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Democracy and Public Administration

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A Brief Tour of Public Organization Theory in the United States

By:

Gary S. Marshall

Public administrative organizations in the United States rest on the twin pillars of management and democracy. Because the management processes of public organizations are not solely instrumental but involve the public interest, public agencies have to be more than mechanisms of rationality. Public administrative action has both an instrumental quality, i.e., its capacity for optimal technical rationality (technique), and a social quality—an underlying connection to the social bond between self and other.

With this backdrop, we begin the focus of this chapter which recounts the sociology of organizations with an emphasis on key democratic moments in the history of American public administration. Before doing so, we might ask how the central terms used in our discussion will be defined. What are organizations? For the purposes of this chapter, organizations are the basic unit through which virtually all social relations are formed in post-traditional society.¹ In that sense, all social life is understood as organizational life (Denhardt, 1981). Management, coterminous with any definition of organization, refers to the regularized relations within organizations. As will be developed in the chapter, the rationalization of work led to formal and informal relations within public organizations, and the "management" of those relations is the primary way in which the term management is used here.

Democracy, literally "rule of the people," is another term central to our discussion. As the book's editor, Richard Box, noted in the Introduction, "The practice of public administration in the United States is set within the context of a *liberal-capitalist, representative democracy*." On this point, our discussion of public organization theory reflects the dynamics of administrative institutions and their role within the general processes of societal governance.

The prevailing view of democracy in relation to twentieth- and twenty-first-century public organizations is one of *overhead democracy* (Redford, 1969). That is, both politicians and administrators are held accountable in a democratic society.²

A second important dimension in our discussion of democracy is the dramatic shift in the United States from an agrarian to an industrial society. Industrialism in western societies led to the rationalization of work and human relations with new forms of organization. Hence, the study of public administrative organizations is grounded in a tradition of industrial democracy.

A final point about democracy as it relates to this chapter is workplace democracy: the participatory dimension of internal organizational processes. Public organizations have been understood for the most part as administrative systems characterized by top-down legal-rational authority. This formal structure notwithstanding, the incorporation and practice of democratic principles and actions in the workplace have also been present within the public organizational setting, dating back to the anti-federalist ethos of the founding period of the U.S. Constitution.

Public Organizations and the Forging of the Administrative State

After the Civil War, American society transitioned to its modern form. The economy underwent a basic revision wherein regional monopolies disbanded and large corporate trusts developed. The political and social conditions of this period have been well documented (Bailyn et al., 1977; Hofstadter, 1955; Link &

McCormick, 1983; McConnell, 1966; Wiebe 1967; Woll, 1977). The United States began to shift after 1830 from a predominantly agrarian society to an industrial society. By 1900, 40 percent of the American population was located in urban centers such as New York, Detroit, Chicago, and Philadelphia (Bailyn et al., 1977).

In addition, the structure of work changed. Bailyn et al. (1977) note that industrial technology, with its emphasis on specialization and the division of labor, melded man into an instrument of the manufacturing process. On the farm, the harvester replaced the scythe, and in the cities, machines and the technological assembly line processes revolutionized whole industries, as the Bessemer process did for the steel industry. Industrial and economic expansion occurred on all fronts, including mining, railroads, and industries in the cities. The result of this economic expansion was that by the end of the century, the largest business interests in each arena—steel, oil, agriculture, rail transport, and manufacturing—consolidated their market share to the point of monopoly. Technological changes and developments signaled the end of the period of rural democracy. This period of industrial expansion and subsequent consolidation created a set of diverse political expectations and social conditions. On the one hand there were the unregulated interests and concentrated economic power of the industrialists, and on the other hand there were the interests and distributed wealth of individuals who were farmers, local merchants, and industrial workers.

Until the late 1880s, there was little movement for a national authority to regulate economic activity. Rather, government had played a role in fostering economic development and as a result had a stake in continuing to promote the interests of business. More important, the reigning assumption of the period was that a natural economic equilibrium would occur independently of regulation. However, the social and political conditions eventually put government in an awkward position. As Wall (1977, p. 39) notes: "Having fostered industries with subsidies of various kinds, both national and state governments had to contend with political and social problems such as economic instability, deceptive business practices, and the growth of monopolies that were directly attributed to the activities of groups that they originally supported."

The Ethos of Technique

The field of public administration responded to the material requirements of a modern administrative state required in the wake of industrial expansion. Between 1870 and 1930, the number of federal employees rose from 73,000 to 700,000 (Mosher, 1975). During the period spanning from the turn of the century to 1935, many changes and developments took place in the field. The Taft Commission on Economy and Efficiency led the way for budget reform and an executive budget by 1921. The New York Bureau of Municipal Research became a clearinghouse for new research in public administration. Specialized knowledge about municipal governance was sought. The ideas generated from these reform efforts became known as the bureau movement and represented "the conviction that only through efficient government could progressive social welfare be achieved. . . . So long as government remained inefficient, volunteer, and detached, [any] effort to remove social handicaps would continue a hopeless task" (Mosher, 1981, p. 93).

