

PLS 308 – Public Administration

Topic: Excellence in the Public Sector

Forces for Change

- Changing nature of the workplace
 - Increased cultural diversity
 - Increase in the number of professionals
 - Many new entrants with inadequate skills
- Technology
 - Computers, automation, internet, communication technology are changing jobs
 - TQM programs
 - Reengineering programs
- Economic shocks (particularly in the private sector)
 - Securities market crashes
 - Interest rate fluctuations
 - Foreign currency fluctuations
 - Recessions
- Competition
 - Globalization of industries
 - Mergers and acquisitions
 - Consolidations
 - Down-sizing
 - Growth of specialty retailers and internet commerce
- Social trends
 - Increased college attendance
 - Delayed marriage by young people
 - Increased divorce rate
 - Changing consumer patterns (e.g., birth of the SUV, technology gadgets)
- World Politics
 - Collapse of the Soviet Union
 - Industrialization of Europe
 - NAFTA
 - WTO

Types of Organizational Changes

- Daft (1995) points out that organizations undergo at least four types of changes
 - *Technologic* changes in production processes and equipment (e.g., installation of information management system)
 - *Administrative* changes such as the introduction of new performance appraisal systems
 - Changes in *products or services*
 - *Human resource* changes as a result of training, development, and recruiting efforts

Post-Bureaucratic Paradigm (Barzelay 1994)

- Barzelay (1994) argues that the bureaucratic paradigm is no longer the major source of ideas and argumentation about public management in the U.S.
 - Increasingly common use of terms such as customers, quality, service, value, incentives, innovation, empowerment, and flexibility by people trying to improve government operations
- From a focus on the public interest to results that citizens value
 - This shift in focus can help motivate more inquiry, clearer argumentation, and more productive deliberation about what results citizens collectively value.
 - This rhetorical construction also leads to ideas about customer-focused organizations, emphasizes results over inputs or processes, and implies that what citizens value cannot be presumed by administrators
- From efficiency to quality and value
 - Efficiency was popularized as a value with the birth of the scientific management movement – but there is more to an effective organization than just efficiency
 - Instead we should make use of interrelated concepts such as product or service quality and value when deliberating about the worth of government activities
 - Remember there are often tradeoffs between efficiency and accountability
- From administration to production
 - Traditional emphasis has been on implementing laws efficiently with agencies performing their functions by dividing responsibilities and assigning them to workers
 - The alternative is a focus on the production process using techniques like TQM
 - It reminds public servants of the complex and intimate relationship between process and product in service delivery
- From control to winning adherence to norms
 - Traditional paradigm emphasizes rules, centralization, and enforcement
 - Alternative is delegation, decentralization, streamlining, incentive-based regulation, and voluntary compliance
 - Achieving adherence to norms requires getting workers to accept more personal responsibility at work
- Beyond functions, authority, and structure
 - Traditional paradigm defines organizations in terms of their assigned functions, delegated authority, and formal structure
 - Challenge of the new paradigm is to channel human energies into thinking about and doing socially useful work.
 - Concept of mission, services, customers, and outcomes help public servants articulate their purposes and to find ways to achieve them
- From enforcing responsibility to building accountability
 - In the traditional paradigm, the key role of administrators is to use their authority to enforce responsibility on their subordinates
 - From a post-bureaucratic perspective the most effective way to hold employees accountable is to make them feel accountable
 - Accountability should focus on the full spectrum of relationships including those with customers
 - Accountability in a post-bureaucratic world is also a two-way street.

- From justifying costs to delivering value
 - In traditional paradigm, budgeting process is one where administrators justify their needs and costs with an emphasis on avoiding wasting tax payers' money
 - The post-bureaucratic paradigm speculates that citizens are much more interested in the quality and value of public services than their costs
- Moving beyond rules and procedures
 - Bureaucratic paradigm often justifies its actions (or inaction) by saying that it is consistent with existing rules and procedures
 - Post-bureaucratic paradigm greets such arguments with skepticism and if the rules prevent the best outcome from being achieved the rules should be changed
- Moving beyond operating administrative systems
 - Centralized administrative systems based on the concepts of efficiency and control are the norm and their cultures and routines create many constraints or perverse incentives that prevent them from delivering the results that citizens value
 - It is time to break through this bureaucracy and transform these organizations. In order to do so, management must be actively involved and embrace concepts like mission, services, customers, quality, etc.

