obtained from detailed time readings by stop-watch of micromotion studies and d)standard time-output ratios are computed by accumulating time reading for all job elements,arranging and coordinating times and applying levelling and normalizing factors to compensate for unusual work conditions and for non-productive time caused by fatigue and rest time.

7.8 Methods-Time -Measurement

Taylor's scientific management as depicted by Time and Motion study emphasized the division of work into its irrevocable elements. A more recent development is an attempt

to develop universal time standards for jobs. Methods-Time -Measurement is a well known attempt in this direction. There are two major difficulties in traditional time and motion study. It is not economical for small organizations and for jobs that do not last long. The cost of making study is too great. Another problem is the resistance and opposition encountered from workers and supervisors when making the study. Methods-Time - Measurement attempts to overcome these difficulties by establishing anticipated time standards. They have been standardized by studying the time required for the same motions in a large enough sample different conditions to be statistically significant. Training of the line organization in methods is necessary so that a foreman can lay out the job, designating the motions required and their sequence.

Fayol, Gulick and Urwick believe that only scientific specialization can assist an organization to reach the goal. But if specialization is taken only for the sake of specialization, the objective of management will never touch reality. Duties are to be allocated keeping in mind the idea that overall interests of the organization are achieved.

While applying the principle of specialization, responsibilities of all employees are to be properly specified and the Unity of command must be ensured. The organization shall follow the principle of hierarchy. They have also suggested another principle-planning the whole work system of the organization. Both planning and coordination are to be emphasized equally.

The Scientific Management movement was a revolutionary step in industrial production and effective for both the employer and the employee. It made immense contribution to aspects of management like layout, labour and time saving devices, correct illumination, proper colour scheme, work simplification and others. These devices began to be applied to government operations including office management. The most important contribution lay in its emphasis on scientific approach. In a broad sense, this is management characterized by the scientific method. Taylor appealed for a cooperative and friendly attitude on the part of the employer and employees.

7.9 Critical Assessment of Scientific Management

Despite these contributions, this theory is facing criticism because of the problem of coordination. A large organization is divided into several sections or branches. But this does not mean the sections are different from each other. There is a close relationship among all sections and coordination is of vital importance here. But there is a problem of coordination pointed out by Peter Self. The central problem of coordination is primarily that of reconciling the contribution of diverse tasks and their associated perspectives. It has

often been found that a business organization neglects the coordination among various departments and some administrationists apprehend that it fails to produce salubrity. Peter Self and others point out that coordination is very often neglected and because of this undesirable consequences occur.

This theory reduces the worker to an automation. It did not take into account the behaviour pattern of the workers.

The protagonists of this theory exclusively relied upon the values of a disciplined hierarchy. There is hierarchical structure in every organization. But it has been found that excessive dependence on hierarchical structure cannot generate desired results. Peter Self suggested that hierarchy is essential but excessive dependence on hierarchy is not desirable. An organization is to be structured in such a manner as to produce best and desirable results and to achieve this goal, flexibility is to be strictly followed. This implies that when a situation demand a change in structure of hierarchy that shall be welcomed. It has been suggested that the chief executive of the organization will have an opinion ,but his subordinate may differ with him;it may be that the opinion of the subordinate is important and in that case the chief executive should accept the suggestion of his subordinate. But it has been found that the head of the organization neglects the suggestion of the subordinates.

If an organization is indiscriminately divided for the sake of decentralization and division ,but the problem of close relationship among various departments or branches is neglected,the true purpose of the organization will remain unfulfilled. Division of work and specialization both will have their place. But it must be remembered that a business organization is of organic nature and the dependence of one section upon another is not to be ignored.

Scientific management is criticized because of its over-reliance on mechanisms like stop watch. Indeed ,scientific management practical signified mechanisms associated with it,like the timing devices,instruction cards and the use if functional foremen. Taylor's original intention was that scientific management should involve a complete mental revolution,both on the part of management and of the men. But this was obscured and forgotten.

Another weakness of scientific management lay in its focus on quantity,workers were urged to work harder and faster. As a result the worker was deprived of the traditional reward of craftsmanship.

7.10 Conclusion

The ideas of scientific management greatly influenced administrative thoughts and management practices in subsequent years. The conceptual framework adopted later by

the administrative management theorists was derived basically from Taylor's ideas. Taylor's ideas like clear delineation of authority and responsibility, the use of standards in control, separation of planning from operation, the functional organization, incentive system for workers, the principle of management by exception and task specialization greatly influenced management thoughts in later periods. He must be regarded as a pioneer in the study of workers at work. He was the first to initiate the quests for better performance at work. He was also the first to apply quantitative techniques to the study of industrial management.

The scientific management approach became something like a movement. It had a tremendous impact on the industrial practices of Germany, England, France, Japan, erstwhile U.S.S.R and his principles were included in the curriculum of the education and training of engineers. Lenin advocated its use. He observed, "we must introduce the Taylor system and scientific efficiency of labour throughout Russia by combining the system with reduction in working time, with the application of the new methods of production and work organization undetrimental to the labour power in the working population". However, the deficiency was made good later by Hawthorne studies made by a team from the Harvard Business School under the leadership of Elton Mayo which opened out the field of human relations in administration.

7.11 Summing Up

- The scientific approach became very popular as it was considered very useful for an objective and systematic study of public administration. Scholars like Frederick Taylor, Henry Fayol, Max Weber, Mooney, Gulick and Urwick were the forerunners who attempted to conduct a scientific study of administration. Taylor advocated the 'Principles of Scientific Management' for improving productivity and efficiency in organization.
- Taylor was very interested in efficiency. He applied the scientific method to study the optimal way to do any workplace task.
- He believed in the principle: "Best management is a true science"
- The Scientific Management theory stressed rationality, predictability, specialization and technical competence.
- The foremost guiding principle of scientific management is the objective of developing a true science of management. This principle replaces the old rule-

of- thumb method. Taylor pointed out that management is a true science based on fixed laws, rules and principles.

- The theory advocates the need to select only those workers who possess necessary qualifications for the effective performance of the work.
- Taylor's concept of scientific management advocates equal responsibility of the management and workers. He had suggested that the entire volume of work should be distributed among all workers properly.
- The concept of scientificity, rationality and keenness shall be propagated among the workers and they shall be inculcated. The entire workload of the organization shall be overhauled, standardized and be made up-to-date.
- Taylor and his associates namely, Henry Gantt and Frank and Lillian Gilbreth wrote books and articles on the scientific management. These writings had profound impact on industrial structures and practices in the U.S.A and Europe.
- Scientific management is criticized because of its over-reliance on mechanisms.
- The ideas of scientific management greatly influenced administrative thoughts and management practices in subsequent years. The conceptual framework adopted later by the administrative management theorists was derived basically from Taylor's ideas.
- The scientific management approach became something like a movement. It had a tremendous impact on the industrial practices of Germany, England, France, Japan, erstwhile U.S.S.R and his principles were included in the curriculum of the education and training of engineers.

7.12 Probable Questions

Essay Type Questions

- a) Discuss the Scientific management theory of organization.
- b) Critically evaluate Taylor's contribution to the theory of scientific management.
- c) Examine briefly the main features of the scientific management theory.
- d) Discuss the contributions of others alongwith Taylor in the development of scientific management.
- e) Explain the need for scientific management in an organization.

Short Questions

- a) What are the four basic aspects of Scientific Management?
- b) How Taylor propagates the concept of mental revolution?
- c) Best management is a true science- Explain briefly.
- d) Attempt a critical evaluation of Scientific Management Theory.

Short Questions

- a) Who wrote the book 'The Principles of Scientific Management'?
- b) What is the best-known technique of Scientific Management?

7.13 Further Reading

1. Avasthi and Maheswari (1962), Public Administration, Agra: L.N. Agarwal.
2. Bhattacharya, Mohit, (1987), Public Administration, Calcutta: The World Press.

Unit 8 □ Administrative Management (Gulick, Urwick, Fayol)

Structure:

- 8.1 Objective**
- 8.2 Introduction**
- 8.3 Henri Fayol's Concept of Administrative Management**
 - 8.3.1 Division of work or specialization**
 - 8.3.2 Authority and responsibility**
 - 8.3.3 Discipline**
 - 8.3.4 Unity of command.**
 - 8.3.5 Unity of direction.**
 - 8.3.6 Scalar chain**
 - 8.3.7 Centralization**
 - 8.3.8 Order**
 - 8.3.9 Equity**
 - 8.3.10 Remuneration.**
 - 8.3.11 Subordination of individual interest to general interest**
 - 8.3.12 Stability of tenure.**
 - 8.3.13 Initiative**
 - 8.3.14 *Espirit de corps***
- 8.4 Fayol's Advocacy of Five Elements of Management**
- 8.5 Luther Gulick and Lyndall Urwick on Science of Administration**
- 8.6 Critical Appraisal of POSDCORB Formula**
- 8.7 Conclusion**
- 8.8 Summing Up**
- 8.9 Probable Questions**
- 8.10 Further Reading**

8.1 Objective

After going through the unit ,learners will be able to :

- understand the concept of administrative management
- explain the principles recommended by Henri Fayol
- realise the contributions to administrative management theory by Luther Gulick, Lyndall Urwick,J.D.Mooney and A.C.Reiley.

8.2 Introduction

Administrative theory started to develop at the beginning of the twentieth century. Because organizational dynamism began to be felt only around this time. Administrative theory refers to a complex of research findings, propositions, beliefs, views and suggestions. Administrative management theory is used to establish structure,division of labour and proper authority in the most efficient way possible in an organization. It attempts to find a rational way to design an organization as a whole. The theory recommends for a formal administrative structure, a clear division of labour and delegation of power and authority to administrators relevant to their responsibilities. This theory is focused on principles that could be used by managers to coordinate the internal activities of organizations. The most prominent of the theorists was Henri Fayol. He observed a work stoppage and judged it to be a management failure. He believed that organizational managerial practices are important for ensuring efficiency in organizations. While scientific management theory developed principles that could help individual workers perform their tasks more efficiently, the administrative theory focused on principles that could be used by managers to coordinate the internal activities of organizations. Henri Fayol is known as the Father of Management and he developed a general theory of management.

8.3 Henri Fayol's Concept of Administrative Management

Administrative management basically focuses on how a business should be organized and the practices an effective manager should follow. The pioneers of scientific management tried to determine the best way to perform a job,the administrative management explored the possibilities of an ideal way to put all jobs together and operate an organization. Thus the main focus of administrative management is on finding the best way to run organizations. Administrative management is also called traditional principles of management. Henri Fayol ,a French industrialist,is the chief architect and the father of this theory. Other exponents

are Luther Gulick, Lyndal Urwick and Chester Barnard. Some people think Max Weber also had influenced this school. While Henri Fayol's 14 principles of management are still relevant, Max Weber's bureaucracy still has some relevance in medium and large organizations. Weber's bureaucratic management theory is often presented along with the work of administrative management researchers like Henri Fayol, Luther Gulick, Lyndal Urwick.

The administrative theory emphasized management functions and attempted to generate broad administrative principles that would serve as guidelines for the rationalization of organizational activities. Fayol believed that techniques of effective management could be defined and taught that management organization holds as much importance as workers organization. He for the first time, identified the functions of management. Fayol, a French Engineer who was chief executive of a large coal and steel combine from 1888 to 1918, was one of the earliest writers on the general theory of management. He believed that there was a single 'administrative science' whose principles were applicable not only to business but also to government, religious and other organizations. In 1916, he published a paper entitled 'General and Industrial Management' which was later published as a book. Even now, this is considered one of the classics of management thought. Fayol believed that knowledge of administration rather than technical knowledge is needed at higher levels of an organization. He defined the primary functions of administration as: to plan, to organize men and materials, to command or to tell the subordinates their functions, to coordinate and to control. For the guidance of practising administrators, he laid down a number of principles. The most well known principle recommended by Henri Fayol are:

8.3.1 Specialization

Specialization belongs to the natural order, and it increases efficiency. He has suggested that the entire volume of work is to be divided among the workers for the purpose of specialization and to attain best results. If a person is entrusted with a particular work the success or failure can easily be located. But the division of work cannot be applied to every piece of work, it has its own limitations and Fayol was aware of it.

8.3.2 Authority and Responsibility

Authority is the right to issue orders which the subordinates are bound to obey. This means that when a person holds a high position in an organization he enjoys authority which means he is empowered to do some work. It also means that he takes decision which means he has responsibility. So authority should be equal to responsibility.

8.3.3 Discipline

It is a broad term and means several things. For example, it means obedience to law or principles, to show respect to higher authority, to obey rules and carry out the order of higher authority, to observe the agreements and various principles. If the workers refuse to carry out the order of higher authority it would create an intolerable situation in the management. In order to ensure discipline there shall exist specific rules. It is absolutely essential for the smooth functioning of the organization.

8.3.4 Unity of Command

This has been interpreted in three different ways:

- (a) It means that all the units of an organization should be integrated under the authority of one head.
- (b) It means that there should be only one person and not a body of persons at the top of an organization and all lines of authority should concentrate in his hand.
- (c) It means that no individual employee should be subject to the orders of more than one immediate superior.

The last interpretation has been widely accepted. As far as other interpretations are concerned, they do not truly bring out the meaning of unity of command.

Unity of command, therefore, means that each individual employee shall have only one man as his superior or 'boss' and shall receive orders only from him. If he gets orders from more than one officer, it may become difficult for him to discharge his duties. He will be in great difficulty, if he receives conflicting orders from his superiors. The superiors too can be put to hardship because he can easily play off one superior against the other. All this may result in confusion and chaos in administration. Responsibility can be fixed up only if we know the authority rests and this is not possible if the authority stands divided. Thus the advantages of unity of command are: absence of conflict in orders; exercise of effective supervision over the employee and clear fixation of responsibility.

However, in practice, we find significant exceptions to this principle. It is usually seen that individual employee is subject to a dual command. He receives orders not only from the administrative side but also from his professional or technical side. For example, administratively, a doctor employed in a local body is under the administrative control of the chairman of local body but professionally he is under the state director of public health.

8.3.5 Unity of Direction

It means that in one section or plan there shall exist only one head or one manager who will issue order. So in managerial system one section will be managed and headed by only one person who will have full responsibility regarding the management of the organization and he will have ability to manage. For any group of activities with an identical objective, there should be, one head and one plan'. This principle emphasizes the need for coordination at higher levels.

8.3.6 Scalar Chain

All employees of an organization shall be connected in a single line so that the person holding the highest position can easily communicate with the man of the lowest rank. This system would facilitate the functioning of the management. It means the chain of superiors from the top most authority to the lowest rank in an organization.

8.3.7 Centralization

It means the concentration of formal authority at the top level of an organization. It is the opposite of dispersal, delegation and decentralization of authority. It means the concentration of power or authority. The lower level personnel are busy with routine work of the administration.

8.3.8 Order

Fayol defined order as the right man in the right place. An object or thing should be placed in proper place and an employee should be placed in proper position. Because wrong placement of persons create indiscipline and chaos in the organization.

8.3.9 Equity

Justice tempered with kindness is called equity. Equity is a branch of law that developed alongside common law in order to remedy some of its defects in fairness and justice. All members of the management must follow this principle. The authority must be impartial in its attitude and behaviour towards its employees. On the other, the employees and workers must also follow this principle. If this principle is violated that will cause harm on justice and management.

8.3.10 Remuneration

The remuneration of employees shall be fair and satisfactory. Every person in the management shall be given proper remuneration which means that the salary given to an

employee must be proportionate to the work he performs. If the employee feels that the payment is less than his work, that will be the source of dissatisfaction in his mind. He will not be serious about his work. Keeping this in mind, Fayol has suggested proper remuneration. Wage and salary should be fair and should be adjusted to circumstances and the value of the employee.

8.3.11 Subordination of Individual Interest to General Interest

The interest of one employee or a group of employees should not prevail over that of the concern. Some people, while associated with the organization may have personal interests which are against the general interests. Fayol has suggested that for the better interests of the management, general interests shall be given priority over the private interests. Fayol was aware that the execution of this principle is very difficult. In spite of this, arrangements may be made for its execution.

8.3.12 Stability of Tenure

Managers and employees need time to learn their jobs. So stability of tenure of personnel is necessary, employees must be sure of the tenure. If the employees find that there is no job security they cannot devote energy and interest for the development of the organization.

8.3.13 Initiative

The employees shall have enough freedom to initiate new proposals for the benefit of the management. The energetic employees may be eager to initiate new methods and proposals for the general improvement of the management. If the proposals are good, the employee must be encouraged and properly rewarded. Fayol said that managers should always encourage. Managers must not have any ego to inspire confidence in the lower ranks so that all levels show initiative.

8.3.14 *Espirit de corps*

Every employee must think himself as integral part of the management. Fayol emphasized on the need for teamwork and healthy interpersonal relationships. All must cooperate and everyone is indispensable for the organization. He cautioned managers against divide and rule, and abuse of written communications. Oral directions are to be given, because face-to-face contacts facilitate speed, harmony and clarity.

Administrative Management Theory was based on these fourteen principles of Fayol. He was concerned with management and the tasks of manager. Having written and published

a number of significant papers in the fields of mining, metallurgy and geology, he for the first time spoke publicly on the subject of administration and management at the closing session of the International Mining and Metallurgical Congress in Paris., 23 June, 1900. These are interesting because they indicate his awareness of the importance of the administrative dilemma.

The administrative function has many duties. It has to foresee and make preparations to meet the financial, commercial and technical conditions under which the concern must be started and run. It deals with the organization, selection and management of the staff. It is the means by which the various parts of the undertaking communicate with the outside world. Even if a firm has perfect machinery and manufacturing processes, it will fail if it is run by an inefficient staff.

He also observed that all employees have some administrative duties: the operative worker exercising a few, but as one moved up in the hierarchy the time spent on administrative matters increased continually. The success of the organization depends upon the wise exercise of administrative abilities. From his experience he also indicated that a manager needs to know how to communicate with the “outside worlds” knowing about agreements, legal requirements and other external factors affecting the organization.

8.4 Fayol’s Advocacy of Five Elements of Management

Fayol’s studies are primarily focused on the ‘Managerial Activity.’ He identified five major elements of management that depict the expected behaviours that managers should engage in to achieve the business objectives of the organization effectively. The five elements of management are mentioned below

- **Planning**

Planning is the most important managerial function. It is a future-oriented exercise to creating a business plan, determining different stages to execute and track the plan and define the technology and resources necessary to implement the plan. Planning is about identifying in advance what needs to be done, how and what are the responsibilities and time for execution. The outcome of the planning function is logical goals and their timelines. Managers should engage in both short-term and long-term planning. Planning is even more necessary and much more difficult to achieve when the organization is larger and when the cycles of production and consumption are longer. It is very necessary to make plans

and programmes for longer periods. It is indispensable to avoid being diverted from the goal and to ensure all efforts converge towards the goal for longer period. One cannot anticipate with precision everything which will happen over a longer period, but one can minimize uncertainty and carry out one's program.

- **Organizing**

Once a plan of action is designed, managers have the visibility of what is expected and by when. They need to solve for resources and assign them appropriate tasks. They need to focus on providing everything necessary to carry out the plan, including raw materials, machinery and tools, capital and human resources. They must identify and establish responsibilities for each of the departments or divisions and specifying organizational relationships.

- **Commanding**

Managers need to implement the plan by efficiently utilizing the allocated resources. They must understand the strength and weaknesses of the workforce and limitations of the resources. Managers must lead and motivate employees to achieve the goals of the organization. Employees may require the proper allocation of resources and an effective support system and supervision.

- **Coordinating**

Organizations are interdependent systems and need coordination among different departments. Manager's primary responsibility is to harmonize all required activities across different functions to facilitate and ensure organizational success as per plan. Managers are needed to synchronize the elements of the organization and must take into account the delegation of authority and responsibility and span of control within units.

- **Control**

The final element of management as described by Fayol involves the comparison of the activities of the personnel to the plan of action. Control function ensures that tasks have been completed with required quality in all area and helps to identify deviations if any from the organizational plan. This ensures quality performance with regard to business objectives and satisfactory results while maintaining an orderly environment. It includes information management, measurement of performance and the institution of corrective actions.

8.5 Luther Gulick and Lyndall Urwick on Science of Administration

After Fayol, his line of thought was further elaborated by other writers during the 1920s and 1930s. Luther Gulick and Lyndall Urwick had wide experience in industry and government. Inefficiency at the municipal level in the U.S.A. was severely criticized as city administration suffered badly under the spoils system and incompetent political authority. Municipal reform movement was extended to state and federal levels and the reformers sought to justify administrative changes in terms of the principles of administration. In 1937, Gulick and Urwick edited *Papers on the Science of Administration*, which was a report to President Roosevelt's Committee on Administrative Management. They said, "It is the general thesis of this paper that there are principles which can be arrived at inductively from the study of human organization which should govern arrangements for human association of any kind. These principles can be studied as a technical question, irrespective of the purpose of the enterprise, the personnel comprising it, or any constitutional, political or social theory underlying its creation."

Administration is a science and the principles are universally applicable. Gulick and Urwick prescribed seven principles of administration that are expressed as POSDCORB (planning, organizing, staffing, directing, coordinating, reporting and budgeting). In 1937, POSDCORB contributed a lot to the understanding and management of public administration. The condition of public administration was not satisfactory at that time. In order to make public administration suitable for the proper management of an organization, they prepared this formula.

Gulick and Urwick have said that for the proper management and development it is necessary that planning must be done. Every part of the organization must be prepared for planning. There are different parts of every organization and all of them shall be brought under one umbrella-management and this is called organizing. The authors of the principles have focused on the staffing which means that a developing firm will need more and more workers. They said that efficient and able persons are to be appointed in the organization and each worker shall be appointed in the right place, so that he can perform his duties with utmost efficiency. This is known as staffing. Another principle is directing. The higher authority shall issue directions to the subordinates from time to time. If he finds any discrepancy in the management he will issue direction to rectify it and issue new directions. Coordinating is another principle of any organization because there are several parts. If

different parts work independently and do not consider the problem of other sections, that will create problems.

The preparation of the progress of activities is called reporting. The officers will report to the authority about the working of the organization. If any drawback is noticed in the report it should be rectified.

Finally, the preparation of the budget is essential. Income and expenditure must be carefully scrutinized and the future of an organization depends on proper budgeting.

Two General Motors executives in the U.S.A., James D. Mooney and Alan C. Reily, made important contributions to administrative management theory. They focused on four major principles: (a) the principle of coordination in pursuit of unity of action, (b) the scalar principle emphasizing hierarchy in organizational design, (c) the functional principle to be followed in organizing tasks into departments., (d) the staff principle for giving advice and information alongside line management for the exercise of authority.

8.6 Critical Appraisal of POSDCORB Formula

POSDCORB formula created enthusiasm among some public administrationists and earned popularity. But subsequently it faced criticisms. All organizations are full of variety and differences. These cannot be managed by certain fixed principles. The problems of each organization shall be dealt with in different ways. POSDCORB principles do not help in this regard. The peculiarity of each organization is to be dealt with differently. Experts comment that POSDCORB is only one aspect of an organization and the other aspect is thorough knowledge and experience about the organization.

It has been pointed out by the critics that this formula may have relevance for the military department which is guided by strict principles, but these may not be effective for general administration. Because military administration and general administration are managed by separate principles. Moreover, the commercial organizations and government departments are administered by different principles and policies. This may not be fully applied in state administration. Here, politicians play an important role.

It is difficult to link personal staff assistance preferred by Gulick, Urwick and others with the POSDCORB functions. The functions can be made operational if they are institutionalized, that reduces the element of purely personal assistance. The modern chief executives do not intend to confine themselves within POSDCORB formula. Everything of an organization is generally performed by the subordinates and the chief executive performs

the supervisory role. If any chief executive tries to confine himself within the formula the smooth management will face problems.

8.7 Conclusion

There was a time when the POSDCORB was very popular and many organizations sincerely tried to follow this formula. But the management of any organization does not always move along any definite formula or line. If situation changes or new problems arise the head of the organization faces the problem and adopts measure for the benefit of the organization. Many large organizations of U.S.A. and U.K. do not rely upon this formula. But the limitation does not mean its uselessness. In spite of limitations it is an important stage of the evolution of public administration. Henri Fayol is perhaps the most prominent exponent of structural principles of formal organization. He recognized administration as a distinct, separate activity of an organization.

8.8 Summing Up

- Administrative management theory is focused on principles that could be used by managers to coordinate the internal activities of organizations. The most prominent of the theorists was Henri Fayol.

Other exponents are Luther Gulick, Lyndal Urwick and Chester Barnard.

- In 1916, Fayol published a paper entitled 'General and Industrial Management' which was later published as a book. Even now, this is considered one of the classics of management thought. Fayol believed that knowledge of administration rather than technical knowledge is needed at higher levels of an organization. He defined the primary functions of administration as: to plan, to organize men and materials, to command or to tell the subordinates their functions, to coordinate and to control.
- The most well known principle recommended by Henri Fayol are: division of work, authority, discipline, unity of command, unity of direction, priority of general interest over the private or individual interest, fair remuneration of the employees, centralization, scalar chain, order, equity, stability in tenure, initiative and *esprit de corps*.
- Fayol studies primarily focused on the 'Managerial Activity.' He identified five major elements of management that depict the expected behaviours that managers

should engage in to achieve the business objectives of the organization effectively.

The five elements of management are:

- Planning
 - Organizing
 - Commanding
 - Coordinating
 - Controlling
- After Fayol, his line of thought was further elaborated by other writers during the 1920s and 1930s. Luther Gulick and Lyndall Urwick had wide experience in industry and government. In 1937, Gulick and Urwick edited Papers on the Science of Administration, which was a report to President Roosevelt's Committee on Administrative Management.
 - Gulick and Urwick prescribed seven principles of administration that are expressed as POSDCORB (planning, organizing, staffing, directing, coordinating, reporting and budgeting). In 1937, POSDCORB contributed a lot to the understanding and management of public administration.
 - Two General Motors executives in the U.S.A., James D. Mooney and Alan C. Reily, made important contributions to administrative management theory. They focused on four major principles: (a) the principle of coordination in pursuit of unity of action, (b) the scalar principle emphasizing hierarchy in organizational design, (c) the functional principle to be followed in organizing tasks into departments, (d) the staff principle for giving advice and information alongside line management for the exercise of authority.
 - POSDCORB formula created enthusiasm among some public administrationists and earned popularity. But subsequently it faced criticisms. In spite of limitations it is an important stage of the evolution of public administration.

8.9 Probable Questions

Essay Type Questions

- a) Attempt a critical evaluation of the Administrative Theory of Management
- b) Discuss the contributions of Henri Fayol, Luther Gulick and Lyndall Urwick in Public Administration.

- c) Do you consider POSDCORB as an important stage of the evolution of Public Administration ? Argue your case.
- d) Why Henri Fayol is famous in the history of Public Administration.? Explain in detail.
- e) Critically discuss the practical principles for proper management of an organization.
- f) Do you think POSDCORB formula constitutes an important stage of the development of Public Administration ? Give reasons.

Short Questions

- a) What do you mean by administrative management
- b) Briefly state the fourteen principles meant for the proper management of an Organization.
- c) Explain Henri Fayol's Unity of Command.
- d) Why Henri Fayol is famous in the history of Public Administration.? Explain in detail.

Objective Questions

- a) Who is known as the Father of Management?
- b) Who developed the 14 principles of management?
- c) In which year was the article 'General and Industrial Management' published?

8.10 Further Reading

1. Avasthi and Maheswari (1962), Public Administration, Agra: L.N.Agarwal.
2. Bhattacharya, Mohit, (1987), Public Administration, Calcutta: The World Press.
3. Bhagwan, V. and Bhushan,V. (1961), Public Administration, New Delhi: S. Chand and Company.

Unit 9 □ Bureaucracy: Karl Marx

Structure:

- 9.1 Objective**
- 9.2 Introduction**
- 9.3 Meaning of Bureaucracy**
- 9.4 Types of Bureaucracy**
 - 9.4.1 Bureaucratic system**
 - 9.4.2 Aristocratic system**
 - 9.4.3 Democratic system**
 - 9.4.4 The Guardian Bureaucracy**
 - 9.4.5 Class Bureaucracy**
 - 9.4.6 The Patronage Bureaucracy**
 - 9.4.7 Merit Bureaucracy**
- 9.5 Karl Marx on Bureaucracy**
- 9.6 Marxian view of Democracy as an Instrument of Exploitation**
- 9.7 Lenin on Bureaucracy**
- 9.8 Conclusion**
- 9.9 Summing Up**
- 9.10 Probable Questions**
- 9.11 Further Reading**

9.1 Objective

After reading this unit learners will be able to:

- Know the definition of bureaucracy
- Understand the features of bureaucracy
- Understand Karl Marx's views on bureaucracy

9.2 Introduction

Bureaucracy constitutes the permanent and professional dimension of the executive. It is usually described as the non-political or politically neutral, permanent and trained executive which runs the administration according to the policies laid down and the control exercised by the political executive. The quality, efficiency and success of the state administration depends upon the quality and efficiency of the bureaucracy. The term bureaucracy is used in a narrow sense to denote those important public servants who occupy higher level positions in the administrative hierarchy and perform policy making, coordination, supervising and controlling functions in the system of administration. Bureaucracy first originated in France and was invented by Vincent de Gournay in the eighteenth century defines bureaucracy as the civil servants, the administrative functionaries who are professionally trained for the public service and who enjoy permanence of tenure, promotion within service-partly by seniority and partly by merit. Max Weber defines bureaucracy a system of administration characterized by expertise, impartiality and absence of humanity.

9.3 Meaning of Bureaucracy

Bureaucracy as an indispensable vehicle of political authority has been a subject of interest to political scientists and public administrationist for long. Max Weber was the first to call bureaucratization an inevitable process by emphasizing the indispensability of bureaucracy for the rational attainment of goals of any organization in modern industrial society. Modern society with its growing complexities necessarily gives rise to bureaucratization. According to Max Weber, bureaucracy have the following characteristics:

1. There will be fixed areas of official jurisdiction regulated by specific laws or regulations. Here an individual occupies a position with clearly defined powers.
2. Offices are organized in terms of a clear hierarchy of authority.
3. Administration is based on written documents and conducted according to procedures that require special training.
4. Recruitment in the bureaucracy is made on the basis of achievement rather than ascription. The qualification is tested by examination.
5. The appointed official is subject to strict discipline.
6. The administrators view their work as a career where promotion is governed by seniority or merit and salary is given according to rank.

9.4 Types of Bureaucracy

There are different types of bureaucracy which have been in existence since the birth of administration. These can be grouped into three systems which can be explained in the following way.

9.4.1 Bureaucratic system

Bureaucratic system is any personnel system in which employees stand classified in a system of hierarchically composed system of administration. However, in a narrow and restricted sense, bureaucratic system is used to identify the civil servants who are hierarchically organized and who stand outside the sphere of effective public control and responsibility.

9.4.2 Aristocratic system

Under Aristocratic bureaucracy, the civil servants are considered as a distinct class of people, professional, expert, trained and career conscious class of people. They are recruited through special examinations. In such a bureaucracy, a distinction is made between different grades of personnel. The mobility from lower level to the higher level is kept strictly limited.