The expanded role for public administrators was heralded by most because of their (1) subject matter expertise, (2) continuity as civil servants, and (3) commitment to the public interest. In addition, their application of scientific principles in the conduct of administration was seen as a positive step. It was assumed that the scientific method employed by the administrator would bring both impartiality and progress (better solutions through the ordered process of rationality) to an untenable situation. In their *Papers on the Science of Administration*, Gulick and Urwick (1937, p. 49) wrote: "There are principles

which can be arrived at inductively from the study of human organizations These principles can be studied as a technical question, irrespective of the enterprise." In an essay entitled "Notes on the Theory of Organization," Gulick articulated the principles of administration known by the acronym POSDCORB- Planning, Organizing, Staffing, Directing, COordinating, Reporting, and Budgeting.

The ethos of technique as evidenced by the above discussion dominated this period of research and theorizing about public organizations. This emphasis on the technical character of administration did not mean, however, that the democratic nature of public institutions had been foreclosed. Rather, it reflected the predominantly Wilsonian view at the time that there ought to be a clear separation between politics and administration. As Gulick wrote, the place of the administrator with his/her expertise is "on tap, not on top" (Gulick, in Harmon & Mayer, 1986, p. 127). The view was that the United States would thrive as a democracy if its strong political leadership was supported by administrative agencies with strong institutional capacity.

Scientific Management and Early Organization Theory

The specter of scientific management and its emphasis on the instrumental, in retrospect, haunts the twentieth century. But, in the first two decades of that century, efficiency was a word that portended apolitical social change, scientific progress, and increased material wealth. During this period of industrialization and modernization, bureaucracy and its corollary, scientific management, were understood as humane alternatives to the autocratic patterns of earlier decades wherein there was little regard to safety and systematization of work. The so-called rationalization of work allowed a heavy workload to be accomplished by the fewest people in the most efficient way possible. As Weber (1991, p. 214) noted: "The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization. The fully developed bureaucratic organization compares with other organizations exactly as the machine with the non-mechanical modes of production."

Frederick Taylor, with his work at the Midvale and Bethlehem Steel companies, was the strongest proponent of these ideas. Taylor's efforts all focused on strategies to limit worker autonomy and individual discretion in the production process in favor of a model that valued one best way to carry out a task as determined by scientific expertise. His view of human nature portended the behavioral revolution in social science. While one might not be able to fully explain people's motives, one could direct their behavior through economic motives and scientific expertise. Taylor held that "man is an economic animal who responds directly to financial incentives within the limits of his physiological capabilities and the technical and work organization which is provided to him" (Silverman, 1971, p. 176). A famous conversation between Taylor and one of the Bethlehem workers found in the essay *Principles of Scientific Management*, gives one a flavor:

What I want to find out is whether you are a high-priced man or one of those cheap fellows here ... whether you want to earn \$1.85 a day or ... are you satisfied with \$1.15 just the same as all those cheap fellows Oh you're aggravating me. Of course you want \$1.85-everyone wants it. ... Well if you are a high-priced man, you will do exactly as this man tells you to-morrow, from morning till night. ... And what's more, no back talk Do you understand that? (1947a, p. 45)

In Taylor's view, man is not capable of accomplishing work without an expert to direct his/her behavior. Hence, he calls for the "one-best way of the scientific method." This reflects, in spite of Taylor's lionizing of the worker, a profound distrust in human beings. In his classic paper "Shop Management," he wrote about the "social loafing" of workers. This loafing or soldiering proceeds from two causes. First, from the natural instinct and tendency of men to take it easy, which may be called natural soldiering. Second, from

more intricate second thought and reasoning caused by their relations with other men, which may be called systematic soldiering (1947b, p. 30).

Not only did Taylor have disdain for subordinates, but for their superiors as well. He wrote extensively about the "indifference" of employers to the plight of good management. Taylor sought to shift authority from management to the expert, whose sphere of authority was legitimated through the planning departments of organizations. As satirized in Chaplin's *Modern Times*, work processes are analogous to the pieces of a mechanical clock. All the parts are discrete entities, some parts are more important than others, but in the final analysis all fit together to make it work. In this analogy, the scientific expert plays the role of the watchmaker.

