

CLASSICAL MANAGEMENT THOUGHT AND NEW PUBLIC MANAGEMENT APPROACH: ESTABLISHING CONVERGENCE AND DIVERGENCE

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Abstract

The search for effective and efficient public sector informed reforms from time to time. Recently, many countries including Nigeria introduced New Public Management (NPM) based reforms. This paper considers the similarities and differences between the classical and NPM approaches. Using secondary data, it was found that the two approaches though different are co-existing with dominant public sector challenges still remaining. Hence, the recommendation to carry all along by way of enlightenment of what to reform, what to contribute, and what to expect.

Keywords: *New Public Management, classical management, public sector in Nigeria, reforms in Nigeria,*

Introduction

Man is basically an organizational being. Practically, we are in “organizational society” through which we exist. Haralambos (1980) observes that:

We are born in hospitals, educated in schools, employed by business firms and government agencies; we join trade unions and professional associations and laid to rest in churches. In sickness and in health, at work and at play, life in modern industrial society is increasingly conducted in organizational setting.

Given this realistic situation, man has been in constant search for ways of improving organizational effectiveness and efficiency both in public and private sectors following the Industrial Revolution of the 18th century. Such search is evidenced in the existence of multiple management theories and principles. But what of classical management thought and new public management (NPM) approaches? How are they similar and different in their attempts to reposition modern organizations?

Classical Management Thought

Some classical theories of organization are found in the works of Taylor, Henri Fayol, Max Weber and Luther Gulick. Outstanding classical theory is composed of bureaucracy, administrative theory, and scientific management.

Bureaucracy – The Weberian Model

Max Weber was behind the formal conceptualization of bureaucracy as a model to check practices such as favouritism, nepotism, subjective judgement that undermined official organizational goals and objectives of early management era. Haralambos (1966), Ujo (2003) and Ekhaton (2004) provide bureaucratic tenets as put forward by Weber which organizations have always been pursuing. Weber observed that human actions were directed by meaning. Hence, he identified various actions as well as meanings and motives behind them. These actions are ‘affective or emotional’, ‘traditional action’ and ‘rational action’. To him, rational action could only be undertaken in a particular kind of organizational structure known as

bureaucracy which is “an hierarchy organization designed rationally to coordinate the work of many individuals in the pursuit of large-scale administrative tasks and organizational goals”.

According to Weber, the ideal bureaucracy is known for:

- a) ‘The regular activities required for the purpose of the organization are distributed in a fixed way as official duties’. This means that each employee has clearly defined roles. Thus, it allows for specialization as complex tasks are fragmented to manageable units.
- b) ‘The organization of offices follows the principles of hierarchy, that is, every lower office is under the control and supervision of a higher one’. Thus, there is ranking of officials in superior-subordinate relationship, thereby providing clear chain of command and responsibility.
- c) The bureaucratic organization is governed by ‘consistent system of abstract rules’, which are always applied to particular cases. These rules provide generally known processes and procedures of organizational operation, and sanctions are spelled out in cases of violation and the use of initiative is greatly limited.
- d) The officials perform their responsibilities in ‘a spirit of formalistic impersonality ... without hatred or passion’. This implies that all emotional considerations are completely eliminated and the officials only abide by clearly stated and well-known rules and regulations.
- e) Appointment in bureaucratic organization is based on merit (expertise and technical knowledge). Once appointed, such officials are on full time or tenure appointment and continue working until retirement. Climbing the career ladder is based on seniority or achievement or both.
- f) ‘Bureaucracy segregates official activity as something distinct from sphere of private life’. This means clear dichotomy of official and private businesses or undertakings.

Administrative Theory

The administrative management theory otherwise known as functional or process management theory is found in the work of Henry Fayol. Fayol sees organization as an embodiment of six essential groups – technical, commercial, financial, security, accounting and managerial (Ujo, 2003). Further, Fayol identifies fourteen general principles of management – division of work, authority, discipline, unity of command, unity of direction, subordination of individual to general interest, pay, centralization, hierarchy or scalar chain, order, equity, stability, initiative and esprit de corps. Fayol also believes that employees’ duty is to follow orders and that they are motivated by economic incentives. Fayol most importantly carried management process beyond the basic hierarchical model developed by Taylor by focusing on the five functions of management.

