CHAPTER 2:   CONTEXTUALISATION OF PUBLIC ADMINISTRATION

2.1   **INTRODUCTION**

Public administration as an activity is as old as the human civilisation, and like the sciences, it could be seen as a process and not a product. Public administration is a vehicle for expressing the values and preferences of citizens, communities, and society as a whole. Governments as the primary instruments of democracy in society exercise the power of the state on behalf of the people of the society in that territory which constitutes the state. Government makes policies to respond to the needs of the communities which it must serve, and then organises and enables its administration to give practical effect to those policies. This implies that well-organised and enabled administrations will successfully engage in thought processes and actions to deliver services that satisfy the needs of society. Public administration has evolved over time with an ever-increasing need for a value-orientated public service approach based on public administrative practices to provide efficient and effective services to meet the changing needs of society. Administration is not an aim in itself, but is still a means to an end and the relationship between administration, the government and the environment in order to meet the needs of society is obvious.

The next three chapters will analyse each of these concepts in relation to the central theme of public financial performance management. This chapter is a contextualisation of public administration and in order to attain a degree of validity in this study, the scientific foundations of Public Administration will have to be examined. As a point of departure, this chapter will provide a perspective on the historical events in public administration and the development of administrative theories and the schools of administrative thought in the discipline of Public Administration. The dynamic nature of public administration from the classic to the post-modern era with the emphasis on future trends and the concepts of public management and good governance will be highlighted. The need for more efficient and effective service delivery and an increased demand for public financial performance management in terms of the role and functions of public administration will be examined. The need for public financial performance management in the unique and dynamic environment of public administration will be analysed.

2.2 HISTORIC PERSPECTIVES IN THE DEVELOPMENT OF PUBLIC ADMINISTRATION

Public administration in general could be regarded as an extension of governance. Administrators have been necessary as long as kings and emperors required pages, treasurers, and architects to carry out the business of government. Evidence of basic administrative functions could be traced back to the early inhabitants of ancient Mesopotamia in the development of irrigation systems as a measure to survive (Mumford, 1961:10). During the pre-Greek and pre-Western times, government and administration were in a simplistic way situated with the monarch, who had no intention to devolve power. The administrative process probably settled during the classical times of the Greeks in 510–338 B.C. when the democratic city-state came into existence which was characterised by the devolution of sovereignty (Hammond, 1972:174).

During the Dark Ages of 500–1000 A.D., nearly all forms of government disappeared until the reawakening of Europe by 1100 with the establishment of new governments and different forms of government with evidence of some administrative functions, with specific reference to financing (Collingwood, 1949:435). In England, for example, the absolute autocratic monarchy as a form of government came to an end with the establishment of horizontal and vertical authorities responsible for administrative processes and administrative control vested within different government institutions (Platt, 1976:136).

The history of public administration as an activity and Public Administration as a discipline is characterised by different stages of development in relation to world events and environmental influences. Attention will be devoted to the pre-generation era, the first- and second-generation eras, the development from after World War 2 until the 1970s and finally, developments related to new public administration and new public management.

2.2.1 The pre-generation era

The pre-generation era or the embryonic stage includes thinkers such as Plato, Aristotle and Machiavelli. Until the birth of the national state the emphasis was laid on moral and political issues and the establishment of a public administration to satisfy the needs of society. From the 16th century, the national state was the

reigning model of administrative organisation in western Europe. There was a clear need for an organisation for the implementation of law and order and for setting up a structure to protect the integrity of the state. Also evident was the need for expert civil servants, knowledgeable in taxation, statistics and administration. Public administration was now viewed as a science and with the needs of society satisfied through a rational conversion of inputs to outputs (Bagby & Franke, 2001:623).

2.2.2 The Cameralists and the first-generation era

During the 18th century, the growing need for administrative expertise led to the establishment of professional institutes. King Frederick William 1 of Prussia appointed skilled and knowledgeable academics/professorates in Cameralism as an economic and social school of thought, created to reform society. Cameralism, characterised by sophistication, and the concept of natural law were closely related to the modern science of Public Administration (Langrod, 1961:75).

The first-generation era highlights the work of Lorenz von Stein, an 1855 German professor, as one of the founders of the science of Public Administration. During the time of Von Stein, Public Administration was considered to be part of administrative law, but this according to Von Stein's opinion, was too restrictive. Von Stein considered the science of Public Administration as an integrating science, including several disciplines such as Sociology, Political Science, Administrative Law and Public Finance. Von Stein believed that the science of Public Administration should adopt a scientific method and an interaction between theory and practice (Cahnman, 1966:746).

In the United States of America, Woodrow Wilson in 1887 "prepared the way" for the study of Public Administration as an academic discipline with his article *The study of Administration*. Although Wilson made some controversial statements, his argument that "*it is getting harder to run a constitution than to frame one*" is evident of his valuable contributions in Public Administration (Gildenhuys, 1988:69). With this argument, Wilson refers to the complexity of the executive activities of a government and the implications for a public official without formal training equipped with only a lay knowledge of governmental activities to cope successfully with his/her executive functions (Woll, 1966:18 - 34). Wilson favours the separation of politics and public administration and he argues that the object of administrative study is firstly, to

determine what government can properly do, and secondly, how best to do these things efficiently and effectively.

2.2.3 The second-generation era

Wilson's main theme is still influential and indispensable when studying the development of public administration. The separation of politics and administration advocated by Wilson continues to play a significant role in public administration today. However, the dominance of this dichotomy was challenged by second-generation scholars, beginning in the 1940s. Luther Gulick's fact-value dichotomy was a key contender for Wilson's allegedly impractical politics-administration dichotomy. In place of Wilson's first- generation split, Gulick advocated a "seamless web of discretion and interaction" (Fry, 1989:80).

Luther Gulick and Lyndall Urwick were major contributors to the demarcation of the area of study of the science of Administration in its later development stages. They integrated the work of contemporary behavioural, administrative and organisational scholars including Henri Fayol, Fredrick Winslow Taylor, Paul Appleby, Frank Goodnow and William Willoughby into a comprehensive theory of Administration. Fayol, in his *Industrial and general administration,* developed 14 principles of management. Fredrick Winslow Taylor (1856 – 1915), a contemporary of Wilson, is considered the father of scientific management. He conducted experiments on factory workers on the development of time and motion. Taylor's ideas of finding the one best way of executing a task to enhance production methods were the foundation of the classical organisational theory. Frank Goodnow (1895–1939) argued that politics is the expression of the will of the government and administration is the implementation of that will. William Willoughby is well known for his reasoning that public administration had common features that were applicable to all branches of government, as well as for his work on budgetary reform (Shafritz & Hyde, 1997:2-4).