Taylor's legacy remains firmly in place today not only in his view of worker-management relations but also in the form of systems from managerial accounting, organizational form and function, artificial intelligence applications, and many other organizational systems. His approach required nothing less than a mental revolution. As his testimony before a House Special Committee investigating the union strikes at the Watertown Arsenal reflects:

Now, in essence, scientific management involves a complete mental revolution on the part of the working man engaged in any particular establishment or industry—a complete mental revolution on the part of these men as to their duties toward their work, toward their fellow men, and toward their employers. And it involves the equally complete mental revolution on the part of those on the management's side—the foreman, the superintendent, the owner of the business, the board of directors—a complete mental revolution on their parts as to their duties toward their fellow workers in the management, toward their workmen, and toward all of their daily problems. And without this complete mental revolution on both sides scientific management does not exist. (1947c, p. 27)

To summarize, scientific management reflects these four elements: organizations exist to accomplish production-related and economic goals; there is one best way to organize for production, and that way can be found through systematic, scientific inquiry; production is maximized through specialization and division of labor; and people and organizations act in accordance with rational economic principles (Shafritz & Ott, 1996).

The Early Human Relations Movement

"But scientific management has never studied the facts of human social organization, it has accepted the 19th century economic dictum that economic interest and logical capacity are the basis of the social order" (Henderson & Mayo, 2002, p. 311). This quotation, in an essay by L. J. Henderson and Elton Mayo, reflects the assessment of a group of researchers at Harvard University who, in part due to Henderson's championing of Vifredo Pareto's concept of social equilibrium (Heyl, 1968), wrote about organizations as social systems.

The work of Henderson, Mayo, Roethlisberger, and Dickson at General Electric's Hawthorne Plant represents an important development in the history of organization theory. These so-called early human relationists sought to emphasize the interpersonal dimension of work life, i.e., the relationships that people form with one another in the workplace and the meaning made through those relationships and work experiences. The major point was that the underlying social bond between and among individuals is extremely powerful and not necessarily malleable to the rapid changes that the technical dimension of the organization projects upon it. A further quote from Henderson and Mayo makes this point quite well:

Now the social codes which define a worker's relation to his work and to his fellows are not capable of rapid change. They are developed slowly and over long periods of time. They are not the product of logic, but of actual human association, they are based on deep rooted human sentiments. Constant interference with such codes is bound to lead to feelings of frustration, to irrational exasperation with technical change of any form. (2002, p. 311)

These researchers brought into stark relief the disjuncture between the technical demands of the organization and the rapidity of functional changes with regard to management processes within an organization on the one hand, and the informal long-term social and psychic relationships of one human being to another. This "social dimension" of human association had (has) a logic all its own that bears little relationship to the functional or formal organizational design that is configured according to the goals, objectives, and production processes of the organization. No doubt, the work itself is central to the group dynamics of those working in the organization, *but* the functional relationships are in some sense artificial as compared with the underlying social bond of (those in the workplace. This social bond follows a psychological path rather than a functional path.

The "solution" offered by the Harvard group might be labeled a benignly corporatist one. As Harmon and Mayer note:

The thrust of these interpretations [by the Harvard group] is clear: The dissatisfied individual (the source of the complaint) is to be manipulated by alterations in his or her position or status; this is achieved by manipulation, to the extent possible, of the social organization, etc. ... Essentially, people are seen as socially motivated and controlled. Any increase in morale (and therefore in productivity) is, thus, necessarily related to change in the human and social conditions, not the physical or material condition. (1986, p. 101)

This perspective is more fully developed by Chester Barnard. Barnard's book *The Functions of the Executive*, is considered a classic in the organization theory literature. It builds on insights about the social dimension of organizational life and presents organizations as systems of cooperation that must be well managed by the organization's leaders. Barnard writes:

A part of the effort to determine individual behavior takes the form of altering the conditions of behavior, including a conditioning of the individual by training, by the inculcation of attitudes, by the construction of incentives. This constitutes a large part of the executive process Failure to recognize this position is among the most important sources of error in executive work. (1968, p. 15)

Thus for Barnard the executive must act as sea captain, ready at the helm to guide the human systems-formal and informal-to propel the organizational vessel in the appropriate direction. This view reinforced a top-down view of government institutions, wherein a responsive public executive ensured democratically accountable administrative practices.

Mary Parker Follett

The pioneering work of Mary Parker Follett represents an alternative perspective on knowledge that human relationships are the central factor in organizational action. Although the compelling quality of Follett's work went largely unheralded in her day, Follett is an important contributor to an understanding of the social dimension of organizational life (Drucker, 1995). She lectured and wrote extensively and was a compatriot of the members of the Harvard group. Like her colleagues, she saw social cooperation as an important and underdeveloped criterion in the study of group processes. Follett however, did not

see social cooperation as merely a functional element of industrial organization. Rather, she saw it as evidence of the vital human bond between people. In a word, social process—the process of relating to others, an engagement of social experience—was a prerequisite to all human action. For Follett, relationship is the primary unit of analysis and the wellspring from which all else unfolds.

The social process is the interaction that occurs between human beings. It is in Follett's language the having and digesting of social experience. This social process is the basis through which common agreement and common action can be undertaken. As she notes: "We have seen that the common idea and the common will are born together in the social process They complete themselves only through activity in the world of affairs, of work and of government" (Follett, 1995a, p. 247).

