

Management services and new managerialism

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Management techniques are the systematic and analytical methods used by managers to assist in decision making and the improvement of efficiency and effectiveness of an organisation. General management carries out planning, organising, directing and controlling a number of interrelated operations and supporting services in order to achieve defined objectives of a specific organisation.

Over the last 120 years, the principles of management have been developing and the fashions of management have continuously changed in response to progressive research, changes in the world economy, new technology and education

In recent years, there has been a great deal of change in the outlook and structure of government organisation at all levels. This has been encouraged and stimulated by both the state of the national economy and the policies of the governments in power. During this period, the concept of managerialism in the public and private sectors has evolved and has embraced these latest practices.

Management services has had a varying role over the years: it has influenced and been influenced by the nature of management practice during each era. With the rise of managerialism, there is strong evidence that there is a growing market for relevant core skills of our profession.

Some early theories of management

The search for universally applicable theories commenced in the late nineteenth centuries in Europe and the USA

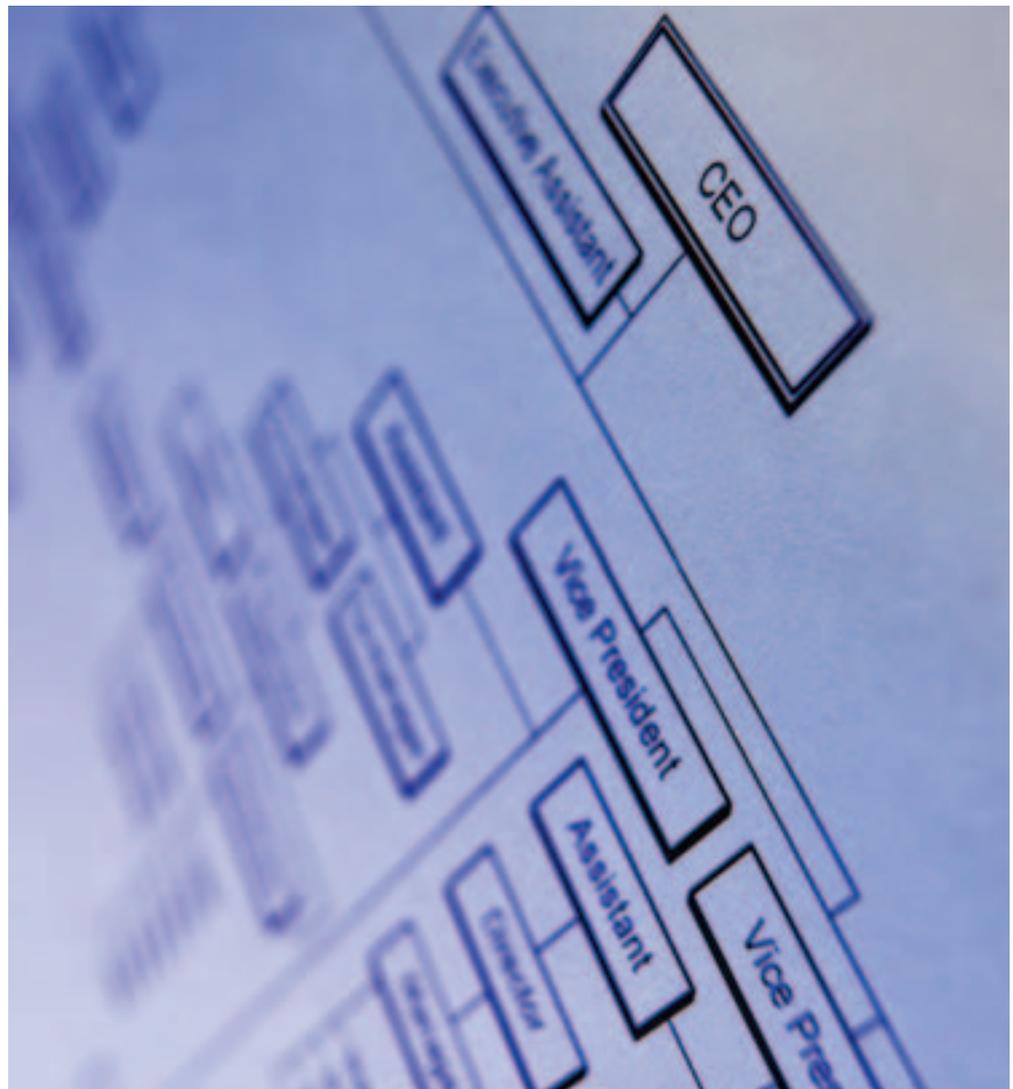
F W Taylor was one of the earliest practical manager-theorists (1856-

1915) and his research was conducted in the American steel industry. This research established the so-called 'scientific management' that primarily focused on the strict control, regulation and supervision of work processes by managers. These rest on the assumption that employees are fundamentally recalcitrant and productivity improvements can only be achieved by the direct and continuous exercise of management control. Scientific management theories were developed in the pre First World War era, but continued to influence certain bodies until relatively recently. In this scenario there are managers who control, inspect and correct staff who are employed in a rigid hierarchy. The

employers and their agents adopted the overall view that men/women employees were simply pairs of hired hands or feet.