Managing Planned Change

- *Change* is making things different.
 - *Planned change* is proactive, purposeful, and an intentional goal-oriented activity. Its goals are to:
 - Improve the ability of the organization to adapt to changes in its environment
 - Change employee behavior
 - *Change agents* are responsible for managing change activities.
 - They can be managers, nonmanagers, or outside consultants
 - Can view implementing change as a response to a break in the status quo *or* as a natural state where managing change is a continual process
- The “Calm Waters” Simile – Until recently, it dominated the thinking of practitioners and academics. It is a three-step description of the change process
 - *Unfreezing* the status quo is achieved in one of three ways
 - *Driving forces*, which direct behavior away from the status quo, can be increased
 - *Restraining forces*, which hinder movement from the existing equilibrium, can be decreased
 - Combination of the above
 - *Changing* to the new state occurs when change itself is implemented
 - *Refreezing* makes the new change permanent
- The “White-Water Rapids” Simile
 - Consistent with the view that environments are uncertain and dynamic.
 - Many managers find that stability and predictability don't exist and they face constant change, bordering on chaos
 - If you are overstructured, rigid, and slow to change, you will not survive
 - Recognizes that many managers face constant change and you rarely get out of the rapids
 - As Tom Peters aptly notes, the old adage “If it ain't broke, don't fix it” rarely applies anymore

- Not every manager faces constant chaotic change. However, few organizations treat change as the occasional disturbance in an otherwise peaceful world

Resistance to Change

- One of the most well-documented findings from studies of individual and organizational behavior is that organizations and their members resist change
 - Resistance to change can be positive
 - It can lead to functional conflict
 - It also creates some measure of stability and predictability within an organization
 - It becomes a formidable problem if it hinders adaptation and progress or leads to dysfunctional conflict
 - Resistance can be overt, implicit, immediate, or deferred
 - Overt and immediate resistance (e.g., employees voicing complaints) are easiest to deal with
 - Implicit efforts are subtle -- loss of loyalty, loss of motivation, increased errors, increased absenteeism -- and are harder to recognize
 - Deferred actions cloud the link between the source of resistance and the reaction to it
- Sources of individual resistance may reside in basic human characteristics
 - *Habit*: People rely on habits to cope with the complexity of everyday life
 - *Security*: People with a high need for security resist change because it threatens their feeling of safety
 - *Economic Factors*: Employees are concerned that changes will lower their income
 - *Fear of the Unknown*: Changes substitute ambiguity and uncertainty for the known
 - *Selective Information Processing*: Individuals are guilty of selectively processing information in order to keep their perceptions intact
- *Organizational resistance*: Organizations are by nature conservative and resist change. Sources of resistance include:
 - *Structural inertia*: Organizations have built-in mechanisms to produce stability (e.g., chain of command, standard operating procedures)
 - *Limited focus of change*: changes in subsystems may tend to be nullified by the larger system
 - *Group inertia*: Even if individuals want to change behavior, group norms may act as a constraint
 - *Threat to Expertise*: Changes in organizational patterns may threaten the expertise of specialized groups
 - *Threat to Established Power Relationships*: Any redistribution of decision-making authority can threaten long-established power relationships within an organization
 - *Threat to Established Resource Allocation*: Groups that control sizable resources in the organization may see change as a threat
- Overcoming Resistance to Change
 - *Education and Communication*: Resistance reduced through communication with employees about the logic of a change
 - *Participation*: Individuals will resist a changes less if they participated in the decision
 - *Facilitation and Support*: Change agents can offer a range of supportive efforts such as counseling and therapy, new skills training, or a short paid leave of absence

- *Negotiation*: The change agent may deal with potential resistance to change by exchanging something of value for a lessening of the resistance
- Manipulation and Co-optation
 - *Manipulation* refers to covert attempts to influence such as twisting and distorting the facts to make the change more attractive, withholding undesirable information, and creating false rumors to get employees to accept the change
 - *Co-optation* is a form of manipulation and participation. It seeks to buy off the leaders of a resistance group by giving them a key role in a change decision
 - *Manipulation* and *co-optation* are relatively inexpensive and easy ways to gain the support of adversaries, but the tactics can backfire if the targets become aware they are being tricked or used and the change agent's credibility will then drop to zero
 - *Coercion* is the application of direct threats or force on the resisters