Writers who have championed Follett's work emphasize the integrative dimension of her approach. The use of the term "integrative" refers to a key insight by Follett that human activity resists reduction to causal analysis. In the Pavlovian stimulus-response equation, the response "is not merely the activity resulting from a certain stimulus and that response in turn influencing that activity; it is because it is response that it influences that activity, that is part of what response means" (Follett, 1995b, p. 41). Social relations are never static. Rather, they are an evolving situation—a situation of constant interdependent reciprocal influence. As she notes:

In human relations ... I never react to you but to you-plus-me; or to be more accurate, it is I-plus-you reacting to you-plus-me. "I" can never influence "you" because you have already influenced me; that is, in the very process of meeting, by the very process of meeting, we both become something different. (Follett, 1995b, p. 42)

Integration refers to the constant integrating of experience. Social process then is a platform under which all human process takes place, or more properly stated, evolves. Organizations are institutions of social process wherein goal-directed behavior on the part of leaders, managers, supervisors, and workers does not accurately account for the way in which events unfold. This basic approach serves as the grounding for all of Follett's work, including her well-known analysis on the concept of power, the giving of orders, the law of the situation, and the quality of twentieth-century democracy.

Central to this chapter is the view of the self as understood by the management theories under review. Follett's perspective represents a radical departure because she posits the self as constantly in process, constantly evolving. Such a view is diametrically opposed to the self as economic man: a rational calculating being who knows what he wants or whose wants can be predicted. For Taylor, the worker was motivated by a higher wage. For the early human relationists, workers were also social beings whose "sentiments" were to be afforded a certain degree of attention in service of organizational productivity.

This emphasis on the interpersonal dimensions of organization life paved the way for an increased study of groups and group dynamics. Beginning with the work of Jacob Moreno, whose pioneering sociometric methods gave researchers a way to analyze the patterns of verbal and non-verbal behavior in small groups, group dynamics validated Follett's insight of a live social process beneath the formal structure of the organization. More specifically, the insight of group dynamics is that groups are discrete entities that foster behavior that would not occur otherwise.

Kurt Lewin

Kurt Lewin is the best-known writer on the study of groups and the contribution of group dynamics to organizational theory and organizational change. Why was his work so pivotal? First, like the early human relationists, he championed the human dimension in the workplace. In Lewin's earliest work as a

researcher at Berlin University, he demonstrated in his study of the work processes of Silesian textile workers that technique based on manual dexterity the central claim of scientific management-was not the overriding factor in creating a productive workplace. Rather, when one considers total job demands, including the intrinsic value of the work itself, the worker's self-perception, decision support systems and artificial intelligence models could enhance the vital but limited capacity of humans to act rationally. As Denhardt notes in a quotation from Simon: "The rational individual is, and must be, an organized and institutionalized individual" (2004, p. 74).

The prototype for Simon was *administrative man*. Denhardt recounts a definition for us:

The classical utility-seeking "economic man" is replaced by a more modern and more institutionalized "administrative man": administrative man accepts the organizational goals as the value premises of his decisions, is particularly sensitive and reactive to the influence upon him of other members of his organization, forms stable expectations regarding his own role in relation to others and the role of others in relation to him, and has high morale in regard to organizational goals. (2004, p. 76)

The acceptance of organizational goals as value premises is and has been a controversial point. Which trumps which when the values of efficiency and democracy collide? Simon attempted to finesse this vital debate by suggesting a separation between policy and administration. He argued that the administrator's task is to optimally implement the stated policy directions that have been democratically decided upon by the elected representatives of government. Such an argument avoids the artificial nature of such a split, as administration is clearly governance. In addition, it is hard to argue with Dahl's (1947) point that the application of the value of efficiency as an overriding criterion in the conduct of administration is a policy decision in its own right. Both Dahland Dwight Waldo (1948; 1952) sought to refute Simon's push for an administrative science that discounted the normatively democratic character of public administration.

This period in the history of the study of organizations is often called the golden age of organization theory. In this period, organizational roles were understood as a unit within the broader social system of organization. Such a view held the organizational role as relatively unproblematic. As McSwite suggests, the role is "defined as the set of stabilized expectations that organizations comprise. Human beings are seen simply as role players who respond to 'role senders' who transfer expectations to them" (1997, p. 185).

The logic of this view was structural-functional (Burrell & Morgan, 1979; Parsons, 1951). That is, the organization was understood as a tangible, typically biological, structure composed of subunits that ensured its survival. Parsons, in an effort to describe human action, argued that while social scientists were often at odds to explain the particular behavior of individuals, a coherent explanation of human action could be ascertained if one examined the roles (the functions) that individuals carried out within the context of the larger society.