9.4.3 Democratic system

Democratic bureaucracy is open to all. The class division in the administrative hierarchy is not very rigid here. The lower level officials can get promotion to the higher levels if their work fulfills the required standards. This type of bureaucracy is found in developed western liberal democratic systems like the U.S.A, U.K. and also India and other democratic countries.

On the other hand, F.M. Marx suggests four types of bureaucracy:

9.4.4 The Guardian Bureaucracy

It is a bureaucracy of the traditional classical type in which the public service acts as the guardian of the public, but is not responsible. It is created and maintained by the rulers.

9.4.5 Class Bureaucracy

It is confined to certain classes and class connections.

9.4.6 The Patronage Bureaucracy

In this system, bureaucracy is recruited by the elected executive with a view to reward its supporters. Traditionally, the US President used to appoint a very large number of officials of his choice and it is called the Spoils System. Now, most of the civil servants are recruited on merit, the Spoils System also continues in a limited manner.

9.4.7 Merit Bureaucracy

In this type, recruitment is done through open competitions and interviews and merit is used as the sole criterion for selecting the personnel.

9.5 Karl Marx on Bureaucracy

Marx did not build up a comprehensive theory of bureaucracy because his primary concerns were, the development of capitalism, the extent of exploitation of the working class and the emancipation of the working class. He studied the development of capitalism in some major capitalist countries of Western Europe and observed how the capitalist states were administered. He saw that bureaucracy is not only a mode of public administration but also an instrument of the ruling class. In the Manifesto of Communist Party Marx and Engels wrote: “The executive of the modern state is a committee for making the common affairs of the bourgeoisie.” They did not directly refer to bureaucracy but in all capitalist countries the executive power is vested in the hands of a group of administrators who are called bureaucrats and they represent the interests of the capitalists.

According to Marx, the rise of bureaucracy is closely associated with the rise of state and Marx and Engels have focused this issue in The German Ideology. “By the mere fact that it is a class and no longer an estate, the bourgeoisie is forced to organize itself no longer locally, but nationally, and to give a general form to its average interests. Through the emancipation of private property from the community, the state has become a separate entity, alongside and outside civil society, but it is nothing more than the a form of organization which the bourgeoisie compelled to adopt, both for internal and external purposes, for the mutual guarantee of their property and interest.”

9.6 Marxian view of Democracy as an Instrument of Exploitation

Marx wrote in The Eighteenth Brumaire of Louis Bonaparte, “The executive power within enormous bureaucratic and military organization, with its ingenious state

machinery, embracing wide strata, with a host of officials numbering half a million, besides an army of another half a million, this appalling parasite body, which enmeshes the body of French society like a net and chokes all its pores, sprang up in the days of absolute monarchy". From these quotations Marx's thought on bureaucracy is clear. He was sure that the rise of bureaucracy and growth of bourgeoisie are integrally connected. Bureaucracy was not simply a mode of administration but an instrument of exploitation.

Marx observed that in France and several other states of Europe the entire state administration was run by the bureaucrats and they were dictated by the king or any type of dictator. He frequently used the phrase bureaucratic phenomenon. During and after the French Revolution the bureaucracy had facilitated the class rule of the bourgeoisie. It continued to be the instrument of class under Louis Philippe and the parliamentary republic. There was apparent independence of the state under Second Bonaparte. But Bonaparte represents a class—the most numerous class of French small-holding peasantry. Marx called the executive body in France an appalling, parasitic body.

In primitive and slave societies there was no existence of state and bureaucracy. Therefore, the system of bureaucracy was created by a group of men who controlled the state. Their sole aim to ensure the good management of state so that the capitalists can exploit the working class without any problem. In the German Ideology Marx and Engels have thrown light on this aspect when he wrote that the state is the form in which the individuals of a ruling class assert their common interests. According to Marx and Engels, the emergence of state and rise of bureaucracy are inseparable from each other. Marx said that during feudal period there was a clear existence of state but it had no separate and powerful existence of bureaucracy. As Marx and Engels said that in capitalism, state came to establish its separate existence and capitalists encouraged this. But subsequently the capitalists realized that in its attempt to safeguard its profit motive the help of state was necessary. It also thought that the state must be brought under proper administration. Bureaucracy was the consequence of this plan. An unholy nexus was created between the state and the capitalists.

Marx observed that Louis Bonaparte was gradually accumulating more and more power and in this process he was assisted by bureaucracy and military. The bureaucracy helped to make and execute laws and to strengthen the base of despotism. It became an indispensable part of his administration. In the German Ideology Marx and Engels saw that in most of the states in Germany, bureaucracy was acquiring more and more power and independence.

Marx thought that bureaucracy in a capitalist system is a party to exploitation and consider it as part and parcel of the capitalist state structure. Bureaucracy helped the bourgeois state in its activities of exploiting the working class. He concluded that the bureaucratic system in the contemporary states was not neutral at all. Criticizing Hegel's philosophy of Right Marx said, "The bureaucracy has the essence of the state." Thus bureaucracy not only ensures class rule but the capitalist class uses it to establish its supremacy in all sections of the state. It cannot be separated from the state system. In its critique Marx openly questioned Hegel's political theory and idolization of the state. Considering bureaucracy as a bridge between the state and civil society, Hegel regarded bureaucracy as the medium through which particular interests were translated into general interests. Marx argued that bureaucracy does not know better, since hierarchical and functional differentiation leads to a mere combination and mutual reinforcement of incompetence. The superior does not know the specifics of each case, the subordinate does not know the general principles. Bureaucracy as a whole has a corporate particular interest to defend. Information and other resources are manipulated to serve the private ambitions of individual careerists and competition for power among rival bureaucratic cliques. So bureaucracy symbolizes the particularization or privatization of the civil society.

Hegel believed that the bureaucracy could solve the conflict between state and civil society. Marx opposed this view. What began as Hegel's prescription for conflict resolution ended with the domination of individual and groups by the state and the bureaucracy will safeguard the interest of the economically dominant class. It is an institution for class domination and a class organ. To Hegel, bureaucracy is a means to an end for the people, while to Marx, it is the means which serves the interests of the economically dominant class. The bureaucracy possesses the power of the state and at the same time is possessed by it.

Marx's conception of bureaucracy is that it represents the economically dominant society standing above society but at the same time alienated from society. This alienation is not only undesirable but also self-destructive. The state bureaucracy is historically an alienated organizational form which tends to come into contradiction with the social forces that gave rise to it.

According to Marx, the bureaucracy is bearer of private interests and a reinforcer of private spirit in the society as a whole. The bureaucracy may claim a monopoly of the

public spirit-a monopoly of public resources. Ralph Miliband in his *The State in Capitalist Society. The Analysis of Western System of Power* said that the political leaders of advanced capitalism have clear party colour, the bureaucrats are neutral or are supposed to be neutral. The civil servants or bureaucrats are neutral in the capitalist countries. But Miliband does not accept this view about bureaucracy in capitalist countries. This neutrality is a myth. Miliband observed that they play an important part in the process of governmental decision making. The bureaucrats of capitalist countries are indispensable parts of administration and they are part of politics.

Marx observed that bureaucracy in the Feudal-Capitalist Prussian situation, is a form of society dominated by the state, and its tendency is to separate itself from the content. It assumes a 'formalism' and presents itself as a superior consciousness-as the will of the state. Thus a particular interest claims to be universal while the general interest is reduced to the status of special interest. It also creates an illusion that the state is indispensable and rational. Examinations for recruitment do not reflect any objective bond between the individual and the state; rather they emphasize the need for a dual knowledge-one for civil society and one for the state.

The bureaucrat cannot be a rational actor in terms of competence. The hierarchy of structure means a hierarchy of knowledge. Comprehensive knowledge is not possible in a situation where knowledge is deliberately split up. The real things are treated according to bureaucratic perceptions.

Bureaucracy changes knowledge into secrecy and competence into mystery. Its functioning are surrounded by secrecy. The higher officials do not reveal their secrets to their subordinate, while its closed character protects its secrets from outsiders. The bureaucratic mentality expresses itself fully in the worship of authority.

While making policy and implementing it they claim they are neutral. Miliband wrote that this notion of neutrality which is often attached to it is misleading, if the manner in which the power is exercised is considered. In every advanced capitalist country the bureaucrats have occasionally played a notable part in social and administrative functions. The civil servants are very often protectors and propagators of private capitalism and this has expanded further due to globalization. Miliband said that after the World War II a close nexus developed between top civil servants and corporate capitalism.;and bureaucracy and its role in advanced capitalism. Miliband said that bureaucracy is a great supporter of corporate capitalism.

Marx did not engage in detailed discussions on bureaucracy. He was more and more concerned with the developed capitalism, where bureaucracy had to act formally and negatively. His earlier observations contain the elements of a bureaucratic theory that is useful in explaining this institution in many of the developing countries.

9.7 Lenin on Bureaucracy

Lenin in his *The State and Revolution* has discussed bureaucracy. Like Marx and Engels, Lenin believed that bureaucracy was an instrument used by the bourgeoisie to exploit the common people, particularly the working class. But in this affair the bureaucracy is not alone, it performs this in collaboration with the military. Lenin quote from Marx's letter to Kugelmann written on April 12, 1871 in which Marx wrote "the next attempt of the French Revolution will no longer, as before, to transfer the bureaucratic military machine from one hand to another but to smash it." Lenin accepted this view of Marx that both bureaucracy and military are the two arms of capitalist government and the chief aim of the revolutionaries would be to smash it.

Lenin said that the real aim of the revolutionaries would be to smash or destroy the military and bureaucratic alliance so that they cannot get any scope to exploit the working class. He realized that there was utility of bureaucracy and other forms of bourgeois administration. The instruments of older administration need to be utilized for the protection of proletarian interests. Lenin did not want to destroy the bureaucratic system of bourgeois administration but to keep it for the use and benefit of proletarian rule. Lenin realized the importance of state administration in general and bureaucracy in particular and for that reason he did not suggest the abolition of bourgeois administrative system of which the bureaucracy constitutes the chief part. He realized the importance of bureaucracy in administration. But this must be used for the interest of the proletariat. The function and character of bureaucracy must be changed for the benefit of the working class.

9.8 Conclusion

Marx concluded that class conflict has undermined the unity of the society and the instruments of political power are created to safeguard the economic power of the propertied. As the coercive and repressive functions of the bureaucracy become more visible, the intensity of class conflict will increase and with it the danger of revolution. Therefore,

according to Marx and Engels, the abolition of the state involves three steps: the overthrow of the bourgeois state by revolution, the establishment of dictatorship of proletariat, and the withering away of the state. Marx explicitly opposed the bureaucratic structure in the state and observed that such a structure would ultimately destroy the developmental process and stability in the polity.

9.9 Summing Up

- Bureaucracy as an indispensable vehicle of political authority has been a subject of interest to political scientists and public administrationists for long. Max Weber was the first to call bureaucratization an inevitable process by emphasizing the indispensability of bureaucracy for the rational attainment of goals of any organization in modern industrial society.
- Marx did not build up a comprehensive theory of bureaucracy because his primary concerns were, the development of capitalism, the extent of exploitation of the working class and the emancipation of the working class.
- In the Manifesto of Communist Party Marx and Engels wrote: “The executive of the modern state is but a committee for managing the common affairs of the bourgeoisie.”
- According to Marx, the rise of bureaucracy is closely associated with the rise of state and Marx and Engels have focused this issue in *The German Ideology*.
- Marx thought that bureaucracy in a capitalist system is a party to exploitation and consider it as part and parcel of the capitalist state structure. Bureaucracy helped the bourgeois state in its activities of exploiting the working class. He concluded that that the bureaucratic system in the contemporary states was not neutral at all.
- According to Marx, the bureaucracy is bearer of private interests and a reinforcer of private spirit in the society as a whole. The bureaucracy may claim a monopoly of the public spirit—a monopoly of public resources.
- Marx observed in *The Eighteenth Brumaire of Louis Bonaparte* that the rise of bureaucracy and growth of bourgeoisie are integrally connected. Bureaucracy was not simply a mode of administration but an instrument of exploitation.

- The bureaucrat cannot be a rational actor in terms of competence. The hierarchy of structure means a hierarchy of knowledge. Comprehensive knowledge is not possible in a situation where knowledge is deliberately split up.
- The civil servants are very often protectors and propagators of private capitalism and this has expanded further due to globalization.
- Marx did not engage in detailed discussions on bureaucracy. He was more and more concerned with the developed capitalism, where bureaucracy had to act formally and negatively.

9.10 Probable Questions

Essay Type Questions

- a) “Karl Marx’s interpretation of bureaucracy was rooted in the history of the nature of the state.” Evaluate.
- b) Attempt a critical analysis of Marx’s and Lenin’s theories of bureaucracy.
- c) Critically examine how the rise of bureaucracy and growth of bourgeoisie are integrally connected ?
- d) “The executive of the modern state is but a committee for managing the common affairs of the bourgeoisie.” Discuss Marx’s concept of bureaucracy in the light of this statement.
- e) Bureaucracy was not simply a mode of administration but an instrument of exploitation. Explain

Short Questions

- a) What are the characteristics of bureaucracy?
- b) What are the different types of bureaucracy?
- c) Briefly discuss Ralph Miliband’s views on bureaucracy.
- d) Do you consider bureaucracy as a neutral institution? Explain.

Objective Questions

- a) Who wrote the book ‘The Eighteenth Brumaire of Louis Bonaparte’?
- b) Who were the authors of the “Manifesto of Communist Party”?

9.11 Further Reading

1. Bhattacharya, M. (1987), *Public Administration*, Calcutta: The World Press.
2. Henry, N. (2010), *Public Administration and Public Affairs*.
3. Marx, K. (1978), *The Eighteenth Brumaire of Louis Bonaparte*, Peeking: Foreign Languages Press.

Unit 10 □ Ideal -type Bureaucracy (Max Weber) Post Weberian Model of Bureaucracy

Structure:

- 10.1 Objective**
- 10.2 Introduction**
- 10.3 Definition of Bureaucracy**
- 10.4 Max Weber's Theory of Bureaucracy**
- 10.5 Features of Max Weber 's Theory of Bureaucracy**
- 10.6 Max Weber's Concept of Three types of Authority**
- 10.7 David Beetham's Observation on Max Weber's idea of Bureaucracy**
- 10.8 Critical Observation on Weberian concept of Bureaucracy**
- 10.9 Post Weberian Model of Bureaucracy**
- 10.10 Conclusion**
- 10.11 Summing Up**
- 10.12 Probable Questions**
- 10.13 Further Reading**

10.1 Objective

After going through this unit learners will be able to :

- know the concept of bureaucracy
- understand Max Weber's views on bureaucracy
- explore post Weberian changes

10.2 Introduction

Bureaucracy is a form of government in which most of the decisions are taken by state officials rather than elected representatives. So bureaucracy is a form of government managed by some officers. Several states and administrative systems have accepted it and

used it for the management of their public administration. In older times the bureaucrats or government employees were termed as employees of the king. Because there was no existence of elected government. Sovereign power was in the hands of the king and his chosen persons to run the administration. Later the kingship and the system of selecting government officials underwent changes and bureaucracy is one of the such changes. In the context of the growth of bureaucracy we can remember Jeremy Bentham. After the Industrial Revolution, disintegration of feudalism and breakdown of aristocracy there emerged a new class known as middle class. Bentham thought that this new class was eager to participate in the administrative functions of the state.

The Industrial Revolution created capitalism and the new class, bourgeoisie. Both capitalism and bourgeoisie had a strong desire to exert influence upon state administration and they felt the necessity of sending efficient administrators to the key sectors of administration. Both the state and bourgeoisie strongly felt the necessity of a powerful and able administrative class. The rise and growth of parliamentary system was also responsible for the growth of bureaucracy. The parliamentary system created a dichotomy between politics and administration. In such a system, bureaucracy is its normal product.

10.3 Definition of Bureaucracy

H. J. Laski defined bureaucracy is the term usually applied to a system of government, the control of which is completely in the hands of officials that their power jeopardizes the liberties of the ordinary citizen. Marshall E. Dimock observed that bureaucratization means specialization, hierarchies and long lines of communication. Max Weber portrays it as a “system of administration characterized by impartiality, expertness and the absence of humanity” Technically the term is used in two senses. In a larger sense it is used to describe any personnel system where the employees are classified in a system of administration composed of a hierarchy of sections, divisions and departments. In its restricted sense it is used to describe a body of public servants organized in a hierarchical system which stands outside the sphere of effective public control. Bureaucracy is a system of administration in which professional class of expert civil servants administers the affairs of the state in an impartial manner and is organized in an hierarchical way.

10.4 Max Weber’s Theory of Bureaucracy

Bureaucracy is an indispensable part of political authority, an essential part of the state machinery. Any discussion on bureaucracy cannot begin without a knowledge of Max

Weber who was the first to free this institution from its pejorative connotations and viewed bureaucratization as an inevitable process by focusing on the indispensability of bureaucracy for the rational attainment of goals of any organization in modern industrial society. The modern society with its increasing complexities and its expansive structure necessarily gives rise to bureaucratization. The complex structure of modern society, therefore demands formal rules, a formal authority with designated powers, a precise delimitation of interests and benefits, a clear division of labour in which the function of each unit is specified that is, bureaucratization.

Max Weber not only formulated his concept theoretically and established the connection of bureaucracy as an administrative organization with politics and society, but also a degree of clarity and sophistication. In his definition he was concerned with the mode of administration and the type of administrators. He could not accept the illiberal thought and actions of some European leaders. Weber shared the conviction of the German liberal bourgeoisie that constitutional monarchy was the most acceptable model from the view point of legitimacy, political succession and implementations of the imperialist policy of strong state. The political and economic condition of Germany forced Weber to think of a powerful German state. He believed that for a strong state a strong administration was required, a well built bureaucracy could ensure this. Though he was liberal he strongly advocated for a constitutional monarchy. He observed that British monarchy did not stand on the way of progress of democracy. Weber thought that for any form of government, administration was indispensable and bureaucracy is indispensable for running the administration. He observed that a well trained administrative staff must be built up. They must have both legitimacy and power. The government will exercise its domination through the administrative staff and people cannot object because they have legitimacy.

Weber observed that the administrative structure of European states was becoming more and more complex and it could not be run by ordinary people. He said that the growing complexity of the administrative tasks and the expansion of their scope result in the technical superiority of those who have training and experience and will favour the continuity of at least some of its functionaries. Therefore, there always exists the probability of the rise of a special structure for administration. The basis of his theory of state is to be found in Marx, Engels and Lenin's concept of state. He had a different idea and definition of modern state. He thought that a modern state is a territorial state with the monopoly use of coercive power. A territorial state must have a definite geographical boundary and clear administrative system with the help of which it can use the coercive power whenever necessity arises. According to Weber, territoriality and clear administration are the key elements of modern state.

Weber told that a modern state must possess legitimacy. When the state uses coercive power it must prove or establish that it has legitimate authority to do so. He legitimized the use of force through the bureaucracy. Bureaucracy means administration and this is an indispensable part of modern state. Thus in the opinion of Weber, modern state, territoriality, legitimacy and coercive power are all interconnected. If there is no well built bureaucracy the management of a modern state will be impossible. He said that the legitimacy is the foundation of modern state and this operates through the institution of bureaucracy.

10.5 Features of Max Weber's Theory of Bureaucracy

There are some features of Weber's theory of bureaucracy.

1. There is clear hierarchy in the structure of bureaucracy. Offices are organized in terms of a clear hierarchy of authority so that each lower office is under the control and supervision of a higher one. Experience, educational qualifications, seniority determine the status and position of a person.
2. There are fixed areas of official jurisdiction regulated by laws. Here an individual occupies a position with a clearly defined set of powers and maintain a segregation of the sphere of office from private affairs. Every bureaucrat performs his duty in accordance with law.
3. Weber has said that after Industrial revolution and development of capitalism the bureaucratic system has developed. He has suggested a relationship between state, growth of capitalism and bureaucracy. He observed that modern state came into existence before the emergence of capitalism. Modern state system promoted the growth of capitalism. Capitalism came to control the state system and it felt that that there must exist a centralize administration and this is bureaucracy. Capitalism wanted to use the structure of modern state through a good, efficient and reliable administrative system and the efficient and trained persons could serve this purpose properly. State bureaucracy is guided by written and specific law and for this reason it is rigid.
4. Weber argued for bureaucracy on the ground that the alternative to such system is dictatorship. He thought that it is indispensable in a modern state.
5. Bureaucracy possesses technical superiority.
6. Recruitment is made on the basis of achievement rather than on ascription.

7. Bureaucracy also possesses certain special privileges. Every bureaucrat has a pay structure followed by retirement benefits. He cannot be easily removed from his post without gross negligence of duty or corruption.
8. The bureaucrats are accountable to administration, to law and higher authority but not to the general public.
9. The bureaucrats cannot express their political preference or views publicly. They are politically neutral.

10.6 Max Weber's Concept of Three Types of Authority

Weber divided authority into three types: charismatic, traditional and legal. He observed that in many countries of contemporary Europe there were these three types of authority. Some people have exercised authority by virtue of certain qualities. The person by virtue of this quality influences people and exercise authority over them. Charisma is the quality of a person which gives rise to one category of legitimate authority. According to Weber "by charisma is to be understood the quality of a personality, held to be out of the ordinary (originally thought to have magical sources, both in the case of prophets and men who are wise in healing or in law, the heroes in war), on account of which the person is evaluated as being gifted with super-natural or super-human at least specifically out of the ordinary powers not accessible to everybody, and hence as a leader." According to Weber, the evaluation is specifically that of the person's followers and does not necessarily implicate the user of the term. He saw charisma as traditional. The charismatic leader is gifted with supernatural or superhuman powers not available to everybody. Charismatic rule will either go back to traditional rule or it will change into legal-rational authority. Traditional authority is found in some of the backward and tribal areas. People have trust upon a person or group of persons and they obey the leader or his successor. But such authority has no legal background. Finally, there is the most prominent and most important legal authority. In every modern state legal authority is to be found. He also considered legal authority as the most rational. Rational legal authority is legitimized by rules and constitutional procedures and is demonstrated by democracy. Bureaucracy was legal and rational because in any country bureaucracy is legally constituted, selection is through open and competitive examination and after selection the selected persons are given training. In the entire process there is no sort of interference of any other person or authority.

The promotion, retirement are determined by the parliamentary laws. In different departments of state administration the departmental rules guide every bureaucrat. All

bureaucrats are bound to obey the direction of higher authority and the law. Bureaucracy is established and discharges its functions according to law. The sources of bureaucratic authority is the well built legal system. The entire work of public administration is divided among the employees and there is rationality in this division of work. The bureaucracy is governed by strict rules and systematic discipline.

Max Weber focused the economies inherent in the bureaucratic forms of organization: precision, speed, unambiguity, knowledge of the files, continuity, strict subordination, reduction of friction and material and personal costs. These are raised to the optimum point in the bureaucratic administration, trained bureaucracy is superior on all these. Bureaucracy's social power flows from its ability to administer power in ways that are both efficient and legitimate. Bureaucratic authority is based on official duties, authority is bound by rules. Bureaucratic decisions are legitimate decisions.

10.7 David Beetham's Observation on Max Weber's idea of Bureaucracy

David Beetham in his work on Max Weber and the Theory of Modern Politics draws attention to following three aspects of Weber's concept of bureaucracy.

- Bureaucracy as a technically efficient instrument of administration. Weber emphasizes on the purely technical and instrumental nature of bureaucracy.
- Bureaucracy's inherent tendency to exceed its instrumental function and to become a separate force in society. Beetham observes, "central to this second conception of bureaucracy, therefore, was an account of its inherent limitations, what it cannot achieve; where the emphasis in *Economy and Society* was on the technical superiority of bureaucracy, Weber's political writings were concentrated explicitly on its negative side, on what it could not achieve."
- Bureaucracy reflects the class structure of society.

Max Weber in his essay, *Parliament and Government in the Newly Organized Germany*, wrote on the rule by officials, which in his view, was different from bureaucracy. Martin Albrow points out, Weber was considering a number of mechanism for limiting the scope of bureaucratic authority. He identified five mechanisms in Weber's writings : collegiality, separation of powers, amateur administration, direct democracy and representation. Collegiality is the opposite of monocratism. When more than one person would be involved in decision-making, the collegial principle would come into being. Weber referred to different forms of

collegiality like the Roman Consulate, the British Cabinet, various Parliaments. While acknowledging the role of collegiality in limiting bureaucracy, he also pointed out its disadvantages in terms of speed of decision.

Separation of powers means division of responsibility for the same function between two or more bodies. In such a system a compromise has to be reached between the involved ones. Weber referred to the compromise over the budget which had to be reached by the British Monarch and Parliament.

Amateur administration refers to a situation when the government does not pay its administrators and depends upon those who agree to spend their time in unremunerated activity.

The principle of direct democracy may take various forms like short term office and recall.

Modern age is marked by representative bodies. The political parties make this system work. Through this medium of representative institution Weber saw the greatest possibility of a check on bureaucracy.

Weber was conscious of the fact that in empirical situation bureaucracy exceeds its instrumental functions. He relied on the proper selection process of politicians with leadership capacity and the control of the administrative apparatus for a check on bureaucracy.

10.8 Critical Observation on Weberian concept of Bureaucracy

The Weberian model has been criticized from various standpoints. It has been characterized as “machine theory” and a closed system taking little account of the organization’s interactions with the environment. This model is subject to the dysfunctional consequences of failing to consider the behavioural aspects of the people in the organization. The bureaucratic organization can function in a proper way under stable environment.

The structural features of bureaucracy might be suitable for routine works, but these would produce dysfunctional consequences in terms of human behaviour if the job would involve any innovation. Robert K. Merton points out that although close control by the rule favours reliability of employee behaviour, it accounts for lack of flexibility. The instrumental and formal aspects of job become more important than the substantive ones and the effectiveness of the entire system suffers. Bureaucracy is a very methodical, disciplined and efficient system, but these may be the sources of its inadequacy and inefficiency or as R.K.Merton has called the ‘dysfunctions of bureaucracy’. Bureaucracy is liable to stresses

and strains that result from the peculiarity of bureaucratic structure. It always insists on strict adherence to rules. An official knows that any lapse on his part to follow the rules in a strict manner may have serious consequences on his career. In such a situation he becomes a prisoner of rules, displacing the original goals. Bureaucrats become rule-adhering machines of the rigid impersonal order and make stereotyped behaviour.

Alvin Gouldner in *Patterns of Industrial Bureaucracy* confirms the unintended consequences of control through rules. Unless the organizational goals are internalized by employees as their own goals the consequence would be administrative performance at the minimum levels laid down in the rules. Michel Crozier also shows the dysfunctionality of bureaucracy. Centralization means that decisions must be made by people who have no direct knowledge of the subject and who must rely on the information provided by the subordinates who may distort data.

The bureaucrat often tend to think himself to be over powerful. As a result while dealing with people, he may show a dominating attitude. The only way to counter these dysfunctions is to establish a responsive and a responsible bureaucracy. If the bureaucrats accept that they must remain responsive to the changing demands of society and they cannot disown accountability, then they may be restrained from expressing any dominating behaviour. At the state level, elaborate controls have been exercised in order to check bureaucracy. Modern democratic systems have devised various means for controlling bureaucracy. These are both internal and external control. The internal control flows from within the bureaucracy. At the external level, popular control over bureaucracy is sought to be established through controls by the legislature. Moreover, bureaucracy is always subject to control by the executive. The more and more the executive secures a stable position by virtue of a strong party and popular support, the more it is able to restrain bureaucracy by means of its authority.

In a democracy judiciary also exerts its control over bureaucracy by subjecting them to the legal process in case of any corruption or misappropriation of authority. Some countries have introduced the institution of ombudsman to address public grievances against maladministration. In India there is the office of Vigilance Commissioner and the institution of Lokpal.

10.9 Post Weberian Model of Bureaucracy

According to Max Weber, bureaucracy is technically the most efficient form of organization. But he also thought that it poses a threat to democracy and individual freedom.

It also reflects the class structure of the society. The Weberian model and the change in attitude towards public administration had brought many changes in the bureaucracy. As Warren Bennis emphasized that every age evolves its own administration and bureaucratic functions in accordance with its needs, customs and traditions. When a new age arrives, then systems, traditions, administration and bureaucracy are recreated and reorganized in accordance with the changes. Fred Riggs knew that Weberian model shall not work for the developing countries. In the developing countries, the culture of bureaucracy is a hangover of the colonial regime. With the end of colonial era, the new administrative systems were facing the problems of transforming the ruling bureaucracy into civil servants accountable to political leadership and the people.

L.Loyd Rudolph and Susanne Rudolph have questioned the central theme of the Weberian model as the most rational construct in terms of production of organizational efficiency.”Formal rationality can contribute to organizational ineffectiveness by building up the sources of alienation and resistance, and fuelling the struggle of power against authority. The persistence or retention of patrimonial elements in bureaucratic administration can mitigate if not eliminate the struggle, just as the presence of bureaucratic features in patrimonial administration can enhance its efficiency and effectiveness.”

Public administration is in the midst of change since the seventies of the twentieth century. Public sector is being used more and more. Public management has also been used to supersede public administration. Max Weber addressed the major questions about the nature of the modern world. His three books, *Economy and Society*, *General Economic History* and *The Theory of Economic and Social Organization* provide answers to the major socio-political problems of the modern world. The decline of interest in bureaucracy means that policy makers are looking more and more to other sources for ideas on change and advice.

There is a belief that the days of bureaucracy are over, and organizations have entered the post-bureaucratic age. Future administrators should be in the nature of managers with expertise in handling innovations at every level of the organization. Emphasis is placed on self-managing teams which are the basic organizational building blocks. Paul Thompson and David McHugh write in *Work Organization: A Critical Organisation* (1995) that the language of post-bureaucratic organization is dominated by Fs-fast, fat and flexible organizations and Ds-decentralization, disaggregation, disorganization and delayering. They conclude that the days of bureaucracy are over. Davis Osborne and Ted Gaebler in *Re-inventing Government*

has suggested an alternative to bureaucracy. In this century also, the bureaucratic organizations appear to be fragile and vulnerable. The new social and technological changes like telecommunication, computer networks, enlightened workforce threaten traditional bureaucratic organizations and call for new arrangements in organizational relationships. Advanced information technology challenges the concept of hierarchical authority.

10.10 Conclusion

The criticisms of the Weberian model show the importance of his model. Many empirical researches in the developed and developing countries have accepted Weber as the starting point. At the conceptual level, the attraction of Weber's conceptualization has remained significant. Though he was a champion of bureaucracy and advocated its rational character, but as David Beetham has pointed out that his writings had focused on the negative side of bureaucracy and its limitations. No modern nation state can claim to be viable without a bureaucracy. It is a major institution of the state.