Scientific Management

Scientific management came on board as a result of the inadequacy of conventional management practices to the challenges presented by economic, social and technological changes of the earliest twentieth century (Appleby, 1978). Notable among the advocates of the ‘best way’ of solving management problems which is the main thrust of scientific management included Taylor. Outstanding in Taylor’s guiding principles of management are:

- a) Each worker should have a large, clearly defined, daily task.
- b) Standard conditions are needed to ensure the task is more easily accomplished.
- c) High payment to be made for successful completion of tasks and that workers should suffer loss when they failed to meet the standards laid down (Appleby, 1978).

Another exponent of scientific management was H. Emerson. He focused on efficiency of the achievement of higher productivity through proper organization. He isolated eleven (11)

principles of efficiency which included clearly – defined ideal, common course, discipline, a fair deal, permanent records, standardized conditions and operations, rewards for efficiency among others (Appleby, 1978).

By way of summary, classical organization theory rests on the following pillars – division of labour, scalar and functional processes, structure and span of control. Division of labour or work is about the segmentation or fragmentation of responsibilities into smaller units based on specialization. This becomes necessary because of limitations on the part of man – any operation that calls for simultaneous operations cannot be handled by one man because he cannot be at two places at the same time. For proficiency, a single person cannot handle the complexities of modern organization all alone. Besides, life is short, hence, a person could only know very little. In view of this, scientific management according to Blacksacademy (2003), advocates the division of labour or the breaking down of tasks into efficient units and the logical reconstruction of these units in the most productive way.

The scalar and functional processes are based on the belief that every organization is hierarchical, hence, a chain of command. It focuses on the existence of superior-subordinate relationship. Specifically, scalar process encompasses delegation of authority and unity of command, which involve vertical relations. The functional process is concerned with horizontal decentralization of responsibilities among units at the same organizational level. In short, the basic component of scalar and functional processes is departmentalization, coordination by hierarchy, unity of command, delegation of authority as well as line and staff authority. Structure has to do with the framework that shows official relationships among people, tasks and activities. Simply, structure shows the positions in organization and their interactions. Finally, span of control focuses on the number of subordinates a superior could adequately supervise to achieve optimal performance. This principle highlights the enduring importance of coordination whether the organization has flat or tall structure.

The above considered principles of classical management formed the “universals” and “instilled a sense of purpose and increased coordination of administrative operations and by specification of roles, brought more predictability in organizational behaviour and more stability in organization” (Ekhtor, 2004). This notwithstanding, the ‘one best way’ prescription of the classical school failed to provide flexible responses necessary for sophisticated changes in organizational environment. This limitation led to continuous search for improved way of managing organization until the emergence of New Public Management (NPM) approach that is seen in some quarters as the remedial dosage for contemporary public organization.

New Public Management Approach

The New Public Management (NPM) or “entrepreneurial government” emerged in the 1980s as a new paradigm for public management and in the early 1990s, it was used to describe public sector reforms in some Commonwealth nations like United Kingdom and New Zealand. (Yamamoto, 2003). Ever since, an increased number of developed and developing countries have been implementing NPM-influenced reforms by will and by imposition mostly through the World Bank and the International Monetary Fund (IMF) (Larbi, 1999). The NPM is differently conceptualized. Outstandingly, Osborne and Gaebler (1992) note that:

Most entrepreneurial government promote competition between service providers. They empower citizens by pushing control out of the bureaucracy into the community. They measure the performance of their agencies, focusing

not on inputs but on outcomes. They are driven by goals – their missions – not by their rules and regulations. They redefine their clients as customers and offer them choices. They prevent problem before they emerge, rather than simply offering services afterwards. They put their energies into earning money, not simply spending it. They decentralize authority, embracing participatory management they prefer market mechanisms. And they focus not simply on providing public services, but on catalyzing all sectors – public, private, and voluntary – into action to solve their community’s problems

Hood (1991) finds NPM to be associated with seven doctrines:

- (i) an emphasis on *hand-on professional management* skills for effective, visible, discretionary control of organization (freedom to manage);
- (ii) *explicit standards and measures of performance* through clarification of goals, targets, and indicators of success;
- (iii) a shift from the use of input controls and bureaucratic procedures to rules relying on *output controls* measured by quantitative performance indicators;
- (iv) a shift from unified management systems to *disaggregation* or decentralization of units in the public sector;
- (v) an introduction of greater *competition* in the public sector so as to lower costs and achievement of higher standards through terms contracts, etc;
- (vi) a stress on private-sector-style management practices, such as the use of short-term labour contracts, the development of corporate plans, performance agreements, and mission statement;
- (vii) a stress on cost-cutting, efficiency, parsimony in resource use, and “doing more with less”.