At a time when the prevalent theme was the separation of politics and administration, Gulick and Urwick believed a single science of administration, which exceeds the borders between the private and public sector, could exist. Gulick developed a comprehensive, generic theory of organisation, which emphasised the scientific method, efficiency, professionalism, structural reform and executive control. In 1937, Gulick summarised the duties of administrators with an acronym: POSDCORB, an

acronym widely used in the field of Management and Public Administration, which reflects the classic view of administrative management. The acronym stands for steps in the administrative process: planning, organising, staffing, directing, coordinating, reporting, and budgeting (Botes, Brynard, Fourie & Roux, 1997:284).

Second-generation theorists drew upon private management practices for administrative sciences. A single, generic management theory bleeding the borders between the private and the public sector was thought to be possible. With the general theory, the administrative theory could be focused on governmental organisations. The second-generation era lasted up to 1945 and was characterised by a continued discussion about the separation of politics and public administration (Thornhill, 2007:3).

2.2.4 After World War 2 to the 1970s

After 1945, third-generation theorists challenged the ideas of Wilson and Gulick and the politics-administration dichotomy remained the centre of criticism. In addition to this area of criticism, political events such as the sometimes deceptive and expensive American intervention in Vietnam and domestic scandals such as Watergate, characterised by ineffective, inefficient and largely wasted efforts, caused a situation where Public Administration as a science had to detach itself from politics. There was a call by citizens for efficient administration to replace ineffective, wasteful bureaucracy. Public administration would have to distance itself from politics to answer this call and remain effective. Public Administration was now allowed to establish itself as an independent body and as an eclectic science developed its own theoretical framework and refined theories from related disciplines to establish an own body of knowledge (Waldo, 1955:1).

2.2.5 New public administration and new public management

During the late 1960s and early 1970s, the new public administration surfaced as a reaction to various factors such as the turmoil in the discipline in terms of its intellectual basis, and a change of emphasis in the social science disciplines (Frederickson, 1980:13). Issues such as social equity, inequality and participation have irrevocably changed the study of public administration. The client-centred approach and service delivery have become the focus of public administration. The models of reform in the new public administration, reinventing government,

business process re-engineering and the new public management of the Organisation for Economic Co-operation and Development (OECD) have all shaped the discipline and provided a framework for analysis of ideas and lessons learnt (Hood, 1995:104-117).

Since the 1980s, neo-liberalism has emerged where the impact of globalisation, the role of markets, privatisation, corporatisation and outsourcing of services have become the new terminology of the n*ew public management* (NPM) approach. The focus shifted to the balancing of economic policy with social and environmental policies, client-centred service delivery and the participation of the community in government decision-making. Physical evidence of this new approach was Britain's macroeconomic policy of reducing public expenditure through a series of public-sector reforms after 1979. In the United States, the movement began with President Reagan's call for a small-sized public-sector. New public management received greater attention with the entrepreneurial management model outlined in Osborne and Gaebler's popular book *Reinventing government* (1992) and later in the Gore's National Performance Review set out in 1993 to make federal organisations more performance-based and customer-orientated (Moe, 1994:111). Many countries around the world (notably the OECD countries) have tried to implement the reinventing ideas and some influential international organisations, such as the World Bank, promoted new public management (OECD, 1991).

NPM is a combination of ideas derived from economics (public choice theory) and is a new approach to public management, which advocates the reconfiguration of existing boundaries and responsibilities of the state through a number of initiatives. These include the restructuring of public services, the application of various business management techniques to improve efficiency, the utilisation of non-state actors to discharge public services (privatisation) along with the introduction of market-based mechanisms (Auriacombe, 1999:125-128). As such, the direct involvement of the state in the delivery and production of public goods and services is thereby abandoned or at least reduced to give primacy to market mechanisms. The post-bureaucratic reform thesis holds that public administration must become anticipatory, flexible, results-orientated, customer-driven, values-based and entrepreneurial (Kuye, Thornhill, Fourie, Brynard, Crous, Mafunisa, Roux, Van Dijk & Van Rooyen, 2002:20).

Kernaghan, Marson, & Borins (2005:10) offer a relevant perspective of the bureaucratic and post-bureaucratic organisation as possible models "towards the new public organisation". The emphasis is on the traditional bureaucratic organisation shifting to a post-bureaucratic organisation due to an environment that is rapidly and dramatically changing. The two models are depicted in Table 2.1.

Table 2.1: From the bureaucratic to the post-bureaucratic organisation

Characteristics of the bureaucratic organisation	Characteristics of the post-bureaucratic organisation
Policy and management culture	
Organisation-centred Emphasis on needs of organisation itself	Citizen-centred Quality service to citizens (and clients/stakeholders) – Financial performance
Position power Control, command and compliance	Participative leadership Shared values and participative decision-making for financial performance
Rule-centred Rules, procedures and constraints	People-centred An empowering and caring milieu for employees for financial performance
Independent action Limited consultation, co-operation and co-ordination	Collective action Consultation, co-operation and co-ordination for financial performance
Status quo-orientated Avoiding risks and mistakes	Change-orientated Innovation, risk-taking and continued empowerment for financial performance
Process-orientated Accountability for process	Results-orientated Accountability for results and financial performance
Structure	
Centralised Hierarchy and central controls	Decentralised Decentralisation of authority and control for financial performance
Departmental form Most programmes delivered by operating departments	Non-departmental form Programmes delivered by wide variety of mechanisms for financial performance

Source: Adapted from Kernaghan *et* al. 2005. The new public organisation. Toronto: The Institute of Public Administration of Canada. page 2.

Kernaghan *et al.* (2005:2) propose the movement from a traditional bureaucratic model towards the post-bureaucratic model of public organisation. Movement is based on the premise that reforms are implemented to improve financial performance management and the organisation needs to adjust to changing circumstances. Due to different situations and the unique nature of organisations, Kernaghan *et al.* (2005:2) suggest a selective approach in the adoption of the characteristics of the post-bureaucratic model.

As a result, from the 1980s onwards, many countries (developed and developing) have started reviewing the roles and responsibilities of government institutions. Many government functions have been privatised and those remaining within government have been subject to business-type approaches, such as competitive tendering, performance measurements and public-private partnerships in the production and delivery of goods and services.

2.3 THEORETICAL CONSTRUCTS IN PUBLIC ADMINISTRATION

The question whether Public Administration is a science or not will not be analysed in this study. The emphasis is on developing an understanding of administrative theory and the schools of administrative theories that developed in the study of public administration through time.