Managing Change Through Organizational Development

- *Organizational development* refers to systematic, planned change and encompasses a collection of change techniques and interventions. Characteristics that distinguish OD from traditional change approaches include:
 - Emphasis on the work team as the key unit for learning more effective modes of behavior
 - Emphasis on participation and collaborative management
 - Emphasis on changing an organization's culture
 - The use of behavioral scientists as change agents
 - View of the change agent as an ongoing process
- *Structural interventions* emphasize making organizations more organic and egalitarian
 - *Structural reorganization* - Recent trends are towards flatter, decentralized organizations because they:
 - Provide economic benefits (fewer mid-level managers)
 - Fewer vertical levels improves communication
 - Wider spans of control give employees greater autonomy
 - Decentralized decision making creates greater power equalization
 - Recent trends are to make organizations more organic, less bureaucratic, and respond to changing environmental conditions more quickly
 - *New reward systems* such as pay-for-performance or other systems which emphasize and reward individual and group performance
 - OD change agents typically favor bonus plans that emphasize group or organizational performance in order to facilitate teamwork and cooperation but individual-based bonus plans are still the most popular
 - *Changing organizational culture* often by introducing new cultural values that support:
 - Less management control
 - Increased tolerance of risk and conflict
 - Opening up communication channels
 - Making organizational culture more flexible, more responsive, and more focused on customer needs, service, and quality

- *Task-technology interventions* emphasize changing either actual jobs that people do or the technological processes and tools they use to perform those jobs
 - *Job redesign* (e.g., job rotation, enlargement, enrichment, autonomous work teams) is widely practiced and can be implemented by lower-level managers
 - *Job redesign is similar to the concept of structural reorganization but is focused at the job level*
 - *Sociotechnical systems approach* argues that any successful work design must jointly optimize the social and technical demands of the job
 - You need to consider the personalities, attitudes, and interaction patterns of the workers and their supervisors, not just their skills.
 - Work design involves organizing groups of workers not just individuals
 - Quality of work life (QWL) describes a process by which organizations respond to employee needs by developing mechanisms to allow them to share in making decisions that design their lives at work such as:
 - Adequate and fair compensation
 - Safe and healthy environment
 - Jobs that develop human capacities
 - Chance for personal growth and security
 - Social environment providing personal identity, freedom of prejudice, community, and upward mobility
 - Rights of personal privacy, dissent, and due process
 - A work role that minimizes infringement on personal leisure and family
 - Socially responsible organizational actions
- *People focused interventions* are directed at changing the attitudes and behaviors of an organizational members through processes of communication, decision making, and problem solving
 - *Sensitivity training* changes behavior through unstructured group interaction (e.g., laboratory training, encounter groups, T-Groups (Training groups)). Focus is to provide increased awareness of their own behaviors as well as those of other group members
 - *Survey feedback* is a tool for assessing attitudes held by organizational members, identifying discrepancies among members perceptions and resolving those differences
 - *Process consultation* is involved when an outside consultant assists a client to perceive, understand, and act
 - *Team building* includes goal setting, development of interpersonal relations among team members, role analysis to clarify each team member's roles and responsibilities, and team-process analysis
 - *Intergroup development* seeks to change the attitudes, stereotypes, and perceptions that groups have of one another

Stress in the Workplace

- *Stress* is a dynamic condition in which an individual is confronted with an opportunity, constraint, or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important
 - Stress can result from organizational changes
- Symptoms of stress
 - *Physiological symptoms* include changes in metabolism, increased heart and breathing rates, increased blood pressure, and headaches
 - *Psychological symptoms* include dissatisfaction, tension, anxiety, irritability, boredom, and procrastination
 - *Behavioral symptoms* include changes in productivity, absence, and turnover
- Reducing stress requires reducing the part of stress that is dysfunctional
 - Need to consider employee selection
 - If stress can be traced directly to boredom or work overload, jobs should be redesigned to increase challenge or reduce workload
 - Stress in an employee's personal life creates two problems: it is difficult for managers to control and there are ethical considerations associated with employee privacy

Stimulating Innovation

- Structural variables
 - Organic structures positively influence innovation
 - Lower in vertical differentiation, formalization, and centralization
 - They facilitate flexibility, adaptation, and the cross-fertilization of ideas that make innovation easier
 - Long tenure in management is associated with innovation
 - Provides legitimacy and knowledge about how to accomplish changes
 - Innovation is nurtured when there are slack resources
 - An abundance of resources allows organizations to purchase innovations and absorb the costs associated with changing as well as failures
 - Interunit communication is higher in innovative organizations
 - High use of committees, task forces, cross-functional teams, and other techniques that facilitate interactions across departments
- Culture
 - Innovative organizations tend to have cultures that encourage experimentation, have well developed change routines, and reward both successes and failures
- Human Resources
 - Innovative organizations actively train their employees to keep them current, offer high job security to ensure employees don't worry about getting fired if they make mistakes, and encourage their employees to advocate and support change