10.11 Summing Up

- Bureaucracy is an indispensable part of political authority, an essential part of the state machinery. Any discussion on bureaucracy cannot begin without a knowledge of Max Weber who was the first to free this institution from its pejorative connotations and a call for bureaucratization as an inevitable process by focusing on the indispensability of bureaucracy for the rational attainment of goals of any organization in modern industrial society.
- Weber shared the conviction of the German liberal bourgeoisie that constitutional monarchy was the most acceptable model from the view point of legitimacy, political succession and implementations of the imperialist policy of strong state. The political and economic condition of Germany forced Weber to think of a powerful German state. He believed that for a strong state a strong administration was required and a well built bureaucracy could ensure this. Though he was liberal he strongly advocated for a constitutional monarchy.
- He had a different idea and definition of modern state. He thought that a modern state is a territorial state with the monopoly use of coercive power. A territorial state must have a definite geographical boundary and clear administrative system with the help of which it can use the coercive power whenever necessity arises.

According to Weber, territoriality and clear administration are the key elements of modern state.

- He said that the legitimacy is the foundation of modern state and this operates through the institution of bureaucracy.
- Weber divided authority into three types: charismatic, traditional and legal.
- Max Weber focused the economies inherent in the bureaucratic forms of organization: precision, speed, unambiguity, knowledge of the files, continuity, strict subordination, reduction of friction and material and personal costs. These are raised to the optimum point in the bureaucratic administration, trained bureaucracy is superior on all these. Bureaucracy's social power flows from its ability to administer power in ways that are both efficient and legitimate. Bureaucratic authority is based on official duties, authority is bound by rules. Bureaucratic decisions are legitimate decisions.
- David Beetham in his work on Max Weber and the Theory of Modern Politics draws attention to three aspects of Weber's concept of bureaucracy.
- Martin Albrow identified five mechanisms in Weber's writings: collegiality, separation of powers, amateur administration, direct democracy and representation.
- The Weberian model has been criticized from various standpoints. It has been characterized as "machine theory" and a closed system taking little account of the organization's interactions with the environment. Bureaucracy is liable to stresses and strains that result from the peculiarity of bureaucratic structure. It always insists on strict adherence to rules. The bureaucrat often tend to think himself to be over powerful.
- The Weberian model and the change in attitude towards public administration had brought many changes in the bureaucracy. As Warren Bennis emphasized that every age evolves its own administration and bureaucratic functions in accordance with its needs, customs and traditions.
- The criticisms of the Weberian model show the importance of his model. Many empirical researches in the developed and developing countries have accepted Weber as the starting point.
- Bureaucracy is a major institution of the state.

10.12 Probable Questions

Essay Type Questions

- a) Examine the maladies of bureaucracy with reference to post Weberian model.
- b) Bureaucracy is a major institution of the state. Analyse.
- c) Do you think that days of bureaucracy are over? Give reasons.
- d) Discuss the functions of bureaucracy.
- e) Discuss the functions and role of bureaucracy.

Short Questions

- a) What is bureaucracy? What are its features?
- b) Discuss briefly the features of Max Weber's theory of bureaucracy.
- c) What are the three aspects of Max Weber's concept of bureaucracy?
- d) Write a brief note on Max Weber's model of bureaucracy.

Objective Questions

- a) Who defines "bureaucracy as the term usually applied to a system of government, the control of which is completely in the hands of officials"?
- b) Who is the author of the article "Parliament and Government in the Newly Organized Germany"?

10.13 Further Reading

1. Andreski, S. (2006), Max Weber on Capitalism, Bureaucracy and Religion, London: Routledge.
2. Riggs, F. (1964) The Ecology of Public Administration, Bombay: Asia Publishing House.
3. Weber, M. (1964) The Theory of Social and Economic Organization, New York: The Free Press Glenco.

Block - III

Unit 11 □ Neo Classical Theory

Structure:

- 11.1 Objective**
- 11.2 Introduction**
- 11.3 The idea of Neo Classical Theory**
- 11.4 Inception of Neo Classical Theory**
- 11.5 Features of Neo Classical Theory**
- 11.6 Contributors to the Theory**
- 11.7 Movements in the Neo Classical Theory of Management**
- 11.8 Organization Structure in Neo Classical Theory**
- 11.9 Elements of Neo Classical Theory**
- 11.10 Criticism**
- 11.11 Conclusion**
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- 11.13 Probable questions**
- 11.14 Further reading**

11.1 Objective

Through this article the learners will be able to understand -

- The basics of Neo Classical Theory
- Difference between the Classical and Neo Classical Theory
- Basic features of the theory
- About the contributors and movements of the theory
- Elements and organisation of the theory

11.2 Introduction

Based on Classical theory, Neo Classical theory of administration was introduced. It is also referred to as human relations of thoughts. Neo Classical theory is regarded as the extended version of classical theory, with the inclusion of behavioural sciences. According to this theory, the organization should be noted as social system, and its performance does get affected by the human actions. The basic assumption of this theory is that the physiological and social aspects of a worker as an individual and his workgroup ought to be focused on.

Organisational order, structure, economic factors, formal organization, and objective rationality are the basis of classical theory. In contrast to classical theory, neoclassical theory emphasised on social factors and emotions or psychology at administration.

11.3 The Idea of Neo Classical Theory

The Neo Classical theory of administration was developed in 1920s as it was believed that the classical theory did not achieve complete production efficiency, effectiveness and workplace harmony. The Neo Classical theory speculates that an organization is the combination of both the formal and informal determinants, which is ignored by the classical organizational theory. Social interactions between the workers develop the informal structure of the organization which affects and gets affected by the formal structure of the organization. Organizational and individual interest generates conflicts among the stakeholders, thus the need to integrate the conflicts is one of the focal point of this approach.

The Neo Classical theory asserts that an individual is diversely motivated and wants to fulfil their certain needs. The communication is an important standard to measure the efficiency of the information being transmitted from and to different levels of the organization. The teamwork is the prerequisite for the sound functioning of the organization, and this can be achieved only through a behavioural approach, i.e. how individual interact and respond to each other.

The Neo Classical Theory identifies the importance of physiological, psychological and social aspects of workers as an individual and their relationships within and among the group of the organization. The Neo classical Theory gained importance specifically through the rise of the “Hawthorne Experiment” at Western Electric Company by the father of human relation management theory, i.e Elton Mayo, from 1924 to 1932.

11.4 Inception of Neo Classical Theory

The Neo Classical Theory is the extensive version of the classical theory that includes behavioural science in Public Administration as business management. In this theory, the organization is regarded as the social system, and its performance is affected by the human efforts.

The Classical Theory emphasized the mechanical and physiological variables and deemed them the primary factor in inferring its efficiency. However, when the efficiency was checked, it was found that the positive aspect of these factors did not evoke a positive response in workers behaviour.

Hence, the researchers tried to understand the patterns of human behaviour at job. This eventually led to the arrangement of the neoclassical theory of economists. This mainly emphasizes human behaviour in the organization. This approach is often referred to as human relations or behavioural theory of organization.

The Neo Classical Theory states that an organization is a mix of both informal and formal aspects. This aspect was ignored in classical theory. The organization's informal structure is majorly formed due to the social interaction with workers; this affects and gets affected by an organization's formal structure. Generally, disputes between the organization and workers often exist but this needs to be resolved immediately as the problems persist.

11.5 Features of Neo Classical Theory

We need to identify the salient features of Neo Classical theory:

- (a) Organisation should be regarded as a Social System – The organisation or administration is not a techno- economic system. Basically it is a social system.
- (b) Motivation to Employee through the Media of Non-monetary Incentives -The employee can also be motivated by many social and psychological wants and not solely by economic incentives because his behaviour is also influenced by feelings, emotions and attitudes. Logical factors like more money are less important than emotional factors in determining production efficiency. Thus, human factors are regarded as the most important elements in the organization.
- (c) Democratic Leadership – Democratic leadership is essential in order to honour psycho-social demands of the workers. Autocratic leadership may alienate the workers from the production. It will be always beneficial if management will

learn to develop co-operative attitudes and not to rely merely on command. It has been observed that matured employees dislike command.

- (d) Two-way Communication – Effective two-way communication network is essential to establish common flow of understanding in any organisation and then only organisation can attain its goals. Therefore, participation becomes an important instrument under neo-classical approach.
- (e) Employee Development – Management must take proper interest in employee development and worker’s satisfaction as there is a very close connection between morale and productivity. In other words productivity and satisfaction go together hand-in hand in any business.
- (f) Group Psychology and Attitudes – Informal group and informal organisation must be recognised. Group psychology plays an important role in any enterprise. Authority must rely more on group efforts. Team work is the key to productivity. Management is always responsible for team work. The behaviour of an individual is dominated by the informal group (of being a member). The social and psychological factors can determine worker’s productivity and satisfaction.
- (g) Human Importance in Man-machine System – In addition to technical skills it is very essential that management must develop social, leadership and technical skills of the individual. The neo-classical theory tried to solve the man-machine equation by emphasising that man is a living machine and he is far more important than the inanimate machine. Therefore, key to higher productivity lies not in technical development alone but in actual practice, it lies in the employee’s morale. Morale and productivity work together in an organization. When morale is high, output is also high. Man to man relationships, team spirit and group harmony should be given top preference by management.

Job structure and job design should receive secondary importance. Therefore, motivation, communication and co-ordination function of management should receive more importance than the techniques of planning and control.

11.6 Contributors to the theory

Elton Mayo, Chester Barnard and Herbert Simon are some of the famous neo classical theorists. They are responsible for introducing and experimenting with the neo classical approach. Their experiments underline that there are various motivational factors for a person to meet specific requirements.

- The Western Electric Company, in 1927, invited a group of researchers led by Elton Mayo to join their Hawthorne plant in Chicago. The researchers carried out experiments at the plant that later became popular as the ‘Hawthorne Experiment.’

The experiment’s objective was to study if workers would be more productive depending upon different levels of illumination in the factory. Based on the findings in the initial three years of this experiment, researchers saw increased worker productivity when lighting conditions improved. They claimed that workers’ motivation increased due to interest shown by the company in them and their well-being. It indicates the importance of using a neo classical approach of management.

Also, the solidarity among workers increased satisfaction in the work. Mayo and his team revealed that managers should also focus on social factors such as employee relationships. Else, they would have to deal with resistance and lower performance.

- Chester Barnard published his famous book ‘The Functions of the Executive’ in 1938. The book provided a base for the formation and development of various management theories. In his book, Chester explains a comprehensive theory of behavior in formal organizations that pivots around cooperation. He underlines that people in executive roles must foster a sense of purpose, moral codes, ethical visions and create formal and informal communication systems. According to Chester, people should cooperate. There is no place for conflicts among workers. In both classical and neo classical organization theory, conflict has no place in an organization.
- Herbert Simon found out that classical organizational theories are inapplicable to several administrative situations facing by the managers. Herbert tried to apply classical theories to the situations of his time, but they didn’t fit. He also contradicted Henri Fayol’s work in management, proving them to be mere proverbs of administrations rather than principles.

Other than them Munsterberg Mayo, Roethlisberger, Herzberg, Whitehead, are the leading propo-nents of the neo classical theory. The classical theory reflected almost all the aspects of Theory X, whereas the neo classical theory of management reflected almost all the facets of Theory Y. Maslow.

11.7 Movements in the Neo Classical Theory of Management

The neo classical organizational theory talks about ways and ideas that focus on the emotional beings of the organization. There are two primary sources of the neo classical theory of organization: the human relations movement and the behavioural science approach. Along with these two Social System School made significant contributions to neo classical theory of administration.

The human relations movement regarded organization as a social system. Social physiologists and sociologists put focus on group dynamics and promoted people-management skills in addition to technical skills. The behavioural science approach considers human behaviour in organizations and promotes the development of human beings and its benefits at the individual and organizational levels.

● **Human Relations Movement**

This resulted from Elton Mayo and Fritz J. Roethlisberger's Hawthorne studies. According to them, social and psychological factors are important in determining worker productivity and satisfaction. The movement shows that efficient leaders are employee-centric, democratic and follow a participative style. Elton Mayo and his associates conducted Hawthorne studies in the Hawthorne plant of Western Electric Company in the U.S.A., between 1927 and 1932. They were the pioneer human relationists. They pointed out that workers were not simply 'cogs in the machinery.' Instead, the employee morale both individually and in groups could have profound effects on productivity.

Managers should adopt a more 'people-oriented' approach to management. Management should recognise that people are essentially social beings and not merely economic beings. As social beings, they are members of a group and management should understand the group attitudes and group psychology also in determining solutions to management problems.

Theorists of human relation made very significant contributions to management thought by bringing into limelight human and social factors in organisations. But these concepts were carried beyond an appropriate limit. Later on, it was proved that there is no direct and deep connection between morale and productivity. Morale is an elusive quality and it is not a very meaningful concept of management thought.

There are many other factors which influence productivity directly. Productivity is influenced by plant efficiency, work environments, managerial style, job contents, man-machine system, financial resources, marketing efficiency, materials movement, etc. Till 1950, human relations movement was in full operation.

However after 1950, management thought has been turning somewhat away from the extreme human relations ideas, particularly regarding direct relation between morale and productivity. Modern management thought wants equal emphasis on man and machine and we can evolve appropriate man-machine system to secure both goals, i.e. productivity and satisfaction for all interested parties.

- **Behavioural Movement**

Through Hawthorne studies Mayo and his colleagues pioneered the use of the scientific method in their studies of people in the work environment. Later researchers were more rigorously trained in the social sciences (psychology, sociology, and anthropology) and used more sophisticated research methods.

Thus, these later researchers became known as ‘behavioural scientists’. Several sociologists and psychologists, e.g., A.H. Maslow, Douglas McGregor, Argyris, F. Herzberg, Rensis Likert and J.G. Likert, Kurt Lewin, Keith Davis and others have made significant contributions to the development of this approach. It is a more mature version of human relation theory. The theory proposes ideas about how managers should behave to motivate the employees. And the aim is to encourage employees to perform at the highest level and achieve organizational goals.

In Behavioural Science Approach, the knowledge was drawn from behavioural sciences. It focuses on human behaviour in organizations and seeks to promote verifiable propositions for scientific understanding of human behaviour in organisation behaviour and stresses the development of human beings for the benefit of both the individual and the organization.

It is broad based and consisted of multiple concepts such as motivation, leadership, communication, group dynamics, job redesign, organizational change and development, impact of technology on jobs, etc. It highlights the group and group relationships broadly which is the focus point of this theory to judge the group behaviour in the organisation.

- **Social System School**

In social system school the founder father Chester I. Barnard has studied the inter-relationship within the organisation. His definition of formal organisation is regarded to be a major contribution in the field of management. His publication “The Functions of the Executive” (1938) is a highly significant work in which he has visualised the concept of co-operative system. He started with the individual, moved to co-operative organised endeavour and ended with the executive functions.

The social system school of management thought is closely related to the behaviour school of management. “This includes those researchers who look upon management as a social system, that is, a system of cultural inter-relationships. Sometimes, as in the case of March and Simon, the system is limited to formal organisation, using the term ‘organisation’ as equivalent to enterprise rather than the authority-activity concept used most often in management. In other cases, the approach is not to distinguish the formal organisation but rather to encompass any kind of system of human relationship”.

The other exponents of this school of thought are Maslow, Argyris, March and Simon, Herzberg and Likert. Their opinion has given rise to this school of thought. The main focus of this approach is to study different aspects of social systems. In this, organisation is essentially a cultural system composed of groups of people who work in co-operation.

For achieving the goals of the organisation a co-operative system of management can be developed only by understanding the social behaviour of groups and individuals. In other words, an organisation as a social system is affected by the cultural environment and different types of pressures. The supporters of this school advocate that efforts should be directed towards establishing harmony between the goals of the organisation and goals of the groups and the individual members.

11.8 Organization Structure in Neo Classical Theory

The neo classical writers offered the following organizational structure:

- **Flat Structure:** In the case of flat structure, the wide span of control in an organization helps in motivating the employees more effectively, a shorter chain of communication and it is free from hierarchical control.
- **Decentralization:** Neo classical theory adopted a decentralized organizational structure which is close to the flat structure due to the wider span of control. It permits autonomy and initiative at lower levels. It also encouraged people to occupy higher positions in the organization.
- **Informal Organizations:** The neo classical theorists emphasized the need for both formal and informal organizations. The formal organization indicates the motive of top management for interactions among the people. Informal organization is significant to promote the inadequacy of formal organization and to satisfy the social and psychological needs of people. The management uses informal organization for overcoming resistance to change on the part of workers and

also for a fast communication process. Both formal and informal organizations are interdependent upon each other.

11.9 Elements of Neo Classical Theory

There are three elements of neoclassical theory.

The Individual - The neoclassical theory of organization emphasized individual differences ignored earlier in the classical theory. Every individual has emotions, feelings, hopes, aspirations, and expectations. They have got their own merit. The classical theory ignored the differences among the individuals. The neoclassical theory emphasised that individual differences must be recognised. An individual has feelings, emotions, perception and attitudes; he has ever-changing psychology. Each person is unique.

Each is bringing to the job situation certain attitudes, beliefs and ways of life, as well as skills, technical, social and logical. Each person has certain hopes, aspirations and expectations. Each individual has certain meaning of his job, his supervision, working conditions, his group, etc.

The inner world of the workers (ignored by the classical theory) is more important than the external reality in the determination of productivity. Thus, inter-personal relations at work determine the rise or fall in productivity. Of course, physical and economic conditions must be satisfactory. Ease of work (Physical and mental ease) gives speed of work. Unidimensional economic model of motivation is firmly discounted.

Instead, human relationists advocate the adoption of multidimensional model of motivation which is based upon economic, individual and social factors. Hence, the package deal of motivation includes financial and non-financial incentives in the right proportion.

Work Groups (Informal Organisations): An individual in a group develops social wants, e.g., a desire to belong, to be accepted by, and stand well in his work group. Workers are not isolated, unrelated individuals; they are social beings and should be treated as such, by management. The existence of informal organisation is natural. It cannot be denied. Workers are not isolated but part of certain groups, which are informal organizations. Management must integrate these informal organizations with the formal ones.

On the other hand, management must recognise its importance and it must be integrated with formal organisation. The informal communication (the grapevine) is often very speedy and often accurate. It cannot be eliminated. The neoclassical theory described the vital effects of group psychology and behaviour on motivation and productivity.

Each work group has its own leader, unwritten constitution and its own production standard imposed by social sanctions on the group members. Classical theory ignored the importance of informal organization. Human relations brought out its importance.

Participative Management - The emergence of participative management is inevitable when emphasis is given on the individual and work groups. Neo classical writers advocated worker participation in management. Allowing labour to participate in decision making primarily to increase productivity was a new form of supervision. The neo classical approach of management suggests the participation of workers in management. As the neo classical theory is employee-oriented, workers' participation in planning job contents and operations will improve productivity.

Taylorism was opposed to such participation. Taylor wanted only experts in job analysis and planning of job operations. Modern management now welcomes workers participation in planning job contents and job operations.

11.10 Criticism

The following are the main criticisms of this theory:

- The theory is merely an extension of classical theory with human insights attached to it
- The theory is outdated as the situational and contingency theories address its loopholes
- It assumes every organization runs by a single method irrespective of the environment

The assumptions on which neo classical theory is formulated is sometimes not true. Thinking that there is always the possibility to find a solution that is acceptable to all is not always true. There are several conflicting interests among distinct groups that are merely structural and not physiological. This aspect is not covered in neo classical theory. No specific organizational structure is suitable for all organizations. Various organizational formats introduced by the neo classicists are not acceptable in all situations.

Neo classical theory is only a modification of classical organization theory. It also suffered from similar drawbacks from which classical organization theory suffered. It lacked a unified approach to organization. This theory has been criticized by the fact it is nothing more than “a common place of descriptive and empirical information as it has mainly relied on the Hawthorne Experiment”.

11.11 Conclusion

The neo classical theory tried to overcome the drawbacks of classical organization theory. It introduced the concept of informal organization and the human behaviour approach in the study of organizational functioning. However, the neo classical theory is also not free from several drawbacks. Like the classical theory of organization, the neo classical theory is also suffered from incompetency, a short-sighted approach, and lack of integration among many facts of human behaviour studied by it.

11.12 Summing up

- Neo classical theory is based on the assumption that makes its structure irrelevant for different organisation situations.
- This theory is a modified version of the classical theory that includes behavioural sciences in business management.
- Classical theory was job oriented and it focused its attention on scientific job analysis. Neo classical theory focusses its evolution of management thought attention on the worker and it is employee-oriented. Now we have a shift in managerial style from product-centred approach to employee and group-centred approach. Worker is the centre in a modern plant.
- Plant layout, machinery, tools etc., must offer employee convenience and facilities. Neo classical theory is built upon the success of classical theory. The pillars of classical approach – order, rationality, structure etc., have been modified by the neo classical movement. Classical approach satisfied the basic economic needs of the organisation and society.
- Now neo classical approach is trying to satisfy personal security, and social needs of workers. Both approaches must be suitably integrated to emphasise the need not only for recognition of human values but also for recognition of productivity simultaneously. Modern management must have the twin primary objectives viz., Productivity (classical approach) and satisfaction (neo classical approach).

11.13 Probable Questions

Essay Type Questions

- a) Write a note on Neo classical Theory of Public Administration.

- b) Discuss the basic features of Neo classical theory. In this context, point out the basic differences between Classical and Neo classical Theory.
- c) Evaluate the inception and developments of Neo Classical Theory.
- d) Analyse the role of behavioural movement in the development of Neo Classical Theory.
- e) Critically discuss the three elements of Neo Classical Theory.

Short Questions

- a) What is Behavioural movement.
- b) Point out the basic tenets of Social System School.
- c) Write a very short note on Human Relation Movement.

Objective Questions

- a) When was the Neo Classical Theory of administration developed?
- b) Who is the originator of the Human Relation Theory?

11.13 Further Reading

1. Basu, Rumki, (3rd edition, 1994), *Public Administration: Concepts and Theories*, Sterling Publishers Pvt. Ltd., New Delhi
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Unit 12 □ Human Relations Theory (Elton Mayo)

Structure:

- 12.1 Objective**
- 12.2 Introduction**
- 12.3 Contribution of Elton Mayo**
- 12.4 Human Relation Approach**
- 12.5 Hawthorne Experiment**
- 12.6 Stages of Hawthorne studies**
- 12.7 Findings of the Hawthorne experiments**
- 12.8 Principles of Human Relation Theory**
- 12.9 Criticism**
- 12.10 Conclusion**
- 12.11 Summing up**
- 12.12 Probable questions**
- 12.13 Further reading**

12.1 Objective

In this unit learners will get to know about

- the basic premises of Human Relations Theory
- stages of Hawthorne experiments
- outcome of the experiments
- principles or features of human relations theory
- criticism and significance of the theory

12.2 Introduction

The theory of human relations provides predominance to the human aspect over the elements of institutions, as propagated by the customary public administration schools. It is a trail defiance theory within the discipline of public administration, which sights the organization primarily as a social organization by uplifting the human conduct because the elementary component for study. In human relations theory, the workers are seen as citizenry, rather than a meagre human supplement of machinery or hands for work. It is mainly established on a humble principle that the 'human problem requires a human solution', subsequently, better-off workers are the secret to a prosperous institute. Those who supported this theory have revealed that in public institute, efforts have been prepared to answer the problems of human with non-human data. The School of Human Relations is in some ways may be a reply to the classical theories and therefore the establishment of human relations movement is especially thanks to the importance of the classical theories on formal structure, control, efficiency, economy and hierarchical authority.

12.3 Contribution of Elton Mayo

The human relation school of thought is under the Neo-classical theory which is built on the bases of classical theory. The classical theory targeting job content and management of physical resources, and its main focus is to maximise profit, higher productivity and organizational efficiency and effectiveness, the neoclassical theory on the opposite hand gave greater emphasis to individual and group relationship within the workplace with its main specialise in individual recognition, group recognition and participative management. The neo- classical theory pointed out the important role of psychology and sociology in the understanding of individual and group behaviour in the organization. The founder father of this approach is Elton Mayo 1880-1949 an Australian born industrial researcher and psychologist; he was credited for significant contributions to variety of disciplines like the business management, industrial sociology, philosophy, and sociology.

The basic characteristics of human relations school of thought are the results of various experiments conducted by Elton Mayo and his contemporaries in twenties and thirties' of the last century focusing their attention on the problems of industrial workers. The first major research study which came to be referred to as 'The First Enquiry' undertaken by Mayo was during a factory in 1923 near Philadelphia. Under the then prevailing circumstances, the mill provided all the facilities to the workers. It was well organized and thought of to be a model organization. Despite this, it faced some serious problems

in one among the sections—the mule spinning—of the mill. The turnover of the workers during this section was estimated to just about 250 percent once a year as against 5 to six percent in other sections. The management introduced several schemes by way of incentives to retain the workers but of no avail. Finding no answer of this ticklish problem, the matter was mentioned Harvard University which successively entrusted it to Elton Mayo. Mayo studied the matter from various perspectives i.e. social, physical and psychological and began experiments with the permission of the management. In the very beginning, he studied the matter of physical fatigue. In order to beat this problem he introduced rest periods of ten minutes each within the morning and afternoon for each worker of the mule section. Finding positive and inspiring results of this exercise, the scheme was extended to all or any other sections. Consequently, the symptoms of fatigue disappeared and therefore the labour turnover almost came to an end because the workers started taking interest in work. The overall production level increased and the morale of the workers boosted.

Further, Mayo suggested certain measures whereby workers had to earn their rest periods and bonus by producing quite a particular percentage. While these privileges made the workers happy but not the supervisors because the same weren't available to them. Keeping this fact in mind Mayo introduced a new scheme of shutting down whole of the spinning department for ten minutes, four times a day. This brought a replacement change within the outlook of supervisors and employees as all of them were satisfied with this new work culture. Besides, he placed the control of rest periods purely within the hands of workers which led to mutual consultations among them giving rise to the method of social interaction. Thus a new awakening began whereby self-interest was questioned and replaced by group interest

12.4 Human Relations Approach

Human relation approach takes its manifestation mainly in group dynamics, compassion training and institutional growth. The stress on the feature obviously replicates the essential standards for the human relation school, like importance on openness, satisfaction of worker on self-actualization, decrease in absenteeism, difference and inter-personal competition and so on. In the 1920s and 1930s, observers of business management began to feel the incompleteness and short-sightedness within the scientific also as administrative management movements. The activities of workers analysed in the scientific management movement whereas administrative management theorists focused attention on

the activities of managers. The importance of the person behind the machine, the importance of individual also as group relationships within the workplace was never recognised. The social aspects of a worker's job were totally ignored; the stress was clearly on discipline and control instead of morale. The human relations theory (also called neo-classical theory) tried to catch up on the deficiencies in classical theory (scientific management and administrative management) modifying it with insights from behavioural sciences like psychology, sociology and anthropology.

Hawthorne experiment led to the development of human relations approach. It revealed the importance of social and psychological factors in determining workers, productivity and satisfaction. This movement is marked by informal grouping, informal relationship and leadership Pattern of communication and philosophy of industrial humanism. The values of human relation are exemplified in the work of Douglas McGregor and A. H. Maslow. Human relation approach is a social psychological approach and suggests business enterprise is a social system in which group norms play a significant role.

Financial incentive was less of a determining factor on a workers output than were group pressure and acceptance and the concomitant security. It ushered an era of organisational humanism. Managers would no longer consider the issue of organisation design without including effects on work groups, employees' attitudes, and manager-employee relationships. Elton Mayo, Mary Parker Follett and Douglas McGregor, Roethlisberger, Dickson, Dewey and Lewin, etc., were the main contributors that led to the development of Human Relations Movement.

Mayo and his associates applied for the first time psychological approach to management. They adopted clinical and diagnostic methods. Earlier from 1924 to 1927, the National Research Council made a study in collaboration with the Western Electric Company to determine the effect of illumination and other conditions upon workers and their productivity. The initial experiments failed to establish any consistent relationship between output and illumination. Contrary to normal expectations, output tended to increase as the intensity of lighting varied from the normal level both in the upward and downward directions. As the intensity of light was increased or decreased the productivity of the workers under observation keep on increasing. It is at this stage that Mayo and Roethlisberger took over the investigation and continued the research to find out the real factors, i.e., factors other than working conditions which were influencing output. The study originally started with five workers and was ultimately extended to cover more than twenty thousand workers.

12.5 Hawthorne Experiment

A famous series of studies of human behaviour in work situations was conducted at the Western Electric Company from 1924 to 1933. In 1927 a group of researchers led by Elton Mayo and Fritz J. Roethlisberger and Dickson at the Harvard Business School were invited to join at Western Electric's Hawthorne plant near Chicago.

The studies began as an attempt to investigate the relationship between the level of lighting in the workplace and the productivity of workers. Which is illumination experiment. The initial experiment carried out over a period of three years sought to determine the effects of different levels of illumination on worker's productivity. The results of the experiments were ambiguous. When the test group's lighting conditions were improved, productivity tended to increase just as expected, although the increase was erratic.

But there was a tendency for productivity to continue to increase when the lighting conditions were made worse, besides lighting was influencing the worker's performance, as the work group was not able to maintain relationship between illumination and productivity.

In the second set of experiments, a smaller group of six female telephone operators was put under close observation and control. Frequent changes were made in working conditions such as hours of work, lunch break, rest periods, etc. Again the results were ambiguous, as performance tended to increase even when the improvements in working conditions were withdrawn. It was found that socio-psychological factors exercised a greater influence on productivity and working conditions.

The third set of experiment attempted to understand how group norms affect group effort and output. It was noted that the informal organisation of workers controlled the norms established by the groups in respect of each member's output. The researcher concluded that informal work groups have a great influence and productivity.

In the subsequent experiments, Mayo and his associates decided that financial incentives, when these were offered, were not causing the productivity improvements. The researchers concluded that employees would work harder if they believed management was concerned about their welfare, and supervisors paid special attention to them. This phenomenon was subsequently labelled as the Hawthorne Effect.

Mayo initiated a three-year long interview programme in 1928 covering more than 21,000 employees to find out the reasons for increased productivity. Employees were allowed to talk freely (non-directive interviewing) and air their opinions in a friendly

atmosphere. The point demonstrated by this interviewing programme is central to the human relations movement. If people are permitted to talk about things that are important to them, they may come up with issues that are at first sight unconnected with their work.

These issues may be, how their children are doing at school, how the family is going to meet the ration expenses, what their friends think of their jobs, and so on. Talking about such matters to a sympathetic listener who does not interpret is therapeutic. When researchers began to examine the complaints made by the employee, they found most of complaints to be baseless. Many times nothing was done about the complaint, yet, after an interview the complaint was not made once again.

It became apparent that often workers really did not want changes made; they mainly wanted to talk to an understanding person who did not criticise or advise about their troubles. Thus, for the first time, the importance of informal work groups is recognised. To find out more about how the informal groups operated, the bank wiring room experiment was set up. In this experiment, 14 male workers were formed into a small work group and intensively observed for seven months in the bank wiring room. The men were engaged in the assembly of terminal banks for the use in telephone exchanges. The employees in the group were paid in the regular way depending on the efficiency rating plus a bonus based on average group effort. Thus, under this system, an individual's pay was affected by the output of the entire group and by his own individual output.

It was expected that highly efficient workers would bring pressure to bear on less efficient workers in an attempt to increase output and thus take advantage of the group incentive plan. However, these expected results did not come about. The researchers found that the group had established its own standard of output and this was enforced by various methods of social pressure. Output was not only being restricted but individual workers were giving erroneous reports. The group was operating well below its capability and was levelling output in order to protect itself. Thus, work group norms, beliefs; sentiments had a greater impact in influencing individual behaviour than did the economic incentives offered by management.