Since public administration was first practised and acknowledged as a discipline, there have been many debates on whether Public Administration is an academic science, as it did not have its own corpus of theories (Botes, Brynard, Fourie & Roux, 1998:272). Henry Fayol (in Gulick & Urwick, 1937:101) contends that there is one administrative science that can be applied to private and public affairs alike and that the principle elements can be summarised in the administrative theory. Caiden (1982:205) argues that there are many theories in public administration, but there are few general theories of public administration. Therefore, a common theoretical or applied meaning of public administration is problematic. Raadschelders (1999:282) argues that "public administration suffers from so many crises of identity that normal adolescence seems idyllic". Raadschelders maintains that public administration in general and specifically as a discipline is in a crisis regarding its academic construct and its significance in society. In order to obtain more clarity on this matter, *public administration* will be defined and various approaches and schools of administrative theory in Public Administration will be analysed.

2.3.1 Defining Public Administration

One of the earliest definitions of Public Administration is by Woodrow Wilson (in Gildenhuys, 1988:12), who wrote the following "*The field of administration is a field of business... The object of administrative studies is to rescue executive methods from the confusion and costliness of empirical experiment and set them upon foundations laid deep in stable principle... Public administration is the detailed and systematic execution of public law. Every particular application of general law is an act of administration.*" Goodnow (in Shafritz & Hyde, 1997:2) argues that *Politics* is the expression of the will of the government and Administration is the implementation of that will. Gladden (1966:12) describes Administration as a process with three stages, namely the stage of decision, the stage of administration and the stage of fulfilment. Pauw (1995:28) defines Public Administration as the organised non-political executive state function, while Gildenhuys (1988:14) describes Public Administration as the detailed and systematic execution of public law.

Every particular application of general law is an act of administration. Public administration has also been defined in terms of its generic functions of public administration, as described by Cloete (1967:58), namely policy-making, organising, financing, staffing, determining work methods and procedures, and controlling. These generic functions will be discussed in more detail as part of the generic functions of public administration. In the South African context, the Constitution of South Africa (1996, Section 197) states that within public administration there is a public service for the Republic, which must function, and be structured, in terms of national legislation, and which must loyally execute the lawful policies of the government of the day. The process of public administration can be described as a number of related activities that need to be performed in public institutions. The tenets of public administration include accountability to the voters, the body politic playing a role, the importance of community values and service delivery. Finally, Public Administration can be defined as the management of scarce resources to accomplish the goals set by public policy.

2.3.2 Approaches and schools of administrative theory in Public Administration

Public Administration has been influenced by many disciplines, such as Political Science, Law, Sociology, Psychology, History and Business Management. The main approach of Public Administration is normativism, empiricism, behaviourism and behaviouralism (Botes *et al.,* 1998:279). Normativism describes the ideal, what should be or be striven to and empiricism is the view that all knowledge is based on or derived from experience (Mautner, 2000:166). Behaviourism is a method of psychological investigation, which studies what an organism says and does in order to establish correlation between stimuli and reactions (Mautner, 2000:64). Behaviouralism determines the influence of the system on the overall behaviour of individuals within a given group context (Botes *et al.*, 1998:280). These approaches in Public Administration can be found in the different schools of administrative theory. Gladden (1966:20) states that there are many writings on public administration, but not one accepted approach and White (in Storing 1965:50) argues that "*there are many ways to study the phenomenon of public administration. All these approaches are relevant and from all of them come wisdom and understanding*".

According to Rosenbloom & Kravchuk (2002:5), there are three main theoretical approaches, namely the managerial, the political and the legal, which have influenced the understanding and practice of public administration. Following is an analysis of these different approaches.

2.3.2.1 The managerial approach

The argument for a self-conscious, professional field of study of public administration started from a managerial vantage point. It is widely acknowledged by public administration scholars that Woodrow Wilson (1887) set the tone for the study of public administration in his essay *The study of administration* and that all related arguments became known as the '*politics-administration dichotomy'* (Caiden, 1982:33). Significant to the managerial approach is that government's core focus should be on what government can successfully do and how it can succeed with maximum efficiency (Rosenbloom & Kravchuk (2002:5). Thus, according to the managerial approach, public administration should strive towards maximising economy, efficiency and effectiveness using practices similar to those prevalent in the private sector.

The politics-administration dichotomy resulted in the study of public administration being concerned with organisational and control issues to ensure both accountability and efficiency of the administrative apparatus. Classical administrative theories, such as the scientific management movement of Frederick W. Taylor (1856-1915), the administrative principles of Henry Fayol (1841-1925) and the bureaucratic model of Max Weber (1864-1920) influenced managerial public administration (Shafritz & Hyde, 1997:40).

The scientific management movement of Taylor prescribed a set of principles to be followed for an organisation to be effective and efficient. These are: (i) systematic scientific methods of measuring and managing individual work elements; (ii) scientific selection of personnel; (iii) financial incentives to obtain high performance of workers; and (iv) specialisation of function, namely establishing logical divisions within work roles and responsibilities between workers and management (Shafritz & Hyde, 1997:3).

In parallel with the work of Taylor, Fayol's (1841-1925) 14 principles of administration are considered to be essential to improve the efficiency and effectiveness of organisations. The 14 principles of administration developed by Fayol are division of labour, authority, discipline, unity of command, unity of direction, subordination of particular to general interests, remuneration, centralisation, hierarchy, order, equity, stability of personnel, initiative and unity of personnel or *esprit de corps* (Botes *et al.*, 1998:21). Following this are the reformulated and simplified administrative duties or functions of management (POSDCORB) of Gulick and Urwick (Botes *et al.*, 1997:284).

A description of classical administrative theories would be incomplete if the bureaucratic model of Max Weber (1864-1920) is not mentioned. Like his contemporary, Weber's work emphasised formal organisational structures as a requisite for effective and efficient organisations. Weber described an ideal type of bureaucracy as characterised by a high degree of specialisation, impersonal relations, the merit system of appointment and hierarchical authority structure (Botes *et al.*, 1998:23). Although the model had a profound impact on the science and practice of public administration, it ignored the importance of individuals and their environment to the overall performance of the organisation.

It is the human relations and behavioural scientists, such as Mayo, Maslow, Barnard, Hommans and Likert who showed (through experiments) that the social contexts of employees, including motivation, leadership, status, communication, conflict and social interaction were important management factors (Botes *et al.*, 1998:25-32). Human relations theory brought to the fore the role and influence of informal relations on the productivity and development of an organisation. The managerial approach prevailed until World War II. After this war, however, managerial administration was challenged; this brought into existence the political approach.