Creating a Learning Organization

- Learning organization is one that has developed the continuous capacity to adapt and change
 - *Single-loop learning*: when errors are detected, the correction process relies on past routines and present policies
 - Used by most organizations
 - *Double-loop learning*: when an error is detected, it's corrected in ways that involve the modification of the organization's objectives, policies, and standard routines.
 - The deep-rooted assumptions and norms within an organization are challenged to provide radically different solutions to problems or jumps in improvement
 - Practiced by learning organizations
- Five basic characteristics of the learning organization are:
 - There is a shared vision everyone agrees upon
 - People discard their old ways of thinking and standard routines for solving problems or doing their jobs
 - Members think all organizational processes, activities, functions, and interactions are part of a system of interrelationships
 - People openly communicate with each other without fear of criticism or punishment
 - People sublimate personal self-interest or departmental interests to work together to achieve the organization's shared vision
- Steps managers can take to move towards a learning organization
 - *Establish a strategy* that makes a commitment to change, innovation, and continuous improvement
 - *Redesign the organization's* structure to reduce impediments to learning by making it flatter, increasing the use of cross-functional teams, and emphasize interdependence between departments
 - *Reshape the organization's culture* to make it more open to risk-taking, increasing the openness, and encouraging change and innovation

Recent Conclusions of Studies on High Performance Organizations

- Leaders in these organizations define their key role as providing conditions that support worker productivity and support employees in providing the organizations customers with what they need from the organization.
- These organizations and their leaders typically emphasize the following values.
 - Emphasize and support *learning*, risk taking, training, communication, and work measurement
 - The emphasize *clarifying their mission* and communicating it to their members, its customers, and its stakeholders
 - *A nurturing community*. The organization provide a supportive culture with an emphasis on teamwork, participation, flexible authority, and effective reward and recognition processes
 - *Enabling leadership*. Leaders emphasize learning, communication, flexibility, sharing, and the development of a vision and a commitment to it

Peters and Waterman Identified Characteristics of Firms that Strive for Excellence

- A bias for action
- Staying close to the customer
- Valuing autonomy and entrepreneurship in their workers
- Enhancing productivity through people
- A hands-on, value driven approach
- Sticking to the knitting (stay focused on what you do well)
- A simple form and a lean staff
- Simultaneously loose and tight properties

Organizational Change Strategies

- Wechsler and Backoff (1986) identified 4 types of strategies in agencies in Ohio
 - *Developmental strategy*: This agency had diverse tasks, constituencies, and independent funding sources. The agency had the independence to pursue a strategy of enhancing capabilities, resources, and performance
 - *Transformational strategy*: Stronger external forces shaped this agency. It responded by transforming the agency and changing its mission significantly
 - *Protective strategy*: This agency faced stiff criticisms. The agency responded by strengthening internal controls and lowering the organization's public profile
 - *Political strategy*: Agency's decisions became more favorable to customers in response to a changing configuration of stakeholders
- Miles and Snow's (1978) *Organization Strategy, Structure, and Process* contains their prominent typology
 - *Defenders*: Tend to be experts in their limited are of operation. They do not tend to search outside of their domains for new opportunities. As a result, defenders rarely need to make changes in their strategies or programs.
 - Search activities are primarily limited to solving the problems currently confronting the organization
 - Organizations are more likely to undergo a detailed planning effort before beginning implementation
 - Place a low level of importance on adopting new programs and taking on additional responsibilities
 - They tend to have a limited range of strategic choices and decisions tend to be centralized
 - Tend to exhibit a low level of innovativeness
 - *Analyzers*: Analyzer is a follower of change. They exhibit a higher level of strategic choice than defenders but a lower level than prospectors.
 - They operate in two different domains, one stable and one changing
 - Try and operate routinely in their stable area and seek opportunities for change in their turbulent areas
 - They may not be able to respond quickly to some types of environmental jolts. It is likely to value both the importance of stability and change
 - Tends to have a medium level of innovativeness
 - *Prospectors*: An organization that actively seeks new opportunities and is willing to experiment with potential responses to emerging environmental trends.

