

BEYOND BUREAUCRATIC AND PROFESSIONAL ORGANISATION

AIM: To explain key features and limitations of bureaucratic organization and professional organization. To explain policy change to promote quality management, health and democracy.

BUREAUCRACY, LEADERSHIP, STATUTE AND THE COMMON LAW TRADITION

Any organization has an existence and order, which is independent from its members and is constructed and reconstructed to seek specific goals. It is a form of social relationship, which historically has been closed, in that it limits the admission of outsiders. Bureaucratic organization, whether in the private or public sector, is concerned with administration of organisational goals through controlling, co-ordinating, and managing complex tasks and large work volumes. The goal driven and rational systems of operation, which the sociologist, Max Weber, claimed are characteristic of bureaucratic organizations, are likely to develop whenever large amounts of work must be undertaken in an orderly fashion. Ideally, the bureaucratic organization has continuous and rationally operating staff whose activities support the organisational goals. Bureaucratic action is supposedly instrumental, rational action, in that there is supposedly a clear awareness of goals and actions necessary to implement them.

Weber is perhaps most famous for addressing the bureaucratic 'ideal', which is discussed later. He described the abstract theoretical expectations driving the structure and operation of bureaucracy. He also distinguished between three types of authority. **Charismatic** leaders are able to sway and control their followers by direct emotional appeals, which excite devotion and strong loyalty, often in spite of the existing social structures for control or leadership. Jesus, Castro or Hitler might be seen as examples of charismatic leaders who developed a powerful and passionate following from an initially small base. **Traditional** authority rests on acceptance of the 'rightness' of established customs and traditions. Queen Elizabeth of England or the Pope would be examples of traditional authority. Finally, Weber outlines the hallmarks of **rational-legal** authority, which is based on the acceptance of the required implementation of an impersonal set of rules, which it is expected will be fairly and rationally constructed. Those who issue commands are able to have them obeyed because of general acceptance of the framework of regulations, which supports the establishment and carriage of their authority. Bureaucratic authority, which is discussed later, is ideally a form of rational-legal authority. Weber was writing before the development of **quality management**. Ideally this involves a more democratic and scientific form of earlier bureaucratic and professional authority and decision making, where management goals are broadly and consultatively defined and pursued openly. Accountability is based on evidence rather than rule driven. This is also addressed later.

In modern Australian democracy, one must clearly distinguish between the roles of politicians, government bureaucrats and the courts. The politicians are elected by the populations they supposedly serve and primarily have the responsibility to make laws (statutes) and policy on behalf of these communities. Theirs is a predominantly rational-legal form of leadership, which sometimes has a charismatic element. Senior bureaucrats, who head government departments, have the primary responsibility to see that the laws and related prescriptions of the elected political representatives are implemented. Their leadership is also rational-legal. The courts are responsible for making judgments when claims are made that a law has been broken, and when one group or individual claims to have been wronged by another. The courts are expected to abide by the stated requirements of relevant law, but specific decisions by judges have their own particular regulatory influence, which may also cause parliament to amend existing law.

The Australian court system, in which disputes are fought adversarially, under the control of opposing lawyers and in the light of decisions by earlier judges, is historically based on 'common law' dispute settlement practices which had existed in Britain since the 11th century. The essential elements of this were transferred to the colony. The continuing power of courts dates from the lawyers' monopoly control of this earlier, adversarial tradition which was also linked to the supposedly divine authority of the British monarch. This legal tradition is also supported by adversarially developed rules of evidence which are still designed primarily in the interests of gaining 'a fair fight' in a closed arena, rather than the truth. Assumptions underlying the current adversarial system and its rules of evidence predate the development of capitalist management, science, the welfare state and the rise of apparently more rational bureaucratic and administrative structures based on business interests, science or statutes. The application of the judicial system combines rational-legal authority and traditional authority. The latter element remains strongly protected by those who monopolize and benefit from it. Weber pointed this problem out in 1910. It has been addressed in a range of recent Australian government reports. Will it ever change?