2.3.2.2 **The political approach**

After World War 2, changes in the socio-economic, technological and political environments led to changes in the practice of public administration. It was evident that public administration was as much involved in the formulation as in the implementation of policies. Therefore, the politics-administration dichotomy, which had prevailed, was questioned. The main argument was that the study of public administration should be concerned with the process of social change; and the means for making such changes best serve the ends of a more truly democratic society (Caiden, 1982:41).

The political approach to public administration stressed the value of representativeness, political and administrative responsiveness, and accountability to the citizenry through elected officials. These values, which promote transparency and participation in administrative decision-making, were seen as crucial for the maintenance of constitutional democracy. Thus, it was argued that incorporating them into all aspects of government, including public management, was a necessity. Accordingly, public administration as a policy-making centre of government must be structured in a way that provides political representation to a comprehensive variety of the organised political, economic and social interests that are found in society at large (Rosenbloom & Kravchuk, 2002:18). Another approach that has influenced the study and practice of public administration is the legal approach. Its values and principles are discussed below.

2.3.2.3 **The legal approach**

The legal approach is said to have originated in Europe, especially in the strong statist France and Germany. Chevallier (1996) argues that the development of the

French liberal state in the 19th century led to the predominance of law and lawyers emphasising the guarantee of citizens' rights and limits on state power. The promotion of the legally legitimate state meant that the administrative law was considered as the exclusive tool to understand administrative realities. In line with this approach, public administration plays the role of a driving force in social life and aims at constantly improving the appropriateness of its management policies and the quality of the results-conformity with the law (Chevalier, 1996:32).

According to Rosenbloom & Kravchuk (2002:35), the legal approach embodies three central values. The first is procedural due process, a term which stands for the value of fundamental fairness, requiring procedures designed to protect individuals from malicious, arbitrary, capricious, or unconstitutional harm at the hands of the government. The second value concerns individual substantive rights as embodied in the constitutions of many contemporary states. Thus, the maximisation of individual rights and liberties is viewed as a necessity within the political system in general and in public administration in particular. The third value is equity, which stands for the value of fairness in the relationship between private parties and government. It encompasses much of the constitutional requirement of equal protection.

2.3.2.4 **Implications for Public Administration**

The managerial, political and legal approaches in Public Administration are relevant to the management of scarce resources to accomplish the goals set by public policy. These approaches have influenced the understanding and practice of public administration. The management of resources to obtain maximum efficiency is related to the concepts of value for money and return on investment and therefore, public administration principles and practices should strive towards maximising economy, efficiency, and effectiveness using responsive practices similar to those prevalent in the private sector. Public administration principles should be based on systematic and scientific methods of financial performance management, capacitated, empowered and motivated personnel and scientific structural arrangements for logical divisions within work roles and the management of responsibilities. This approach emphasises values such as representativeness, political and administrative responsiveness, and accountability (Bourgon, 2007:19).

Public administration aims to satisfy the needs of society by taking into consideration the requirements for fairness, people's democratic rights, equity, the need for transparency and participation. Aligned with all these implications and in order to manage scarce and limited resources in the most economic, efficient and effective way to accomplish the goals set by public policy, any public organisation needs to determine the functions necessary for successful delivery of goods and services aligned with the needs of society.

2.4 THE GENERIC FUNCTIONS OF PUBLIC ADMINISTRATION

As early as the beginning of the 20th century, Henri Fayol defined the field of management to have five functions, namely planning, organising, commanding, co-ordinating and controlling (Piano, 2005:65). Cloete (1967:58) provides the functions of public administration in terms of the generic functions, namely, policy-making, organising, financing, staffing, determining work methods and procedures and controlling. In the South African context, this classification is being regarded as a rational analytical model, which distinguishes the relationship between the functions (Hanekom, Rowland & Bain, 1992:21).

Cloete (1967:58) describes the function of *organising* as the establishing of task lists for sections and individuals within a department, and also to develop communications systems. The work of the public administration practitioner is being done within the framework of certain work procedures and methods, and controlling in the format of monitoring and evaluation needs to be done. The function through which public funds are obtained, spent and controlled is called financing. Government receives its funds through the collection of taxes, the charging of levies, tariffs and fees, as well as interest gained from loans. As the custodian of the money of the people of a country, the government is responsible for the appropriation of funds to ensure effective service delivery for all. The functions of public administration are interrelated and interdependent and one function cannot be effective without the others. A seventh function, management of administration, was added to the generic functions. Management as a leadership phenomenon should be present in the execution of all six generic administrative functions, which are described as follows.
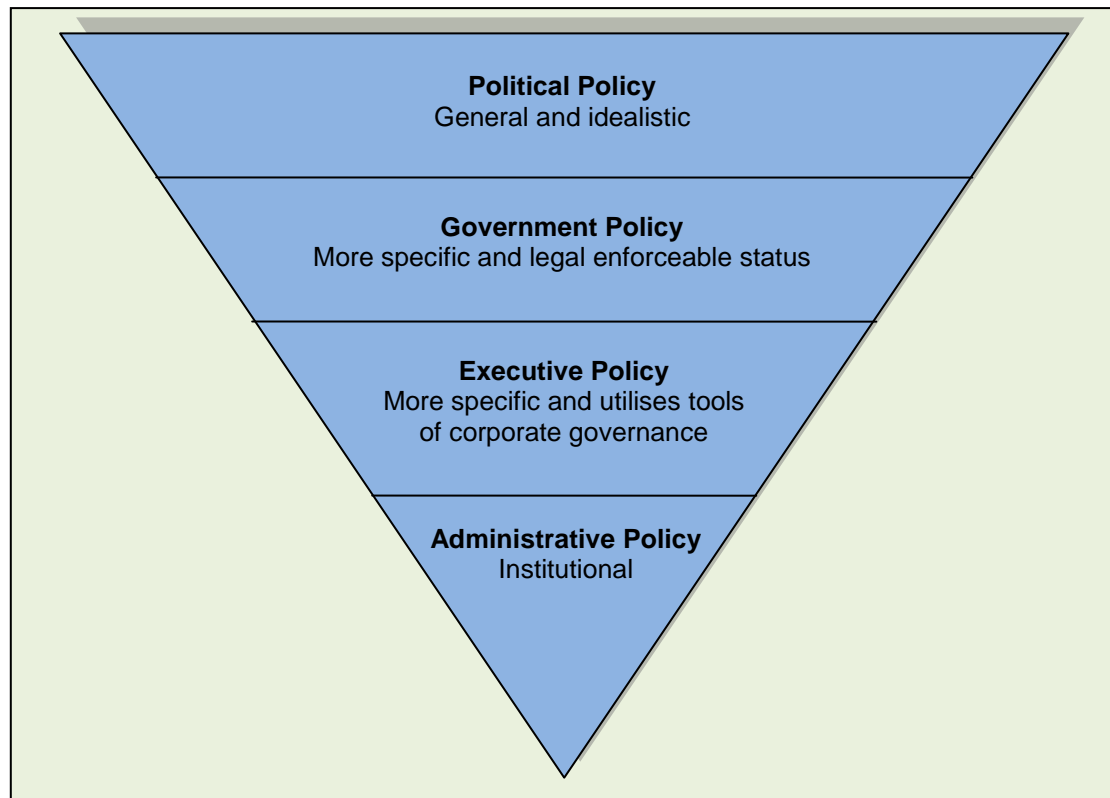
2.4.1 **Policy-making**