These findings concerning human behaviours at work focused on the worker as an individual and considered the importance of caring for his feelings and understanding the dynamics of informal organisation of workers. The view point of Hawthorne Effect thus gave birth to human relations movement and provided the thrust toward democratization of organizational power structures and participative management. It ushered in an era of organizational humanism.

12.6 Stages of Hawthorne studies

The First Stage – Deals with an experiment on working conditions and employee efficiency.

In the Second Stage – The experiment was concerned with an interviewing programme designed to determine what aspects of the environment employees either liked to disliked.

During the Third Stage – The collected interview results were studied and analysed and a theory was presented to explain the nature of employee satisfaction or dissatisfaction.

The Fourth Stage – Involved supplementing the interview method through direct observation.

The researchers general conclusion was that non-logical behaviour or ‘sentiments’ among the workers must be considered along with economic and logical factors as influencing the work group. It can be emphasised that the Hawthorne studies revealed the importance of social and psychological factors in determining worker’s productivity and satisfaction.

12.7 Findings of the Hawthorne experiments

The Hawthorne experiments produced certain startling results that revolutionised the course of Public Administration.

1. Social System:

The organisation in general is a social system composed of numerous interacting parts. The social system defines individual roles and establishes norms that may differ from those of the formal organisation.

The workers follow a social norm determined by their co-workers, which defines the proper amount of work, rather than try to achieve the targets management thinks they can achieve, even though this would have helped them to earn as much as they physically can.

2. Social Environment:

The social environment on the job affects the workers and is also affected by them. Management is not the only variable. Social and psychological factors exercise a great influence on the behaviour of workers. Therefore, every manager should adopt a sound human approach to all organizational problems.

3. Informal Organization:

The informal organisation does also exist within the framework of formal organisation and it affects and is affected by the formal organisation.

4. Group Dynamics:

At the workplace, the workers- often do not act or react as individuals but as members of groups. The group determines the norms of behaviour for the group members and thus exercises a powerful influence on the attitudes and performance of individual workers. The management should deal with workers as members of work groups rather than as individuals.

5. Informal Leader:

There is an emergence of informal leadership as against formal leadership and the informal leader sets and enforces group norms. He helps the workers to function as a social group and the formal leader is rendered ineffective unless he conforms to the norms of the group of which he is supposed to be in-charge.

6. Communication:

Two-way communication is necessary because it carries necessary information downward for the proper functioning of the organisation and transmits upward the feelings and sentiments of people who work in the organisation.

It will help in securing workers cooperation and participation in the decision-making process. Workers tend to be more productive when they are given the opportunity to express their feelings, opinions and grievances. This also gives them psychological satisfaction.

7. Non-Economic Rewards:

Money is only one of the motivators, but not the sole motivator of human behaviour. The social and psychological needs of the workers are very strong. So, non-economic rewards such as praise, status, inter-personal relations, etc., play an important role in motivating the employees. Such rewards must be integrated with the wages and fringe benefits of the employees.

8. Conflicts:

There may arise conflicts between the organizational goals and group goals. Conflicts

will harm the interest of workers if they are not handled properly. Conflicts can be resolved through improvement of human relations in the organisation.

12.8 Principles of Human Relation Theory

- (a) The workers in a group develop a common psychological on uniting them as a group in the form of informal organisation. This influences their group conduct and behaviour. This movement viewed organization as a social system composed of numerous interacting parts in which groups norms exercise a significant influence on the behaviour and performance of individuals. The movement emphasized that apart from economic needs, the employees have other social and psychological needs such as recognition, affiliation, appreciation, self-respect, etc.
- (b) Mental attitudes and emotions including prejudices influence employee's behaviour considerably.
- (c) Management must understand that typical group behaviour can dominate or even supersede individual propensities and predilections. The groups determine the norms of behaviour for the group member and thus exercise a great influence on the attitudes and performance of workers. Group Dynamics at the workplace become a major force. The human relations approach was focused on teaching people-management skills, as opposed to technical skills.
- (d) Human and social motivation can play even a greater role than mere monetary incentives in moving or motivating and managing employee's groups.

This approach strongly believed that there should be no conflicts or clashes in the organisation; and if it arises, it must be removed through improvement of human relations in the organisation. They consider that informal organisation does also exist within the framework of formal organisation and it affects and is affected by the formal organisation.

12.9 Criticism of Human Relations Approach

Time, place, organisational patterns differs in one organisation to other. Attitude of the leader, manager also played important role in productivity. Generating common principals would not help the organisation to enhance the production. Thus the human relations approach has been criticized on the following grounds -

1. Lack of Scientific Validity:

The human relation drew conclusions from Hawthorne studies. These conclusions are based on clinical insight rather than on scientific evidence. The groups chosen for study were not representative in character. The findings based upon temporary groups do not apply to groups that have continuing relationship with one another. Moreover, the experiments focused on operative employees only.

2. Over-Emphasis on Group:

The human relations approach over-emphasizes the group and group decision-making. But, in practice, groups may create problems for the management and collective decision-making may not be possible.

3. Over-Stretching of Human Relations:

It is assumed that all organizational problems are amenable to solutions through human relations. This assumption does not hold good in practice. The satisfied workers may not be more productive workers.

4. Limited Focus on Work:

The human relations approach lacks adequate focus on work. It puts all the emphasis on interpersonal relations and on the informal group. It tends to overemphasize the psychological aspects at the cost of the structural and technical aspects.

5. Over-Stress on Socio-Psychological Factors:

The human relations approach undermines the role of economic incentives in motivation and gives excessive stress on social and psychological factors. If the wages are too low, the employees will feel dissatisfied despite good inter-personal relations at the work place. Thus, it may be said that the human relations approach seeks to exploit the sentiments of employees for the benefit of the organisation.

6. Negative View of Conflict between Organizational and Individual Goals:

It views conflict between the goals of the organisation and those of individuals as destructive. The positive aspects of conflicts such as overcoming weaknesses and generation of innovative ideas are ignored.

Managers began thinking in terms of group processes and group rewards to supplement their former concentration on the individual worker. The study of human behaviour and human interactions has assumed much significance as a result of this approach.

No doubt, this approach has provided many new ideas in managing the organisation, but this is not free from certain limitations – Human relations approach cannot be treated as complete package to deal with human being effectively, because no attempt had been made for studying and analyzing human behaviour systematically and scientifically.

The human relations approach undermines the role of economic incentives in motivation and gives excessive stress on social and psychological factors. In actual practice, financial incentive plays a crucial rule to motivate employers. The human relations approach presented a negative view of conflict between organisational and individual goals.

It views these conflicts as destructive. The positive aspects of conflicts such as overcoming weaknesses and generation of innovative ideas are ignored. The human relation drew conclusions from Hawthorne experiments which were clinical based, rather than scientific.

The experiments focused on a particular group chosen for study which did not represent the entire work force. The human relations approach did not give adequate focus on work. It puts all the emphasis on interpersonal relations and on the informal group. It tends to overemphasize the socio-psychological aspects at the cost of structural and technical aspects.

The human relations approach over emphasized on group Dynamics. But in actual practice, group and group norms, in formal process exercise a light influence in organisation functioning.

12.10 Conclusion

Human relations theory made the administrative thinkers move away from the former popular classical theory which proposed and emphasized on the structure, organizational planning etc as its core. It became very clear after the Hawthorne experiments that the informal relationships, the group dynamics and day to day functions of an organization are no less complex than the study of the mechanism of the organization. At the end of the day, it becomes important that the employees perform and their performance is sometimes far removed from the parameters and motivators understood by the organization.

However till 1950 human relations movement was in full swing and in full operation. But after 1950, management thought has been turning somewhat away from the extreme human relation's ideas, particularly regarding direct relation between morale and

productivity. Modern management thought wants equal emphasis on man and machine and we can evolve appropriate man-machine system to secure both goals i.e. productivity and satisfaction for all interested persons.

12.11 Summing Up

Mayo has stated that an organisation is a social system. Knowledge of human nature can solve many problems of management. He has emphasised that successful human relations approach can easily create harmony in an organisation, higher employee satisfaction and, therefore higher operational efficiency.

- Productivity is influenced by plant efficiency, work environments, managerial style, job contents, man-machine etc.
- Human beings are complex in nature and different factors influence their behavior
- Group dynamics (team relations) influence job performance and output
- Employers or Managers should understand that employees have unique needs and one size doesn't fit all; communication is essential between managers and employees
- Workers aren't solely motivated by compensation; finding meaning in their work is important as well
- Employees are more open to change when given the opportunity to participate

12.12 Probable Questions

Essay Type Questions

- a. Define Human Relations Theory. Discuss in this context the basic outcome of Hawthorne experiments.
- b. Write a note of Human Relations Theory to Public Administration.
- c) Critically discuss the contributions of Elton Mayo in the development of human relation approach.
- d) Discuss the Hawthorne experiment.

Short Questions

- a) What are the stages of Hawthorne Studies.
- b) Write a short note on the findings of Hawthorne experiments.
- c) Mention the basic features of Human Relation approach.

Objective Questions

- a) Who is associated with Hawthorne experiment?
- b) Mention any two names associated with the development of the Human relations Movement.

12.13 Further reading

1. Basu, Rumki, (3rd edition, 1994), *Public Administration: Concepts and Theories*, Sterling Publishers Pvt.Ltd, New Delhi
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Unit 13 □ Decision-making Theory (Herbert Simon)

Structure:

- 13.1 Objective**
- 13.2 Introduction**
- 13.3 Decision-Making**
- 13.4 Models of Decision-Making Process**
- 13.5 Stages of Decision Making**
- 13.6 Factors Influencing Decision-making**
- 13.7 Simon's contribution**
- 13.8 Nature of Decision making (bounded rationality)**
- 13.9 Conclusion**
- 13.10 Summing Up**
- 13.11 Probable questions**
- 13.12 Further Reading**

13.1 Objective

This unit would help the learners to understand the followings:

- Basic notion of decision making process
- Models and stages of decision making
- Determining factors for decision making
- Herbert Simon's contribution to Decision-making theory
- The notion of administrative men and bounded rationality

13.2 Introduction

Decision-making is the process of choosing a quality alternative path of action; from among a number of alternatives given to control or developed by it after cautiously and significantly analyzing every alternative. According to G.R. Terry, "...decision-making is the

choice primarily based totally on a few standards from or greater viable options.” Theo Haimann narrates that, “Decision-making is a course of action selected with the aim of using a supervisor because the most effective means at his disposal for reaching goals and fixing problems.” From the definitions of decision and decision-making, it follows that decision making is a process; a decision is the final results of this process. Accordingly, the higher the decision-making process; the higher will be the decisions emerging out of it leading to an efficient commitment of valuable organisational resources.

13.3 Decision-Making

Making a choice among the different alternatives is the act of decision-making. Then again it can be said that the process of selecting the best among alternative choice is decision-making. Thus one can define that decision-making is the process of choosing the best alternative among the diverse options. ‘Thus in order to choose the best, the decision-maker should evaluate all options i.e. advantages and disadvantages.’ It can endow with to take the appropriate decision. According to some scholar, “decision-making is defined as the selection of a preferred course of action from two or more alternatives”.

‘In an organization, decision-making is a basic responsibility of an administrator. So firstly, he/she needs to define the issue and analyze the related factors to it. In other words, an administrator as a decision-maker must completely understand the issue. And then he/she should look at a decision from multi-dimension. Besides, it is necessary to understand what needs to be decided. In this respect, the purpose of decision is very important element. To collect the data, it is necessary to focus on how the current problem is affecting now. Situation is another important element in decision-making. To make decision, administrator needs to know and understand the current situation. It is essential to understand all implications of the potential choice. Consequently, it is valuable to think of the perspectives of all people that will benefit for decision. Thus an administrator should identify the different alternatives and various options he/ she encounter before starting to make analysis for decision.’

13.4 Models of Decision-Making Process

The concept of Decision-Making is a relatively contemporary idea that has been especially studied by Richard Synder, Chester Bernard and Herbert Simon. The former has worked extensively on decision making in domestic and international politics while the latter two have worked on decision making in the public administration sector. With time the

decision making theories of the 1950s have turned in to policy analysis in the 1960s and 1970s.

There are four models of the decision-making process and they are as follows –

1. Rational Actor Model

This model solely believes in rational methods of decision making. This is based on Economic Theory and utilitarianism. It is believed that an ‘Economic Man’ works rationally and looks at the maximum utility while making a decision. This model can be said to be the best form for business organisations that seek maximum benefit.

2. Incremental Model

In this method, it is said that the policies should be formulated in such a manner that there is a scope for review and revise whenever required. Policy formulation should be made flexible in order to avoid major mistakes and miscarriages.

3. Bureaucratic Organization Model

This was devised in the backdrop of the Cuban Missile crisis in 1962. Bureaucrats play the most important role in both the formulation and implementation of the decisions. In this process, it is said that there are certain ideal inclinations and long cherished values which impact the process of decision making. This impact is unavoidable at times.

4. Belief System Model

In the belief system model, the decisions are taken within the decision-makers or the states’ ideological and deep-rooted beliefs. For example, a communist country cannot make a decision that is against the welfare of its citizens. No matter how rational a decision is, it is made by keeping the deep values incorporated by the decision-makers.

13.5 Stages of Decision Making

There are again four stages of decision making, namely – Policy initiation; Formulation of the decision; Implementation of Policy; and finally, Evaluation. The process of policymaking is initiated at the background of an existing problem. The process should commence at the time right time and with the right details in handy. This is to ensure that the problem is addressed timely and properly. The time lag between the emergence of problems and the taking of a decision is inevitable but can be reduced considerably by the speedy response. The process of formulation of the decision is rather the tough part having involved various personals and detailing that it requires. This is the most important stage of decision making

as the more accurate the solution to the problem is, the earlier would the problem be solved. Implementation of the policy is also a vital stage. It is not only enough to make a decision but this decision has to reach the subjects; that is when it is successful. In order to have a successful policy or decision, it is most important to implement the needful as prescribed in the policy. The process of implementation should also be checked in a time-bound manner. Evaluation is simply the result of the decision or policy. It tells how successful the policy or decision is and its pros and cons. This would be helpful to review and revise the problem in a needful manner. It is also necessary to evaluate because of the complex and dynamic. What is needed today might not be a requirement for tomorrow. Hence it is important to evaluate the decisions.

13.6 Factors Influencing Decision-making

Decision-making differs from organisations to organisations. A decision suitable for a high skilled big organisation may not be equally suitable for a small non-skill or a semi-skill base organisation. In this context policy-makers must adopt rational choice (of decision-making) which is applicable to respective organisation.

Naturally the crux of the issue is how to be aware of the situation or material environment suitable for decision making and the chief exponent of the concept was aware of it'. Following Snyder one can say that there are mainly three factors which in one way or other influence the decision-making process. Broadly, they are three in number:

First, the is internal setting of the organisation that includes various elements some of which are: The nature and functioning of the social organisation such as political parties, pressure groups, non-governmental organisations, public opinion, agencies helping the formation of public opinion, nature of the political system etc. All these elements enter into the domain of decision-making process. In a democratic society social, political and other types of organisations enjoy freedom in their day to day activities.

A good rapport exists between the authority on the one hand and numerous organisations on the other hand. But in an autocratic regime such a situation cannot be thought. Naturally the content and type of decision in both regimes need not be identical. Again, the process of socialisation in all systems is not same. When the policy maker proceeds to decide a policy it is his duty to bring all these factors into his active consideration.

Especially the socialisation has an important part in the entire process. This is due to the fact that for an effective decision cooperation between the decision-makers and common

people is necessary. Cooperation means people's participation. Again, for the implementation of decision people's cooperation is also required. All these are made easy by a high degree of socialisation.

Secondly, there is external set up or setting. This condition is especially important for the policy maker who makes decisions for the external relations of the state. It is known to all the students of international politics that today the term international society has earned wide publicity and all the nation-states are the members of this society.

When the decision-maker of a state makes a policy/decision he must be aware of the fact that his decision must be in conformity with the policies and objectives of other nations and this should not lead to conflict among nations. If this were the objective of the decision-maker he cannot make policy according to his personal preferences or sweet will.

Moreover, in this age of globalisation the nation-states have come closer to each other and the interdependence among them has surpassed all the past records. It is absolutely unimaginable for a state; whatever may be the extent of power (in military sense) and wealth be, to decide alone, to go alone and to live alone.

So, while making any policy, it is obligatory on the part of every state to think deeply about the impact of its policy upon other states. A failure in this respect will invite complexities and animosity among the states. It is generally observed that in the present day world system domestic policy cannot be separated from world politics and a policy maker must keep this in mind.

Thirdly, the decision-making is a process and passes through a number of stages. Organisations or institutions runs by many people, etc. are involved in the decision-making process and even an ordinary decision cannot be taken abruptly. Serious and considerable thought is invested for a proper decision.

13.7 Herbert Simon's contribution

“Administrative Behaviour; A Decision-Making Processes”, Herbert Simon's seminal work, was published in 1945, (it was his doctoral dissertation) where he expose the contradictions and a few inaccuracies of the clinical theories of administration after which to propound a brand new concept which could be maximum appropriate for a systematic public management. Simon was influenced by notions of Mary Parker Follett on group dynamics in organizations and the human relations approach pioneered by Elton Mayo and

others. He was also influenced by Barnard on Functions of the Executive, had an optimistic effect on the thinking of Simon about administration.

Simon observed that; “A theory of administration should be concerned with the processes of decision as well as the processes of action.” When someone putting a concept it must have a relation to truth, otherwise it will have no significance. Simon desired to accumulate the fabric of a concept which could similarly be appropriate for sensible purpose. Simon claims that his concept might be relevant in practice. He believed that making of decision is a completely tough mission due to the fact, in an agency, there are numerous complicated and contradictory conditions and in the midst of those conditions an administrator will ought to arrive at a decision with the intention to be maximum appropriate.

Talking approximately decision, Simon has stated that decision is an issue of compromise due to the fact there are numerous options and the decision-maker ought to pick out one or few options from them. He ought to decide the maximum appropriate opportunity due to the fact his leader objective is to make a sensible and maximum appropriate decision. The recognition of one opportunity and the rejection of others do not suggest that they're genuinely unsuitable. The mere reality is that at a selected moment the decision-maker decided on a selected method. Simon calls this a form of compromise. If in the subsequent time scenario adjustments he might also additionally undertake a brand new path of action. Naturally there may be usually a scope of compromise. Behind the recognition and the idea, rationality usually performs the most vital role. If the decision isn't always rational it isn't always predicted that it's going to produce preferred results. But in his opinion the idea of rationality is related to problems. To cast off this Simon has advised that a choice might also additionally be “subjectively” rational and additionally “objectively” rational. Let us say what he method with the aid of using those words.

A decision is meant to be “objectively” rational if it maximises given values in a given scenario. Again, a decision might be subjectively rational if it maximises attainment relative to the real know-how of the subject. A decision could be organisationally rational if it had been orientated to the agency's dreams. In this manner Simon has defined the diverse elements of the decision-making manner of an agency. Simon's concept of rationality of decision-making differs from his predecessors, specifically the idea of POSDCORB. Simon claims that during all the sooner theories of public management the fee or significance of rationality had no place. But best a rational method could make an agency successful. His concept of rational choice-making has inflicted an assault upon the clinical management

concept. He circuitously castigates that what's known as clinical concept—it isn't always in any respect rational. It is primarily based totally on positive private experiences. But private enjoy cannot declare conventional application. The concept that is known as clinical concept or method to public management cannot produce preferred results. That is why he desired to discover a rational concept of public management. Simon needs that his rational choice-making is a good enough framework for the high priced use of implemented behavioural research.

Simon classified decision-making into two types: 1. Programmed- A definite procedure is followed. 2. Non- Programmed- No definite procedure is followed. They are unstructured and consequential.

Limits of Rationality is the significant a part of Simon's concept of decision-making. When an administrator is confronted with some of options, he'll receive one or options or those he requires. In his Models of Man he has analysed viable elements of rationality. Taking of rational decisionrelies upon numerous elements. For example, whilst a monetary guy is going to take a choice he ought to don't forget a variety of things inclusive of monetary situations that succeed round him, the global monetary scenario, and his clean know-how approximately the monetary scenario.

In the identical methods an administrator may frequently confronted with complex conditions and different elements over which he has rarely any cannot. It has additionally been said that the rationality of one man or woman isn't always in different from rational behaviour of different persons. But the trouble is one rational man or woman has no manipulate over the rationality of others. In the executive global it isn't always as mooth mission for a rational guy to take a rational decision unilaterally. Simon becomes absolutely aware about it. Not best this, an administrator cannot take a rational choice without thinking about the surroundings that prevails round him however truth teaches us that an administrative officer has rarely any control over the surroundings. Simon has stated that the delivery of records is likewise an essential element that has clean effect upon rationality. If the bodily surroundings adjustments the selection can even go through and in that scenario the administrator might also additionally have little or no choice. In spite of these kinds of barriers the rationality of choice-making is an essential idea in public management. After the World War II the book was published and it created ripples in the global of public administration. He advised that few standards cannot set the public' management in proper order behind the entirety there ought to be rationality.

In his argument Simon stated that in an organisation the person working at the lowest level of administrative hierarchy place significant role attaining the objectivity of the organisation. Manager's or non operative staffs influences the decision of the operative staffs, i.e. "the persons at the lowest level of the administrative hierarchy". Simon deliberately used the term 'influence' than 'directions' as the former is only one of several ways that may affect the decisions. As they are divisions of decision making duties between operative and supervisory; Simon, at the same time, tries to focus on 'vertical specialization' than of horizontal. Vertical specialisation helps the decision of the organisation become decentralised. There must be a process of coordination between centralised and decentralized mode of decision making. In many times operative staff has to give autonomy to take timely decisions to reach the objectives of the organisation. Does the centralised mode of decision making will be fruitful to the organisation.

On the other hand organisation should have expertise and accountable group of operative staff who have organisational loyalties. The same time 'unity of command' should be there to check and balance the overall process of decision making. This requires proper training, planning and review. However Simon advocates for "plurality of command" in this regard.

Following the above mentioned arguments it can be stated that Herbert Simon's theory of decision making is talking about following four thoughts.

- Satisfying upon Model?
- Organizational Decision-Making
- Rationality in Decision-Making
- Administrative Man versus Economic Man

Simon introduces the notion of administrative man and economic man to justify his approach. The decision maker is totally informed to both the goals of the organization and the potential available alternatives and that he acts to maximize something such as gains, profits, utilities, satisfactions and so on, as believed by the classical economic man.

In compare to economic man, administrative man seeks to "satisfice" by finding satisfactory solutions to a certain extent than to maximize the subjective goal. He can make his choices without first examining all possible behaviour alternatives and without determining that these are in fact all the alternatives. Administrative man is content with a simplified and

incomplete view of the world that can never estimated the complexity of the real world as of human limitations. He treats the world as rather “empty,” and ignores the “inter relatedness of all things.” He is able to make his decisions with simple rules of thumb that do not make impossible demands upon his capacity for thought.

According to Simon the administrative men have following characteristics:

1. Administrative man looks for satisfactory alternative.
2. Administrative man recognises that the world he perceives is a drastically simplified model of the real world.
3. Administration man can make his choices without first determining all possible alternatives and without ascertaining that all satisfies rather than maximize.
4. Administrative man is able to make decisions with relatively simple rule of thumb because he treats the world as rather empty.

13.8 Nature of Decision Making (bounded rationality)

He included the idea of rationality in decision making. But he rejected the classical concept of absolute (total) rationality in decision making. Instead, he proposed his concept of bounded rationality.

While administrative man is capable of only “bounded rationality,” he also must look for rational (efficient) organisational actions. For administrative man as well as for economic man the basic objective remains the same: to whatever extent possible, utilities are to be maximised. The organization will impose its own standards of rationality on the individual in order to diminish the negative effects of human irrationality.

There are several factors responsible for bounded rationality which leads to satisfying decisions. They are:

1. Dynamic rather than static nature of organizational objectives.
2. Imperfect information or inadequate information as well as limited capacity to analyze the available information.
3. Time and cost constraints.
4. Environmental forces or external factors.
5. Alternatives cannot be always quantified in an ordered preference.
6. Decision-maker may not be aware of all the possible alternatives available and their consequences.
7. Personal factors of the decision-maker.
8. Organizational factors like procedure, rules channels of communication etc.

13.9 Conclusion

Chis Argyris criticises for not recognizing the role of intuition, tradition and faith in decision-making. Norton E. Long and Philip Selznick argue that Simon’s distinction between

fact and values revises in a new guise the discredited politics-administration dichotomy and consider bureaucracy as a neutral instrument.

However, a wide-ranging and valiant policy requires vision, expertise, intelligence, experience, efficiency, effectiveness and other related qualities. The supporters of ‘bounded rationality’ emphatically claim that there is doubt how many people possess these qualities. There are multiple functions have to be performed by an organisation and these aspects are being dealt by public administration. For this reason a comprehensive policy has to be made. But the practical situation teaches us that even persons of exceptional qualities cannot make a policy which will cover all the aspects of organisation as well as public administrates. Scholars advocate that policy-making is a group product. Numerous persons assemble together and after detailed discussion – deliberations policy is formulated. However one cannot oversimplify the process of decision making. Differences of opinion can prevail and that will create impediments to decision-making a policy.

Simon dealt the issue of decision-making process in such a way by which an organisation can be beneficial. His basic arguments are still having much importance. The contribution made by Simon is not out of criticism but a scholar of administration or a decision-maker cannot ignore the process of decision-making and selection of rational choice during the process as mentioned by him.

13.10 Summing Up

- An organisation is quite large.
- Decision- making is a complex matter.
- Decision of an organisation is subject to change with the change of time and circumstances.
- Human mind and rationality cannot comprehend all possible situations.
- One psychologist has said that a mind can distinguish maximum seven categories of phenomena at a time.
- Human mind is guided by emotion and in the field of policy-making the emotions have no place.
- Many men are guided by self-love, heuristic feeling, and also nepotism. One cannot force an individual to be free from all these. But all these create obstacles on the way of an impartial policy.

13.11 Probable Questions

Essay Type Questions

- a) Critically discuss the Decision-making Theory as enumerated by Herbert Simon.
- b) Write a note on the stages of Decision-making Theory.
- c) What is bounded rationality? Discuss in this context the factors which determine the effective decision-making.
- d) Write a note on models of Decision-making Theory.
- e) Write a note on types of Decision-making Theory.

Short Questions

- a) Mention the characteristics of administrative man.
- b) What are the factors which influence decision making.
- c) Write a very short note on incremental model.
- d) Point out the stages of decision making.
- e) Briefly discuss the nature of decision-making theory.

Objective Questions

- a) In which year Herbert Simon's celebrated work—"Administrative Behaviour; A Decision-Making Processes" was published?
- b) "... decision-making is the choice primarily based totally on a few standards from or greater viable options." – Who has been this statement?

13.12 Further reading

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Unit 14 □ Ecological Approach (Fred Riggs)

Structure:

- 14.1 Objective**
- 14.2 Introduction**
- 14.3 Development and Growth of Ecological Approach**
- 14.4 Framework of Ecological Approach**
- 14.5 Models of Ecological Approach**
- 14.6 Diversity of the Approach**
- 14.7 Pan-disciplinarily Nature of the Approach**
- 14.8 Conclusion**
- 14.9 Summing Up**
- 14.10 Probable Questions**
- 14.11 Further Reading**

14.1 Objective

Through this unit the learners will be able to understand -

- Development and growth of ecological approach
- Contribution of Riggs to the approach
- Models of the approach
- Diversity and pan-disciplinary nature of the approach.

14.2 Introduction

If an organization is to survive it must adopt itself to the changing needs and conditions of its external environment which is continuously changing. Fred Riggs is one of the foremost exponent of the ecological approach in Public Administration.

With the development of comparative public administration during the late 1940s ecological approach became a party name perspective study of public administration. The

word ecology that denotes the interaction and interdependence between animal and its natural environment has been borrowed from the discipline of biology. In the same way when it comes to the the role of an individual in administration interaction of the individual with administration should be understood. In the late 1940 and emerging interest, in USA, was evolved to understand the the trend and pattern of organisations of the newly independent nations. The emergence of development administration and comparative public administration help the ecological perspective of public administration in regard to the developing countries.

14.3 Development and Growth of Ecological Approach

Under the leadership of Fred W. Riggs Comparative Public Administration Group was formed in USA in 1962. In 1961 Riggs wrote a book namely, “The Ecology of Public Administration” where he expressed his views of the ecological approach. In this approach, bureaucracy has been regarded as a basic unit of a society. The basic premises of the bureaucracy should be understood in context of the structure and functions and its relationship with other institutions available in society like political socio cultural and economic institutions or subsystems.

Riggs believed that administration is subsistence of a society and interaction the subsystem is such a process in which environmental shapes and impacts the administration and vice versa. The interaction between administration with the environment termed as ecology of Public administration by Riggs. He also believed that without understanding the social pattern of a country the nature of bureaucracy or public administration cannot be understood.

14.4 Framework of Ecological Approach

In his ecological approach Riggs considered the structural functional framework as an appropriate measure to understand one country’s administrative system. According to him each administrative system is made up with a range of structures that perform definite functions. By the pattern of behaviour a structure can be defined. The standard feature of the newly independent system can be understood by that pattern of behaviour. In a system the role played by the structure and its functions was based on the pattern of behaviour. Whether it is analytical or concrete structure may perform various kinds of functions like political, social, economic or cultural. The same time specific structure may perform definite functions. In different kind of societies the functions can be performed differently by different structures. Hence, Riggs developed his ecological understanding depending on structural functional approach using the concept of system analysis.

14.5 Models of Ecological Approach

In context of three different societies Riggs developed his model of ecological approach to public administration.

- a) Agraria - Industria model
- b) Agraria - Transitia - Industria model
- c) Fused - Prismatic - Diffused model

Riggs “attempted to explain the various societies. The traditional agrarian societies, highly developed industrial societies, and developing societies are functionally and structurally distinct. He termed functionally diffused societies as ‘fused societies’ (in traditional societies various social functions and social structures are highly functionally diffuse, that is, there is no organized division of labour) and functionally specific’s societies are ‘diffracted societies’ (as found within an industrialized societies). In addition to these two diametrically opposed extremes i.e. lack of division of labour society versus a highly specific’society, there is a third society called prismatic society- Riggs’ most popular model.

Riggs emphasized that ‘Fused-Prismatic-Diffracted models’ are designed to be ‘ideal’ types not to be found in any actual society. Nevertheless these models would help us to understand and analyze the societies and function of administrative systems. Fused model Based on the experience of imperial China and pre-revolutionary Siamese Thailand, Riggs proposed the concept and characteristics of fused societies. In these societies, a single structure carries out a number of functions. These societies heavily depend on agriculture with no industrialization and modernization. The economic system is based on law of exchange and barter system. The King and royal family members and officials nominated by the king carry out all administrative, economic and other activities by themselves.