BUREAUCRACY, THE DIVISION OF LABOUR AND ITS HUMAN LIMITATIONS

The development of bureaucracy is historically related to the development of an increasingly specialised division of labour, which tends also to generate hierarchies of authority and discrete systems of rules. Bureaucratic organization occurs in both the public and private sectors. The primary goal of the private sector bureaucracy is, ideally, profit for the shareholders. The primary goals of the public sector bureaucracy are administration of the law and provision, when necessary, of its required services. Many other types of voluntary organization exist in society. The historical roots of bureaucracy are to be found in the earliest tax gathering systems, but the increasing division of labour in the 20th century and the related growth of bureaucracies are also linked to the developing doctrine of scientific management, which was proposed by Frederick Winslow Taylor at the turn of the century. This was also the period when mass production and the moving assembly line were sweeping the developed world, led by the U.S. car manufacturer Henry Ford and others. (Ford famously said that 'history is bunk'). Taylorism had three key principles:

- Management should gather all the traditional knowledge of working people and reduce this to rules, laws and formulae
- 'Brain work' should be taken away from the factory floor and carried out in a planning department
- Management should plan the work and give instructions to each worker, specifying exactly what he or she should do.

Dividing operations in this way allowed tasks to be reduced to a level of simplicity which facilitated their constant and therefore highly productive repetition, by a wide range of people who needed little training. This division of tasks also facilitated the payment of a multiplicity of different wage scales for different levels of skill. This lowered production costs, broke down workers' sense of solidarity by creating career paths, and made many of them easier to replace. The continuing division of labour is thus the product of capitalist production methods, which seek constantly to control and replace labour in order to reduce the costs of production. Productive specialisation, research and development, accompanied by deskilling as a result of dividing and replacing earlier tasks with technological solutions, are all fundamental to development. However, the Hawthorne studies and other research by organisational psychologists, which began in the 20th century, showed that 'scientific management' of tasks and workers takes far too narrow a view of human beings. Researchers found that financial incentives were insufficient to motivate people and to ensure their cooperation. Psychologists have since catalogued a range of related needs. These include

social needs (such as friendship, group support, acceptance, approval, recognition and status) and the need for the individual's talents, creativity, personality and family commitments to be recognised.

Industry research demonstrates that work commonly involves continually changing patterns of deskilling, up-skilling, or multi-skilling as a result of historical change, technological development and related organisational restructures, which are driven increasingly by requirements of a global market. Throughout the 20th century, as the market continued its expansion and new technologies were invented, mass education of the workforce was required in many areas. Work and community relationships must continually be rethought by governments, employers and communities in regional, national and global context, especially in the light of new computer based information technologies. Key service and information accessibility, client and community consultation and provider accountability are all seen as increasingly important for improving outcomes in the information age. Business success is likely to depend upon more flexible and creative production. It also depends increasingly upon improving treatment of the consumers, communities and related natural environments which support production. Florida and others have argued that the most creative and flexible workers will be most highly prized in the emerging communications revolution. In this environment, good management is increasingly thought of as meeting all the needs of workers, clients and communities, rather than conceptualising people as one dimensional, robotic beings driven by money. It is vital, for example, to consider a wide range of potential needs during the development of enterprise and workplace agreements. Broad, flexible, continuing, life long education and related communication opportunities are needed to support these endeavours as effectively as possible.

THE GROWTH OF BUREAUCRATIC GOVERNMENT

In the 19th century, Marx conceptualised government bureaucracy primarily as an organisational structure to support the affairs of capitalists, (the exploiters of the land, factories and related means of production), as effectively as possible. He saw the task of bureaucratic government as being to regulate and administer the nation in the collective capitalist interest, which involved harmonising the interests of individual capitalists. Such a perception was probably based on the reality of the 19th century European context, but would be less relevant in the democratic societies of today, where all adults regularly vote. There is also an independent press and television. In a democracy, these and other forces strongly influence government behaviour.