Public policy is the authoritative allocation of values through the political system to individuals in society and it is a purposive course of action to be followed by an actor or set of actors in dealing with a problem or matter of concern. Public policy is thus a response to opportunities or situations that need to be attended through well-conceived and clear goals followed by government action. Public policy consists of details as to what should be done, by whom, when, how and with what resources (Friedrich, 1963:79).

According to Minnaar (2010:19), there are two important elements in public policy. The policy-making process is goal-driven and therefore the ultimate aim is to deliver some measurable value, and secondly, the process takes place within a specific environmental context or situation characterised by change, which influences the scope and nature of goals that must be pursued. The public nature of goals means that the needs and demands of people and their collective interaction in a specific political system are incorporated into the final expression of these goals. Approved expression by means of political sanction implies that the wishes of the citizens are enforceable by political representatives on behalf of the people.

The public policy-making process starts with the political policy-making process followed by the government policy-making process, which is followed by the executive policy-making process, and finally, the administrative policy-making process. This whole process of policy-making is illustrated in Figure 2.1. During the political policy-making process, various political parties and community-based organisations translate the needs of the people into government policy. The result is that defined political goals are incorporated into a national policy agenda. The government policy-making process takes place when duly authorised representatives from various political parties approve policy proposals, which are enforceable in nature. The executive or functional policy-making process takes place when political executives are made responsible for the translation of government policy into applicable functional areas in government. This process takes place in collaboration with senior public managers in various government departments and agencies. The administrative policy-making process is to formulate operational guidelines and frameworks for administrative regulation. The goals of these policies relate to issues such as the creation of structures and staff establishments, the

allocation of resources, work methods and procedural arrangements for organisational effectiveness (Minnaar, 2010:19-20)

Figure 2.1: The public policy-making process

Source: Minnaar. F. 2010. *Strategic and performance management in the public sector*. Pretoria: Van Schaik, page 19.

Policy-making incorporates many actions that can ultimately lead to public policy. No administrative action can take place if explicit goals and objectives have not been put in place (Kuye *et al*., 2002:71). These goals and objectives should be based on the concrete needs of society. During the process of objective identification, the 'what', 'how' and 'by what means' will be considered to determine the best way to proceed. The legislative body fulfils an important role at this stage of policy-making by deciding on public policy and the tasking of public institutions to implement the legislator's policy decisions. The legislative body also stipulates the degree to which the public institutions will be involved in matters concerned. Policy becomes important for the public administration practitioner after the legislation has been passed (Hanekom & Thornhill, 1993:63).

2.4.2 **Financing**

According to Musgrave (1959:4), sound, transparent and accountable management of public finances is at the core of organisational performance. Financial performance management as a prerequisite for organisational performance determines to a large extent the government's capacity to implement policy and manage public resources through its own institutions and systems. Financial performance provides the foundations upon which to build effective, capable and accountable administrations, able to fulfil their responsibilities and deliver basic services to the poor.

Financing in public administration focuses on the prioritisation and use of scarce resources, ensuring effective stewardship over public money and assets and achieving value for money in meeting the objectives of government, i.e. rendering the best possible services. This must be done transparently and in terms of all relevant legislation. The financing function within a government includes various activities: formulation of fiscal policy; budget preparation; budget execution; management of financial operations; accounting; and auditing and evaluation (Musgrave, 1959: 4).

In order for a government to render services to its citizens, it needs money to finance the government and deliver the services. The state uses public money and receives this public money from the public in the form of taxes, tariffs, levies, fees, fines and loans (Botes *et al.,* 1998:314). Public money belongs to the community of citizens in a state, called 'the people' and not to the government. People are concerned that governments do not spend their taxes appropriately and there is the quest to know how and for what purpose their taxes are spent. This prompts governments to become accountable, performance- and results-orientated (Pauw et *al.*, 2002:6).

Public finance management includes resource mobilisation, prioritisation of programmes, the budgetary process, efficient management of resources and exercising controls. Rising aspirations of people are placing more demands on financial resources. At the same time, the emphasis of the citizenry is on value for money measured in terms of economy, efficiency and effectiveness, thus making public finance management increasingly vital (Woodhouse, 1997:47).

The word *budget* comes from "budjet", a Middle English word for the king's bag containing the money necessary for public expenditure. Budgets evolved in two

directions. At first, legislatures fought to take control of the budget and make governments accountable for the use of resources. In democratic societies, for instance, approval of the budget (the "power of the purse") is the main form of legislative control of the executive. The budget authorises the executive to spend and collect revenues. In later years, the scope of government activities expanded considerably, and the role of the government budget became more complex. Today, government expenditure is aimed at a variety of objectives, including economic development, and social goals, or redistribution objectives. Hence, governments need sound fiscal policies, i.e. policies concerning government revenues, expenditures, and borrowing to achieve macroeconomic stability and other government objectives. The budget is the most potent instrument of the government in carrying out its policies. In countries with representative governance systems, the budget is the financial mirror of society's choices. Public money should be spent only under the law (Allen & Tommasi, 2001:450).

Accounting and reporting systems are crucial for budget management, financial accountability, and policy decision-making. Traditionally, government accounting was aimed at assuring compliance and proper use of public monies. For this purpose, the cash budget, and cash and commitment accounting provided an adequate framework. Experience of performance budgeting during the 1960s to 1970s, the need for managing business activities of the government or for preparing the national accounts, led a few countries to develop accounting systems that encompass liabilities and assets. To assure not only financial compliance but also operational efficiency and results, these accounting and financial reporting systems require spending entities to report their full financial position (including their stock of assets and liabilities), and to assess the full costs of their operation, including the use of assets. In parallel, concerns about the future impact of current policy decisions give governments an incentive to improve their accounting for liabilities (Woodhouse, 1997:47).