The administrative systems in a fused societies, is based on the structure of family and strives to protect the special interests of the family and certain sects rather than aiming at universal happiness and development. These societies do not differentiate between justice and injustice; formal and informal setups and governmental and non-governmental activities. Ascriptive values play a dominant role in the society and the behaviour of people would be highly traditional. Age old customs, beliefs, faith and traditional ways of living enable people to live together and control their behaviour. Diffracted model Riggs uses American society as model of diffracted society. A diffracted society will be dynamic with high degree of specialization and each structure carries out a specialized function. All organizations and

structures in the society are created and based on scientific rational. Ascriptive values cease to exist, giving way to the attainment values in the society. Governments would be responsive to the needs of people and protect human rights. People would bring pressure on the government to get their demands fulfilled. There would be a general consensus among the people on all basic aspects of social life. Public pay attention and give respect to the laws of the nation on their own. This would enable the government to implement the laws and discharge its responsibilities without any difficulty. The economic system of diffracted society is based on market mechanism. The influence of market has both direct and indirect effects on the other facets of the society. Riggs called it marketised society.

Prismatic Model

Riggs concentrated all his efforts on prismatic model to explain the nature and administration in the post-colonial developing nations. While doing his field work in Thailand (1957-58 and teaching in Philippines (1958-59), articulated prismatic model based on the metaphor of prisms. The fused while sunlight (which represents the fusion of several colours) passes through a prism, it becomes diffracted into several separate colours. Here the fused light signifies fused structures of a traditional society (single structure performing all necessary functions); the diffracted colours represent the specialized or diffracted structures of modern society (separate structures or institutions for major functions); and the situation with in the prism (which is transitional phase between the fused and diffracted stages) reflects the conditions in developing nations, which Riggs began to define as prismatic societies. In explaining the nature of administration in these transitional societies, Riggs systemically used an ecological approach to explore their non-administrative domains of society, politics, economy and culture.

According to Riggs prismatic society has three important characteristics features viz,

- (i) heterogeneity (co-existence of the traditional and the modern; the simultaneous presence of quite different kinds of systems, practices and viewpoints);
- (ii) formalism (the extent to which a discrepancy exists between the prescriptive and descriptive, between formal and effective power, between the impression given by the Constitution, laws and regulations, and actual practices and facts of government and society; gap between the stated objectives and real performance); and functional overlapping (similar functions are performed by different institutions; the extent to which formally differentiated structures of a diffracted society co-exists with undifferentiated structures of a fused society).

Due to these features, the social change in a prismatic society would be inconsistent, incomplete and irresponsive. Further these features are reflected in the prevalence of poly-communal society (where interaction among communities based on suspicion and distrust; different communities to try to pull the society in different directions in furtherance of their own sectional interests); the bazaar- canteen model economy and its price indeterminacy (caused by the influence of social status, bargaining capacity, and official position on economic behaviour; both economic and non-economic factors interact and influence the economic structures and finally reduce a state of ‘price indeterminacy’); and polynormativism in decision process (representing the use of both rational and non-rational criteria).

Sala Model

Administrative Sub-system of a prismatic Society Riggs termed the administrative systems in prismatic societies as Sala Model, which has variety of meanings; in diffracted societies it is known as such as bureau or office and in fused society it is termed as, chamber. The Sala has certain features of diffracted bureau and fused chamber. The heterogeneous values system and the traditional and modern methods of the prismatic society reflect in administrative dealings and functional management. The administrative rationality and efficiency found in bureau are absent in *Sala*. In prismatic societies or Sala model, family, community, nepotism, etc, play important role in the appointment to various administrative positions and in taking decisions or performing administrative functions. Universalisation of laws/norms is disregarded. In a diffracted society, the considerations of kinship are kept away from the administrative behaviour and apply the norms equally. In a fused society the politico-administrative system has a patrimonial character and therefore, provides dominant importance to Kinship or family.

14.6 Diversity of the Approach

“A polarized model is insufficient in depicting the characteristics that contribute to a developing country’s administrative system. As a result, Riggs abandoned models that differentiated between agrarianism and industrialism. Rather, Riggs opted to make a more diverse, yet simplified model, namely, the “fused-prismatic-diffracted” model or what one even have chosen to call a “prismatic” model. The formulation of the prismatic model was based upon the extent to which a social administrative system undergoes functional differentiation. The model is acceptable for studying three societal types: highly developed Western industrial societies and traditional agrarian societies, also as developing societies.

Each society has its own social, economic, politically symbolic, and communicative attributes, also as its own form of government and ideas of individual rights. Yet, these attributes as an entire eventually become different administrative systems. Riggs believed that the degree to which each component of a society differs from another in function is measurable, which measures of functional differentiation are often wanted to locate the three societal types along a continuum. Simultaneously, Riggs believed that his theoretical models are often wanted to compare the elemental structure of varied societies. Through his model, one is therefore ready to comprehend each country's administrative attributes and differences. Riggs' own analysis of public administrations primarily relies upon a functional structural analytical approach. He refers to structure as a society's pattern of activity, while function is taken into account to be the result of a pattern of activity. Given this analytical approach, one discovers that traditional agrarian societies, highly developed industrial societies, and developing societies are functionally and structurally distinct. Such functional and structural attributes are often further examined by employing a biological approach, that is, via a spectrum. Taking a standard agrarian society as an example, say a standard Thai society, one notices that various social functions and social organizations are highly functionally diffuse, that is, there is no organized division of labour.

This analogy serves to demonstrate the results of an unorganized functional and structural system during a traditional agrarian society. But, should a white ray of sunshine be beamed through a prism, it might disperse into a good range of colours. Riggs uses the word "diffract" to ask this phenomenon (different than its meaning in physics) as a metaphor for the functional and structural system that's highly functionally specific, as found within an industrialised society. However, Riggs believes one must also contemplate the condition of the white light during the method during which it's being beamed through the prism itself. Specifically, the white ray is simply beginning to be diffracted, but the diffraction process has yet to be completed (the inaccuracy of this metaphor from the attitude of physics aside). Social differentiation, hence, can't be successfully achieved overnight. Likewise, social transformation doesn't progress at a uniform speed. The question thus remains, how does a standard society become modernized? Moreover, how does a fused society become a more diffracted society? Between the 2 extremes of a "lack of division of labour" society versus a diffracted society, one may ask, what other possibilities are there. Through his model, Riggs suitably and thoroughly addresses these questions. Riggs first tackles these issues by describing how a ray of sunshine passes through a prism: when a fused white light is beamed through a prism, the white light is subsequently diffracted into a rainbow of colours. Riggs further conceptualizes the diffraction process itself as creating a continuum.

These conceptualizations are often also applied to the important world such a prismatic society is often theorized as a continuously expanding and developing system.

Riggs' believes that when analyzing prismatic societies, most social scientists fail to know how they essentially function. More significantly, they're unable to completely understand the conditions under which a society experiences diffraction. That's to mention, such social scientists only grasp the concept of a specialized structure, and aren't ready to conceptualize the whole social structural system. Taking a family household as an example, during a fused society the family is that the model by which politics, the executive system, religion, and ethics are judged. In contrast, during a diffracted society, the family household's influence on other social structures is negligible. Yet, during a prismatic society the degree of influence lies within these two extremes. In other words, a family household's influence on various other social structures is a smaller amount than during a fused society, but quite during a diffracted one. The study of economic behaviour is often applied within the same manner. During a prismatic society, should one ignore the interrelationship between political, administrative, social, and economic factors, and limit one's analysis to economic behaviour alone, one not only fails to completely grasp the larger picture, but more importantly, misunderstands the role of economic behaviour also.

In the ten years since the introduction of the "prismatic model," Riggs himself has suggested improvements or alterations to the model. The most reason for such improvements is to probe and question the unilinear model of thinking. Within the "prismatic model," "degree of differentiation" was considered to be the sole standard against which prismatic societies were judged; that's, it had been believed that the upper the degree of differentiation, the greater the degree of diffraction. However, this inferential relationship cannot adequately explain the following: when a social organization is already differentiated/diffracted, and yet is malintegrated as an entire, how can it remain stagnated during a prismatic social state?

Riggs himself admitted that the model's reasoning was faulty and would cause misguiding thinking; therefore, within the "unilinear path" concept Riggs added a "degree of conformity" axis. In contrast, the "bilinear path" proposes that a prismatic society isn't determined by economic development, nor by achieving modernization alone; rather, it are often found in several societies in various degrees of differentiation. Consequently, prismatic societies aren't limited to underdeveloped countries. More precisely, the more differentiated a society is, the greater the necessity for conformity so as to succeed in a state of diffraction; however, the social risk is additionally greater, as is that the likelihood

of disastrous consequences, including prismatic breakdowns. Riggs' approach is predicated on nonconforming behaviour as found in Western societies—including metropolitan crises, ethnic riots, student boycotts, social distancing, also as “the hippy phenomenon”—characteristics particular to prismatic societies in highly developed countries. The abrupt rise of the Nazi and Fascist movements in Europe, also because the Great Depression of the 1930s represents two vivid examples.

Riggs uses the three prefixes of “eo”, “ortho”, and “neo” to determine six new sorts of social phenomenon. This distinction allows for greater descriptive flexibility, also as a finer understanding of the dynamics of change. From Riggs' introduction of those three phases one realizes that “present-day Riggs” is actually the foremost blunt and harshest critic of “former Riggs.” Yet, despite the very fact that Riggs continuously modifies his approach so as to make the right model, Riggs' critics are endless. Prethus, as an example, regards Riggs' model as too broad and abstract. Arora, during a quite lengthy article, analyzes the “negative character” of the prismatic model. Specifically, he argues that the model holds a Western bias, and moreover, the terminology want to describe the actual characteristics of the prismatic model are value-laden, and consequently, tend to stress the negative characteristics of prismatic societies. Monroe also considers the prismatic model a mirrored image of Western standards, and urges Riggs to review prismatic phenomena within American society so as to enhance his model. on Riggs' promotion of “formalism”, Some scholars raise several points of contention; namely, the terminology “formalism” constitutes the disparity between that which is “formally prescribed” which which is “actually practiced.” It follows that the benefits and drawbacks of “formalism” can't be broadly encapsulated, but rather are determined through context. Undoubtedly, these criticisms have contributed to the adjustments made in Riggs' model, such many points of contention have already been clarified in his book, ‘Re-examining Prismatic Societies’. However, so as for Riggs' model to possess an evenmore concrete influence, it must have more solid impressions. Braudy uses Riggs' approach to review Japan's legislative proceedings. In his study, Braudy's findings were that practical applications and conclusions drawn from the prismatic model are often broadly utilized; however, it's harder to match factors and conditions within the model, for one might not find every factor listed within the model in Japanese society itself. It can therefore be stated that given the challenges and adjustments Riggs' model faces, its structural path must be predicated on resolving these issues within the near future. If maladjustment is equated with stress, then it's an aversive mental state which will create negative evaluations of and negative affect toward the stimulus that created it. Moreover, the shortage of an outsized number

of feedback events can also cause the expatriates to ignore cues about behavioural appropriateness.

14.7 Pan-disciplinary Nature of the Approach

Another laudable academic contribution of Riggs is his use of pan-disciplinary research. This sort of research springs from his dissatisfaction with traditional monolithic and inter-disciplinary studies. Pan-disciplinary research, by definition, also studies politics, law, anthropology, economics, psychology, etc. to research public administration. Riggs argues that to realize a deep and thorough understanding of public administrative phenomena during a prismatic society requires not only the observation of superficial attributes, but the examination of other equally significant cultural factors also, the rationale being that the more transparent a prismatic society, the more complex its public administrative structure. Within the past, the induction method was criticized as being too subjective and limited. Although prismatic approach is predicated on logical induction, it's not subjective and restrained, for the theories pan-disciplinary approach prevents it from being so. Comparative public administrative research, under the influence of science methodology, has recently placed more emphasis on cultural factors. This reflects the bounds of traditional public administrative studies, which use a more static approach. Confronted with various and changing world, the evolution process both of modernized diffracted societies and reworking prismatic societies fail as adequate explanations. With the view point of systematic, a society may be a balanced entity even when facing continuous change. The final principle of social transformation is modernization.

Riggs defines modernization as a multi-faceted transformation process caused by the influence of more developed countries on less developed countries. C.E. Black, in contrast, argues that modernization is a process of self-adaptation by traditional societies when confronted with external challenges. Regardless of which one subscribes to, Riggs' perspective of external impact or Black's definition of internal adaptation, implicit in both of these viewpoints is a construct on how a society evolves. Only by explaining the process of transformation can the goal of improving a society be realized."

14.8 Conclusion

Riggs has placed great emphasis on ecological methodologies. This approach not only widens the scope of the study of public administration, but also regards society as organic in nature. Aside from that, this approach supplements traditional research. In doing

comparative public administration research, one should examine other related factors like historical background, ideologies, value systems, economic structure, social structure, etc.. This is often because social systems evolve gradually, instead of transforming abruptly. Additionally, the environment always plays an important role in forming and reworking social systems; that's, different environments will produce different systems. To look at the study of public administration as a closed system, isolated from its environment would, bluntly speaking, would be out of touch with reality. The ecological approach, by definition, focuses upon the connection between an organism and its environment. Factors that the ecological approach takes into consideration are numerous; they primarily include, however, the influence of recent developments in social sciences methodology, experience from technological aid to foreign developing countries, and therefore the influence of social systems approach. Riggs' ecological approach is based on the essential characteristics of ecology. The notion that functions are interdependent, dynamic balancing relationships, or adaptations and structural developments, etc., is according to prismatic theories. To elucidate the possible occurrence of ecological relationships between public administration and other factors, Riggs proposes an alternate hypothesis, one that's to be tested through observation and empirical evidence. Ecological public administration not only can provide a solid basis for research, but can explain and predict public administrative behaviour also. theEcological approachbeing merely a strong tool for uncovering "ailments" within public administrative systems, can in fact address the problems of newly independent state and the can point out the method to resolve them.

14.9 Summing Up

- Riggs develops his ideal model ecological approach upon the structural functional approach that has gained considerable currency in political science in recent times. According to this all societies perform an array of functions such as administrative, religious, economic and so on. Societies usually have a variety of structures that perform different functions.
- As society grows and develops, more and more specialized structure appear, each one of which becomes engaged in specific functions. So differentiation of structure may be looked at as the essence of development.
- Using an analogy, Riggs pictures the process of differentiation as sunlight passing through a thunderstorm and appearing as a rainbow. Thus he develops his ideal models of fused, diffracted and prismatic.

14.10 Probable Questions

Essay Type Questions

- a) Critically discuss the ecological approach to Public Administration.
- b) Do you consider ecological approach as pan-disciplinary in nature? Argue your case.

Long Questions

- c) Describe the diversity of ecological approach.
- d) Discuss Sala model.

Short Questions

- a) Write a note on the models of ecological approach.
- b) Write a note on the basic framework of ecological approach.
- c) Point out the pan-disciplinary nature of ecological approach.
- d) Write a note of Prismatic model.

Objective Questions

- a) When did the ecological approach become a part of the study of Public Administration?
- b) When was the “Comparative Public Administration Group” founded in the United States?

14.11 Further reading

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Unit 15 □ Innovation and Entrepreneurship (Peter Drucker)

Structure:

- 15.1 Objective**
- 15.2 Introduction**
- 15.3 Understanding Innovation and Entrepreneurs**
- 15.4 Sources of Innovation**
- 15.5 Five Principles of Innovation**
- 15.6 Knowledge-based Innovations**
- 15.7 Conclusion**
- 15.8 Summing Up**
- 15.9 Probable Questions**
- 15.10 Further Reading**

15.1 Objective

From this unit the student will be able to learn the following:

- Basic notion of innovation and entrepreneurship as developed by Peter Drucker.
- Characteristics of innovation.
- Drucker's idea of seven sources of innovation.
- Five principles of Innovation and entrepreneurship.
- How knowledge base innovation help the organisation or company to become successful.

15.2 Introduction

Peter Drucker is the leading contributor to entrepreneurship and innovation. According to him, 'innovation is authentic work, and it can and should be managed like any other corporate function. But that doesn't mean it's the same as other business activities. Indeed, innovation is the work of *knowing* rather than *doing*.' He further argues that, 'most innovative

business ideas come from methodically analyzing seven areas of opportunity, some of which lie within particular companies or industries and some of which lie in broader social or demographic trends. Astute managers will ensure that their organizations maintain a clear focus on all seven. But analysis will take you only so far. Once you've identified an attractive opportunity, you still need a leap of imagination to arrive at the right response'—call it “functional inspiration.” Commitment to the systematic practice of innovation is the key to successful entrepreneurs, not a certain kind of personality.

Innovation and Entrepreneurship starts with Drucker's drawing attention to a mystery: why, in the American economy from 1965 to 1985, despite inflation and oil shocks, recessions and major job losses in certain industries and government, there had been huge jobs growth. The jobs – 40 million of them - had not been created by large corporations or government, but mostly in small and medium sized businesses.

15.3 Understanding Innovation and Entrepreneurs

Drucker's 'Innovation and Entrepreneurship' was the first book to discuss the business innovation and entrepreneurship in a systematic way. According to him, 'innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. Innovation involves finding a new and better way of doing something. Much of our modern society is based on innovations that have occurred in the past that provide us with the standard of living we enjoy today. Innovation is the specific function of entrepreneurship, whether in an existing business, a public service institution, or a new venture started by a lone individual in the family kitchen. It is the means by which the entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth.

“Innovation,” then, is an economic or social rather than a technical term. It can be defined the way J. B. Say defined entrepreneurship, as changing the yield of resources. Or, as a modern economist would tend to do, it can be defined in demand terms rather than in supply terms, that is, as changing the value and satisfaction obtained from resources by the consumer.

Entrepreneurship is “risky” mainly because so few of the so-called entrepreneurs know what they are doing. They create something new, something different; they change or transmute values. Systematic innovation therefore consists in the purposeful and organized search for changes, and in the systematic analysis of the opportunities such changes might offer for economic or social innovation.

Today, much confusion exists about the proper definition of entrepreneurship. Some observers use the term to refer to all small businesses; others, to all new businesses. In practice, however, a great many well-established businesses engage in highly successful entrepreneurship. The term, then, refers not to an enterprise's size or age but to a certain kind of activity. At the heart of that activity is innovation: the effort to create purposeful, focused change in an enterprise's economic or social potential. Entrepreneurship is the function of entrepreneur. All organisational and management activity which are performs by entrepreneurs that is called entrepreneurship.

Drucker argues that, 'Entrepreneurship occurs when resource are redirected to progressive opportunities not used to insure administrative efficiency. He further states that entrepreneurship is not creative. "It is work entrepreneurship" require entrepreneurial management.'

Entrepreneurs, by definition, shift resources from areas of low productivity and yield to areas of higher productivity and yield. Entrepreneurship and innovation are companion terms. Entrepreneurship involves looking for a new innovation and taking advantage of it.

Entrepreneurship, then, is behavior rather than personality trait. And its foundation lies in concept and theory rather than in intuition. Drucker postulated that dynamic disequilibrium brought on by the innovating entrepreneur, rather than equilibrium and optimization, is the "norm" of a healthy economy and the central reality for economic theory and economic practice.

Because the purpose of business is to create a customer, the business enterprise has two - and only two - basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs.'

● **Characteristics of Innovation**

According to P.F. Drucker innovation have following characteristics -

- 1- Innovating organization know what 'innovation' means.
- 2- Innovative organization understand the dynamics of innovation.
- 3- They have an innovation strategy.
- 4- They know that innovation requires objective, goals and measurement of a managerial organization and appropriate to the dynamics of innovation.
- 5- Management, especially top management, plays a different role and has a different attitude in an innovative organization.

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- 6- The innovative organization is structured differently and set up differently from managerial organization.
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15.4 Sources of Innovation

Drucker delineates seven sources for innovative opportunities that should be monitored by those who are interested in starting an entrepreneurial project. The first four are sources of innovation that which deals with the industry. Four such areas of opportunity exist within a company or industry: unexpected occurrences, incongruities, process needs, and industry and market changes. The last three works in the societal environment. There are, of course, innovations that spring from a flash of genius. Three additional sources of opportunity exist outside a company in its social and intellectual environment: demographic changes, changes in perception, and new knowledge. Most innovations, however, especially the successful ones, result from a conscious, purposeful search for innovation opportunities, which are found only in a few situations.

These sources are different to each other like in the nature of their risk, difficulty, and complexity, and the potential for innovation may well lie in more than one area at a time. So they sometimes overlap. Nevertheless together, they account for the great majority of all innovation opportunities. Following are the seven sources -

1. Unexpected Occurrences
2. Incongruities
3. Process Needs
4. Industry and Market Changes
5. Demographic Changes
6. Changes in Perception
7. New Knowledge

Let us now discuss these sources in detail: first, The Unexpected or unexpected occurrences - An unexpected success, an unexpected failure or an unexpected outside event can be a symptom of a unique opportunity. Consider, first, the easiest and simplest source of innovation opportunity: the unexpected. The unexpected failure may be an equally important source of innovation opportunities. Unexpected successes and failures are such productive sources of innovation opportunities because most businesses dismiss them, disregard them, and even resent them. This is a caricature, to be sure, but it illustrates the

attitude managers often take to the unexpected: “It should not have happened.” Corporate reporting systems further ingrain this reaction, for they draw attention away from unanticipated possibilities. The typical monthly or quarterly report has on its first page a list of problems—that is, the areas where results fall short of expectations. Such information is needed, of course, to help prevent deterioration of performance. But it also suppresses the recognition of new opportunities. The first acknowledgment of a possible opportunity usually applies to an area in which a company does better than budgeted. Thus genuinely entrepreneurial businesses have two “first pages”—a problem page and an opportunity page—and managers spend equal time on both.

Second, the Incongruity - A discrepancy between reality and what everyone assumes it to be, or between what is and what ought to be, can create an innovative opportunity.

Such an incongruity within the logic or rhythm of a process is only one possibility out of which innovation opportunities may arise. Another source is incongruity between economic realities. For instance, whenever an industry has a steadily growing market but falling profit margins—as, say, in the steel industries of developed countries between 1950 and 1970—an incongruity exists. The innovative response: minimills.

An incongruity between expectations and results can also open up possibilities for innovation. All that was wrong, however, was an incongruity between the industry’s assumptions and its realities. The real costs did not come from doing work (that is, being at sea) but from *not* doing work (that is, sitting idle in port). Once managers understood where costs truly lay, the innovations were obvious.

Third, Innovation based on process need - When a weak link is evident in a particular process, but people work around it instead of doing something about it, an opportunity is available to the person or company willing to supply the “missing link”.

Fourth, changes in industry or market structure - The opportunity for an innovative product, service or business approach occurs when the underlying foundation of the industry or market shifts. Managers may believe that industry structures are ordained by the good Lord, but these structures can—and often do—change overnight. Such change creates tremendous opportunity for innovation.

Fifth, Demographics - Changes in the population’s size, age structure, composition, employment, level of education and income can create innovative opportunities. Of the outside sources of innovation opportunities, demographics are the most reliable. Demographic events have known lead times; for instance, Yet because policy makers often neglect demographics, those who watch them and exploit them can reap great rewards.

Managers have known for a long time that demographics matter, but they have always believed that population statistics change slowly. In this century, however, they don't. Indeed, the innovation opportunities made possible by changes in the numbers of people—and in their age distribution, education, occupations, and geographic location—are among the most rewarding and least risky of entrepreneurial pursuits.

Sixth, Changes in perception, mood and meaning - Innovative opportunities can develop when a society's general assumptions, attitudes and beliefs change. "The glass is half full" and "The glass is half empty" are descriptions of the same phenomenon but have vastly different meanings. Changing a manager's perception of a glass from half full to half empty opens up big innovation opportunities.

A change in perception does not alter facts. It changes their meaning, though—and very quickly. It took less than two years for the computer to change from being perceived as a threat and as something only big businesses would use to something one buys for doing income tax. Economics do not necessarily dictate such a change; in fact, they may be irrelevant. What determines whether people see a glass as half full or half empty is mood rather than fact, and a change in mood often defies quantification. But it is not exotic. It is concrete. It can be defined. It can be tested. And it can be exploited for innovation opportunity.

Seventh, New Knowledge - Advances in scientific and non-scientific knowledge can create new products and new markets. So, if you are looking for a new business opportunity, monitoring these seven sources may provide you with an innovation opportunity. Among history-making innovations, those that are based on new knowledge—whether scientific, technical, or social—rank high. They are the super-stars of entrepreneurship; they get the publicity and the money. They are what people usually mean when they talk of innovation, although not all innovations based on knowledge are important.

Knowledge-based innovations differ from all others in the time they take, in their casualty rates, and in their predictability, as well as in the challenges they pose to entrepreneurs. Like most superstars, they can be temperamental, capricious, and hard to direct. They have, for instance, the longest lead time of all innovations. There is a protracted span between the emergence of new knowledge and its distillation into usable technology. Then there is another long period before this new technology appears in the marketplace in products, processes, or services. Overall, the lead time involved is something like 50 years, a figure that has not shortened appreciably throughout history.

By watching for these signs to identify an opportunity, then creating and acting on a systematic plan to deliver a valuable product, businesses can create new value.

15.5 Five Principles of Innovation

Below are five principles that can help you take advantage of a new innovation you may have discovered.

1. Begin with an analysis of the opportunity.
2. Analyze the opportunity to see if people will be interested in using the innovation.
3. To be effective, the innovation must be simple and clearly focused on a specific need.
4. Effective innovations start small. By appealing to a small, limited market, a product or service requires little money and few people to produce and sell it. As the market grows, the company has time to fine-tune its processes and stay ahead of the emerging competition.
5. Aim at market leadership. If an innovation does not aim at leadership in the beginning, it is unlikely to be innovative enough to successfully establish itself. Leadership here can mean dominating a small market niche.

15.6 Knowledge-based Innovations

Knowledge-based innovations can be temperamental, capricious, and hard to direct. To become effective, innovation of this sort usually demands not one kind of knowledge but many. Consider one of the most potent knowledge-based innovations: Grameen Bank as developed by Md Yunus. This innovative project fetches him the Nobel Prize. He believed, ‘It is not micro-credit alone which will end poverty. Credit is one door through which people can escape from poverty. Many more doors and windows can be created to facilitate an easy exit. It involves conceptualizing about people differently; it involves designing a new institutional framework consistent with this new conceptualization.’ This is how knowledge-based innovation always works.

It may be difficult, but knowledge-based innovation can be managed. Success requires careful analysis of the various kinds of knowledge needed to make an innovation possible. Dhirubhai Ambani did the same when he enters in the business with a very small amount of money. When his son Mukesh Ambani introduces Rs 500/- mobile with a vision, ‘ek

soch thi, ek sapna tha, hare k ko awaj du; har bandh dwar khol du’, it crated history in mobile network in India.

Careful analysis of the needs—and, above all, the capabilities—of the intended user is also essential. It may seem paradoxical, but knowledge-based innovation is more market dependent than any other kind of innovation. One of the well-known **Indian entrepreneurs**, Mr. N.R. Narayana Murthy started his journey from IIMA and established a small startup firm known as Softronics. But the business failed miserably as his analysis on market went wrong. However, Mr. Murthy had a different dream, for which he established another company with the name Infosys Technologies along with his some partners. Now, across the globe, Infosys is one of the most highly successful IT (*Information Technology*) firms. On the other hand Mr. Ratan Tata, the business tycoon fails miserably when he launch Tata Nano car. His believe, that in India the car will help common people to fulfil their dream to have a four wheeler car of their own investing a small amount of money, failed miserably. However he is still a successful business magnate within the motor division.

15.7 Conclusion

Innovation requires knowledge, ingenuity, and, above all else, focus. In innovation, as in any other endeavor, there is talent, there is ingenuity, and there is knowledge. But when all is said and done, what innovation requires is hard, focused, purposeful work. If diligence, persistence, and commitment are lacking, talent, ingenuity, and knowledge are of no avail.

There is, of course, far more to entrepreneurship than systematic innovation—distinct entrepreneurial strategies, for example, and the principles of entrepreneurial management, which are needed equally in the established enterprise, the public service organization, and the new venture. But the very foundation of entrepreneurship is the practice of systematic innovation.

Purposeful, systematic innovation begins with the analysis of the sources of new opportunities. Depending on the context, sources will have different importance at different times. Demographics, for instance, may be of little concern to innovators of fundamental industrial processes like steelmaking, although the Linotype machine became successful primarily because there were not enough skilled typesetters available to satisfy a mass market. By the same token, new knowledge may be of little relevance to someone innovating a social instrument to satisfy a need that changing demographics or tax laws have created. But whatever the situation, innovators must analyze all opportunity sources.

Because innovation is conceptual and perceptual, would-be innovators must also go out and look, ask, and listen. Successful innovators use both the right and left sides of their brains. They work out analytically what the innovation has to be to satisfy an opportunity. Then they go out and look at potential users to study their expectations, their values, and their needs.

To be effective, an innovation has to be simple, and it has to be focused. It should do only one thing; otherwise it confuses people. Indeed, the greatest praise an innovation can receive is for people to say, “This is obvious! Why didn’t I think of it? It’s so simple!” Even the innovation that creates new users and new markets should be directed toward a specific, clear, and carefully designed application.

Effective innovations start small. They are not grandiose. It may be to enable a moving vehicle to draw electric power while it runs along rails, the innovation that made possible the electric streetcar. Or it may be the elementary idea of putting the same number of matches into a matchbox (it used to be 50). This simple notion made possible the automatic filling of matchboxes and gave the Swedes a world monopoly on matches for half a century. By contrast, grandiose ideas for things that will “revolutionize an industry” are unlikely to work.

In fact, no one can foretell whether a given innovation will end up a big business or a modest achievement. But even if the results are modest, the successful innovation aims from the beginning to become the standard setter, to determine the direction of a new technology or a new industry, to create the business that is—and remains—ahead of the pack. If an innovation does not aim at leadership from the beginning, it is unlikely to be innovative enough.

Above all, innovation is work rather than genius. It requires knowledge. It often requires ingenuity. And it requires focus. There are clearly people who are more talented innovators than others, but their talents lie in well-defined areas. Indeed, innovators rarely work in more than one area. For all his systematic innovative accomplishments, Thomas Edison worked only in the electrical field. An innovator in financial areas, Citibank for example, is not likely to embark on innovations in health care.

15.8 Summing Up

- Innovation and entrepreneurship is closely related.
- Innovation focused on ideas and work while entrepreneurship is a part of it.

- Drucker was the leading authority of the notion of innovation and entrepreneurship in public administration.
- He described seven sources and five principals of innovation and entrepreneurship.
- Innovation and entrepreneurship may sometimes create new users and new markets and can be directed toward a specific, clear, and carefully designed application.
- Success of innovation and entrepreneurship depends on its knowledge base and marketability.

15.9 Probable Questions

Essay Type Questions

- a) Write a note on Peter Drucker's notion of Innovation and Entrepreneurship.
- b) Discuss in details the seven sources of innovation and entrepreneurship as enumerated by Drucker.
- c) How knowledge base innovation and entrepreneurship leads to success? Explain.
- d) What is innovation and entrepreneurship? Discuss in this context five principles of innovation and entrepreneurship

Short Questions

- a) Mention the characteristics of Innovation.
- b) What are the sources of Innovation.
- c) Point out the principles of Innovation.