From this perspective, one's identity or "self" was based on one's societal roles. As such, "One is a mother, a son, a Texan, a Scot, a professor, a sociologist, a Catholic, a lesbian-or a combination of these social roles and possibilities" (Kellner, in Anderson, 1997, p. 107). This view, dominant at the time, emphasized the *functions* of a society and the way in which an individual's "values" either facilitated or complicated an individual's socialization and integration into the social order. It emphasized the values that established and maintained the social order. Entities such as the home, the nuclear family, and the school were understood as sites for the reinforcement of this perspective.

Such a view also framed the worker, as we see with Simon above, as an information processor, a rationally choosing entity able to consciously identify its interests and choose how to act in accordance with those interests. This view serves as the foundation for the self as developed by those in the field of artificial intelligence. It was also the base for early work in cognitive science.

During the 1950s and 1960s, the organization as a system was the dominant metaphor. As work in this area developed, theorists moved from closed systems to open systems. This in part reflected the importance of the environment outside of the organization's functional or technical operations. As Katz and Kahn wrote in their classic *The Social Psychology of Organizations*: "Social systems are flagrantly open systems in that the input of energies and the conversion of output into further energetic input consists of transactions between the organization and its environment" (1966, p. 18). The result of this perspective was a focus on a variety of "environmental effects" and the "feedback" from those external environments.

A concomitant influence during this period was general systems theory (GST) (Kast & Rosenzweig, 1972). GST is a meta-theory that incorporates all types of biological, physical, and social systems. The creation of such a meta-theory in the natural sciences led to so-called second order theorizing about organizational systems, thereby yielding contingency theory. This approach, attributed to Harvard researchers Paul Lawrence and Jay Lorsch, looked for patterns of relationships in organizational subsystems. The lessons learned from these patterns would allow a manager to respond to specific contingencies or situations with the right mix of task, technology, and people. As another well-known organization theorist, J.D. Thompson, wrote:

The contingency view seeks to understand the interrelationships within and among subsystems as well as between the organization and its environment and to define patterns of relationship or configuration of variables. It emphasizes the multivariate nature of organizations and attempts to understand how organizations operate under varying conditions and in specific circumstances. (1967, p. 157)

The systems and neo-classical approaches to the study of organizations had the organization's efficient function as their *raison d'être*. This perspective was matched with a value-neutral approach to public service. That is, the expertise of the administrator, coupled with his or her ability to manage for efficiency, was the ideal type of the period. Social and political events in the United States in the 1960s revealed the dilemma of viewing public organizations as purely rational instruments. A classic example is the Defense Department's use of "body count" during the Vietnam War. American success in the war was measured by the number of enemy killed. Such an operational variable "made sense" in the parlance of organizational goals and objectives, but giving primacy to this instrumental view led to a distorted picture of events on the ground to say nothing of the public's response to the detached analytic posture of its politicians and administrators.

Public administration writers of this period sought to establish a New Public Administration to respond to a seemingly changed social order. The core view that animated the New Public Administration was that "the purpose of public organization is the reduction of economic, social and psychic suffering and the enhancement of life opportunities for those inside and outside the organization" (LaPorte, 1971, p. 32). The core dialectical themes that animate the public administration field—politics and administration; facts and values; efficiency and equity; hierarchy and participation—all seemed out of balance. As the organizational theorist Chris Argyris wrote in *Public Administration Review*:

Organizational theory in public administration may be undergoing an important transformation. The new critics find much administrative descriptive theory to be nonrelevant to many critical problems of organizations. They suggest that the present theories are based on a concept of man, indeed a morality, that leads the scholar to conduct research that is, intentionally or

unintentionally, supportive of the status quo The newer critical writings are also concerned with individual morality, authenticity, human self-actualization. The scholars are not only asking what makes an organization more effective; they are concerned with the issues: For whom are the organizations designed? How humane can organizations become and still be effective? (1973, p. 253)³

Organizational Humanism

Argyris' s work gained prominence in light of the critique of the rational model of organization. The so-called later human relationists reasserted the primacy of the individual in organizational theorizing. The early human relationists like Henderson, Mayo, Roethlisberger, and Barnard introduced the importance of the individual in organizational life. However, their view was that human "sentiment" was a dimension of organizational life to be managed in the accomplishment of organizational goals and objectives. The rational model of organization in its neo-classicist and systems forms sought to predict and control the work of its members by using the organizational structure as a means to produce rational behavior. Argyris, whose work built on that of Maslow's Hierarchy of Needs and McGregor's Theory X and Theory Y, heralded an expanded role for member participation in organizations.⁴ In his famous book *Personality and Organization* (1957), he argued that because the trajectory of individual human development would always differ from the trajectory of the organization's goals and objectives, the task of management should be to mediate the gap of this inherent disparity.