2.4.3 Human resources

Human resource management or personnel administration is a multifaceted function, which that includes the generic enabling functions of policy-making, financing, staffing, organisation, procedures and control, as well as social and labour issues. Just as no government department can function without money, it cannot function without people to carry out its work. Public institutions generally

have a division that deals with human resource management based on legislation of the government of the day (Van Dijk, 2003:41).

Human resources are about people and the administrative processes associated with them. It is about employee satisfaction and motivation and performance. The personnel function consists of a network of functions and functional activities, supported by analytical methods and normative guidelines in order to provide competent, motivated personnel for the public service environment (Andrews, 1987:3).

2.4.4 **Organisation**

Organisation and organisational theories have been prolifically researched and described in the literature, but the question arises: what is it that public administration practitioners really do when they are working? The work includes practical judgements, the everyday taken-for-granted routines and practices, the specific and implied knowledge applied to situations, the day-to-day working in the legal-moral environment of bureaucracies and the mastering of demanding human emotional interactions (Wagenaar, 2004:648). The process of organisation involves, among others, different structural arrangements, line and staff units, span of control, delegation of authority, centralisation and decentralisation and co-ordination of activities (Botes *et al.,* 1997:346). Wagenaar (2004:651) describes the key task of the administrator as follows: "*Confronted with the complexity and overwhelming detail of everyday work situations, administrators have to turn the partial descriptions of such situations, as exemplified in formal rules and procedures, into concrete practical activity with acceptable and predictable outcomes.*"

2.4.5 **Methods and procedures**

Methods and procedures relate to administrative practices that are designed to make it possible for administrators to carry out their daily work. These methods and procedures are not law, but they are derived from a combination of the many agreed authorisations the institution gives to the administrators to do their work. Methods and procedures are usually put in writing in the form of manuals or managerial policies and need to be revised regularly to ensure improvement and control (Botes *et al.,* 1998:332). Economy, efficiency and effectiveness are the pillars of not only financial administration, but also administrative practices as incorporated into

methods and procedures (Woodhouse, 1997:47). Over the years, a change has taken place in focus from procedural correctness to the efficiency and performance methods that are concerned with customer satisfaction rather than process rights. Many of the new public management methods and procedures have been adopted from the private sector (Woodhouse, 1997:221).

2.4.6 Control over the administration

As early as 1932, Mary Parker Follett said that "*the object of organisation is control, or we might say that organisation is control*" (Gulick & Urwick, 1937:161). She described the fundamental principles of organisation as co-ordination of all related factors in a situation, co-ordination of people concerned, co-ordination in the early stages of the situation and co-ordination as an ongoing process. According to Follett (in Gulick & Urwick, 1937:161), these principles form the foundation and process of control, but also indicate that control is a process.

The ultimate aim of control over the administration is accountability and transparency of government. Control is applicable to financing, staffing, procedures and methods and organising, as well as control itself. The control process normally starts by the setting of standards and then measuring the performance against the set standards (Botes *et al.,* 1998:364). Control is also linked to governance with specific reference to openness, participation, accountability, effectiveness and coherence (Rowe, 2008:2).

2.4.7 Management

In the past, there has been some confusion about the study of management in public administration, a field that studies government institutions which are service-oriented (Botes *et al.,* 1998:353). *Public management* refers to the study of management as a unit of administration. Administration uses policy, finance, personnel, procedures and control for goal attainment, whereas management is concerned with the mobilisation of the individual skills of good managers to make administrative tools operational by applying intellectual activities (Botes *et al.,* 1998:354).

The main functions of a manager are to plan, execute, lead and control the execution of the planned activity. Fox, Schwella & Wissink (1991:2) adopted a concrete and

operational approach in the context of public administration and ascribed a wide meaning to public administration based on an open-systems approach. They define *public administration* as "*that system of structures and processes operating within a particular society as environment with the objective of facilitating the formulation of appropriate governmental policy and the efficient execution of the formulated policy*". Based on this definition they further explain that public administration is much wider in scope and nature than public management: "*Public management is only a part of public administration and care should be taken not to reduce public administration to public management.*" Public administration (the activity), and therefore also Public Administration (the discipline), has a broader scope and nature than public management. In this view, public management is therefore only a part of Public Administration.

Shafritz & Russell (2005:19) describe *Public Administration* as a management specialty. "*Management refers both to the people responsible for running an organisation and to the running process itself – the use of numerous resources (such as employees and machines) to accomplish an organisational goal.*"

2.5 FUTURE TRENDS IN PUBLIC ADMINISTRATION

Until the 1980s, public administration in different parts of the world was dominated and influenced by the three theoretical approaches, namely the managerial, political and legal approach. In some places, such as the United States, the focus of public administration was on developing management and professional capability, and applying organisational approaches that emphasised rationality and efficiency in management. The influence of elite bureaucrats and professionals, and the use of organisational knowledge in policy-making were high (Caiden, 1982:35). However, with the rapid developments in information and communication technologies, globalisation of world economy, and subsequent difficulties in public service delivery during the past few decades, the traditional practices of public administration proved to be rather outmoded, unresponsive and ineffective in resolving societal problems (Roosenbloom & Kravchuk, 2002:129).

The centralised system of governance has raised many questions pertaining to democratic participation, equity, efficiency and effectiveness. Government and its public institutions being the central organiser and provider of public services produced undesirable consequences, such as inefficiency, corruption, and people

dissatisfaction with service delivery. The discontent with the traditional bureaucratic administration has led to the emergence of a new concept, namely *governance*, dominating the reform debate in public administration. Debate about reform has been analysed beyond the new public managerialism, with a view of the government as one of many social actors whose influence determines the means and ends of public policies (Pollitt, 2003:38). It should also be noted that governance can actually not be separated from stewardship and in this regard, stewardship will be analysed in the next section.

2.5.1 Emerging governance concepts

The concept of *governance* is not new and it is as old as human civilisation. *Governance* means "*the process of decision-making and the process by which decisions are implemented (or not implemented)*" (UNESCAP, 2007). The term *governance* has a clear origin from the Greek verb "kubernáo" which means "to steer, guide or govern" and was used for the first time in a metaphorical sense during the pre-generation era by Plato. From a Greek word, it moved over to Latin, where it was known as "gubernare" and the French version of "governer". It could also mean the process of decision-making and the process by which decisions may be implemented (Clark, 2004:2).

In terms of distinguishing the term *governance* from *government,* "governance" is what a "government" does. It might be a geo political government (nation-state), a corporate government (business entity), a socio-political government (tribe, family, etc.), or any number of different kinds of governments. But *governance* is the kinetic exercise of management power and policy, while government is the instrument (usually, collective) that does it. The concept of *governance* also encompasses two main approaches, one that sees governance as concerned with the rules of conducting public affairs, and the other, which views governance as an activity of managing and controlling public affairs (Hyden & Court, 2002:14).