Objective Questions

- a) Name any one leading contributor to Entrepreneurship and Innovation.
- b) Who is the author of the book "Innovation and Entrepreneurship"?

15.10 Further Reading

1. Drucker, Peter F. Innovation and Entrepreneurship, Practice and Principles. Harper & Row, Publishers, Inc. 1985.

2. Elias G Carayannis et. al. 'Innovation, Technology, and Knowledge Management', Springer, 2008
3. Rajeev Roy, "Entrepreneurship", Oxford University Press, New Delhi, 2009
4. Sudhir Sharma, Balraj Singh, Sandeep Singhal, "Entrepreneurship Development", Wisdom Publications, Delhi, 2005.
5. <https://ia800204.us.archive.org/22/items/BankerToThePoor/yunus.pdf> (Accessed on 03/04/2022)

Block - IV

Block- IV :

Unit 16 □ Public Policy: Concept, Relevance and Approaches

Structure:

- 16.1 Objective**
- 16.2 Introduction**
- 16.3 Meaning of Policy**
- 16.4 Paradigms of Public Policy**
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- 16.7 Relevance of Public Policy**
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- 16.11 Further Reading**

16.1 Objective

After study this unit, the learner will be able to

- Discuss the policy making process into three distinct phases-viz. policy formulation, policy implementation and policy evaluation.

- Explain several paradigms of public policy viz. the instrumentalist paradigm, rationalist paradigm, and strategic planning paradigm.
- Discuss the major theoretical approaches pertaining to the study of public policy which include among others the elite theory, group theory, political systems theory and institutionalism, policy output analysis, incremental theory and rational-choice theory.

16.2 Introduction

Until recently, Public Administration as a separate discipline was more or less preoccupied with the implementation of public policies. No serious attempt was made in the discipline to unravel the intricacies of public policies. It was dominated by the scholars of Political Science. However, their focus has never really been on the policies. They were primarily concentrating on the institutional and philosophical part of public policy. Introduction of this new approach in the field of Public Administration has brought a qualitative transformation in the study of administrative decisions. There is no mutually agreed definition of public policy. It has been conceptualized in several ways. To some public policy making is whatever governments decide to do; whereas others view public policy making as “intertwined relationships of offices, public leaders and issues, all of which constantly change in a kaleidoscope-like fashion”(Gerston: 2008). ‘Public policy’, as Nicholas Henry defines, ‘is a course of action adopted and pursued by government’. The public policy approach is therefore sought to explore as to how the government policies are made and implemented. The public policy making world wide has been in the throes of change. Bovaird and Loffler have nicely put this evolving paradigm of public policy making in the following words: “the paradigms of public policy making have changed significantly during the past three decades-the ‘old public administration’ was partly replaced by the ‘new public management’, which in turn has been partly supplanted by the ‘public governance’ perspective” (Bovaird and Loffler: 2009).

16.3 Meaning of Policy

The ubiquitous presence of the term in official discourse is, however, of no use as the term is often confused with similar words like output, decision etc. For the sake of clarity in this sub-section we will elaborate some of such confusions. Putting it simply, it can be defined as the purposive course of action taken by those who are at the helm of affairs with an objective of addressing certain problems. However, such definition fails to capture the

nuances of the term. For example, public policies normally include only those policies that are adopted and implemented by government bodies and officials. But in actuality, public policies cannot be confined to governmental bodies alone as there are multiple players involved in the governance process. Likewise, several ambiguous definitions are often put forward to make the situation even worse. For example, Thomas Dye defines public policy as ‘whatever governments choose to do or not to do’, which is no less unsettling for an effort to capture the meaning of public policy. Hence, to define public policy as *the purposive course of action what government chooses as guidance* is not conclusive either. Actually, public policy can be better understood as interplay of several factors (of which state being the dominant factor) which are sometimes even not intended or designed. Such, a degree of uncertainty in public policy making is evident in the words of Lindblom. He wrote: “a policy is sometimes the outcome of a political compromise among policy makers, none of whom had in mind quite the problem to which the agreed policy is the solution. Sometimes, policies spring from new opportunities, not from ‘problems’ at all. And sometimes policies are not decided upon but nevertheless ‘happen’” (Lindblom: 1968).

The major focus of public policy is to bring about rapid socio-economic development. It may be narrow in its focus concentrating on a particular area or it may be wider in its scope encompassing all the people in a country. Moreover, public policy is often confused with certain similar concepts, which needs to be distinguished. For example it is usually confused with decision-making, goals, planning. Public policy making does involve decision making, however decision making does not necessarily constitute a policy. Public policy provides a sense of direction to the administration decision. Similarly, public policies are often confused with goals. No doubt, public policies involve certain objectives or goals towards which policies are directed, but they are not synonymous. Thus, public policy is an extremely complex ‘analytical and political process’, which has no beginning or end as such. It is a continuum. As Carl Friedrich wrote: “Public policy, to put it flatly, is a continuous process, the formation of which is inseparable from its execution. Politics and administration play a continuous role in both formation and execution though there is probably more politics in the formation of policy, and more administration in the execution of it. Insofar as particular individuals or groups are gaining or losing power or control in a given area, there is politics; insofar as officials act or propose action in the name of public interest, there is administration”. Moreover, it is not sequential either as it is often so equated with several steps of decision making (like-preliminary appraisal of or the inquiry into the problem, identification of goals or objectives, canvassing of possible policies to achieve goals, choice or design) or what Simon has categorized as –intelligent activity, design activity and choice activity. Moreover, public policy making involves both political

and administrative components. The distinctiveness of public policy is more revealing if we place it in a constitutional democracy. Within a constitutional democracy popular consent is at the heart of public policy making. Policy makers in a constitutional democracy have translated the will of the people into viable policies in accordance with established norms and procedures. Usually in a democratic framework most of the public policymakers are elected officials. Other policy makers, who have exercised considerable influence in the overall process of policy making, are also appointed. In addition to that, there is a parallel line of command of non-elected cadre of bureaucrats or civil servants in the administration, who are equally instrumental in public policy making. Hence, functioning in a democratic milieu policymakers have to be the managers of public trust, who are either directly or indirectly accountable to the public (Gerston: 2008). Moreover, public policy making presupposes a constitutionalism at work, within which public policy has to work.

Genesis of Public Policy Making- “Human beings have been conducting policy analysis ever since they have existed. They have been recording policy analysis ever since there were written languages. One can find implicit policy analysis in the legal rules of the Babylonians, the ancient Hebrews, and the Egyptians, as well as in written and unwritten legal systems of ancient groups in Asia, Latin America, and Africa. Among the first philosophical books in ancient Greece, one can find a concern for political principles, such as how governments should be structured. Plato’s Republic and Aristotle’s Ethics represent a concern for evaluating public policy, even if they did not use same kind of analyses that are used by contemporary policy analysts.”

16.4 Paradigms of Public Policy

The public policy makers, both the political and the permanent executives alike, are the prisoners of theoretical constructs. They tend to make sense of the administrative reality through the models, approaches paradigms and so on. Theories of public policy include a host of approaches, theories, models. In this section we will identify a few such models, approaches and paradigms.

Paradigms of Public Policy

Application of public policy approach in the study of Public Administration is sought to transform the focus of public administration from mere implementation to the factors leading to the outcome of governmental deliberations. Nicholas Henry has identified three dominant paradigm of public policy viz. the instrumentalist paradigm, rationalist paradigm,

and strategic planning paradigm. In this sub-section an attempt will be made to touch upon the above paradigm in a precise manner.

The Incrementalist Paradigm- This paradigm of public policy making is closely associated with the writings of Charles E. Lindblom. In fact, it was Lindblom who had coined the term incrementalism in his famous publication entitled ‘The Policy-Making Process’ (1968). He had equated policy making process with ‘disjointed incrementalism’. ‘*Disjointed*’, in this context, means that the analysis and evaluation of conditions and alternative responses to perceived conditions are uncoordinated and occur throughout society; *incrementalism* means that only a limited selection of policy alternatives are provided to policy makers, and that each one of these alternatives represents only an infinitesimal change in the status quo’ (Henry: 2007).

The Rationalist Paradigm- It is the opposite of incrementalist paradigm of public policy making and implementation. This paradigm of public policy accesses every single policy option in terms of cost-benefit calculus. The intellectual root of this paradigm can be traced back to the rational choice model. The protagonists of this paradigm

The Strategic Planning Paradigm- Strategic planning as a viable paradigm of public policy making and implementation has its origin in the world of business. To be more specific, it was Alfred Chandler Jr. , who had introduced this paradigm in 1962 in a publication entitled ‘Strategy and Structure: Chapters in the History of the Industrial Enterprise’. Now-a-days this paradigm has been extensively used by the public and private sectors alike. Even, the non-governmental sector or what is popularly known as the ‘third sector’ is also taking the help of this paradigm in its policy formulation and implementation.

16.5 The Strategic Planning Paradigm

This paradigm intends to amalgamate the brownie points of both the rationalism and incrementalism to facilitate public policy formulations. Though originated in the realm of business, the strategic planning paradigm has been extensively used by both the government as well as third sector. The root of this paradigm can be traced back to the major American corporations of 1962. Alfred Chandler Jr. had shown how the strategic planning had been introduced to augment the productivity of the corporation. Unlike the personal vision of the chief executive officers or the collection of unrelated plans chalked out by the departmental heads, the strategic planning asks for holistic participation of the top line officers of the organization from the chief executive officer to the upper level of the middle managers. The important hallmark of the strategic planning paradigm is to repose faith on the line decision

makers. According to Nicholas Henry it can be defined as ‘the development, articulation, prioritization, and communication of significant policy goals by public and nonprofit organizations , and the integration of those goals into the management, budgeting, and performance measurement systems of these organizations’. However, it is to be noted that the strategic planning in the public sector differs from that of the private one.

16.6 Theoretical Approaches

The present section dwells on the major theories, approaches and models pertaining to policy analysis. Theories are the conceptual tools to make sense of the socio-economic, political, and cultural reality. However, theoretical constructs are rarely available in social sciences. The study of public policy is no exception either. Instead of full-fledged theories, domain of public policy has several approaches and models. There is no denying that these approaches come handy in exploring the important political phenomenon, and help organizing our thinking, and our course of action vis-à-vis any policy situation . The major theoretical approaches to the study of public policy may include among others the elite theory, group theory, political systems theory and institutionalism, policy output analysis, incremental theory and rational-choice theory.

16.6.1 Elite Theory:

This approach, unlike the popular construction of pluralism as an epitome of equity and social justice, views public policy as the mirror image of the interest of the ruling elites. Vilfredo Pareto in his book *Mind and Society* argues that persons of ability actively seek to confirm and aggrandise their social position. The elite group is divided into governing and non-governing ones. These few that possess unique qualities such as skills, material wealth, cunning and intelligence have the rights to supreme leadership, while the bulk of the population (masses) is destined to be ruled. Thus social classes are formed (Obi et al, 2008).

In his own work entitled *The Ruling Class* Gaetano Mosca, an Italian sociologist, posited that in the history of man, only one type of government had existed which was Oligarchy. He argued that:

In all societies, right from societies that are very meagrely developed and have barely attained the dawn of civilization down to the most advanced and powerful societies- two classes of people appear, a class that rules and a class that is ruled. The first class, always the less numerous, performs all political functions, monopolises power and enjoys

the advantages that power brings, whereas the second, the more numerous class is directed and controlled by the first, in a manner that is now more or less legal, now more or less arbitrary and violent and supplies the first, in appearance at least, with the instrumentalities that are essential to the vitality of political organism. (Mosca, 1939).

Mosca was also of the belief that apart from the fact that the minority is usually composed of superior individuals, the fact of their being few helps them to be more organized. He also wrote that the larger the political community, the smaller will be the proportion of the minority and the more difficult it will be for the majority to organize for reaction against the minority.

Mosca went further to say that in the circulation of elites, once the ruling class loses its aptitude to command and exercise political control, and those outside the ruling class, develop its aptitude, they will overthrow the old class and take over. He also believes so much in role of the middle class in a political system. He labels them the „sub-elite . He thus argues that the stability of any political organism depends on the level of morality, intelligence and activity that this second stratum has attained. He believes the policies of ruling class are made in the interests of the class, but couched in a moral and legal garb. He believes more in moral cohesion than physical force.

Mosca went further to describe the virtues of the ruling class as a representative of the elite in the following words:

In addition to the great advantage accruing to them from the fact of being organized, ruling minorities are usually so committed that the individuals who make them up are distinguished from the mass of the governed by qualities that give them a certain material, intellectual or even moral superiority; or else they are the heirs of individuals who possessed such qualities. In other words, members of a ruling minority regularly have some attribute, real or apparent, which is highly esteemed and very influential in the society in which they live (Mosca,1939: 53).

Approached from perspectives of elite theory, public policy can be regarded as reflecting the values and preferences of a governing elite. The essential argument of elite theory is that public policy is not determined by the demands and actions of the people or the masses but rather by ruling elite whose preferences are carried into effect by political officials and agencies. In other words, according to this theory, the elite simply believe that they alone have the ability to determine the policies to promote the welfare of the masses and implement them. Thus policies flow downward from the elite to the masses.

The policies made by the elites reflect elite values and prefer status quo to radical changes. Professors Thomas Dye and Harmon Zeigler provide a summary of elite theory:

- Society is divided into the few who have power and the many who do not have. Only small number persons allocate values for society; the masses do not decide public policy.
- The few who govern are not typical of the masses who are governed. Elite are drawn disproportionately from upper socio-economic strata of society.
- The movement of non-elites to elite positions must be slow and continuous to maintain stability and avoid revolution. Only non-elites who have accepted the basic elite consensus can be admitted to governing circles.
- Elites share a consensus on the basic values of the social system and the preservations of the system.
- Public policy does not reflect demands of the masses but rather the prevailing values of the elite. Changes in public policy will be incremental rather than revolutionary. Incremental changes permit responses to events that threaten a social system with minimum of alteration or dislocation of the system.
- Active elites are subject to relatively little direct influence from apathetic masses. Elites influence masses more than the masses influence elites (Dye and Zeigler, 1990).

The above assumptions presuppose that if the government is committed to serving the interest of the masses it must do something about curtailing the excesses of the elite. This could be done by adopting a participatory approach to policy making, involving all key stakeholders, thereby subduing the undue manipulation of the elite. Once this feat is achieved the structure of the society would move away from the hour-glass shape to a more horizontal or flatter shape. However, for this objective to be achieved the formation of the government itself has to first be devoid of elite manipulation in terms of elections and appointment to political positions.

The essence of this model is that public policy is determined by the ruling elite and carried into effect by public bureaucrats and agencies. Dye (1981) summarises the implication of this theory as indicating that public policy reflects elite values, serves elite ends, and is a product of the elite. The corollary of this assumption is that the general citizenry or the masses are apathetic and ill-informed and do not determine or influence policy through their demands or actions.

So stated, elite theory is a provocative theory of policy formation because policy here, is the product of elites, reflecting their values and serving their ends, one of which may be a desire to provide in some way for the welfare of the masses. One other limitation of this model is that it assumes a highly structured and stratified society. In structurally diffused societies, elite formation and therefore, elite values and elite identity is relatively undeveloped. For example, in Nigeria, it is easy to find members of an elite group sharing opposing values and identifying more strongly with say, the aspirations of the masses of their ethnic areas or religious groupings than with the aspirations of their fellow elites. Thus, ethnic and religious values rather than elite interest in that case, may influence elite preferences when certain policy issues are under consideration.

According to Nicholas Henry, this model may be the most germane to Public administrators. The elite model has found more adherents among sociologists than among political scientists. Domhoff (1990) has long argued, however, that there is an American upper class based on the ownership and control of large corporations which is in fact a governing class.

16.6.2 Group Theory:

According to the group theory of politics, public policy is the product of the group struggle. What may be called public policy is the equilibrium reached in this group struggle at any given moment, and it represents a balance which the contending factions or groups constantly strive to win in their favour. Many public policies do reflect the activities of groups (Anderson, 1997). This means that this theory attempts to analyse how each of the various groups in a society tries to influence public policy to its advantage at the policy formulation level.

In other words, the central practice of this model is that interaction among groups is a critical ingredient in politics. Public policy is thus a temporary point of compromise reached in the course of competition between mosaics of numerous interest groups with cross-cutting membership. The ability of the group that is favoured at one point to sustain its gain depends on its power to counteract the powers of other groups that would make efforts to tilt decisions to their favour. It is this type of competition between groups that determine pattern of allocation of societal resources (Enemuo, 1999: 24). The locus of power in the society changes from time to time, depending upon the group that succeeds in exerting its own supremacy over the others. Accordingly, the power to determine policy direction changes with the changes in the fortunes of each or a combination of these groups. It is in appreciating the fluidity of power base in society that Latham contends that what

we regard as public policy is in reality a temporary equilibrium reached in the course of the inter-group struggle (Latham, 1965). As soon as the equilibrium point is altered in the favour of new groups another policy will emerge or the old policy will be modified. Politics in essence entails a dynamic equilibrium created by the struggle between different groups. In Latham's opinion the legislature acts only as a referee to the inter-group struggle and it ratifies the victories of the successful coalitions, as well as record the terms of the surrender, compromises, and conquest in the form of statutes or Bills (Latham, 1965).

Since the power to dominate policy decision is dependent on group solidarity and power, the dynamics of the policy process is expected to be more vibrant and fierce in plural societies than in homogenous ones. In such societies the ability of a group to tilt the policy to its favour depends on a number of factors, prominent among which are:

- Wealth
- Organizational skill
- Leadership quality
- Bargaining skill
- Access to decision-makers or in Nigerian parlance "connection"
- A modicum of luck

Wealth is essential because political mobilisation is resource absorbing. All over the world, even in the most democratic societies, politics involves a lot of expenditure; as such only the wealthy can afford to mobilise the electorate and those in authority to tilt decisions in their favour. Wealth alone without organisational skills will render a group ineffective. It is the ability to conceive of ideas and get people to subscribe to such ideas that can get a group or person to succeed in tilting policy decision in its favour. In contemporary period, organisational skill requires the tack of bringing all stakeholders on board in the process of policy decision. For example, the group that attempts to mobilise the public in order to push its ideas would have to be tactful in main-streaming various interest groups such as the women, youth, professional groups and, in some cases, traditional rulers. Central to organisation ability in mobilising the public is leadership. Without a concrete rallying focal point a wealthy group, with a sprinkling of persons with diffuse organisational skills, will fail woefully in pushing its agenda in the policy process. But, when there is a strong leadership, especially a charismatic one on the group can succeed in pushing its agenda through with relative ease. One of the virtues of good leadership is the ability to bargain successfully even in a turbulent environment. A group would thus succeed in pushing its agenda through

the parliament when it has strong bargaining skill. The power of lobby is often complemented by the degree of visibility of the lobbyist. Persons that are well known and respected in society could easily influence decision makers to support their ideas in parliament. In the Nigerian parlance it is said that those with proper “connection” with those in the corridor of power could easily get their request granted by the legislators. The connection could be political, economic or socio-cultural in the form of ex-school mates, same ethnic group or religious affiliation.

Dahl observes that the good thing about pluralism is that no single group has monopoly over all these resources (Anderson, 1997). The equilibrium point will thus continue to shift position as different groups manipulate these resources to get public policies to their favour, either singly or in concert with other groups that share common interest with them. Coalition building, compromises, trading of favour and conflicts among groups are the key tactics used in the struggle. In this situation the majority or more dominant group will have its way but the minority or less dominant group for the moment will have their say. The struggle will continue without rancor. This is the virtue of democracy, as conceived in the Western world and subscribed to by Dahl. In reality however, especially in Africa and specifically in Nigeria, some groups could hold on to power perpetually and block all conceivable possibility of weaker groups from taking the full advantage offered by democracy. Those in privileged positions either because of their professional background such as the military or business class, or through hereditary entitlement to leadership (traditional rulers) tend to dominate the policy-making process. By doing they succeed in ring-fencing themselves within the enclave of power and prevent other groups from gaining access to it.

The group theory has been criticized on the following grounds:

- First, the group theorists did not really define in clear terms what they mean by the two key concepts in the analysis; group and interests. Thus, while Bentley sees groups as a relation between men, a process of adding man to man, Truman defines it as any collection of individuals who have some characteristic in common. None of these definitions clearly tells us what a group that is really relevant to politics and decision making is.
- Second, the theory was so concerned with the role of groups that it leaves out the individuals and society in their analysis. While not disputing the fact that politics is a struggle between and among groups, one can also not forget that the role of particular individuals is a very important variable. This is particularly important in third world countries, where one-man dictatorship has proved that an individual could indeed hold a whole country to ransom and dictate what

happens mostly after decimating all competing groups. Also, the role of the society in this competition for power is completely left out which is a defect.

16.6.3 Systems Theory:

The systems theory in political science owes its origin to David Easton who is reputed to be the scholar that attempted to analyse politics from the perspective of systems in his famous work *political system* which appeared in 1953. His work which was regarded as the foundation of the behaviourist revolution in political science outlined eight major characteristics. He described the characteristics as the intellectual foundation stone of behaviourism which are regularities, verification, techniques, quantification, values, systemisation, pure science, and integration.

According to Varma, Easton was able to distill these characteristics from a range of behavioural literature and while they are not unique to systems theory, they do form the basis for the natural linkage between systems thinking and behaviourism (Obi et al, 2008).

In other words, a political system may be that system of interactions in any society through which authoritative allocations are made and implemented in the form of policies and decisions. Public policy may also be seen as a political system's response to demands arising from its environment. The political system, as Easton defines it, comprises those identifiable and interrelated institutions and activities (what we usually think of as government institutions and political processes) in a society that make authoritative allocations of values (decisions) that are binding on society (Anderson, 1997). This environment consists of all phenomena—the social system, the economic system, the biological setting - that are external to the boundaries of the political system. Thus, at least analytically one can separate the political system from all the other components of a society (Easton, 1965).

If the open system model is applied in public policy analysis the issues to reflect on include the nature of the components of the system which constitute the sub-systems, and the outside components that impinge on the system directly, which is referred to as supra-system (Dlakwa, 2004). Inputs into the political system from the environment consist of demands and supports. Demands are usually the claims for action that individuals and groups make to satisfy their interest and values. Support is rendered when groups and individuals abide by election results, pay taxes, obey laws, and otherwise accept decisions and actions taken by the political system in response to demands. The amount of support for a political system indicates the extent to which it is regarded as legitimate, or as authoritative and binding on its citizens.

On the other hand, outputs of the political system include laws, rules, judicial decisions, and the like. Regarded as the authoritative allocations of values, they constitute public policy. The concept of feedback indicates that public policies (or outputs) made at a given time may subsequently alter the environment and the demands arising therefrom, as well as the character of the political system itself. Policy outputs may produce new demands, which lead to further outputs, and so on in a never-ending flow of public policy.

On the whole, this model applies systems theory to the policy-making process. In simple words, according to this model, the political system receives inputs from its environment and converts them into outputs. The inputs are in the form of demands from groups or individuals for specific policy outcomes. The policy outcomes take the form of determination of societal values and allocation of resources. A feedback loop exists by which the outputs alter the future inputs. This model thus relies on concepts of information theory.

In other words, systems theory conceives public policy as the response of the political system to demands from its environment. The political system consists of those institutions that make authoritative allocation of values binding on the society as a whole. The environment of the political system consists of those institutions found in the economic, social, cultural and international systems which shape political process and whose activities are influenced by the political system. Using systems approach, it is assumed that a state of mutual causation exists between public policy and environmental variables (Abdulsalami, 1987).

The usefulness of the systems theory in studying public policy is limited by its highly general and abstract nature. It does not, moreover, say much about the procedures and processes by which decisions are made and policy is developed within the „black box called the political system. Indeed, systems theory results are sometimes characterised as input-output studies. Nonetheless, this approach can be helpful in organising inquiry into policy formation, it also alerts us to some important facets of the political process, such as these: how do inputs from the environment affect the content of public policy and the operation of the political system? How in turn does public policy affect the environment and the subsequent demands for policy actions? How well is the political system able to convert demands into public policy and preserve itself over time (Anderson, 1997).

16.6.4 Institutional Theory:

One of the oldest concerns of political science and public administration is the study of government institutions since political life generally revolves around them. These institutions include legislatures, executives and judiciary; and public policy is authoritatively formulated and executed by them. Traditionally, the institutional approach concentrates on describing

the more formal and legal aspects of government institutions: their formal structure, legal powers, procedural rules, and functions. Formal relationships with other institutions might also be considered, such as legislative-executive relations. Usually, little was done to explain how institutions operated as opposed to how they were supposed to operate, to analyse public policies produced by the institutions and to discover the relationships between institutional structure and public policies.

Subsequently, social scientists turned their attention in teaching and research to the political processes within government or political institutions, concentrating on the behaviour of participants in the process and on political realities rather than formalism. In the study of legislators, attention shifted from simply describing the legislature as an institution to analysing and explaining its operation over time, from its static to its dynamic aspects. Thus, in the academic curriculum the course on the legislature usually came to be about the legislative process.

Institutionalism, with its emphasis on the formal or structural aspects of institutions can nonetheless be usefully employed in policy analysis. An institution is, in part, a set of regularised patterns of human behaviour that persist over time and perform some significant social function. It is their differing patterns of behaviour that usually distinguish courts from legislatures, from administrative agencies, and so on. These regularised patterns of behaviour, which are usually called rules or structures, can affect decision-making and the content of public policy. Rules and structural arrangements are usually not neutral in their effects; rather, they tend to favour some interest in society over others and some policy results over others.

Using this approach in Nigeria at the national level, the primary institutions that would be the focus of policy analysis are invariably the legislative body, the executive and the courts. In developing countries like Nigeria where we are still at a relatively low level of constitutional development, these institutions especially the first two, may take varying forms, depending on the regime in power. During the Second Republic when a democratically elected regime was in power the institutions were the National Assembly, the Federal Executive Council and the Federal Courts. However, during military regimes, Supreme Military Council or Armed Forces Ruling Council was the legislative body, and the Council of Ministers was the executive. By this approach, it is taken for granted that the politics of Nigeria revolves around these institutions and therefore, an understanding of public policy in Nigeria requires a study of the constitution, operation and relationships among these institutions.

In sum, institutional structures, arrangements, and procedures often have important consequences for the adoption and content of public policies. They provide part of the context for policy-making, which must be considered along with the more dynamic aspects of politics, such as political parties, groups, and public opinion in policy study. By itself, however, institutional theory can provide only partial explanations of policy.

This model studies the official structures and functions of government departments and institutions in an attempt to learn how public policy takes shape. It focuses on the organisation chart of government. However, this model has shown little concern about the connections between a department and the public policy emanating from it. While the systems approach is dynamic and process-oriented, institutionalist approach is more static and formalistic. As the behaviouralist movement took hold within political science during the 1950s and 1960s institutional studies of the policy process were gradually replaced by the empirical model. Based on the behaviouralist principles the empirical research makes an attempt to know how government institutions actually function. The empirical research makes use of experimental and quasi-experimental procedures to identify policy effects as precisely as possible. However, as Thomas Dye points out, the institutional approach can yield benefits to those concerned with how public policy takes shape (Naidu, 2006). It is more useful to view these models as complementary rather than competitive tools for the study of public policymaking as a process.

16.6.5 Incremental Theory:

Incremental decisions involve limited changes or additions to existing policies, such as a small percentage increase in ministry of education's budget or a modest tightening of eligibility requirements for federal scholarship. According to this approach, the policy-makers examine a limited number of policy alternatives and implement change in a series of small steps. It may be noted that each of the alternatives available to the policy-maker represents only a small change in the status quo. This approach recognises the less than ideal circumstances under which administrators must make policies. There are very real limits of time, brains money etc. on administrator's ability to understand complex problems and make different policies about them. Because of these limitations, the policymakers, though they try to be rational, accept the past policies that satisfy them as legitimate and suffice to deal with the issue.

Charles Lindblom is associated with this model. He contends that incrementalism is the typical policy-making in pluralist societies such as the United States and even Nigeria. Decisions and policies are the product of give and take and mutual consent among numerous

participants in the policy process. Incrementalism is politically expedient because it is easier to reach agreement when the matters in dispute among various groups are only limited modifications of existing programmes rather than policy issues of great magnitude or of an all-or-nothing character. Because policy makers operate under conditions of uncertainty about the future consequences of their actions, incremental decisions tend to reduce the risks and cost of uncertainty. Incrementalism is also realistic because it recognises that policy makers lack the time, intelligence, and other resources needed to engage in comprehensive analysis of all alternative solutions to existing problems. Moreover, people are essentially pragmatic seeking not always a single best way to deal with a problem but, more modestly, something that would work. In a nut-shell, incrementalism utilises limited analysis to yield limited, practical, acceptable decisions.

According to Simon (1957) who accepts Linblom's theory, rather than being comprehensive in our decision-making, says we often engage in a „successive limited comparison“ of issues and facts at our disposal. Similarly, rather than insisting on getting the most optimal results we often end up in satisficing. Simon's satisficing theory, which is part of the genre of incremental, is based on what he terms „bounded rationality“. In essence, man is limited by his incapacity to handle satisfactorily multiple tasks concurrently. According to him:

Our world is a world of limited, serial information processors dealing with complexity that for all practical purposes is infinite in comparison with their information powers. It is a world peopled by creatures of bounded rationality. Because we cannot simultaneously attend to everything that is potentially relevant, we must have processes that determine the focus of attention (Simon, 1957).

Several criticisms have greeted incrementalism. One is that it is too conservative, too focused on the current order; hence, it is a barrier to innovation, which is often necessary for effective policies. Another is that in crisis situations, incrementalism provides no guidelines for handling the tasks of decisions. Third, geared as it is to past actions and existing programmes and to limited changes in them, incrementalism may discourage the search for or use of other readily available alternatives (Anderson, 1997). Fourth, incrementalism does not eliminate the need for theory in policy-making, are some of the more enthusiastic advocates contend. Unless changes in policy are to be made simply at random or arbitrarily, some theory is needed to guide the action and to indicate the likely effect of proposed changes (Hayes, 1992:2). Non-withstanding reservations of these sorts, incrementalism has become a form of conventional wisdom. Statements to the effect that policy-making in Nigeria is incremental are common.

16.6.6 Rational- Choice Theory:

The rational-choice theory, which is sometimes called social-choice, public-choice, or formal theory, originated with economists and involves applying the principles of micro-economic theory to the analysis and explanation of political behaviour (or nonmarket decision-making). It has now gained quite a few adherents among political scientists (Anderson, 1997).

Perhaps, the earliest use of rational-choice theory to study the political process is Anthony Downs's *Economic Theory of Democracy*. In this influential book, Downs assumes that voters and political parties act as rational decision-makers who seek to maximise attainment of their preferences. Parties formulate whatever policies will win them most votes and voters, and seek to maximise the portion of their preferences that could be realised through government action. In attempting to win elections, political parties move toward the centre of the ideological spectrum to appeal to the greatest number of voters and maximise their voting support. Thus, rather than providing „meaningful alternatives , parties will become as much alike as possible, thereby providing an „echo rather than a choice (Downs, 1957).

