Public Management

How effective are public managers as they seek to influence how public organizations deliver policy results? How, and how much, is management related to the performance of public programs? What aspects of management can be distinguished? Can their separable contributions to performance be estimated?

The fate of public policies in today's world lies in the hands of public organizations, which in turn are often intertwined with others in latticed patterns of governance. Collectively, these organizations are expected to generate performance in terms of policy outputs and outcomes. In this book, two award-winning researchers investigate the effectiveness of management in the public sector. First, they develop a systematic theory on how effective public managers are in shaping policy results. The remainder of the book then tests this theory against a wide range of evidence, including a data set of 1,000 public organizations.

Laurence J. O'Toole, Jr., is the Margaret Hughes and Robert T. Golembiewski Professor of Public Administration and Distinguished Research Professor at the University of Georgia, Athens. He also holds an academic appointment as a professor in the Faculty of Management and Governance at Twente University in the Netherlands.

Kenneth J. Meier is the Charles H. Gregory Chair in Liberal Arts at Texas A&M University, College Station. He is also Professor of Public Management at Cardiff Business School.

Public Management

Organizations, Governance, and Performance

Laurence J. O'Toole, Jr.,
and
Kenneth J. Meier

CAMBRIDGE
UNIVERSITY PRESS

CAMBRIDGE UNIVERSITY PRESS
Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore,
São Paulo, Delhi, Dubai, Tokyo, Mexico City

Cambridge University Press
The Edinburgh Building, Cambridge CB2 8RU, UK

Published in the United States of America by Cambridge University Press, New York

www.cambridge.org
Information on this title: www.cambridge.org/9781107004412

First published 2011

Printed in the United Kingdom at the University Press, Cambridge

A catalogue record for this publication is available from the British Library

Library of Congress Cataloging-in-Publication Data

O'Toole, Laurence J., 1948–
Public management : organizations, governance, and performance / Laurence J. O'Toole, Kenneth J. Meier.
p. cm.
ISBN 978-1-107-00441-2 (Hardback)
1. Public management. 2. Administrative agencies–Management. I. Meier, Kenneth J., 1950– II. Title.
JF1351.L68 2011
351–dc22

2010040919

ISBN 978-1-107-00441-2 Hardback

Contents

Figures

Tables

Preface

How effective are public managers as they seek to influence the efforts of public organizations to deliver policy outputs and outcomes? How, and how much, is management related to public program performance? What aspects of management can be distinguished, and can their separable contributions to performance be estimated? How do managers deal with internal operations, opportunities in the environment, and threats or shocks from outside the organization? Can the networking behavior of managers and the networked structures in which many public organizations sit shape policy results – for good or ill?

In this book we address these salient questions – and more. Whereas in an earlier volume (Meier and O'Toole 2006) we explored the relationship between democratic governance systems and public bureaucracy via the literatures of political science and public administration, and used empirical analyses to sort through the issues, in this new book we put the politics-and-administration theme to one side – mostly – to focus on management and performance. This approach does not mean that we reconstruct some sort of implicit politics/administration dichotomy. Indeed, the role that public managers occupy includes some highly political elements, and some of our work on management and performance demonstrates some explicitly political patterns. It turns out, for instance, that managerial interactions with external stakeholders shape the outcomes of their organizations in ways that reflect the distribution of power in their settings. It is also the case, furthermore, that maintaining personnel stability within the organizations we have been studying provides particularly strong benefits for the least advantaged clientele of the agencies. Public management certainly involves political themes and potentially controversial outcomes. What is distinctive about this volume, instead, is that our focus is directly on managers and how they shape results.

Examining the link between public management and performance might seem to be covering rather well-trodden ground. Until fairly recently,

however, the contributions of management to performance were either contestable or very difficult to estimate. One major theoretical approach, for example, the population ecology view of organizations, has strongly argued that management does not matter, that organizations succeed or fail because they are lucky. By "lucky," population ecology theorists mean that some organizations have favorable environments with ample resources and are assigned tasks that are tractable. What might appear to be good management, therefore, is an artifact of an organization's niche. Other analysts, for instance some who employ public choice as a theoretical lens, might even see public managers as impediments ("rent seekers") – or, at best, inefficient contributors – to the delivery of goods and services to the public.

At what might seem like the other extreme, a major international movement, the new public management (NPM), holds that management is the key to effective public programs and that, if governments were to adopt NPM's set of favored reforms (mostly borrowed from the private sector), citizens would get better government at a lower cost. The overly strong versions of this argument can be considered "managerialism": public management as the potential magic cure that converts failure into success. Despite these contesting theoretical approaches, the body of systematic research on whether and how much management really matters has been relatively slim – particularly so if one restricts the search to investigations drawing evidence from large numbers of public organizations and employing archival rather than perceptual measures of performance.