Denhardt & Denhardt (2007:4) define *governance* as the exercise of public authority. The reference to *government* is usually about the structures and institutions of government and those public organisations formally charged with setting policy and delivering services. *Governance*, on the other hand, is a much broader concept. *Governance* encompasses the traditions, institutions and processes that determine how public authority is exercised, how citizens are given voice, and how decisions

are made on issues of public concern. Governance speaks to how society actually makes choices, allocates resources and creates shared values; it deals with societal decision-making and the creation of meaning and place in the public sphere.

According to Bingham, Nabatchi & O'Leary (2005: 548), the concept of *governance* has been explored in many academic fields, such as political science, public administration, policy-making, planning and sociology. The concept of *good governance* gained prominence during the eighties following the World Bank and International Monetary Fund (IMF) report (IMF, 1997), which highlighted the economic crisis confronting *Third World* countries, and specifically, sub-Saharan Africa. The view that emerged from the World Bank and IMF centred on the democracy-development relationship. The World Bank's statement positioned *democracy* as a necessary precondition for development. *Good governance* was reflected as the existence of a multiparty democracy, rule of law and free press, which kept political leaders accountable in view of the fusion of the role of politics and administration (Wohlmuth, 1999:7).

The concept of *governance* transcends the conventional boundaries of public administration. *Public administration* is concerned with the formal institutions of government, whereas *governance* focuses upon wider processes through which public policy is effected. *Governance* refers to the development and implementation of public policy through a broader range of private and public agencies than those traditionally associated with government. Because government is increasingly characterised by diversity, power interdependence and policy networks, governance stresses the complexity of policy-making, implementation and accountability relationships between a variety of state and societal actors at various levels, globally and regionally, and at national government level, as well as in local administrations. In governance theory, the relationships between state and non-state actors become less hierarchical and more interactive. In this way, *governance* denotes a highly fluid institutional and policy matrix in which the powers and responsibilities of different actors and tiers of government are in flux (Wohlmuth, 1999:7).

Hyden & Court (2002:19) define *governance* as the formation and stewardship of the formal and informal rules that regulate the public realm, the arena in which state as well as economic and social actors interact to make decisions. Here, *governance* refers to the quality of the political system rather than technical capacities or distributive aspects, which they argue are a function of policy. Table 2.2 propose six

governance arenas or principles: the socialising, aggregating, executive, managerial, regulatory and adjudicatory, which Hyden & Court (2002:19) argue, are important in shaping policy processes and producing desired development outcomes.

Table 2.2: Functional dimensions of governance and their institutional arenas

Functional dimensions	Institutional arenas	Purpose of rules
Socialising	Civil society	Shape the way citizens become aware and raise public issues
Aggregating	Political society	Shape the way ideas and interests are combined into policy by political institutions
Executive	Government	Shape the way policies are made
Managerial	Bureaucracy	Shape the administration and implementation of policies
Regulatory	Economic society	Shape the way state and market interact to promote development
Adjudicatory	Judicial system	Shape the setting for resolution of disputes and conflicts

Source: Hyden, G. & Court, J. 2002. Assessing governance: methodological challenges, World Governance Survey Discussion Paper 2, Tokyo: United Nations University, page 21.

Hyden & Court (2002:21) argue that *governance* is an aggregation of the above six dimensions and the way these dimensions are articulated and function should constitute the basic measures of governance.

2.5.1.1 Characteristics of good governance

Governance embraces all the methods (good and bad) that societies use to distribute power and manage public resources and problems (UNDP, 1997:19). Sound or bad governance is therefore subsets of governance, depending on whether public resources and problems are managed effectively, efficiently, and in response to the critical needs of all members of society. For the UNDP, a system of governance is good when it satisfies these conditions. It is participatory, meaning it allows both men and women a voice in decision-making, either directly or indirectly. It is legitimate and acceptable to the people; transparent and accountable; promotes equity and equality; operates by the rule of law, which means legal frameworks are fairly and impartially

enforced; responsive to the needs of the people; and efficient and effective in the use of resources (UNDP, 1997:19).

Good governance is a form of governance that embodies eight specific characteristics, and can be seen as an ideal of governance (UNESCAP, 2007):

1) Accountability - accountability is a key requirement of good governance. Not only government institutions but also the private sector and civil society organisations must be accountable to the public and to their institutional stakeholders. In general, an organisation or an institution is accountable to those who will be affected by its decisions or actions.

2) Consensus-orientated - there are several actors and as many viewpoints in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve such development.

3) Effectiveness and efficiency - good governance means that processes and institutions produce results or outcomes that meet the needs of society while making the best use of the resources at their disposal. The concept of *efficiency* in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

4) Equity and inclusiveness - a society's well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society.

5) Participation - participation is a cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. Participation needs to be informed and organised, which requires freedom of association and expression and an organised civil society.

6) Responsiveness - good governance requires that institutions and processes try to serve all stakeholders within a reasonable time frame.

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7) Rule of law - good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

8) Transparency - transparency means that decisions made and their enforcement are achieved in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement.

Good governance is about performance and conformance. *Performance* is defined by how an institution uses governance arrangements to contribute to its overall performance and the effective delivery of goods and services. *Conformance* is how an institution uses governance arrangements to ensure it meets the requirements of the law, regulations, published standards and community expectations of probity, accountability and openness. Conformance is aligned with the generic functions of public administration and on a daily basis, governance is typically about the way public servants make decisions and implement policies (Rowe, 2008:2). The next section will elaborate on the role of stewardship as a critical determinant of good governance.

2.5.2 The emerging need for stewardship in public administration

Stewardship is the personal responsibility for taking care of another person's property or financial affairs. Historically, stewardship was the responsibility given household servants to bring food and drinks to a big castle dining hall. The term was then expanded to indicate a household employee's responsibility for managing household or domestic affairs. Stewardship later became the responsibility of taking care of passengers' domestic needs on a ship, train, or an airplane, or managing the services provided to diners in a restaurant. The term continued to be used in these specific ways, but it is also used in a more general way to refer to a responsibility to take care of something someone does not own or taking good care of resources entrusted to one.

In a public administration context, *stewardship* refers to public servants' responsibility to utilise and develop all resources, including its people, its property and its financial assets in the most economic, efficient and effective way. *Stewardship* also refers to

the keeping and safeguarding of someone else's financial affairs and, therefore, the use of 'wise' administrative practices to achieve good governance practices. From an ethical perspective, *stewardship* can also be seen as a function of government responsible for the welfare of the population, and concerned with the trust and legitimacy with which its activities are viewed by the citizenry. It requires vision, intelligence and influence in the practice of managing or looking after the well-being of the public administration environment.