Marx saw senior bureaucrats as more powerful than elected politicians, at a time when only male property holders had the vote. He saw bureaucratic behaviour as obedient to the will of capital, and secretive, passive, and formal in this function. He put his faith in trade union organization, collective bargaining and the strike, rather than in calling for the extension of suffrage, as the essential tools of popular struggle. His view of the state, or government, was that it needed to be smashed as a result of popular revolution, and then totally reconstructed to meet the needs of the people, rather than the ruling class. He saw popular revolution as highly likely, if not inevitable, as he believed that the increasing substitution of technology for labour power would also cause increasing unemployment, misery and anger. He underestimated the combined effects of the productivity of capitalism and the extension of the vote on the nature and goals of government.

Writing in the early 20th century, Weber saw bureaucratic government administration as the by-product of the development of democracy. He built upon the views of Marx that society was driven primarily by the two classes involved in the system of capitalist production, but was also very interested in the structures of the labour market and growth of bureaucracy. He thought the development of government bureaucracy resulted from the increasingly popular pressure for rules, which have the appearance of dealing with all people fairly and equally. In

Weber's view, the franchise and other forms of democratisation, such as education and the free press, strongly promoted further bureaucratisation. He thought the nature of regulation and government administration primarily reflected the struggles of an increasingly wide range of interest groups and under-classes seeking to achieve equality of treatment.

As capitalists tried constantly to produce their goods more cheaply and sell them more widely than their competitors, this also fuelled a broadening range of demands for government intervention in the marketplace and for more government services. Such demands came from employers and trade unions, but also from many other social groups who saw a benefit for themselves in this. Demands also came from those who sought reform on behalf of the poor and powerless. Continuous development of government regulation and service provision in turn facilitated the increasing productivity of the capitalist system and larger amounts of taxation. Weber argued that every bureaucracy seeks to increase the superiority of the professionally informed by keeping its knowledge and intentions secret. The growth of government and private sector bureaucracies began providing sustenance for the growth of managerial elites, who then pursued their own interests and agendas under cover, using shareholder or taxpayer funds.

THE NATURE OF BUREAUCRATIC ORGANIZATION

Weber contrasted the high value bureaucracy supposedly places on rational action with the high value placed on traditional or emotional action by other social institutions, such as the family. He thought bureaucratisation involved precise calculation of the means necessary to attain goals, and therefore called its operations calculative action in an institutional form. Weber described the ideal bureaucrat as a person who performs his duties in a spirit of formalistic impersonality. He or she recognises that business should be conducted according to rules, without regard for persons. Bureaucratic administration is therefore an aspect of domination through a certain kind of knowledge – the knowledge of rules. It also serves to further segregate official activity and its forms from the spheres of private life. While positive emotions such as love are expected to drive the latter realm, the bureaucratic mind seeks elimination of love, hatred, and all purely personal, irrational and emotional elements. The values which carry most weight are precision, speed, consistency, knowledge of rules, subordination to the chain of orders, and reduction of friction.

Much has been written about the problems of 'the iron cage' of bureaucracy. All these criticisms relate to the charge that, in spite of its goals, bureaucracy does not provide service effectively. Firstly, those who are at the top of the pyramid are likely to owe their primary allegiance not to organisational goals but to the maintenance of their personal power and the furtherance of their own careers and related empires. Because the main traffic of information is down and up long hierarchies, people further down become like cogs in a machine, clinging to their little jobs and striving only towards bigger ones. In this process they tend to obey, flatter, conceal and lie to those immediately above them who control their fate. Typical bureaucratic employees are described as wanting to become people who need order and nothing but order – who become nervous and timid when order falters, and helpless if they are torn away from total incorporation in it. The structure thus encourages a lack of flexibility, imagination, knowledge and compassion in dealing with individual clients and situations. The initiative of subordinates is crushed and encouragement is given instead to a mania for promotion, which necessitates bowing and scraping to superiors, and telling them what they appear to want to hear.