This approach is based on economic principles such as the cost-benefit analysis. According to Henry:

One tries to learn all the value preferences extant in a society, assign each value a relative weight, discover all the policy alternatives available, know all the consequences of each alternative, calculate how the selection of any one policy will affect the remaining alternatives in terms of opportunity costs, and ultimately select the policy alternative that is the most efficient in terms of costs and benefits of social values (Henry, 2004:314).

The rationalist model is conceptually quite simple. Policy-makers using it are expected to take the following steps:

- Identify all the value preferences currently existing in a society.
- Assign each value a relative weight,
- Discover all the alternative policies available to accomplish these values,
- Know all the costs and consequences of each alternative policy,
- Select the best alternative which is also the most efficient in terms of the costs and benefits of social values.

The rationalist model deals with construction of public policies that ensure better public policies. It thus aims at improving public policy-making process. It is the opposite of incrementalism. Yehezkel Dror is a good representative of the rationalist model. How much of each value is equal to how much of each other value (Lindblom, 1980). For the above steps to be taken, the rational-choice theory according to Ikelegbe (1996) assumes the following:

That perfect information can be obtained for example, to objectively assess policy alternatives; that there is commonality of values and preferences particularly in the setting of goals and objectives, that the rational actor thinks of the greatest good of the greatest number as a guide to decision-making, that objectives and alternatives can be quantified and compared on a single monetary measure; that the conditions and parameters for the decision are static within the decision-making period. There is no doubt that these assumptions are simply not realisable in the real world situations, hence making the implementation of the model clearly impossible.

The rationalist model is appealing in its simplicity. But, there are problems that lie with its implementation. For instance, it lacks explicit concern for the political environment in which public policy must be carried out. Furthermore, according to Braybrooke and Lindblom (1964), the rational policy-making process, ideally, is based on knowledge of all of society's value preferences, and their relative weight, all of the alternatives, all of the potential consequences (costs and benefits) of each policy alternative. The final selection must be that alternative that maximises the weighted value preference. The obvious limitation of this approach is its demand for knowledge (facts and information) not within the reach of mere mortals. The prospects of the successful application of this model in developing countries like Nigeria is very dim indeed given the paucity of data (in coverage and quality) needed for policy-making. Some scholars have argued that the average developing country has neither the technology, the resources nor the time to effectively employ this model in policy-making (Braybrooke and Lindblom, 1964)

Another serious objection to this model is its bias toward efficiency to the exclusion of other values such as equity and responsiveness. No doubt, rationalist model has its limitations but, it can be useful to policy-makers and administrators as a tool of policy output analysis.

Rational-choice studies of political behaviour are usually characterised by rigid and narrow assumptions, mathematical equations, abstractions, and remoteness from reality.

Even William C. Mitchell, an early enlistee in the rational-choice movement, remarks that it appears in textbooks, rational-choice theory hardly involves government, politicians, bureaucrats, and interest groups. Little of the exposition...has anything to do with the fiscal or regulatory lives of the community or state (Mitchell, 1982: 99). A more positive view holds that in its pure form it is one, but only one, useful, partial explanation of politics (Weschler, 1982: 294).

Rational-choice theory both alerts us to the importance of self-interest as a motivating force in politics and policy-making, and provides a better understanding of decision-making processes. Many contend, however, that politics is not as devoid of altruism and concern for the public interest as the rational choice theorists assume. The adoption of good public policy, for example, is frequently a goal of members of the National Assembly. Public-interest groups, such as environmentalists, are motivated by more than immediate self-interest.

16.7 Relevance of Public Policy

Public policy not only encapsulates the essence of government's functioning but also indicates the directionality of the government that be. It reflects the constitutional ideals and translates the essence of polity. Though public policy is often equated with the delivery of goods and services, in reality it is intended to ensure the empowerment of the individuals. For example, W. Parsons, has nicely encapsulated the relevance of public policy in the following words : 'wider purposes of public policy relate to involving enlightenment, fuller development of individuals in society and development of consensus , social awareness, legitimacy, rather than simply the delivery of goods and services'.

16.8 Conclusion

In the foregoing analysis an attempt has been made to make sense of the concept of public policy especially its concept, relevance and various approaches. The study of public policy has unraveled the intricacies of public policy especially how they are made, what are the factors involved in the making of public policy. The present unit has also spelt out several theoretical approaches to public policy which include among other elite theory, group theory, political systems theory and institutionalism, policy output analysis, incremental theory and rational-choice theory.

16.9 Summing up

- Public policy is a intriguing terrain which involves complex interplay of administration, social, political and economic components.
- Public policies are both temporally and contextually determined.
- The intricate dynamics of public policy demands proper cognizance of socio-cultural milieu.
- Further public policy domain gets indented with the onset of globalization incorporating market, civil society, NGO, along with the government.

16.10 Probable Questions

Essay Type Questions

- a) Write a critical note on the major paradigms of public policy.
- b) Elucidate the strategic planning paradigm of public policy.
- c) Examine the institutional approach to public policy.
- d) Critically examine the institutional approach to public policy.

Short Questions

- a) Write a short note on Rational-Choice Theory.
- b) Identify the major features of Systems Theory.
- c) Examine the Incremental Approach to public policy.

Objective Questions

- a) Who is the author of the book '*Mind and Society*'?
- b) Who is the author of the book '*The Ruling Class*'?

16.11 Further Reading

1. Anderson, J. E. (1975), Public Policy Making, New York : Thomas Nelson and Sons Ltd.

2. Door, Y. (1974), *Public Policy Making Reexamined*, San Francisco, Leonard's Hill Books.
3. Dye, T. R. (1978), *Understanding Public Policy*, Better World Books, US.
4. Chakraborty, Bidyut, Prakash Chand (2012), *Public Administration in a Globalizing World : Theories and Practices*, New Delhi : Sage.
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Unit 17 □ Public Policy Formulation, Implementation and Evaluation

Structure:

- 17.1 Objective**
- 17.2 Introduction**
- 17.3 Policy Formulation and Policy Implementation**
- 17.4 Bureaucracy and Public Policy**
- 17.5 Approaches to Implementation**
- 17.6 Policy Evaluation**
- 17.7 Recent Changes in Public Policy**
- 17.8 Public policy in India: Models and Trends**
- 17.9 Economic Liberalization, Disinvestments, Corporate Governance**
- 17.10 Conclusion**
- 17.10 Summing Up**
- 17.12 Probable Questions**
- 17.13 Further Reading**

17.1 Objective

After studying this unit, the learners will be able to

- Unravel the intricacies of public policy especially the way policies are formulated.
- Understand three distinct yet interrelated phases of policy making viz. policy formulation, policy implementation, and policy evaluation.

17.2 Introduction

Policy analysis intends to offer us an understanding of and responses to the basic question relating to legitimacy, efficiency, and durability of public action. It is primarily a process of multidisciplinary inquiry 'aiming at the creation, critical assessment, and

communication of policy-relevant knowledge.’ With an objective of practical problem solving, policy analysis draws on the critical synthesis of the methods, theories, and findings of social sciences. The policy process involves three distinct yet related stages, viz. policy formulation, policy implementation, and policy evaluation. In the following sections, attempts will be made to explore the above-mentioned stages of policy processes.

17.3 Policy Formulation and Policy Implementation

Policy formulation is considered the first stage of the policy process. It comprises of two stages viz the first, taking cognizance of those demands raised in a given policy system; and secondly, converting those demands into respective public policies. Several actors can be held responsible for the formulation of policy, which include among others, the constitution, legislature, cabinet, and bureaucracy. For example, if we refer to India, the policy formulation phase is said to have been determined by a host of factors viz, the constitution of India, legislature, cabinet, *Niti Aayog*, National Development Council, the great Indian civil service, cabinet secretariat, and the PMO. The issue of policy formulation can be explained from four different approaches viz systems approach, institutional approach, elite approach, and group approaches.

Policy implementation is perhaps the most critical phase of public policy making. As an essential part of the public policy making process, implementation is the means by which decisions are converted into applications. It is as important as the formulation of policy. However, implementation part of policy making gets the least attention (Gerston: *ibid*; Hogwood & Gunn: 1984). At least two factors can be held responsible for it: first due to a popular misconception that the formulation of public policy would automatically lead to the intended objective; and the secondly it does not get proper attention because bureaucracy is largely entrusted with the task of implementation. Since bureaucracy works in a sub-culture of impersonality and anonymity, the task of implementation of policy decision remains outside the public glare. It was the publication of a book entitled “Implementation” in 1973 by Pressman and Wildavsky, which gave implementation its due attention as an integral part of public policy making (Hogwood&Gunn: *ibid*). However, it should not be treated as a single and isolated act. Rather, it is an integral part of interwoven stages of policy making (Joseph Kasongo: 1999).

17.4 Bureaucracy and Public Policy

Bureaucracy as a faceless administrator is normally assigned with the duty of implementing public policy, irrespective of political or ideological texture of the government.

It is a permanent wing of the government which keeps the continuity of public policy making by implementing public policy with professional dedication. Though primarily concerned with the implementations of policy decisions, bureaucracy sometimes also acts as policy makers. Despite the pivotal role of bureaucracy in public policy making in general and implementation of policies in particular, the danger of administrative evils cannot be entirely ruled out. Most disturbing fact of administrative evils is that they do not originate with the failure of bureaucracy. In fact, in most instances they originate with the meticulous performance of bureaucracy. Incidentally, we can cite an interesting book by Guy b. Adams and Danny L. Balfour , entitled 'Unmasking Administrative Evil'. "the notion of organizational evils merely conjures up images of pollution, mismanagement, corruption or law breaking." But the authors argue that there is something beyond this: organizations inflicting pain and suffering unto death willingly. Not inadvertently or accidentally. They have many examples, from the clear one of the holocaust to the murky one of the Challenger disaster. And this administrative evil is organizational, formal, rational, efficient evil-not the work of crazy leader, personal failing, lax controls or racist ideologies. Though these may be involved, they would be less consequential without modern organizations and their efficiency and professionalism. They argue that there is 'an inherent characteristic of modern organizations that allows evil to be administratively 'sanitized', accepted as rational and proper in terms of efficiency, and the masking may be inadvertent". Implementation of public policies requires four elements viz. translation ability, resources, limited numbers of players and accountability (Gerston: *ibid*).

Translation Ability- In public policy making the major problem is the incompatibility between the objectives of the policy makers and the level of comprehension of the bureaucrats who are assigned with the duty of implementing those policies into action. Apparent ambiguity and fuzziness of the policy decisions often pose a serious challenge to the implementation of public policy. Hence, there should be proper clarity about the policy and the way how it is to be carried out. are key translation requirements for doing the job correctly.

Resources- The success of public policy is also largely contingent upon the proper arrangement of resources. This is more so in the implementation of public policy, as the implementors of public policy (normally the bureaucracy) do not have the direct access to resources.

Limited Numbers of Players- For the proper implementation of public policy there should be a limit in the number of agencies involved in the task. For, too many players might

jeopardize the entire policy making process as they engender confusion and unnecessary competition.

Accountability- Last but not the least is the element of accountability, which plays an equally important role in implementing public policy. But unlike the elected policy makers, who are answerable to the electorate, bureaucrats are serving the tenure service as permanent cadres, only tied by the service conduct rule.

However, complying with the above conditions does not necessarily guarantee the proper implementation of public policy. As there are several intervening variables, which might disturb the implementation process viz. post-decision bargaining, new priorities, poor oversight, and so on (Gerston: *ibid*). Almost in similar vein Hogwood and Gunn argue that the ‘perfect implementation’ of public policy is ‘unattainable’. Drawing on Herbert Simon, especially his ‘bounded rationality’, Hogwood and Gunn have identified ten factors which have to be satisfied if perfect implementation were to be achieved:

- First, there are certain circumstances beyond the control of the administrators in policy making. For example, the success of any agricultural policy, no matter how well conceived and relevant that might be, is contingent upon the climatic conditions over which administrators have little control. Administrators should remain alive to these kinds of factors in implementing public policy.
- Second, for successful implementation of public policy, there should be ‘sufficient resources and time available to the programme’. In reality implementation process often fails because either ‘too much is expected in too short a period or the paucity of grants crippled the implementation process.
- Third, for successful implementation of public policy, mere availability of resources is not sufficient. In fact, the implementation process calls for a proper coordination of ‘money, manpower, land, equipment, etc. For example, any temporary resource crunch can be managed, but the non-availability either of the stated elements can jeopardize a policy.
- Fourth, the implementation of public policy is often hampered if it is based on faulty theoretical base.
- Fifth, for smooth implementation of public policy there should be brief and direct relationship between cause and effect with little or no intervening links. Since “longer the chain of causality, the more numerous the reciprocal relationships among the links and the more complex implementation becomes”.

- Sixth, for perfect implementation implementing agency should be single instead of plural. In other words implementing agency should not rely on others to implement a particular policy. Hence, the dependency should be minimal in number and importance.
- Seventh, “there should be complete understanding of, and agreement on, the objectives to be achieved and that these conditions should persist throughout the implementation process”.
- Eighth, for the successful implementation of public policy the objectives should be ‘specified in complete detail and perfect sequence’.
- Ninth, for smooth implementation there should be proper coordination among various elements or agencies involved in the implementation process. Hood argues that for perfect implementation it is necessary to have a completely unitary administrative system “like a huge army with a single line of authority’ with no compartmentalism or conflict within.
- Tenth, finally the implementation also requires perfect cooperation between those in authority and those to whom the policy is directed. (Hogwood and Gunn: *ibid*).

17.5 Approaches to Implementation

Hogwood and Gunn have identified four types of approaches to the implementation of public policies viz. structural approaches, procedural and managerial approaches, behavioural approaches, and political approaches. In this section we will discuss, albeit briefly, the approaches to implementation of public policies.

- **Structural Approaches-** According to this approach modern organizational structure has a great deal to offer in the implementation of public policy. However, universal principle of organization has given way to new organizational reality, which defies any uniform formulation.
- **Procedural and Managerial Approaches-**The structural approach to implementation is not foolproof either.
- **Behavioural Approaches**
- **Political Approaches**

17.6 Policy Evaluation

Policy evaluation is the most important part of public policy making. It seeks to assess the impact of public policy especially whether it reaches its intended goal. “Evaluation is concerned with what happens once a policy has been put into effect”. It follows implementation. “Viewed as a ‘follow-up’ experience, evaluation helps us understand the impact of a policy on the various parts of the political, social or economic systems that it has been designed to address”. “It can be done on an interim basis in the middle of a project; it can also be done in a post-implementation context at the end of the experience”(Gerston: *ibid*).

However, “evaluation is not monitoring. Monitoring is concerned with establishing factual premises about public policies. It is fundamentally about control and exercise of power. Monitoring answers the question: “ what happened, how and why?”. On the contrary, evaluation answers the question: “ what differences does it make?” evaluation is retrospective and occurs after actions have been taken. It is concerned with ‘trying to determine’ the impact of policy on real-life conditions”(Sapru). “The uniqueness of evaluation is that the experience allows a post-implementation audit of the policy commitment as well as opportunities for change. By examining the consequences of the public policy that has been put in place, we get a handle on whether to continue, amend, or possibly scrape the policy altogether. In this respect evaluation represents simultaneously the end of the policymaking process and the beginning of the next wave of that process”.

Having said all that next question automatically arise who evaluates. “in a sense, we are all evaluators. Throughout the course of our daily routines, we review our own activities from a variety of perspectives such as whether they turned out as we originally hoped; whether they cost more than we anticipated; or whether our goals may have changed over time.”(Gerston). However to get the evaluating job professionally in the public policy making environment, decision makers usually call upon special agencies. Hence, the task of evaluation public policy is a collaborative venture, which is conducted by virtually a battery of people including an operating staff, specialized evaluation staff, external evaluator commissioned by the delivery organization, and legislative bodies.

Evaluation by Operating Staff

Operating staff are the insiders of organization, who are the first to evaluate public policy. Being the insider, the operating staff have the opportunity and knowledge to go into

the nitty-gritty of the policy concerned to evaluate it. However, the involvement of operating staff is often criticized for the lack of specialized skill for good evaluation.

- Evaluation by Specialized Staff within the Organization- Policy evaluation is also carried out by a group of specialized staff within the organization, who are specially entrusted with the duty of evaluation. Unlike the operating staff, who are mainly concerned with the delivery of programme, evaluation staff have no such vested interest in the continuation of any given programme.
- External Evaluation Commissioned by the Delivery organization- The evaluation of public policy is also be done by the /bodies agencies external to the organization concerned. There are a whole lot of them who could have been instrumental in evaluating public policy viz. academic groups, non-profit organization, commercial firms, management consultants and the like. Several reasons can be identified for the popularity of having this kind of evaluators: first, commissioning external experts for evaluation of public policy instills a great amount of confidence among the people regarding the policy; second, outsourcing the duty of evaluation beyond the organizational boundary is also hailed for its perceived objectivity and credential.
- Evaluation by Funding or Legislative Bodies- This kind of evaluators of public policy does not strictly fall within the purview of evaluators. The legislative and executive bodies are originally concerned with the formulation of public policy. These bodies are generally engaged in evaluation process to counter the embarrassment of policy failure. Such evaluation can be done directly by the staff of the executive or legislative bodies or by delegating it to the outside consultants (Hogwood& Gunn: *ibid*).

Hence, there is no denying that evaluation is the most important part of policy making process. However, a question automatically arises here: i.e. evaluation on what basis? What should be the criteria of evaluation of public policy? There is hardly consensus among the scholars on this question. Frohock has identified four criteria of evaluating public policy namely equity, efficiency, Pareto Optimality and public interest. Suchman has proposed a five-dimensional scheme for policy evaluation viz. effort, performance, adequacy, efficiency, and process. Sapru has identified six major categories for policy evaluation- effectiveness, efficiency, adequacy, equity,, responsiveness and appropriateness.

17.7 Recent Changes in Public Policy

External Factors Driving Public Policy Reform

For analytical purpose we often distinguish three distinct phases of public making viz. policy formulation, policy implementation and policy evaluation and equate politics and administration with formulation and implementation of public policies respectively. But in actuality given the complexity, the distinction is often blurred as R.B.Jain argued that “government policies are the outcome of a continuous interaction between the political executive, the senior echelons of bureaucracy and many other governmental or non-governmental actors”(Jain: 1997)

17.8 Public Policy in India: Models and Trends

Commenting on the complexity of public policy making in India R.B.Jain wrote, “public policy making in India is perhaps more polyarchal than in any other country, because of existence of : a federal polity, diversity and pluralistic nature of society, a free press, and conflicting demands by different groups through a vast network of communications developed ever since independence. Institutions involved in public policy making range from agencies in all branches of government, the executive, the legislative and the judiciary to a host of non-governmental institutions, associations, interest groups, political parties, academic bodies and individuals”.

Nehruvian Model: Public Sector Undertaking and Development

The Nehruvian model of public policy was based on a framework of mixed economy, where public sector was given the definite edge over the private sector. Conceptually speaking, a framework of mixed economy presupposes the co-existence of public and private sectors side by side. The choice of mixed economy as the future course of India’s development was anything but unanimous. In fact, the Nehruvian advocacy for it had to encounter severe criticisms. A host of seasoned politicians like Patel, Rajagopalachari et al had criticized the mixed economic model of development, apprehending the socialist inclination of the proposed model of development.

The distinctive features of a mixed economy can be enumerated as follows:

“First, agriculture was left in private sector, but it would be strengthened by public investment support in key areas, such as irrigation, research and extension. Second,

investment planning, aimed at coordinating large-scale investments in the so-called key sectors of the economy, was adopted. Third, a leading role was assigned to investment instruments, aimed initially at conserving foreign exchange; in course of time, they were extended to prevent the growth of the so-called monopoly houses. Fourth, a conscious policy fostering small and medium industries to help diffuse ownership was incorporated. Fifth, the authority of the State was used to regulate-but mostly to discourage-the inflow of private foreign capital while relying on the flow of official development assistance to cover the foreign exchange gap as well as , in part, budgetary deficits. Finally, a regime of administered prices was adopted in core sectors to regulate both the instabilities and the presumed inequalities of the market system”(Raghavulu: 1997).

Almost in a similar vein Suresh Kumar noted that “the public sector was made as the principal instrument for fulfilling the role of the state as an entrepreneur. In India, as early as 1956, through a parliamentary resolution, a mixed economy model was adopted which gave the public sector a strategic and pivotal role in the process of development. In pursuit of the objective of development by direct intervention in strategic areas, massive investments were made over the past four decades to build a public sector, which was expected to acquire a commanding role in the economy, at least in the size and scale of operation and especially in the economic infrastructure area”(Suresh Kumar: 1997). It was expected that the commanding status that the public sector acquired as a result of mixed economic development would bring about rapid overall development. But reality had bespoken something else. The public sector had expanded exponentially over a few decades after independence, sometimes even at the cost of private sector. The mounting magnitude of welfare governance had invariably led the government to rope in the bureaucracy in the development process, leading thereby a stifling regime of ‘license-permit raj’. Corruption, malpractices etc became the synonyms of public sector. The immediate casualty was the credibility of the public sector.

17.9 Economic Liberalization, Disinvestments, Corporate Governance

The economic liberalization has ushered in a complete break with its traditional model of public policy. The economic liberalization began in India with a package of liberalization, privatization and globalization. The structural adjustment programme was proposed to the cash strapped economies as a conditional trade off the financial bailout package.

17.10 Conclusion

Hence, public policy approach can be seen as a new entrant in the study of public administration, which wants to unravel the underlying factors of public policy making and to improve overall governance process. In the foregoing analysis, an attempt has been made to define public policy, and to illustrate different issues pertaining to public policy making and implementation.

17.11 Summing up

- Public policy involves complex interplay of administration, social, political and economic components.
- Policy process is said to have worked in a sequential manner.
- It can be discussed into three distinct yet interrelated stages like – formulation, implementation and evaluation.
- With an objective a practical problem solving policy analysis draws on the critical synthesis of the methods, theories and findings of social sciences.

17.12 Probable Questions

Essay Type Questions

- a) Discuss the various stages in policy formulation
- b) Write a note on the characteristics of the policy implementation process
- c) Write a critical note on the trends and models of public policy in India.
- d) Examine the interrelationship between bureaucracy and public policy.

Short Questions

- a) Write a short note on disinvestment.
- b) Identify the major features of corporate governance.
- c) Examine the difficulties in policy evaluation
- d) Give a critical account of the recent changes in public policy

Objective Questions

- a) Write the name of an actor responsible for the formulation of policy.
- b) How many types of approaches to the implementation of public policies have Hogwood and Gunn identified?

17.13 Further Reading

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Unit 18 □ Nature of Policy Cycle

Structure:

- 18.1 Objective**
- 18.2 Introduction**
- 18.3 Evolution of Policy Cycle**
- 18.4 Agenda Setting**
- 18.5 Policy Formulation and Decision Making**
- 18.6 Implementation**
- 18.7 Policy Evaluation**
- 18.8 Conclusion**
- 18.9 Summing Up**
- 18.10 Probable Questions**
- 18.11 Further Reading**

18.1 Objective

After study of this unit the learners would be able to:

- Explain the concept of the policy cycle
- Understand the intricate dynamics of policy making
- Identify several interrelated phases of the policy cycle.
- Discuss the nature of Policy Cycle

18.2 Introduction

The policy process is said to have worked in a sequential manner, where a series of distinct phases are aligned. It serves as a basic template of policy processes that facilitates systematizing and comparing the diverse debates and issues, approaches, and models pertaining to the field of policy making. The policy cycle describes the way in which an issue develops from initial ideas, through implementation phases to fruition, evaluation and

the framing of new agendas. It consists of five main phases, namely, agenda setting, policy formulation, decision-making, implementation, and evaluation. However, it should be noted that the policy cycle perspective not only unpacks the intriguing terrain of policy dynamics into recognizable phases but also interrogates its very theoretical construction and empirical validity as a heuristic model or framework. The idea of modelling policy into sequential phases was first introduced by Harold Lasswell way back in 1956. Laswell has broken policy process into seven interrelated phases: intelligence, promotion, prescription, invocation, application, termination, and appraisal. Taking the Laswellian typologies to several subsequent studies have reformulated the elements of public policy into five major stages: agenda-setting, formulation and implementation, public policy decision making, policy implementation and policy evaluation.

18.3 Evolution of Policy Cycle

The policy cycle framework originates from the idea of organizing and ordering the complexity of policymaking. It is a heuristic tool through which different stages of the ongoing and never-ending dynamics of policy processes can be segmented and then analyzed. It was originally proposed by Lasswell (1956), the founder of modern policy analysis and public policy, and is still considered one of the essentials in the conceptual toolbox of policy scholars. The policy cycle – also called the “stages approaches to policy process” (De Leon, 1999) – does not have any explanatory relevance and is thus not at the theoretical core of public policy (where there is a richness of different theoretical frameworks). However, it is a powerful conceptual tool to simplify and make “workable” the complexity of policymaking. Overall, it holds a relevant descriptive capacity that is still useful, despite many critics having underlined that it risks oversimplifying the interconnected and intertwined density of the policy process flux. The cycle is usually divided into five stages: agenda setting, formulation, decision-making, implementation, and evaluation. Introduction The use of the policy cycle image and related stages is a common practice in public policy. Its principal function is to help order the analysis of the complex and apparently chaotic dynamics of policymaking. The simple, apparently rough idea to divide the flux of policymaking into stages originally proposed by Lasswell (1956) has been very successful because it proposes a kind of minimal common alphabet both for the analysis of public policy and for eventual prescriptions. It is analytically useful because, by dividing the policy process into different stages, it is possible to better grasp the specific dynamics occurring in any given stage. These stages can also be considered arenas where different actors play different

roles while pursuing their own goals. For example, if we consider a five-stage format (agenda setting, formulation, decision-making, implementation, and evaluation), for every stage, a final output can be expected: definition of the problem,

18.4 Agenda Setting

The agenda-setting is the first major component of the policy cycle. Agenda setting ends up in a choice between various problems and issues. It can be understood as a process of structuring issues of the potential strategies and instruments that determine the fate of a policy in the subsequent stages of a policy cycle. In fact, agenda setting presupposes two interrelated phases viz. problem recognition and issue selection. Agenda is the list of subjects or problems with which government officials and people outside the government are closely associated with those officials.. The problem recognition calls for defining social problems and state intervention. The second stage is where the recognized problem is actually put into action. However, it should be noted that policy-making is a highly complex process that is contingent upon the nature of the political process. Hence, problem recognition and issue selection are inherently political in nature. The convergence of a host of factors is said to have determined whether an issue figures into the policy agenda. The notable factors responsible for setting agendas may include among others both the material conditions of the policy environment and flows and cycle of ideas and ideologies. The models of agenda setting have undergone a transformation from economic and social aspects as explanatory variables to the recent approaches based on the role of ideas expred in public and and professional discourses.

18.5 Policy Formulation and Decision Making

This particular phase is also known for translating of expressed problems and proposals into government programmes. It is considered the first stage of the policy cycle. It comprises of two stages viz the first, taking cognizance of those demands raised in a given policy system; and secondly, converting those demands into respective public policies. Policy formulation and decision-making call for fixing the definition of the objectives, and zeroing on a particular alternative after weighing the relative advantages of the several alternatives. However, it should be noted that looking for a distinct separation between formulation and implementation (i. e. decision)is practically impracticable. In fact, an assortment of approaches and explanations has been put forward to make sense of policy formulation and decision making, which include among others pluralist and corporatist

interest in intermediation, perspectives of incrementalism, the garbage can approach, public choice approach, and neo-institutional approach. In reality Several actors can be held responsible for the formulation of policy, which include among others, the constitution, legislature, cabinet, and bureaucracy. For example, if we refer to India, the policy formulation phase is said to have been determined by a host of factors viz, the constitution of India, legislature, cabinet, *Niti Aayog*, National Development Council, the great Indian civil service, cabinet secretariat, and the PMO. The issue of policy formulation can be explained from four different approaches viz systems approach, institutional approach, elite approach, and group approaches.

18.6 Implementation

The stages of execution or enforcement of policy by any competent authority may be termed as the policy implementation phase. It is perhaps the most critical phase of public policy making. Though this phase of policy is mostly associated public sector, it also occasionally includes private sector. As an essential part of the public policy making process, implementation is the means by which decisions are converted into applications. It is as important as the formulation of policy. However, implementation part of policy making gets the least attention (Gerston: *ibid*; Hogwood&Gunn: 1984). At least two factors can be held responsible for it: first due to a popular misconception that the formulation of public policy would automatically lead to the intended objective; and the secondly it does not get proper attention because bureaucracy is largely entrusted with the task of implementation. Since bureaucracy works in a sub-culture of impersonality and anonymity, the task of implementation of policy decision remains outside the public glare. It was the publication of a book entitled “Implementation” in 1973 by Pressman and Wildavsky , which gave implementation its due attention as an integral part of public policy making(Hogwood&Gunn: *ibid*). However, it should not be treated as a single and isolated act. Rather, it is an integral part of interwoven stages of policy making (Joseph Kasongo: 1999).

18.7 Policy Evaluation

Policy evaluation is the most important part of public policy making. It seeks to assess the impact of public policy especially whether it reaches its intended goal. “Evaluation is concerned with what happens once a policy has been put into effect”. It follows implementation. “Viewed as a ‘follow-up’ experience, evaluation helps us understand the impact of a policy on the various parts of the political, social or economic systems that it

has been designed to address”. “It can be done on an interim basis in the middle of a project; it can also be done in a post-implementation context at the end of the experience”(Gerston: *ibid*). However, “evaluation is not monitoring. Monitoring is concerned with establishing factual premises about public policies. It is fundamentally about control and exercise of power. Monitoring answers the question: “ what happened, how and why?”. On the contrary, evaluation answers the question: “ what differences does it make?” evaluation is retrospective and occurs after actions have been taken. It is concerned with ‘trying to determine’ the impact of policy on real-life conditions”(Sapru). “The uniqueness of evaluation is that the experience allows a post-implementation audit of the policy commitment as well as opportunities for change. By examining the consequences of the public policy that has been put in place, we get a handle on whether to continue, amend, or possibly scrape the policy altogether. In this respect evaluation represents simultaneously the end of the policymaking process and the beginning of the next wave of that process”. Having said all that next question automatically arise who evaluates. “in a sense, we are all evaluators. Throughout the course of our daily routines, we review our own activities from a variety of perspectives such as whether they turned out as we originally hoped; whether they cost more than we anticipated; or whether our goals may have changed over time.”(Gerston). However to get the evaluating job professionally in the public policy making environment, decision makers usually call upon special agencies. Hence, the task of evaluation public policy is a collaborative venture, which is conducted by virtually a battery of people including an operating staff, specialized evaluation staff, external evaluator commissioned by the delivery organization, and legislative bodies. Several criteria for evaluation- Hence, there is no denying that evaluation is the most important part of policy making process. However, a question automatically arises here: i.e. evaluation on what basis? What should be the criteria of evaluation of public policy? There is hardly consensus among the scholars on this question. Frohock has identified four criterias of evaluating public policy viz equity, efficiency, Pareto Optimality and public interest. Suchman has proposed a five-dimensional scheme for policy evaluation viz. effort, performance, adequacy, efficiency, and process. Sapru has identified six major categories for policy evaluation- effectiveness, efficiency, adequacy, equity,, responsiveness and appropriateness.