The human relations theories were largely developed in the post Second World War era and moved the focus from the structure and mechanics of organisations to peoples' behaviour in the workplace, including motivation, group relationships and leadership.

Abraham Maslow's studies (1954) into human behaviour enunciated the hierarchy of needs that ceased to motivate when satisfied: but if any lower needs are unsatisfied, then the higher ones cannot be satisfied. For example, a hungry person is not going to be motivated by consideration of



status until after his hunger has been satisfied. The hierarchy of needs are:

1. Self-actualisation needs - self-fulfilment;
2. Esteem needs - self-respect, self-esteem;
3. Belonging needs - status within a group;
4. Safety needs - stable environment relatively free from threats;
5. Physiological needs - food, drink, and sleep.

Douglas McGregor (1960) built on Maslow's ideas, and claimed that the scientific management method was alright for average, lazy employees, and by adopting that model (theory X) more of this type of employee will be produced. The workplace should be run differently, so enabling managers to help socially minded people, who like responsibility to become self-propelling, and therefore be more productive (theory Y). Theory X substantiates the theory of scientific management with the emphasis on controls and extrinsic rewards. The theory Y does not perceive the necessity of having to control, straightjacket or coerce the workforce. McGregor's theories have made their greatest impact in the managerial world rather than the academic world. In real life, a blend of the two theories is more likely to provide the best prescription for effective management.

Hersberg's studies (1959) came to the conclusion that certain factors tend to lead to job satisfaction whilst others frequently lead to dissatisfaction. The factors giving rise to satisfaction were called motivators and those giving rise to dissatisfaction were called hygiene factors. Motivators include achievement, recognition, responsibility, advancement and personal growth. Hygiene factors include company policies, supervision, relationships with supervision and peers, working conditions, salary, status and security. Adherence to these factors can influence the management structure of an organisation.

Management by objectives is a systematic approach to the necessary changes in management behaviour, aimed at achieving agreement between employees at all levels, of the purposes underlying their jobs, what is required to achieve them and having the overall objective of improving management performance.

During the latter parts of the twentieth century, there have been many other theorists who have made significant contributions to the



behavioural and other school of management. The overall picture is somewhat confusing which is understandable since human nature and behaviour do not fit into a clear cut model or theory and is continually evolving with the progress of industry and education

Management services professionals have always valued the importance of establishing good human relations within their working spheres and creating effective organisational structures. Indeed, these are seen as essential components in the successful implementation of change management and efficiency schemes.

prompted in part by Keynesian economics and in part by the long term problems of the British economy. The governments of the day, in addition to managing the aggregate level of demand, had been forced to invest in unprofitable industries eg, British Rail and British Steel and unprofitable firms such as British Leyland and ICL on account of their size, or because of the perceived strategic importance. By the late 1970s, it was clear that Keynesian policies had not been effective, particularly since the economy began to experience both rising unemployment and rising inflation, known as 'stagflation'.

At this time many western nations were experiencing the slowing down of economic growth and the growth of long term unemployment: there was also the collapse of the Bretton Woods Agreement and the OPEC oil crisis. Changes in the global economy, deregulation of international markets and of financial institutions, had tended to weaken the capacities of the interventionist state; there was a decline in the Keynesian economic approaches.

The return of a depression in the 1980s prompted the revival of interest in those economists who

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Background to the rise of new managerialism

As a consequence of unregulated capitalism in the 1920s and 1930s, there was a promise to the post 1945 electorate to replace the old elites, patronage, charity, means testing and laissez-faire, by commitments to Keynesian Principles (creation of demand by the state). Here successive British governments attempted to manage the aggregate level of demand, through public expenditure, taxation, and interest rates, to maintain 'full' employment and higher standards of living. In particular, it was believed that there was a trade-off between inflation and unemployment, and that wise management of the economy could result in a little of each. In practice, however, the results were disappointing.