In recent years, however, the number of studies systematically examining the links between management and performance has grown. We incorporate many of these recent findings in this book. In the main, though, this volume integrates much of our own systematic theoretical and empirical work on public management and performance conducted over an extended period. The approach we take allows for the development of relatively clear and evidence-based answers to the questions of how effective various facets of management can be – that is, how much difference they make. This book develops its perspective and findings on such issues in a cumulative and progressively nuanced fashion over the course of several chapters.

We have opted to distill our reading of the theoretical literature into a simple, parsimonious theory about how organizations are managed. Our theory is built around a set of five principles. First, public organizations are autoregressive (or inertial) systems; they seek to counter the natural tendency toward entropy in the environment. As a result, what organizations do today will be very similar to what they have done in the past. Second,

public management can be divided into two broad parts: managing within the organization and managing the organization's relationships with the environment. Both can be expected to have performance implications. Third, external management can be divided, at least theoretically, into efforts to exploit opportunities in the environment and efforts to buffer the organization from threats that the environment might generate.

Fourth, managers use structures, systematic processes, and procedures to regularize organizational actions. Put succinctly, organizations and their managers organize. They set up stabilizing routines that embed knowledge and experience so that cases can be handled quickly and consistently. Finally, the relationships between variables – that is, management, stabilizing elements such as structure, and the environment – are nonlinear. In simple terms, this point means that management is not just another input to program performance but, rather, that it interacts with a variety of other factors and can produce large gains in effectiveness relative to the resources that management consumes.

Our approach is to formalize these principles via a mathematical model and then to test aspects of it systematically through most of the chapters of this volume. In particular, we focus on large panel data sets that permit the inclusion of a wide variety of control variables. In this fashion we can isolate the independent effects of public management as the key variable, instead of mistaking as management effects those that are actually due to some other factor that has been omitted from the analysis.

The most frequently used data set in the book, and perhaps in the field of public management, is the Texas school district data set, which we have built and refined for ten years. It has several significant advantages over other public management data bases, as we explain in this volume. Although Texas schools constitute the primary data set, we recognize that even a state as diverse as Texas cannot contain all the relevant organizational and environmental variables. In this book, therefore, we incorporate additional analyses we have undertaken with data on local police departments, local governments in the United Kingdom, and state unemployment insurance agencies. Further, we explain relevant findings garnered in others' research, as appropriate, at several points in the coverage. We make no claim that we have looked at the universe of organizations and organizational characteristics, but we have assembled research results from several thousand public organizations.

The work represented here stems from a decision made about a dozen years ago to pool our interests in order to develop a long-term research

agenda centered around the management-and-performance theme. One of us, O'Toole, had developed theoretical ideas about management and performance, especially in complex institutional settings including networks, and had worked empirically in a number of fields of public policy. Meier had also undertaken numerous studies in multiple policy fields, including public education, and was especially experienced at tapping the advantages of large-N statistical approaches. This book reflects a merging of these interests and an effort to speak broadly to the field of public management.

We gratefully acknowledge assistance we have received from others. We owe a special debt to school district superintendents in Texas, since they have served multiple times as respondents to our surveys, which are designed to learn about the management of those public organizations. These busy public managers have tolerated our questions thus far through five separate survey efforts (plus one more specialized one) over a ten-year period, with more currently planned. Four reviewers for Cambridge University Press offered thoughtful assessments of this book and helpful suggestions for strengthening it. We also thank George Boyne, Alisa Hicklin, and Richard Walker for permitting our use of some data in this volume that had been gathered for joint research efforts with these colleagues. We are grateful to doctoral students and alumni of doctoral programs in the Department of Public Administration and Policy at the University of Georgia, and the Department of Political Science at Texas A&M University. We have refined our ideas and – we think – improved them on the basis of our teaching and research experiences with these colleagues. The same can be said for many scholars elsewhere, who have engaged with us regarding some of the specifics of this research agenda and its progress. Among this broad group, aside from those already mentioned, we would like to thank in particular Rhys Andrews, Stuart Bretschneider, Gene Brewer, Amy Kneedler Donahue, Sergio Fernández, H. George Frederickson, Carolyn Heinrich, J. Edward Kellough, H. Brinton Milward, David Peterson, David W. Pitts, Hal G. Rainey, Bob Stein, and Søren Winter. Finally, we pay tribute to the immeasurable benefit we have derived from the many forms of support provided by our families: Mary Gilroy O'Toole, Conor Gilroy O'Toole, Katie Easton O'Toole, and Diane Jones Meier. Needless to say, the weaknesses and errors that may remain can be lodged firmly at our own feet.