Bureaucracies are hierarchical management silos. The bureaucratic organization usually defines merit in terms of bureaucratic status, pay and related length of time in the organization. This promotes control by long-serving brethren of similar social heritage and outlook. Bureaucratic reporting lines have an innate tendency to lengthen, as senior officers constantly seek to enhance their prestige and reduce their workload by employing high-level

subordinates. Those at the bottom of the chain seek constantly to scramble up it, away from the more demanding and difficult interaction with the service clients. The outcome of this structure is that the needs of clients may come behind all others, and may be little understood by those at the top, who seek to protect their interests in easier ways than client satisfaction. The basic bureaucratic response is increasingly to seek to protect oneself, by keeping everybody else in the dark about one's knowledge and actions. Other bureaucracies and related red tape proliferate, as customers or clients try to get their needs addressed elsewhere, and seek to find redress for their complaints.

THE DEVELOPMENT OF PROFESSIONS AND ALLIED OCCUPATIONS

The traditional professions, such as law and medicine, arose before the industrial revolution of the late 18th and 19th centuries. Professional status is essentially based on an individual being acknowledged by existing experts in the field as having a right to practice. Achieving this recognition depends upon the person being judged as sufficiently expert in a particular area of study and related work, to render personal services effectively. A comparatively long period of theoretical and practical training is usually considered necessary prior to attaining the right to practice. Government has traditionally allowed professional groups to exercise control over the entry requirements to their professions and related practicing rights. Professional peers have also controlled the nature of training and the requirements for entry to it. Unless an angry client has sued at common law, (one cannot sue a lawyer), the professional bodies have usually also been responsible for receiving complaints against their members and for deciding whether professional misconduct has occurred. Governments have historically accorded the members of professions these rights of self-determination because skilled professional service has been seen as essential for protection of the public, and only professionals have been seen as having the knowledge necessary to differentiate between those who should and should not practice. These powers have been entrenched by the growth of government and the expansion of tertiary education.

Today the term 'professional' is often applied loosely, to employees, but for centuries professionals were self-employed. They provided a service to those who could afford to pay and were free to charge whatever the market would bear. With the increasing development of industry, government bureaucracy and the welfare state, many professionals began to depend on government for their incomes. They became government employees, or became fee for service independent practitioners who also bill their services to the public purse, as in the Australian Medicare system. As government became a major employer of professionals, their independence was constrained but their collective organization power and influence broadened. Similar influences have also promoted the growth in employment or fee for service payment of large numbers of allied health, welfare, community development and education workers. According to Duckett (2004) the health industry accounts for 6.72% of the employed workforce in Australia and health professionals account for 43% of employment in the industry. Other groups include managers, cleaners, social welfare professionals, trades people, etc. Nurses represent two-thirds of the health professional workforce with medical practitioners being the second largest group at 14%. The next major health professional groups are radiographers, medical imaging technologists, pharmacists, physiotherapists and dentists, who together account for 11.7%. Seventy-seven percent of the health workforce is female, although the higher income professions tend to be male dominated. For example, 79% of specialist medical practitioners are male.

The Australian sociologist Evan Willis has argued that the dominant power of doctors in the health professions can be explained by three factors. Firstly, doctors are historically considered to be the legitimate experts on health-related matters. The medical profession is generally not under the direction and control of any other occupation, but has power to direct other health workers, such as nurses. Willis draws attention to the role of the state in passing legislation which gives doctors a monopoly on certain types of medical intervention. Weber

had earlier investigated many such attempts to enhance occupational status by claiming a monopoly on a skill and then seeking government legitimation for the monopoly. Weber gave the name 'occupational closure' to such ploys to gain control of a particular area of work through gaining legal definition of the requirements for its practice and training. This occurs in part through the development of state registration acts, which have also been sought, successfully or otherwise, by a wide range of allied health practitioners, such as physiotherapists and occupational therapists.