Another way to conceptualise *stewardship* is to link it with performance improvement in four potential areas. First, by the resource input requirements, and secondly, the throughput requirements, often viewed as process efficiency, measured in terms of time, waste and resource utilisation, thirdly, output requirements, often viewed from a cost/price, quality, functionality perspective, fourthly, outcome requirements, did it end up making a difference?

Stewardship theory has its roots in psychology and sociology and is defined by Davis, Schoorman & Donaldson (1997:20) as *"a steward protects and maximises shareholders' wealth through firm performance, because by so doing, the steward's utility functions are maximised"*. In the public administration perspective, stewards are public servants serving the needs of citizens in the most economic, efficient and effective manner. Stewardship theory recognises the importance of structures that empower the steward and offers maximum autonomy built on trust. It stresses the position of public managers to act more autonomously so that the shareholders' returns are maximised (3Es). Indeed, this can minimise the costs aimed at monitoring and controlling behaviours. However, in order to protect their reputation as decision-makers in organisations, public managers are inclined to operate the government organisation to maximise financial performance as well as shareholders' profits (needs of citizens). In this sense, it is believed that the government organisation's performance can directly impact perceptions of their individual performance (Donaldson & Davis, 1991:65). Figure 2.2 depicts a stewardship model.

Figure 2.2: The stewardship model
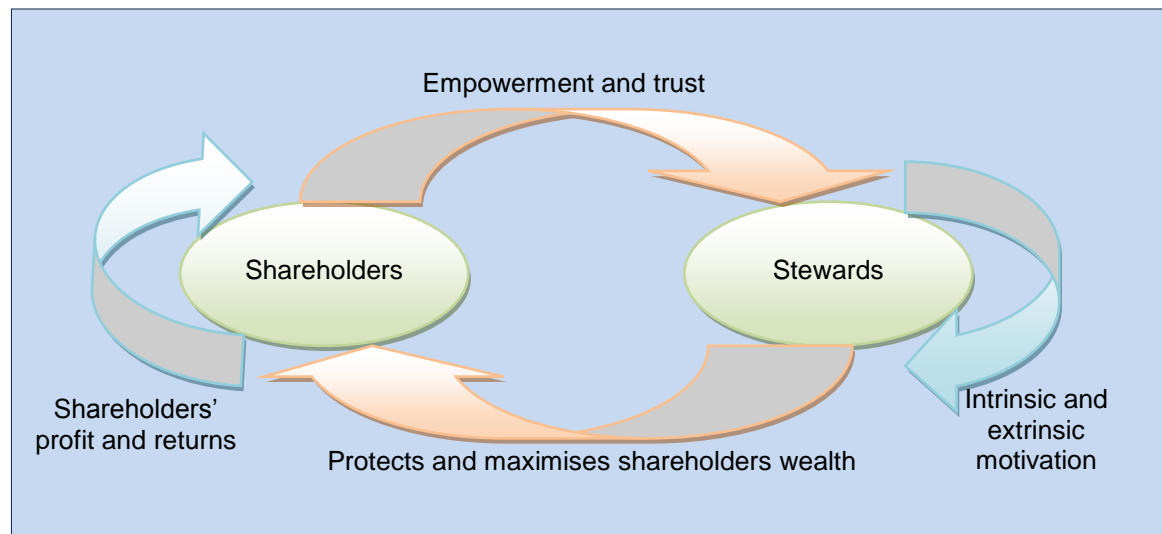
Source: Adapted from Abdullah, H. & Valentine, B. 2009. *Fundamental and ethics theories of corporate governance*. Faculty of Economics and Management, Graduate School of Management, University of Putra, Putra: Malaysia, EuroJournals Publishing, page 91.

Performance assumes an actor of some kind (stewardship) being an individual person or a group of people acting in concert. In public administration, the performance platform is provided by the functions of public administration used in the performance act based on good governance for the economic, efficient and effective delivery of goods and services, meeting the needs of society. There are two main ways to improve performance: improving the measured attribute by using the performance platform more effectively, or improving the measured attribute by modifying the performance platform, which, in turn, allows a given level of use to be more effective in producing the desired outcome (Donaldson & Davis, 1991:65).

Stewardship in the context of public administration underlines the relationship between the public administration environment, the generic functions of public administration and management and the application of good governance principles in order to provide the opportunity for enhanced public financial performance. The following chapters of this study will contribute towards a conceptual model for public financial performance management based on an improved and/or modified performance platform.

2.6 CONCLUSION

This chapter was devoted to the contextualisation of Public Administration. Different stages and events in the historical development of the discipline and the practice of public administration were discussed. The development of administrative theories and schools of administrative theories were discussed to give a broader picture of the different approaches that influenced public administration. An attempt was made to define public administration and explain the generic functions of public administration, policy-making, financial administration, human resources, organisation, methods and procedures, control and management.

Public administration is indeed a composition of activities guided by the generic functions of public administration. The generic functions must be seen as a whole and could never be isolated as it is impossible to deal with policy-making without considering issues related to financing, management or any of the other generic functions. When dealing with organisational arrangements and staffing, it is obvious to consider funding and other functions as a key prerequisite for performance and organisational success. All administrative and managerial issues that form the study of public administration and management are dominated by public policy. The political environment of public administration and management distinguishes the discipline from other related disciplines and categorises it exclusively.

The last part of the chapter expanded on the future trends related to the development of public administration and the conceptualisation of governance, emphasising the future role and place of the state in the social system. In the study of Public Administration, scholars must acknowledge the presence of private-sector phenomena. Governance in contemporary society has created a need to reconsider the implications of poor performance and specifically, inefficient and ineffective government action.

Performance management must be viewed in the historical context as an evolution in the field of public sector management. Employing a governance perspective and a new focus on public service allows researchers to explore the full range of policy choices, management strategies, ethical responsibilities and civic commitments that are necessary for effective and responsible public administration. It also highlights the complexities of democratic governance and citizen engagement. Democracy involves a diverse collection of people, beliefs, traditions, processes, and structures,

which come into play when public decisions are made. In such a milieu, public administrators are required not only to deal with the traditional concerns of public administration and management, policy development and service delivery but increasingly, the job of public administrators will be that of fostering citizenship and identifying, creating and managing public values.

The next chapter will align the domain of public administration as a practice with the role and functions of government. The basic functions of an economic system and the ideological basis of the state will precede the analysis of the nature and function of public services and the future role of government.