- Must develop and maintain a high capacity for slack search and are more likely to engage a problem before detailed planning can be completed
- Large number of strategic choices that the agency must confront
- High external orientation which places a high importance on the need for change and flexibility
- Likely to exhibit a high degree of innovativeness
- *Reactors*: Lack a coherent strategy and its goals are not clearly specified or well understood.
 - Managers perceive uncertainty and the need for change, but are unable to respond. Reactors seldom make changes, unless forced to do so
 - They are primarily concerned with maintaining internal stability and have great difficulty doing so
 - They are among the least innovative organizations

Strategic Planning and Management Process

- Strategy is a purposeful behavior
 - Management consultants propose a variety of approaches for developing strategy.
 - These frameworks tend to focus on procedures such as strategic issue management, stakeholder analysis, environmental scanning, and the assessment of strengths, weaknesses, opportunities, and threats (SWOT analysis).
 - Strategic management group (SMG) typically manages the process and must agree on who will be involved, how the strategic analysis will proceed, and what they expect to achieve
- Not easy or cheap.
 - It requires a great deal of information.
 - It can consume a great deal of the administrator and specialists time.
 - Must be continuously responsive to changing events.
 - Accordingly, it is not a one-time event.
- One of the important differences between strategic planning in the public and private sectors is that strategic planning requires goals.
 - Goal statements in the private sector tend to be relatively clear and specific.
 - Goals tend to be less specific in the public sector.
 - Goals in the public sector are vague and conflicting and often set in statute
 - Many public officials avoid specific goals because they can help to focus opposition
 - Public officials may have little control over setting their own goals (Halachmi (1991)
- Basic steps
 - Begins with a commitment by top management to develop and implement a plan
 - The organization identifies its legal requirements and its purposes.
 - It identifies the stakeholders with interest in the organization'
 - Identify external opportunities, challenges, and threats that would either increase or reduce the organization's ability to meet its goals.
 - This requires intelligence about trends, forces, and possible outcomes of different actions
 - Assessment of the internal organizational capabilities, resources, and current as well as projected strengths and weaknesses

- Next it must identify its strategic issues: basic questions posed by the information gained thus far.
 - For example, its legal mandate or current programs may be insufficient to deal with crucial problems or its methods of operation may be inefficient
- Final step is to devise actions that target these strategic issues.
 - This includes means to remove barriers to actions and remedying internal weaknesses.
 - It should include a schedule of actions such that managers know what actions should be taken first.
 - Contingency plans should also be developed in case a proposed action proves impossible to undertake or fails to produce the expected results.
 - It should also include a means to evaluate the success of proposed actions.

Employee Involvement Programs

- *Employee involvement* is a participative process that uses the entire capacity of employees and is designed to encourage increased commitment to the organization's success
- *Participative management* uses joint decision making
- *Representative participation*: workers are represented by a small group of employees who actually participate
 - *Work councils* are groups of employees who must be consulted when management makes decisions involving personnel
 - *Board representatives* are employees who sit on a company's board of directors and represent the interests of the firm's employees
- *Quality circle* is a work group of eight to ten employees and supervisors who have a shared area of responsibility for solving quality problems
- *Employee stock ownership plans* are company established benefit plans in which employees acquire stock as part of their benefits
- Employee involvement programs that stress participation are becoming the norm

Work Design

- Turner and Lawrence developed *requisite task attributes theory* in the mid-1960s
 - Predicted that employees preferred jobs that were complex and challenging and that this would increase job satisfaction and lower absenteeism
 - *Job complexity* is defined in terms of:
 - Variety
 - Autonomy
 - Responsibility
 - Knowledge and skill
 - Required social interaction
 - Optional social interaction
 - They found no general correlation between task complexity and satisfaction except:
 - Employees from urban settings were more satisfied with low-complexity jobs while employees with rural backgrounds reported higher job satisfaction in high-complexity jobs.
 - Studies important because

- Demonstrated that employees do respond differently to different types of jobs
- Focused attention on the need to consider the influence of employee's reactions to jobs
- *Job characteristics model* (JCM) developed by Hackman and Oldham (see exhibit 14-2)
 - JCM argues that any job can be characterized in terms of five core job dimensions:
 - *Skill variety*: The degree to which the job requires a variety of different activities so the worker can use different skills
 - *Task identity*: The degree to which a job requires the completion of a whole and identifiable piece of work
 - *Task significance*: The degree to which a job has a substantial impact on the lives or work of other people
 - *Autonomy*: The degree to which the job provides substantial freedom, independence, and discretion
 - *Feedback*: The degree to which carrying out the job activities results in the individual getting direct and clear information about their performance
 - Skill variety, task identity, and task significance combine to create meaningful work and the employee will view the job as being important, valuable, and worthwhile
 - Given the current state of evidence there is relative confidence that:
 - People who work on jobs with high-core job dimensions are generally more motivated, satisfied, and productive
 - Job dimensions operate through psychological states to produce outcome variables rather than through influencing outcomes directly
- *Social information-processing model*: People respond to jobs as they perceive them rather than to objective jobs. Thus, two people can have the same job but view it differently
 - Employees adopt attitudes and behaviors in response to social cues. If other employees bad mouth their jobs, a new employee may begin to feel negatively about their job
 - Managers should give as much attention to employees perceptions of their jobs as they do to the characteristics of their jobs (e.g., tell employees how important their jobs are)