According to Salamon (2004), the public sector in response to NPM-influenced reforms witnessed among other things:

- a) Transformation not only in the scope and scale of government action, but also in its basic forms, that is, the tools of public action, the means or instruments used to address public problems.
- b) In the areas where government activities used to be restricted to direct delivery of goods and services by government bureaucracies; more additional tools are now employed such as loans, loan guarantees, grants, contracts, social regulations, economic regulations, and tax expenditure among others.
- c) The newly adopted tools have their unique procedures, skill requirements, and delivery mechanisms. Like loan guarantees, the government relies on commercial banks to extend credit facilities to qualified borrowers. This makes commercial lending officers to become the implementing agents of government lending programme.
- d) Also, most of the newly introduced tools are highly indirect. They rely on third parties like private hospitals, commercial banks, industrial corporations, construction firms and many more to deliver publicly financed services and pursue publicly authorized purposes.
- e) Above all, these newer tools lead to sharing with the third parties basic government functions such as “the exercise of discretion over the use of public authority and the spending of public funds”.

According to Moore, “the central feature of NPM is the attempt to introduce or simulate, within those sections of the public service that are not privatized, the performance incentives and the discipline that exist in a market environment” (Larbi, 1998). In view of all these, Obot and Ogunwole (2005) identify the NPM as simply the application of private practices to renew, regenerate, renovate, and transform the public sector in terms of vision, mission, and method in order to make government productive in service delivery.

In the face of these plausible goals of NPM, is the classical or traditional management approach dead? Are there areas of convergence even though there are clear points of divergence between them?

Classical Management Versus New Public Management

Literally, “classical” denotes old but in management it does not out rightly mean outdated. It has to do with durability in terms of longevity. Therefore, in considering these two approaches, it should be noted that classical paradigm is durable and long lasting. Therefore, it is not dead. These two schools of management thoughts put forward different tenets for attaining economy, efficiency, and effectiveness in public organization. In comparing them, there are sharp areas of differences. Classical management relies on bureaucrats who simply administer by implementing policies formulated by the political class. The NPM relies on professional who are active, visible and discretionary in the control of units and departments. Hence, “Public servants increasingly see themselves as managers instead of administrators. They recognize their function as organizing to achieve objectives with genuine responsibility for results, not simply as following orders” (Hughes, 1998). In this scenario, the bureaucratic principle of anonymity, in which public servant is seen but not heard is no longer tenable. The classical theory sees public official as being a full-time employee on tenure appointment. In this set up, promotion is based on seniority and at time on performance. The NPM stresses private sector styles of management practice whereby there is a move away from military style of public service ethics to greater flexibility in hiring and rewards as well as greater use of public relations techniques (Larbi, 1998). Today, governments are increasingly adopting the maxim “It pays to outsource” (BottomLine, 2008). This is seen in the use of freelancers or third party in providing official services. In addition, compulsory retirement, contract appointment, and merger are acceptable parlance in government circle.

Bureaucracy is considered as a rational social device known for dealing with problems by legitimizing a role system. This explains why bureaucratic organizations were always expanding because its “immediate response to any evidence of system strain or externally induced pressure is the creation of new roles and new rules” (Katz and Kahn (1966). Under the entrepreneurial government, the new jingles are downsizing and rightsizing which emphasize achieving much with less in terms of personnel and financial costs. It is this consciousness that placed emphasis on greater discipline and parsimony in the use of resources. This means direct cost-cutting, raising labour discipline and resisting unionism (Larbi, 1999).