There had been a vast expansion of state intervention in the economy

favoured a market economy, and who opposed excessive state intervention: Milton Friedman and his 'monetarist economic theory' were influential in this era. Friedman claimed that government could only cure inflation by drastically reducing public expenditure. The growing levels of taxation needed to sustain the activities of the state, were seen as inhibitive to competitiveness and enterprise in the nation: it was claimed that excessive taxation stifles enterprise.

State monopolies were contrasted with the dynamic and enterprising qualities of the market enterprise in which competition would guarantee effective choice for customers at the minimum costs. At this time there was state encouragement of owner occupation of housing, private pension schemes, private health insurance and the expansion of private education.

New managerialism

Managerialism is an ideology or set of beliefs and practices, at the core of which burns the seldom tested assumption that the application of more and superior management will prove an effective solution for a wide range of social and economic ills (*Managerialism and the Public Services*, Chris Pollitt 1990). This approach was seen by many observers as a way forward to reverse economic decline and stagnation in the face of global change and competition. Governments of the day had started to consider and implement deregulation and decentralisation throughout their spheres of control. During this time, there emerged many new groups of ideas including the schools of excellence, total quality management



and business process re-engineering.

There have been many attempts to control public spending on numerous occasions by a succession of civil service reforms: in fact there appeared to be almost a 'permanent revolution' with frequent White Papers. At different times, the UK Governmental administration was described as the contract state, the surveillance state, the minimal state and the strong state.

The White Paper entitled *Modernising Government* 1999 expressed three aims that were to (1) ensure that policy making is more joined up and strategic (2) recognise the importance of public services users and (3) highlight the demand that public services must be high quality and efficient. Governments of the day have indicated that

managerialism should ensure the best use of existing resources. There was criticism of previous approaches because of excessive focus on narrow efficiency indicators; it was claimed that there should be more attention given to quality. Decentralised management, pay related performance, team working and the promotion of a customer culture were seen to reflect a move away from a traditional civil service bureaucratic form of organisation to flexible entities driven by values, missions, visions and charismatic government officials. It was considered that customer driven empowered staff, when accompanied by the removal of wasteful bureaucracy, could deliver quality services.

Within local government, managerialism and modernisation had been following the same paths for some time: both are driven by the conviction in the value of technical expertise and that larger organisations are more efficient and effective. The White Paper entitled *Modern Local Government: In touch with the People* 1999, stressed that the old culture of paternalism and inwardness must be swept away. Ideas were raised of appointing directly elected mayors and cabinet government with a leader elected by the council. The policy of 'best value' was accepted which involves setting objectives, programme of performance review, publicising a performance plan, undergoing independent inspection/audit and being subject to intervention by the Secretary of State if services fail. All comparisons are made on the basis of outcomes. Best value praises the managerialism views of quality management, bench marking and corporate strategy. It also encompasses a commitment on consultation and partnership; managers do not have the right to manage with unbridled executive power since they are accountable for their performance in an increasing number of ways. New managerialism within local government is seen to be one of the key drivers for political change at that level: those who opposed the changes were seen to be defending outdated institutions which were in need of reform.

With the acceptance of the concept of the global economy where any product is capable of being made anywhere and sold at any location, national economies were seen to fade away. There was a downgrading of traditional democratic structures in favour of technocratic managerial

and economic efficiency; clients became customers, unemployed people became job seekers, and so on. These approaches were associated with the pursuit of frugality such as cutting costs and doing more for less as a result of dynamic management.

New managerialism was highly critical of the ways in which human resources in organisations are wasted by the inflexible boundaries of professional controls and practice. A multi-tiered level of administration encourages buck passing, discourages individual responsibility and personal involvement. There has been a change in management structures towards decreased command orientation and increased results orientation.

During the late 20th century, managerialism made a challenge to the existing pay systems such as national pay bargaining, comparability, rate for the job, automatic annual increments. The preferred systems include the decentralisation of pay bargaining, pay related to market forces and also linked to results. The performance related pay (PRP) became a managerial tool to ensure the goals of an organisation are achieved. A key problem for any scheme of PRP lies in the selection of appropriate measures that should focus on the key dimensions of what constitutes success or failure for the organisation. These schemes must be designed to motivate individual staff to greater efforts and also be seen as 'fair'.

Conclusion

There has been a continuous stream of major changes being initiated and implemented in the way in which our government services, industry and commerce are managed. This process is still in progress and there appears to be no real end in sight. Some of these are modifications that management services professionals have quietly and at a lower level, been introducing over many years. It seems sensible and logical that our profession should play a more dynamic and higher profile role in the future activities, which have long been an integral part of our body of knowledge.

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