Work Redesign

- *Job rotation (cross-training)*: when a job is no longer challenging, the employee is rotated to another job at the same level that has similar skill requirements
 - Reduces boredom and increases motivation by diversifying an employee's experiences
 - Creates generalists rather than specialists which increases the flexibility of an organization
 - Drawbacks can be increased training costs, reduced productivity as employees learn new jobs, disruptions, and it can demotivate employees who want specific responsibilities in their chosen specialties
- *Job enlargement* is based on the idea of expanding jobs horizontally by increasing the number and variety of tasks that an individual performs and results in jobs with more diversity
 - Can be met with less than enthusiastic results: "Before I had one bad job now I have three"
 - It may attack the lack of diversity in overspecialized jobs but may do little to instill challenge or meaningfulness to a job

- *Job enrichment* refers to the vertical expansion of jobs and increasing the degree to which a worker controls the planning, execution, and evaluation of their work.
 - It organizes tasks in such a way that the worker does a complete activity thereby increasing freedom and independence, increasing responsibility, and improving feedback such that the employee can improve their performance
 - Ways to enrich jobs include:
 - Combining tasks
 - Creating natural work units
 - Establishing client relationships
 - Expand jobs vertically
 - Open feedback channels

Management By Objectives (MBO)

- MBO is an approach to management that determines
 - What must be done, including the establishment of priorities
 - How it should be done
 - How much it will cost
 - When it should be done
 - What constitutes satisfactory performance
 - How much progress is being achieved
 - When and how to take corrective action
- MBO integrates planning and organizational operations
 - It emphasizes participatively set goals and objectives that are tangible, verifiable, and measurable.
 - Focuses converting overall organizational objectives into specific objectives for organizational units and individual members -- In this way it is a motivational tool
- There are three classes of objectives which serve different purposes in an organization
 - Short-range or *routine* objectives are the specific day-to-day outcomes that are the nuts and bolts of the organization
 - Long-range or *problem-solving* objectives are the areas targeted for resolution
 - Strategic or *innovative* objectives refer to the vision or image, which effective managers have of their organizations (Graham and Hays 1986).
- MBO was developed by Peter Drucker as a means of using goals to motivate people rather than controlling them
- Four key ingredients are:
 - Goal specificity (cut costs by 7%, process all orders within 24 hours)
 - Participative decision making
 - An explicit time period (within 6 months)
 - Performance feedback
- Tied to goal-setting theory which demonstrates that specific hard goals result in higher levels of individual performance than no goals at all
 - MBO advocates identifying specific goals and providing feedback
 - MBO provides managers with a way of implementing goal-setting theory
- Only area of disagreement between MBO and Goal-setting theory is related to the issue of participation

- MBO strongly advocates participation whereas goal-setting theory demonstrates that assignment of goals may be as effective

Total Quality Management (TQM)

- Definition
 - *Total*: implies applying the search for quality to every aspect of work, from identifying customer needs to aggressively evaluating whether the customer is satisfied
 - *Quality*: means meeting and exceeding customer expectations
 - *Management*: means developing and maintaining the organizational capacity to constantly improve quality
- Main proponents and developers of total quality management were
 - W. Edwards Deming
 - U.S. War Department hired Deming to utilize these techniques to rebuild Japan's industrial base.
 - Deming toured Japan in the early 1950s and the Japanese became so convinced with the utility of their techniques that they started the Deming Award
 - During the 1950s, Joseph M. Juran was also sent to Japan by the U.S. Government. Juran's ideas were based on customer satisfaction and getting the job done right the first time. His ideas are perhaps more applicable to public management
- Total quality management (TQM) doesn't catch on in America until the 1980s when it catches on with a vengeance.
- Total quality management (TQM) is a philosophy of management that's driven by the constant focus on the attainment of customer satisfaction through the continuous improvement of all organizational processes
 - TQM argues that good isn't good enough
 - TQM programs seek to achieve continuous process improvements so that variability is constantly reduced because uniformity results in lower costs and higher quality
 - Continuous improvements run counter to the typical American management approach which views projects as linear
 - Some people may experience increased stress from work climate that no longer accepts complacency with the status quo
 - Most significant implication for employees is that management will look to them as the prime source for improvement ideas