This perspective, also known as organizational humanism, led to significant changes in organizational design. Ideas about worker autonomy and participation that we now take for granted were ushered in in this period. Among works in public administration, Robert Golembiewski's *Men, Management and Morality* (1967) is continually cited as best expressing the elements of organizational humanism within public organizations.⁵ The following five tenets reflect the normative stance taken by Golembiewski:

1. Work must be psychologically acceptable to the individual ...
2. Work must allow man to develop his own faculties ...
3. The work task must allow the individual considerable room for self-determination...
4. The worker must have the possibility of controlling, in a meaningful way, the environment within which the task is to be performed ...
5. The organization should not be the sole and final arbiter of behaviour; both the organization and the individual must be subject to an external moral order (1967, p. 65). "

The Economists' Response to Bureaucracy

The very large bureaucracy will (1) become increasingly indiscriminating in its response to diverse demands, (2) impose increasingly high social costs upon those who are presumed to be its beneficiaries, (3) fail to proportion supply and demand, (4) allow public goods to erode by failing to take actions to prevent one use from impairing other uses, (5) become increasingly error prone and uncontrollable to the point where public actions deviate radically from rhetoric about public purposes and objectives, and(6) eventually lead to a circumstance where remedial actions exacerbate rather than ameliorate problems. (Ostrom, 1989, p. 56)

In a sweeping analysis of the way in which public organizations have been viewed, Vincent Ostrom's book *The Intellectual Crisis in Public Administration* (1989) argued .that large-scale bureaucracies are not the sole instruments capable of delivering public goods and services. Ostrom championed a public choice

approach to organization theory. Public choice theory developed by James Buchanan and Gordon Tullock applies economic decision-making to the realm of politics and public policy. Ideas that have now gained acceptance such as education vouchers, pollution credits, and open competition for the provision of public services had their genesis in Buchanan and Tullock's book *the Calculus of Consent* (1962).

The themes of public choice theory that undergird a public choice theory of organizations are methodological individualism and decentralized organizational arrangements. Methodological individualism refers to the individual as the unit of analysis in the examination of all social phenomena (Donaldson, 1996, p. 342). Moreover, the definition of the individual is tightly circumscribed. He/she is (1) motivated by self-interest, (2) rational in his/her ability to rank alternatives, and (3) seeks to maximize his/her net benefit in any given situation (Ostrom, 1989, pp. 44-46).

Public choice organization theory centers on decentralized organizational arrangements. The rationale for such arrangements is based on an economic argument about the delivery of goods and services. Between purely private transactions, purchasing a toaster for example, and purely public transactions, defending the nation's citizens, for example, there is a vast middle range, which Ostrom suggests should be subject to economic models of collective action rather than other forms of decision-making (Ostrom, 1989, pp: 46-47). In this sense, "public agencies are viewed as a means for allocating decision-making capabilities in order to provide public goods and services responsive to the preferences of individuals in different social contexts" (Ostrom & Ostrom, in Denhardt, 2004, p. 207). Hence, for a broad range of public-sector-related activities, bureaucratic systems ought to be replaced by decentralized market-like mechanisms. This approach, in Ostrom's view, is not only more responsive to individual choice, but more closely aligned with Madison's and Hamilton's design for American government than with Woodrow Wilson's interpretation of the relation between politics and administration.⁶

The public choice model represents an exchange-based view of human behavior that has maintained its prominence. New Public Management practices across all western governments have approached the reform of public sector organizations in the tradition of public choice's principal-agent model. Put simply, these theories argue that each actor possesses an asset another actor needs, and this interdependence spurs an exchange; that leaders establish the terms of exchange with other actors whose cooperation is important for achieving goals; and that both parties of the exchange (principals and agents) are opportunistic, seeking to maximize their gains. The principal's primary task is to monitor the agent closely to ensure compliance and cooperation (Reitan, 1998).

From the standpoint of organization theory however, it is not clear whether the public choice cum new public management model provides any real innovation in terms of its view of human behavior. In all its varieties, the principal-agent model is based on the unwavering view that in an effort to maximize his/her self-interest, the agent will try to shirk his/her responsibilities to the principal. Echoing Oliver Williamson (1985), the agent is "an individual who has the inherent propensity to *shirk*, to be *opportunistic*, to maximize his or her self-interest, to act with guile, and to behave in ways that constitute a *moral hazard*" (Donaldson, 1996, p. 340). Such a view, so reminiscent of Taylor's systematic soldiering claims, leads one to wonder whether much has changed in the study of organizations.

The Network Model of Organization Theory

Since the mid-1990s, there has been a proliferation of writing about the network model of organization. From the organizational structure standpoint, the network model creates the possibility for reduced layers of communication, ease of information flow, and, ideally, better access to services. The value of such a model is the optimization of resources, including human resources. Catherine Alter and Jerald Rague's notable text, *Organizations Working Together* (1993, p. 46), defines organizational networks as "the basic

social form that permits interorganizational interactions of exchange, concerted action, and joint production. Networks are unbounded or bounded clusters of organizations that, by definition, are nonhierarchical collectives. Of legally separate units." In Alter and Rage's definition, two overriding characteristics of the network model are an emphasis on horizontal rather than hierarchical relationships and an emphasis on exchange-based assumptions about human behavior.