18.8 Conclusion

In the foregoing analysis, an attempt has been made to explore the centrality of the concept of the policy cycle. Policy analysis is a very important technique through which a policy can really be made viable. The success of any policy depends on how well it is

designed, implemented, and evaluated. Thus, all the stages of the policy cycle are crucial. Still, systematic policy design, a full-fladged policy education programme and a near foolproof evaluation system can go a long way toward making the policy effective. It is a very effective way of reducing policy problems. It provides all the relevant information needed to solve problematic policy issues.

18. 9 Summing Up

- Policy process serves as a basic template of policy processes that facilitates systematizing and comparing the diverse debates and issues, approaches, and models pertaining to the field of policy making.
- The policy cycle framework originates from the idea of organizing and ordering the complexity of policymaking.
- The cycle is usually divided into five stages: agenda setting, formulation, decision-making, implementation, and evaluation.
- Agenda setting ends up in a choice between various problems and issues.
- In reality several actors can be held responsible for the formulation of policy, which include among others, the constitution, legislature, cabinet, and bureaucracy.

18.10 Probable Questions

Essay Type Questions

- a) Discuss the concept of the Policy Cycle.
- b) Discuss the nature of the Policy Cycle.
- c) Explain the intricate dynamics of Policy making
- d) Explain the several actors of Policy Formulation and Decision Making

Short Questions

- a) Write a short note on Agenda Setting.
- b) Write a short note on the policy implementation phase in the Policy Cycle.
- c) Briefly discuss the Evolution of the Policy Cycle.

Objective Questions

- a) Who introduced the idea of modelling policy into sequential phases first?
- b) Who was the founder of modern policy analysis?
- c) Write the full form of PMO.

18.11 Further Reading

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Unit 19 □ New Public Administration

Structure:

- 19.1 Objective**
- 19.2 Introduction**
- 19.3 Features of New Public Administration**
- 19.4 Anti-Goals of New Public Administration**
- 19.5 Goals of New Public Administration**
- 19.6 Comments on New Public Administration**
- 19.7 Evaluation of New Public Administration**
- 19.8 Conclusion**
- 19.9 Summing Up**
- 19.10 Probable Questions**
- 19.11 Further Reading**

19.1 Objective

After studying this unit, the learner will be able –

- (i) To trace the genesis and evolution of New Public Administration
- (ii) To make sense of New Public Administration
- (iii) To spell out the goals and anti-goals of New Public Administration
- (iv) To identify the features of New Public Administration
- (v) To familiarize students with the prevalent perceptions regarding New Public Administration
- (vi) To evaluate the relevance of New Public Administration in Public Administration.

19.2 Introduction

The New Public Administration (NPA) has dawned a new qualitatively different phase in the development of Public Administration by engendering a new genre of public

administration infused by the political values like equity, social justice, change and professional commitments. This new phase is inextricably associated with the 'crisis of identity' of Public Administration as a separate discipline. In fact, the very urge for a new public administration was generated out of the obvious insecurity among the scholars and practitioners regarding the sorry state of the discipline. In fact, the discipline has been grappling with this crisis since its inception. It was a conference in 1968 at the Minnow brook conference site of Syracuse University which had acted as a triggering factor for the birth of a new public administration. The said conference had given a proper outlet to the simmering discontent of the scholars and practitioner alike. The scholars assembled for the conference expressed their dissatisfaction with the state of affairs of Public Administration as the discipline had been increasingly getting disassociated from society and engaged into meaningless theoretical exercises. Hence, new public administration was a wakeup call for the discipline that had been locked into a typical 'disciplinary orthodoxy'.

19.3 Features of New Public Administration

Unlike the quintessential version of Public Administration obsessed with efficiency and economy, New public administration intended to remind the discipline of its societal commitments. Dissatisfied with the sorry state of the discipline of Public Administration, especially with its disciplinary orthodoxies, a group of young scholars and practitioners had assembled at Minnowbrook conference centre of the Syracuse University at New York in 1968 to officially register their discontent and anguish. Citing the example of the contemporary social upheavals in the form of ethnic skirmishes across the American cities, campus clashes, Vietnam war and its repercussions in American society and the like, the scholars have argued that the discipline had lost its social relevance and confined to the respective departments. The New Public Administration wanted to bring back the social relevance of Public Administration by giving primacy of politics in it. The major features of New Public Administration can be identified as follows:

Relevance

Making Public Administration more relevant is perhaps the most important feature of New Public Administration. It had demonstrated that in pursuit of disciplinary sophistication or what is often argued as disciplinary orthodoxy, Public Administration had lost its social mooring. Consequently, several political issues which required intervention on the part of the Public Administration remained outside the purview of Public Administration. The New Public Administration in a way had reminded Public Administration of its duty toward the society.

Values

Unlike the behavioural persuasion of political science and management oriented public administration, the new Public Administration lays emphasis on the centrality value in administrative deliberations. According to the scholars of the New Public Administration, value neutrality in administrative deliberations is an impossibility. In fact, discarding the pretense of neutrality, the New Public Administration wanted administration to be sided with the marginal and disadvantaged sections of the society.

Equity

The advocacy for social equity is said to be another important hallmark of new public administration. The protagonists of the New Public Administration argued in favour of distributive justice in the governmental institutions in order to ensure social equity.

Change

Change orientation is an equally important feature of new public administration which intended to make an inroad into status Quo and the dominant interest group entrenched in the society.

George Frederickson has also summarized, in several of his writings, the main features of the new approach to Public Administration passionately advocated at Minnowbrook - I conference and afterwards. He also argued that social equity is the key concept stressed as an additional administrative value by the advocates of the new approach. He even titled one of his books as New Public Administration. According to him the various features of the New Public Administration are as stated below.

Change and Administrative Responsiveness

The social, political, economic and technological environments are changing rapidly. Administrative organizations should, therefore, develop clear criteria by which the effectiveness and relevance of their decisions and actions can be judged in the changing context. They should also set up an appropriate device and procedure to effect appropriate change regularly within themselves so as to be responsive to the environment. In other words, organizational and operational flexibility or adaptability to meet environmental changes should be in-built in the administrative system and in each of its departments and agencies.

Rationality

In Public Administration there is a good deal of emphasis on rationality as the main criterion for administrative decisions and actions. But this rationality really refers to the rationality of the administrator and not as people would interpret it. The administrator needs to consult the citizens as well not only about what is proposed to be done but also about what ought to be done and by whom.

Management-Worker Relations

It is true that the human relations approach within an administrative organization enhances both morale and productivity (efficiency) among employees but these are not to be end in themselves. The main objective should be the satisfaction of the citizens with the performance and attitudes of the administrative employees whose morale and productivity would have risen due to any human relations approach within an organization.

Structures

There is a need for adopting a dynamic approach to organizational structure. Appropriate decentralization of authority and modification of hierarchies of control and subordination. For instance, need continuous review so that the structure becomes relevant to the changing needs of environment. In other words, there should be alternative structures to be chosen from the above inventory of organizations rather than one standardized organizational structure based upon POSDCORB or other principles stressed by the advocates of the traditional approach to Public Administration. Small decentralized and flexible hierarchies. for instance, can be suitable for administrative organizations concerned with programmes of intimate concern to the people or some of their sections.

Education in Public Administration

The subject of Public Administration has been enriched by several streams of knowledge (concepts, ideas and insights). Heterogeneity is characteristic of this subject. The management approach, the human relations approach, political approach and public participative or choice approach continue to contribute to its growth. This is how it should be. Since public affairs, in which the government is engaged, are highly varied and complex, no single approach or theory or concept would be adequate to guide action or understand its rationale.

19.4 Anti-Goals of New Public Administration

Robert T. Golenbiewski mentions three “anti-goals” (what they reject) and five “goals” (what they want to approach) of the New Public Administration. These are:

- A. The literature of the New Public Administration is anti-positivist which means:
 - 1) They reject the definition of public administration as ‘value-free’,
 - 2) They reject a rationalist or perhaps deterministic view of humankind,
 - 3) They reject-any definition of public administration that was not properly involved in policy.
- B. The New Public Administration is anti-technical—that means they decry the human being sacrificed to the logic of the machine and the system.
- C. The New Public Administration is more or less anti-bureaucratic and anti-hierarchical.

19.5 Goals of New Public Administration

Any cursory glance at the presentation of papers, made at the conference (Minnowbrook I) would indicate five distinctive goals of new public administration, which include among others relevance, values, equity and change. In the following section an attempt will be made to explore the distinctive goals of new public administration.

- A. **Relevance:** Making public administration more relevant is perhaps the most important feature of new public administration. It had demonstrated that in pursuit of disciplinary sophistication or what is often argued as disciplinary orthodoxy, public administration had lost its social mooring. Consequently, several political issues which required intervention on the part of the public administration remained outside the purview of public administration. The new public administration in a way had reminded the public administration of its duty toward the society.
- B. **Values:** Unlike the behavioural persuasion of political science and management oriented public administration, the new public administration lays emphasis on the centrality value in administrative deliberations. According to the scholars of the new public administration, value neutrality in administrative deliberations is an impossibility. In fact, discarding the pretense of neutrality, the New Public Administration wanted administration to be sided with the marginal and disadvantage sections of the society.

- C. Equity:** The advocacy for social equity is said to be another important hallmark of new public administration. The protagonists of the new public administration argued in favour of distributive justice in the governmental institutions in order to ensure social equity.
- D. Change:** Change orientation is an equally important feature of the new public administration which intended to make an inroad into statusquo and the dominant interest group entrenched in the society.
- E. Client-centrality:** The New Public Administration advocates a client-centered approach. It wants administrators to provide the people a major voice in how and when and what is to be provided. In the words of Nigro and Nigro, “Client-focused administration is recommended along with de-bureaucratization, democratic decision-making, and decentralization of administrative process in the interest of more effective and human delivery of public services.”

In the words of Frederickson “The essence of New Public Administration is some sort of movement in the direction of normative theory, philosophy, social concern and activism. It is less generic and more public, less descriptive and more perspective less institutional oriented less mental and more normative” Nigro and Nigro observe”....In the past public administration has neglected the question of values in relation to the social purposes of government and that public officials have emphasized efficiency and economy of execution often at the expense of social equity. These officials profess neutrality but in fact have been far from neutral even catering to special interests”.

19.6 Comments on New Public Administration

According to Alan Campbell many of the issues brought low the surface vigorously by advocates of New Public Administration were not new. These have been raised by other scholars from time to time. But these have been raised by proponents of New Public Administration very forcefully and with a strong commitment to social change. Their strong emphasis on citizen’s participation in decision-making, on normative value of social equity, and human relations approach oriented largely to service to people is once again a reminder about the need for reorientation of theory and practice of Public Administration.

Dwight Waldo, in his book titled ‘Enterprise of Public Administration’ (1980) has pointed out that New Public Administration projects three perspectives clearly—client (citizen) oriented bureaucracy, representative bureaucracy and people’s participation. These

public perspectives if woven into Public Administration appropriately would tend to democratize it even more than before.

Carter and Duffey, writing on New Public Administration in the *International Journal of Public Administration*, (1984), have expressed doubt whether the objective of social equity is actually getting recognised as a well-established administrative objective or value in addition to the existing ones of efficiency, effectiveness and public accountability. The great disparities of wealth and income continue in USA to a large extent. Due to recent curtailment of government spending on social welfare programmes in USA the deprived sections of the people still do not have adequate access to all the requisite economic and social facilities for their substantial betterment.

We are of the view that since in USA the main emphasis has been on free competition and individual initiative, adoption of social equity as a policy and administrative objective is not an easy proposition. In course of time, perhaps the progress towards its adoption may become more encouraging due to social pressures.

Recent trends in the study and practice of Public Administration in several countries, both developed (e.g. France, Sweden and Britain) and developing (e.g., India, Pakistan) also, indicate similar revision and additions. The intensity and extent of the impact of the trends however, vary from one country to the other, depending upon their respective historical heritages, national resources, character of political system, cultural and demographic patterns and role of the state in national development. The impact is very weak in some countries at one extreme and very strong at the other due to their differing national profiles. On the whole, these trends indicate

1. growing emphasis on social equity in public policies and administrative actions;
2. devising of institutional arrangements to facilitate increased public participation in administrative processes (i.e. decision-making, operations, etc.) at local and grassroot levels;
3. strengthening of political direction of administration as well as of administrative accountability to the political authorities within the government;
4. adoption of innovative (new) types of organizations as well as of modern management practices, and techniques and technologies to raise the administrative capability (i.e. efficiency and effectiveness) to deal with highly diverse, complex and numerous governmental tasks.

5. growth of unionism among the public personnel (government employees) of various grades and Wing of organized arrangements for government-employees consultations and negotiations as well as for-arbitration of disputes.

Because of these trends in administrative systems, the scope of the study of the subject of Public Administration has increased considerably. Moreover, the study is no longer content with the description and analysis of administrative phenomena, policies, organizations and processes. It is also becoming increasingly comparative as it now deals with questions of social equity orientation, democratic orientation, ethical behavior and citizen's participation within continuously expanding administrative systems. Besides, it is also beginning to be increasingly comparative as it now examines and conceptualizes the administrative policies and organizations and operations in various national environments comprising several aspects - political, social, economic, demographic, physical and technological.

19.7 Evaluation of New Public Administration

The critics of the doctrine of New Public Administration hold that the New Public Administration possesses only a kind of difference by definition. For example, Campbell argues that it "differs from the 'old' public administration only in that it is responsive to a different set of societal problems from those of other periods." Robert T. Golembiewski holds that New Public Administration must be counted a partial success, at best and perhaps only a cruel reminder of the gap in the field between aspiration and performance. He describes it "revolution or radicalism in words and (at best) status quo in skills or technologies." The critics also fear that the advocates of New Public Administration are trying to arrogate to themselves what falls within the domain of political institutions. Further, the concept of social equity is vague. What it means, what it requires in public programmes, opinions vary greatly. The New Public Administration has not yet developed a theory of its own. It was the product of the social ferment of the 1960's and early 1970s in the United States. The Minnow-Brook Conference was a youth conference which felt that the old public administration had failed to solve the current social problems.

19.8 Conclusion

As discussed above, New Public Administration has not only dawned a new era in Public Administration, but also rebooted the discipline in form by relevance, equity, justice and so on. Born at the Minnowbrook Conference in 1968, New Public Administration

was indicative of the palpable insensitiveness and frustrations that the Public Administration Community have been suffering from the salient points moted at the said conference were the distinctive features of New Public Administration.

19.9 Summing up

- New Public Administration makes the study of Public Administration more relevant and contextual.
- It infuses the values like equity, justice, change, goal-orientation etc. in Public Administration.
- New Public Administration also marks a significant departure from the earlier study of Public Administration by grounding it into socio-cultural matrix.

19.10 Probable Questions

Essay Type Questions

- a) Examine the major features of the New Public Administrations.
- b) Write a critical note on the major goals and anti-goals of New Public Administration.
- c) Give a detail account of the dominant perceptions regarding New Public Administration.
- d) Assess the impact fo New Public Administration in the development of Public Administration as an academic discipline.
- e) “Do you think that New Public Administration was a product of increasing dissatisfaction among the proglotomes the state of the discipline of Public Administration ?” Eluciate the Statement.

Short Questions

- a) Point out the major anti-goals of New Public Administration.
- b) Identify the major goals of New Public Administration.
- c) Write a short note on Minnowbrook I Conference.

Objective Questions

- a) In which year did the Minnowbrook conference take place?
- b) How many 'anti-goals' of the New Public Administration are mentioned by Robert Golembiewski?

19.11 Further Reading

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Unit 20 □ New Public Management

Structure:

- 20.1 Objective**
- 20.2 Introduction**
- 20.3 Origin of New Public Management**
- 20.4 Salient Features**
- 20.5 Implications**
- 20.6 New Public Management-An all Purpose Garment?**
- 20.7 Conclusion**
- 20.8 Summing Up**
- 20.9 Probable Questions**
- 20.10 Further Reading**

20.1 Objective

After studying this unit, the learner will be able –

- (i) to explore the public sector reform in the grip of New Public Management.
- (ii) Explain the New Public Management signifies a new kind of experimentations of introducing market principles of efficiency, economy and effectiveness in public sector management.
- (iii) to make sense of New Public Management in a more comprehensive manner.

20.2 Introduction

New Public Management (here after NPM) was born at a time when the public sector across the globe was reeling under series of crises. Putting it simply, NPM signifies a new kind of experimentations of introducing market principles of efficiency, economy and effectiveness in the public sector management to bail out the ailing public sector and make it more effective. It emerged in the realm of public sector management in late 1990s with an objective of rediscovering public sector in the changed perspective. It was an outgrowth

of the initiatives of public sector reform sweeping across the Western part of the world since late 1980s. The re-inventing movement in 1992 with the landmark publication by David Osborne and Ted Gaebler had further intensified the NPM movements. It has brought a paradigm shift in the public sector management by removing overreliance of the discipline on the traditional Weberian and Wilsonian paradigm of Public Administration.

Despite its centrality in the public sector reforms across the globe, there is hardly any all agreed definition of it as there are multiple even contradictory interpretations are available on the subject. Whereas some of the scholars have hailed the NPM as a new found mantra of resurrecting public sector, others have rejected it as mere exaggeration. Christopher Hood, a leading expert, has succinctly captured the predicament that one would encounter in dealing with the subject: “Although ill-defined, NPM aroused strong and varied emotions among bureaucrats. At one extreme were those who held that NPM was the only way to correct for the irretrievable failures and even moral bankruptcy in the ‘old’ public management (cf. Keating 1989). At the other were those who dismissed much of the thrust of NPM as gratuitous and philistine destruction of more than a century’s work in developing a distinctive public service ethic and culture (cf. Martin 1998; Northcote 1989b)”. The NPM has proposed to take on ‘sheltered’ bureaucracy’ by replacing it with flexible market based public administration. In sum, NPM foregrounds a qualitatively different variant of Public Administration informed by minimum government, debureaucratization, decentralization, market orientation of public services, contracting out, privatization, and performance measurement and so on.

20.3 Origin of New Public Management

The origin of New Public Management can be traced back to a host of factors which include among others credibility deficit of state or public sector, the surfacing of New Right Approach; emergence of Post-Weberian/ Post-Wilsonian bureaucracy; and several administrative experimentations in advanced Western countries.

- 1. Credibility Deficit of the State-** Among the several factors responsible for the birth of public administration, receding reliability of the state is perhaps the most important one. State as the major provider of social justice has come under serious challenge since late 1970s. A popular sentiment was that the state was no longer in a position to provide them services. Consequently, an alternative to the state had come into the scene to supplement state, if not totally replacing it.

2. **Emergence of New Right Philosophy-** The birth of New Right philosophy is supposed to be another important impetus for the recent spurt of public sector reform across the globe. The New Right as a motley group of ideas representing individual liberty and free market economy, intends to challenge Keynesian demand management and the egalitarian welfare package provided by the state. It came into being in late 1960s and early 1970s in the form of libertarianism, supply-side economics, monetarism, Thatcherism, and Reganomics. However, it hogs the limelight under the tutelage of Ronald Regan and Margaret Thatcher. Despite the variations among the different strands of New Right, there is an overarching commonality regarding the role of the state in society. To them state has an inherent tendency of monopolizing over economy, society, individual liberty and entrepreneurial spirit. Moreover, they believe that the overstretching role of the state in the social sector leads to oversupply, and wastage of public money.
3. **Emergence of Post-Weberian/Post-Wilsonian conception of Public Administration-**The birth of post-Weberian and Post-Wilsonian variant of Public Administration especially in the wake of the pragmatic repudiation of Wilsonian politics-administration dichotomy has ushered in a paradigm shift in public sector management in the form NPM
4. **New Administrative Experimentations in Advanced Western Countries-**Recent administrative experimentations in advanced Western countries have also contributed to the development of NPM. According to Mohit Bhattacharya those administrative experimentation can be encapsulated as follows: First, structurally speaking there has been a clear shift from a rigid, hierarchical and bureaucratic form of Public Administration to one of flexible market-based form of Public management; Secondly, the role of government in society has also undergone a sea change. From a sole provider of goods and services the role of the state has reduced to a mere facilitator. And thirdly, the citizen-government relationship has also witnessed a substantial transformation. Citizens in those advanced Western countries have been re-conceptualized from a passive recipient of goods and services to an active customers.

Another expert of the field Nicholas Henry has identified ‘five fundamentals’ or 5As of NPM:

- **Alertness-** Government should improvise the problem and act before it actually hit the system, not the other way round.

- **Agility**-Government should be agile in the sense that it should be ‘entrepreneurial, open, and communicative’.
- **Adaptability**- Government should be continuously engaged in improving quality of its programmes and services and thereby adjusting with demands.
- **Alignment**- Government should collaborate with other government, non-governmental and civil society organizations to achieve social goals.
- **Accountability**- ‘Government should have a clear and compelling mission that focuses on the needs of the people (Henry: 2007)

Another leading exponent Patrick Dunleavy has enumerated three key components of NPM viz. *disaggregation*, *competition* and *incentivization*. For the sake of operationalization Dunleavy has further fine grained the constituting elements of above components: *Disaggregation* means splitting up public bureaucracy into smaller components with underlying emphasis on flattening of hierarchies and ‘flexibilization’ in personnel, IT, procurement etc. Under this component a host of elements have been identified viz. purchaser-provider separation, agencification, decoupling of policy system, growth of quasi-government agencies, separation out of micro-level agencies, chunking up privatized industries, corporatization and strong single, organization management, de-professionalization, improved performance measurement etc. *Competition* –NPM seeks to infuse competition among the potential providers. It includes among others quasi-market, voucher scheme, outsourcing, compulsory market testing, intra-government contracting, public/ private liberalization, deregulation, consumer-tagged financing, user-control etc. *Incentivization* –favours providing pecuniary-based specific performance incentives for augmenting productivity in organization. This component has also several constituting elements as well viz. respecifying property rights, light touch regulation, capital market involvement in projects, privatizing asset ownership, anti-rent seeking measure, de privileging professions, performance related pay, private finance initiative, private-public partnership, united rate of return and discounting, valuing public sector equity, mandatory efficiency dividends etc. (Dunleavy: 2005).

20.4 Salient Features

i. Overhauling of Organizational Structure

With an objective of facilitating organizational leadership, New Public Management calls for a thorough overhauling of the organizational structure. The organizational restructuring

under New Public Management includes among others simplifying organizational procedures, flattening of hierarchies, etc.

ii. Empowerment of Citizens

The empowerment of citizens constitutes the heart of NPM. NPM unlike its traditional counterpart reconceptualizes citizens as 'active customers'. It signifies a enormous perceptual change of the public bureaucracy vis-à-vis citizens. Traditionally citizens were conceptualized as 'passive recipients' of the public goods and services, to be delivered by the state. The birth of NPM has expanded the freedom of choice of citizens to a great extent. Drawing on Albert Hirschman's conceptualization the expansion of freedom of choice under NPM can be crystallized under three specific freedoms viz. 'exit', 'voice', and 'loyalty'. Whereas the freedom of 'exit' signifies the liberty of the customer to withdraw from any market transaction; the freedom of 'voice' describes the liberty of the consumer to raise his/her point of view either in terms of objection or complain so that that he is able to complain in a way that wit may lead to some changes in services or products offered and the 'loyalty' explains consumer's allegiance to a given supplier, regardless of the standard of services it provided.

iii. Greater Autonomy for Public Sector Manager

NPM calls for more autonomy to the public sector managers. Unlike private sector, public sector managers have to work within a strict regime of laws and by-laws. Hence, they have no room for innovation and contemplation. NPM is in favour of greater elbowroom for managerial leadership by providing public managers with grater flexibility in personnel policy like contractual appointment, work place bargaining etc(Bhattacharyya: 1998). However,

iv. Application of Rigorous Performance Measurement Technique

Application of rigorous performance measurement technique is another hallmark of NPM. The root of performance measurement as a technique of quality assurance has its first forceful advocacy in the Scientific Management Theory of Fredrick Taylor. Though it has become a household name in private sector enterprises for quite some time, its acceptance in the public sector management is only a recent phenomenon. Thanks to the 're-inventing government' movement in the US in early 1990s a host of performance measurement techniques like Total Quality Management, counter services, citizen's charter etc have increasingly become the part of bureaucratic parlance. However, a caveat needs

to be sounded regarding performance measurement technique. For, applications of performance measurement techniques like benchmarking, report card etc do not necessarily guarantee unadulterated success in terms of productivity in every situation. Sometimes, they are mechanically introduced without proper appreciation of the ground reality or problem (Campo-Sundaram: 2001)

v. Disaggregation of Public Bureaucracy

Public bureaucracy has an uncanny knack of expansion and extravagance. The public choice theorist have shown how bureaucracy has blown out of proportion and eaten out the vitals of a given society. Parkinson has unpacked the intricacies of bureaucratic expansion by his famous Parkinson Law (Parkinson :). NPM suggests disaggregation of public bureaucracies into agencies, which will deal with each other in a user-pay basis (Hood: 1991).

vi. Cost-cutting

NPM is strongly advocating economy in public sector. Inspired by New Right philosophy NPM is in favour of cost-cutting in public sector.

vii. Goal-orientation

Another important feature of NPM is its goal-orientation. NPM is exclusively committed to goal.

viii. Use of quasi-markets and contracting out technique

ix. Emphasis on managerial support service

NPM asks for managerial support service to facilitate public sector managers reaching the pre-set target. Under managerial support service, an array of policies has been undertaken collectively known as human resource management. The basic objective is to draw best talents from the market in the public sector by offering attractive salary, perks, incentives and other benefits. Moreover, NPM is also suggesting regular periodic skill –improving training programming to hone up the competitive edge of the man power(Bhattacharaya: *ibid*).

x. Organizational and spatial decentralization

NPM believes in decentralized form of governance. It encourages all kinds of organizational and spatial decentralization.

20.5 Implications

NPM has engendered an administrative reform spree of sort across the globe. Ghuman has identified five broad categories of administrative reforms:

- (a) reforms aiming reorganization and downsizing of the government;
- (b) reforms aiming setting up of performance based organization;
- (c) reforms aiming to create Senior Civil Services(SCSs);
- (d) reforms emphasizing adoption of private sector styles of management practices; and
- (e) reforms aiming promotion of customer orientation of administration.

(a) Reorganization and downsizing of government- Though NPM does not directly suggest downsizing of government, however, the elaborate reorganization and restructuring measures it prescribes, often lead to slimming of government. There are number of instances

(b) Performance based organization- One of the direct implications of NPM for public sector management is to adopt performance as the basis of organization.

(c) Creation of Senior Civil Services (SCS)- Under NPM the idea of unified civil service is repudiated by separating policy from administration. For effective implementation of policies, NPM proposed to contract out service delivery functions to non-governmental or quasi-governmental agencies and private service providers, saving the major policy making functions for core departments to be manned by seasoned public servants. Hence, it recommends forming a cadre of Senior Civil Servants (SCSs) based on written employment contracts and partly performance based pay for effective formulation of public policies.

(d) Adoption of Private sector styles of management practices

Another major implication of NPM is the adoption of private sector managerial practices in public sector management. NPM moved from bureaucratic model of Kanter's model of flatter (non-hierarchical) and more focused structure of organizations () to an entrepreneurial form of governance as Osborne and Gaebler (1992) seemed to have suggested. Hence, NPM calls for greater synergy between public and private sector management.

(e) Customer-Driven Administration-

If there is any seemingly positive implication of NPM on overall governance, it must be the customer-orientedness of administration. NPM, unlike the traditional bureaucratically managed public sector management, elevates citizen to centre of discourse. Customer's satisfaction index is considered to be 'the' criteria of public service. Several procedural innovations like Citizen's Charter, citizen's report card etc are manufactured to reflect citizen's choice. (Ghuman: 2001).

20.6 NPM-An all Purpose Garment?

NPM, especially the way it has been packaged and marketed, comes under serious challenge. The criticism against NPM is ranging from questioning its claim of universality (Hood: 1991) to the proclamation of its death (Dunleavy: 2005). In this section we will mainly concentrate on the major criticism labeled against it. The professed claim of universal applicability of NPM as a trusted antidote of any kind of 'management ills' irrespective of culture and contexts, is no longer found tenable. Christopher Hood has enumerated some major objections:

First, despite the initial hypes and hooplas, NPM seems to have worked only in superficial level, leaving most of the old problems and weaknesses intact. The only substantial change that has occurred is in the language that the public managers speak in public.

Second, NPM's claim of economy or cost cutting also sounds hollow as it failed to bring down the cost per unit of service. Critics argue that the net result of NPM is an 'aggrandizement of management' and 'rapid middle level bureaucratization of new reporting system', which in effect hampered public service.

Third, NPM on the pretext of promoting public good actually serves the 'career interest of an elite group of new managerialists (viz the top managers, officials, management consultants, business schools).

Fourth, NPM's claim of universal applicability is also not tenable as different administrative values call for different administrative design.(Hood : 1991)

To the other extreme, critics like Patrick Dunleavy and others have written the obituary of NPM and proclaimed a post-NPM regime of digital era governance(Dunleavy: 2005). A few commentators, who are not willing to go that far, have identified 'one important shift in the thinking of NPM'. In its earlier Entrepreneurial Government version, the emphasis was on de-governmentalization and privatization. The government was supposed to be

slim, smart and responsive. But considering the centrality of government in development discourse and nation building, the contemporary version of NPM emphasizes on better government, not on less government (Arora: 2007).

20.7 Conclusion

In the foregoing analysis an attempt has been made to map the seemingly revolutionary idea of public sector reform. This unit also casts some light on the distinctive feature NPM, especially its major components, salient features, its overall implications over public management per se. Moreover, at the end of the unit a question is raised against NPM's apparent claim of universality under the sub-unit called 'NPM-an all-purpose garment?'

20.8 Summing up

- NPM is a late 90s development in Public Sector Management.
 - It intends to infuse the market principles of Efficiency, Economy and Effectiveness (3Es) in public sector.
 - The introduction of New Public Management is said to have transformed government into "Entrepreneurial" one.
 - It seeks to equate government with 5A's viz. Alertness, Agility, Adaptability, Alignment and Accountability.
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20.9 Probable Questions

Essay Type Questions

- a) Give a critical account of New Public Management as a new mantra of Public Sector Management.
- b) Assess the evolution of New Public Management as a near universal principle of Public Sector Management.
- c) Write a note on the factors responsible for the emergence of New Public Management.
- d) Assess the impact of New Public Management on Public Sector Management.

Short Questions

- a) How does New Public Management empower citizen?
- b) Write a short note on performance measurement technique as identified in New Public Management.
- c) Write a critical note on the short comings of New Public Management.

Objective Questions

- a) How many fundamentals of New Public Management were identified by Nicholas Henry?
- b) When did the “reinventing government” movement begin in the United States?

20.10 Further Reading

1. Barzelay, M. (1993), *The New Public Management, US* : Russell Sage.
2. Osborne, D and Gaebler T ed. (1992), *Reinventing Government : How the Entreprenenrial Spirit is Transforming the Public Sector*, New York : Plume Books.
3. Hughes, O. E. (1991), *Public Management and Administration : An Introduction*, 2nd Ed. New York : Palgrave.

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