Seven Elements of TQM According to OMB

- Top management is directly and actively involved in the process
- Strategic planning requires that long- and short-term goals be established for quality improvement and that these goals be integrated into the strategic plan
- Focus on the customer means that management seeks ways to make employees aware of customer needs, uses feedback data to improve processes and services, and continually adapts the strategic plan
- Commitment to training and recognition of employees are essential to enable them to keep abreast of changing job requirements and to prepare them for greater responsibilities
- Employee empowerment and teamwork means management provides an environment which supports employee involvement, contribution, and teamwork

- Measurement and analysis of processes and output deals with information required to support total quality of processes, products, and services
- Quality assurance means products and services are designed and verified to meet customer needs and expectations

Benefits of TQM

- Can help refocus mission as public servants and help to deliver higher quality services and improve “customer” satisfaction
- Stresses the prevention of problems
- Can help empower workers through decentralization of decision making authority
- Helps public administrators understand that most problems stem from faulty systems, not faulty people

Problems With Applying TQM in the Public and Private Sector

- At the most basic level, the assumption is that all organizations can be effective. At a minimum this is not true in the private sector. A given market can only support so many businesses. Obviously some will fail even if they use TQM
- Failed TQM efforts often have insufficient leadership, weak culture, weak management of the change process, and poor provisions for motivation and teamwork. Proponents often fail to recognize the human limitations of managers
- Often criticized as a management fad which will soon be replaced by yet another fad
- Florida Power and Light which won Japan’s Deming award dropped TQM when top management changed in 1992
- IBM, Xerox, General Motors, Westinghouse have all shown deteriorating performance after winning the Baldrige award and the Wallace Company actually filed for bankruptcy shortly after winning the award in 1990
- TQM doesn’t address some problems government agencies face or has limited utility in addressing some problems (See Henry 1995 p. 195)
- Doesn’t address the problem that government agencies tend to be monopolies
- Agencies often lack the internal organizational authority that their private sector counterparts have to redesign systems and operations
- Need to develop surrogate measures for profits
- See Reger, et al. (1994) for a good discussion of some of the reasons why implementing TQM often runs into problems

Reengineering/Reinvention

- Reengineering asks workers how they would do things if they started over from scratch
- Key works include Peters and Waterman’s *In Search of Excellence* (1982) and Osborne and Gaebler’s *Reinventing Government* (1992)
- Effectiveness of the public sector
 - Research comparing public and private sector effectiveness often finds that the private sector is more effective or efficient, but not always
 - This concern with improved effectiveness was a major driving force on the popularity of applying reinvention and TQM techniques in the public sector

- Key elements
 - Distinctive competencies are those things that an organization does better than its competition
 - Core processes add value to the organization’s distinctive competencies. They are the processes that transform materials, capital, information, and labor into products and services that the customer values
 - Through process value analysis management determines to what degree each core process adds value
 - Reengineering requires management to reorganize around horizontal processes
 - Managers are not value-added
- Implications for Employees
 - Lots of people may lose their jobs as a direct result of reengineering efforts
 - New jobs may require a wider range of skills, include more interaction with customers and suppliers, offer greater challenge, contain increased responsibilities, and provide higher pay

Osborne and Gaebler’s (1992) Ten Principles of Entrepreneurial Government

- Catalytic government: Steering rather than rowing
 - Facilitate problem solving by catalyzing action throughout the community
 - Bring groups together to solve problems
 - Leverage resources using private and nonprofit resources and energies where possible
 - Government steers (provides direction) but lets private and nonprofit agencies deliver (row) services
- Community owned government: Empowering rather than serving
 - Empower local communities and groups
 - Allow more local control
- Competitive government: Injecting competition into service delivery
 - Have government bid on contracts with private sector
 - Increase competition using things like vouchers which provide citizens an increased choice
 - Phoenix trash collection
- Mission driven government: Transforming rule driven organizations
 - Focus government programs on their missions, not their bureaucratic rules and procedures
 - Create more flexibility in rule structures
 - Missions don’t respect turf lines
 - Don’t build organizations around “turf”
- Results oriented government: Fund outcomes not outputs
 - Place more emphasis on outcomes rather than inputs
 - Place greater investment in performance measures and use them in budgeting and evaluation systems
 - Rewarding failure creates bad incentive structure
 - Build demands for performance into program