To a large degree, the network model is an extension of the decentralized approach to organizing. As Goldsmith and Eggers note in their widely read *Governing by Network*:

The hierarchical model of government persists, but its influence is steadily waning, pushed by governments' appetite to solve ever more complicated problems and pulled by new tools that allow innovators to fashion creative responses. This push and pull is gradually a new model of government in which executives' core responsibilities, no longer center on managing people and programs but on organizing resources, often belonging to others, to produce public value. Government agencies, bureaus, divisions, and offices are becoming less important as direct service providers, but more important as generators of public value within a web of multiorganizational, multigovernmental, and multisectoral relationships that characterize modern government. (Goldsmith and Eggers, 2004, p. 8)

As networks seek the optimal mode of operation, each component of the network tries to function in its best possible fashion. There is an emphasis on lean operations and optimal linkages. Hierarchical organizations are flattened; redundant systems are exorcized. How does today's public administrator cope with the demands of administering in a decentralized system wherein both normatively and operationally lines of authority are more fluid and where democratic representativeness and accountability-the staples of administrative legitimacy-are rendered both more complex and more ambiguous? Two answers surface in the literature. In the United States the emphasis has been primarily instrumental. That is, the focus has been on techniques for network managers (Agranoff & McGuire, 1999; Berry et al., 2004; McGuire, 2002).

McGuire (2002) maintains that there is a core set of behaviors that the current public administrator must possess in order to manage successfully in the network setting. First, an administrator must hold activation skills. Activation is a set of behaviors employed for identifying and incorporating the persons and resources (such as funding, expertise, and legal authority) needed to achieve program goals. The single organization parallel to activation would be personnel issues of staffing. Activating involves identifying participants for the network and including key stakeholders in the process. The removal of network participants is known as "deactivating." Second, McGuire claims an administrator must also have framing behaviors. Framing behaviors are used to arrange and integrate a network structure by facilitating agreement on participants' roles, operating rules, and network values. Third is mobilization. Mobilizing develops commitment and support for network processes from network participants and external stakeholders. The last core behavior is synthesizing. Synthesizing behaviors build relationships and interactions that result in achieving the network purpose. The crowded schedule of the public manager must include room for these support-building activities.

In the European literature, there is an emphasis on democratic network governance. Sprensen and Torfing define a governance network as: (1) a relatively stable horizontal articulation of interdependent, but operationally autonomous actors, (2) who interact through negotiations, (3) that take place within a regulative, normative, cognitive, and imaginary framework, (4) that to a certain extent is self-regulating, and (5) that contributes to the production of public purpose within or across particular policy areas (2005). This broader definition reflects their view that network models of organization do not operate

solely based on the heretofore-discussed principal-agent model but have the potential to operate from various epistemological frames.

Sørensen-Torfig Model: Four Basic Theories of Network Governance		
	Calculation	Culture
Conflict	Independence theory	Governmentality theory
Coordination	Governability theory	Integration theory

At the level of social theory, they distinguish between theories of rational calculation and theories that presume culture influences social action. The authors then juxtapose these dimensions of social theory with assumptions operative within networked systems: network approaches that emphasize coordination and network models that assume that conflict is the logic behind interaction within the network. Such a juxtaposition offers a more nuanced view of relations within a network.

A second major component of Sørensen and Torfig's analysis is their engagement of post-liberal theories of democracy. Whereas the U.S. public management network literature takes the question of democratic network governance as a given, Sørensen and Torfig convincingly argue that the network model of governance affects the traditionally understood democratic practices within both the administrative sector and the larger political structure of society (Sørensen, 2002; Sørensen & Torfig, 2005). Although the public management movement within the United States has not been silent on, for example, the question of substantive versus procedural democracy, it has typically understood its research agenda as standing outside the work done by democratic theorists (Box, Marshall, Reed & Reed, 2001).

Conclusion

So ends our brief tour of public organization theory in the United States. Public organizations today are increasingly decentralized and multisectoral. This creates new challenges for organizing and managing and also for sustaining the democratic character of public administration. With regard to the former-organization and management-the network structure is not without its limitations and as such, horizontal coordination is vital. With regard to the latter-democracy-there are implications for the normative dimensions of democratic governance and for the possibility of workplace democracy.

The decentralized model of organization changes the normative equation. Rather than large administrative institutions as symbols-both physically and socially-of the public interest, we have multiorganizational arrangements. These multisectoral arrangements are understood to be more democratic because of their capacity to be responsive to citizen preferences. These new arrangements may perhaps also provide new opportunities for workplace democracy, if the lessons of Kurt Lewin's work on groups are applied and if the type of collaborative social process described by Mary Parker Follett is realized. Equally possible in the largely networked organization environment on the horizon is the expanded application of the principal-agent model to all types of organizational forms and relationships. In such a scenario, the social bond that is characteristic of public life will take on an increasingly exchange-based rather than substantively democratic quality.