Further, instead of tall hierarchies, there is disaggregation of public sector by way of ‘unbundling’ through “agencification” which is the creation by central government of “autonomous or semi-autonomous organization in which the implementation function is separated from the policy-making function” (Yamamoto, 2003). In Nigeria, the use of agencies is evidenced in the activities of National Agency for Food, Drug Administration and Control

(NAFDAC), Federal Emergency Road Maintenance Agency (FERMA), National Emergency Management Agency (NEMA) among others. Still in the spirit of NPM, the National Electric Power Authority (NEPA) was renamed Power Holding Company of Nigeria (PHCN) as the new company to prepare the agency for privatization and unbundling of the sector to improve its performance. In the aspect of private-public sector relationship, the classical management saw the two sectors in near complete parallel relationship. In NPM, there is a shift from 'public versus private to public plus private' relationship. Therefore, instead of tension as posited by traditional public management, the NPM promotes the blending of governmental and non-governmental organizations. As such, instead of inter-sectoral competition there is collaboration in the spirit of public private partnership (PPP). The Organization for Economic Cooperation and Development (OECD) observes that the NPM makes:

Greater use of the private sector (to) promote dependable, efficient, competitive and open public procurement system for contracting out production of publicly provided goods and services and contracting in immediate goods and services; and end monopoly or other protection for suppliers (Hughes, 1998).

In addition, there is a shift from command and control to negotiation and persuasion. The traditional public management relied on 'command and control' and this is completely in contradistinction with the NPM which depends on 'negotiation and persuasion' because of increasing use of third party. This method is justified as Salamon (2004) notes that "Instead of issuing order, public managers must learn how to create incentives for the outcomes they desire for actors over whom they have only imperfect control".

More so, there is a shift from management skills to enablement skills. As NPM advocates decentralization through agencification and online delivery, it becomes necessary for enablement skills to aggregate these agencies and third party partners for interdependence relationships towards realizing public ends of the state. In this direction, Salamon (2004) identifies three basic enablement skills – activation skills, orchestration skills and modulation skills. Activation skills refer to skills needed to raise the consciousness of government units, citizens, community groups, non-governmental organizations to make them cooperate with the government in facilitating delivery of the dreams of NPM. Orchestration skills are needed to operate and sustain the network created in order to prevent network decay and atrophy but achieve maturation in the implementation of the reforms. Finally, the modulation skills emphasize the 'the ability to adjust the rewards and penalties in order to elicit the cooperative behaviour required from the interdependence players in a complex tool network'.

Another important divergence area is the relationship between politicians and public servants. The traditional model of administration attempted to maintain politics/administration dichotomy. Pfiffner according to Adebayo (1981) "must be controlled and confined to its proper sphere which is determination, crystallization and declaration of the will of the community" while administration "is the carrying into effect of this will once it has been made clear by political processes". Over the years, the practice of politics and administration contradicted this theoretical pretension and the NPM is outright in rejecting it as theoretically misleading because:

The public manager is not narrow and formulaic; an effective manager is one who is good political player. Politicians understand and approve of this kind of game, after all, that is where their own skills lie as well. It must be

remembered that a public service is a political institution and that public servants must operate in a political environment ... but to follow political goals is the main function of any public service worthy of the name (Hughes, 1998).

As the NPM is emphasizing transparency and accountability, its operations in the country like Nigeria show increased transparency but no accountability in the conduct of public affairs. This is mainly because there are no functional institutional arrangements to supervise reforms in the true sense if it thereby resulting in multiple abuses as evidenced in widespread political and administrative corruption.

More so, NPM does not change the character of the state – it continues to be the agency used by the elite to protect and promote their class interests at the expense of the masses. The economic conditions of the masses are likely to worsen in the new dispensation as it promoted more capitalism under aegis of globalization.

Conclusion

The classical management principles have endured for a long time and useful though attended by numerous criticisms because of some inherent weaknesses. The invention of NPM with private sector principles and practices are gaining momentum with near universal acceptance and applicability. In Nigeria, like in most countries, the principles of traditional public administration or classical management thoughts and the NPM co-exist, hence, the emergence of governance overlap or theoretical synergy in the conduct of government affairs. Hence, the need for all involved to be enlightened on how to implement change that achieve desired results for both the government and the people. The people similarly need enlightenment on their contribution to the system to make it work as well as their expectations.

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