- Customer driven government: Meeting the needs of the customer, not the bureaucracy
 - Give customers more input influence over public programs and services
 - Customize services
 - Pay more attention to customers using things like surveys, focus groups, toll-free phone numbers, complaint tracking, and TQM programs
 - Offer customers more choices - Let citizens choose service providers using vouchers and competition among service providers
- Enterprising government: Earning rather than spending
 - Think about ways to make money, not just spend it
 - Find ways to make money through user fees, profitable uses of government resources and programs, and innovative cost saving and privatization efforts
 - 1984 Olympic Games - \$225 million profit
- Anticipatory government: Focus on prevention rather than cure
 - Societal and economic change can have significant results - “Rust belt”
 - Once well run governments often fall apart - Orange County, CA
 - Prevent problems from occurring rather than curing them after they fail using techniques such as strategic planning futures commissions, long-range budgeting, interdepartmental planning and budgeting, and innovative prevention programs (e.g., pretreatment standards and recycling)
- Decentralized government: Move from hierarchy to participation and teamwork
 - Shift decision-making to those at lower levels
 - Give lower level management authority to make decisions
 - Relax rules and hierarchical controls
 - Use techniques such as participatory management, employee development, and labor-management partnerships
- Market oriented government: Leverage change through the market
 - Avoid the temptation to reach for an administrative program to solve all problems
 - Market system often works well
 - Use economic market mechanisms to achieve public policy goals and deliver public services using techniques such as pollution taxes, user fees, tax credits, and vouchers

Total Quality Management (TQM) vs. Reengineering/Reinvention

- Both emphasize processes and satisfying the customer
- TQM seeks incremental improvements while reengineering looks for quantum leaps in performance
- TQM relies on bottom-up participative decision making while reengineering is initially driven by top management

Dimensions of Privatization

- Government divestment of a function (pure privatization)
 - Example: Sale of a public hospital
- Voucher system
 - Consumer purchases private services using government funds
 - Example: education
- Coprovision and coproduction
 - Private contribution to public functions
 - Examples: donations by foundations, nonprofit social service organizations, volunteer fire fighting, neighborhood crime prevention
- Contracting and franchising for public services
 - Examples: mass transportation, cable television, electric utilities, road construction, etc.
- Government/Private sector partnerships
 - Examples: Housing and urban renewal, education and job training, economic development

Examples of Relationships Between Public and Private Organizations

- Contracting
 - Advantages
 - Efficiency
 - Less likely to distort bureaucratic intent
 - Reduce opportunity for empire building
 - Help free administrators from routine details
 - Disadvantages
 - Risks mismanagement, corruption, political favoritism
 - Cost savings often misleading
 - May be inappropriate
- Grants
 - Provide money to private sector to influence private sector action
 - Examples: Tax deductions, Wage subsidies to hire disadvantaged workers
- Franchises
- Exclusive license to provide public service
 - Examples: Utilities, Cable Television, Public Transportation
- Partnerships
 - Sharing of risks and responsibilities
- Examples: Economic development projects (e.g., Inner Harbor in Baltimore)

Privatization is Most Promising When:

- A Task can be specified in advance and its performance can be evaluated after the fact
- It is relatively easy to replace contractors whose performance is disappointing or unacceptable
- If government is more concerned about ends (results) than means (procedures)
- Government knows what it is buying
- Government knows who can deliver what it wants to buy
- Government knows how to judge what it wants to buy

- Private organization has considerable policy experience in policy area and respect in the policy community
- Government is free to intervene when private intervention proves disappointing
- Private organization provides other useful public services

Privatization Increases the Demands for Excellence in Public Management

- Major irony of privatization is that its proponents often tout it as a cure for bad government but it takes excellent government to make it work
- Some guidelines for governments considering contracting
 - Accurately estimate costs of contracting vs. in-house
 - Analyze the government's present service delivery system
 - High cost may not be due to who delivers the service
 - Give contractor room to innovate
 - Allow government agency to bid as well
 - Provide for government employees who lose their jobs
 - Look beyond costs and consider contractor's experiences and performance record
 - Follow Through and make sure firm adheres to the contract, properly delivers the service, and addresses customer complaints