Notes

1. I am using the term post-traditional society to refer to both modernity and its echo: postmodernity. Central to this definition is an understanding of modernity. According to Giddens (1991, p. 15), there are four key aspects to modernity. That is, four main discourses: (1) industrialism-the social relations implied

in the widespread use of material power and machinery in production processes; (2) capitalism—a system of commodity production involving both competitive product markets and the commodification of labor power; (3) surveillance—the supervisory control of subject populations, whether this control takes the form of "visible" supervision in Foucault's sense or the use of information to coordinate social activities; and (4) organization—the regularized control of social relations across indefinite time-space distances.

2. Redford's argument is that administrative agencies play a crucial role in sustaining a democratic society. As Orion White noted of his mentor: "Emmette Redford represented the idea that effective governance, performed by responsible officials and of which administration was an indispensable and legitimate part, was a vital part of social life and societal well-being" (McSwite, 1997, p. 7). A different interpretation is offered by Meier and Krause (2003), who argue that Redford's overhead democracy is a precursor to the principal-agent literature in organization theory.

3. In using this particular quote from Argyris, I want to highlight the broader discussion of Argyris's work developed by Mike Harmon and Rick Mayer in their excellent book *Organization Theory for Public Administration*. Mike Harmon was the scholar who introduced me to the field of public organization theory. His superb scholarship and excitement for this field of study has had a lasting effect on me. The logic of this chapter is grounded in Mike's teaching.

4. As is well known, the hierarchy of needs moves from very basic survival and economic concerns to the higher plane of psychological satisfaction: physiological needs, safety needs, love (affiliation) needs, esteem needs, and self-actualization. Maslow's premise is that "man is a perpetually wanting animal." His theory assumes, that people are not unlike organisms who have biological "needs" that they seek to reduce or "satisfy" (McSwite, 1997).

Douglas McGregor's book *The Human Side of Enterprise* (1960) was extremely well received, albeit dismissed as facile by some management science types. While the theory in the book was developed early on, the examples and the tone of the book were forged by McGregor's practical experience both as a consultant and as president of Antioch College in Ohio. In addition, he actively wrote and consulted during a period of unprecedented industrial growth in the United States. It was for America, the zenith of modernism. As a result, McGregor more than others successfully influenced the corporate and governmental sectors because his practices became institutionalized in a variety of workplace settings. Weisbord argues that McGregor introduced the idea that social (and organizational) change starts deep inside each of us (2004, p. 113). This leads directly into his famous Theory X and Theory Y. Most of us have learned about the theory and understand it as a contrast between two management styles, with Theory X being the big stick authoritarian approach and Theory Y the "carrot giving" sensitive approach. These broad characterizations lead us back to questions of authority and participation. More than anything else, McGregor's book fit the robust post-World War I economy in the United States. After decades of Taylorism (Weisbord, 2004, p. 137), workers were sufficiently inculcated with segmented, expert-based work systems. However, they were also ready for more inclusive approaches. The six core assumptions of Theory Y are as follows:

- Work is as natural as play. People like or dislike it based on conditions that management can control.
- External control is not the only way to achieve organizational goals. People will exercise self-control toward objectives they feel committed to.
- Commitment comes from rewards based on satisfying people's needs for status, recognition, and growth.

- Under the right conditions the average person will seek and accept responsibility rather than avoid it. Many people have the ingenuity and creativity needed to solve organizational problems. These qualities are not the rare province of a gifted few.
- Modern industry uses only a part of the ability, talent, and potential brainpower of the average person (Weisbord, 2004, p. 140).

The final observation about McGregor's work that I want to highlight is the present-day discussion of Theory X and Theory Y. Rather than narrowly categorizing one person as completely devoted to one management style or another, one might also read McGregor's work as suggesting that each of us has some of the elements of the other. For example, a person who sees him/herself as a no-nonsense realist (Theory X) may in fact have a nonconformist creative side even though he/she projects all Theory Y types to be self-absorbed and anarchic. Similarly, a person who sees him/herself as sensitive, empathic, and open may in fact be strong willed and objectivist, even though he/she would claim that all Theory X types are boring and unaware (Weisbord, 2004, p. 141).

This point is important because not only does it problematize the oppositional talk (Theory X managers are bad, Theory Y managers are good or vice-versa), it also makes the point that managers and/or supervisors are not neutrals who apply a particular management technique. Rather their singularity, their strengths and weaknesses make them who they are and the person to whom their employees will react (respond).

5. This view follows the two long-standing textbooks of public administration theory, Harmon and Mayer's *Organization Theory for Public Administration* (1986) and Denhardt's *Theories of Public Organization* (2004).

6. Wilson's admiration for the British civil service is well known.

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