SHOULD WE ALL BE PROFESSIONALS NOW?

There are key differences between professional work and bureaucratic work. The latter primarily involves knowledge and application of an organisational system and its rules. The ultimate justification for an administrative act is that it is in line with the organization's regulations and has therefore been approved by the government minister or his representative. The professional, on the other hand, has traditionally been expected to exercise independent judgment and decision making powers autonomously, on the basis of the evidence related to a particular situation, and the authority vested in him or her as a result of being judged expert by professional peers in a particular field of study and its application. The law court is the highest authority and a professional domain, but government statute and policy expand and modify the professional role. Today, many professionally trained people work as employees of government, where they may be subject to the direction of managers in many matters, rather than self-determining. Government institutions are generally required to meet wider public agendas than those which drive the professions. From a public interest perspective, the autonomy of the professional is most useful when it promotes his or her ability to increasingly meet the requirements of clients and the community in an evidence based way. However, data about the comparative outcomes of professional and related treatment is not yet readily available in Australia. From a broader public interest perspective, and from the associated point of view of government and the taxpayer, the most obvious limitation of much current professional organization is that it is not publicly accountable enough. Professional status may therefore be used primarily to enhance the interests of professional groups, rather than to provide effective services to clients and the public.

Professionals should ideally act in evidence-based ways, which are guided by education, experience and codes of ethics, stressing the goals of service to the client. This has prompted some commentators to characterise the goals and functions of professions as intrinsically different and nobler than those of other occupations, where following orders or making money are supposedly the primary drivers. There has, however, been a rapid expansion of government regulation and services, plus development of education to support a widening range of public and private sector operations. Broad and applied education requirements are increasingly seen as necessary for effective service provision in the client and public interest across the board. The global computer network has also expanded opportunities for all employers, workers and clients to gain appropriate evidence to guide their actions. Today, many workers may claim they are experts in their field, seeking to provide vital, high quality services in the interests of their clients and the broader public. A code of ethics is recognised as a vital tool for most organizations and occupations. However, employees work to the directions of their manager, while the professional ideally remains self-determining, whether or not they are self-employed. Recent Australian legislation related to the development of national standards in health and environment protection and in supporting occupations makes no distinction between the professions and other types of work. The word 'occupation' is used across the board.

The potential similarities between the aims of professional organization and trade union activity were colourfully driven home on Australian television, when the former Liberal coalition government Minister for Health, himself a medical doctor, referred to the Australian Medical Association as 'a bunch of industrial thugs'. In reality, of course, the ability for

professional associations to pursue their legal or medical members' interests through control of the market for their services is much more comprehensive than most trade unions have ever been able to attain on behalf of their members. In later chapters the importance of quality management in all occupations is addressed. Quality management involves the consultative establishment of work aims and the development of related systems to ensure that work practice is increasingly governed by data driven management to achieve consumer, community and professional aims.

THE TROUBLE WITH COURTS FROM A HEALTH SCIENCES PERSPECTIVE

The traditional role of courts is to make judgements when disputes arise and law appears broken. Tribunals and related forms of alternative dispute resolution have also been established by government so as to increase public accessibility to dispute resolution which ideally will also operate less adversarially and more cost-effectively than courts. However, many of the ancient expectations of the British common law prevail, especially in the most powerful areas. In recent times, Australian policy makers have perceived a need to move towards more uniform, data driven and apparently effective approaches to the management of crime, disputes over personal injury, money, property and family matters. This is deemed particularly necessary to protect children and young people, to avoid withdrawal of health and other services to the general public and also to avoid further collapses of insurance companies. Inquiries have now gathered a great deal of evidence that the traditional court process hinders effective risk management. It does not provide data or service in a form which promotes prevention of injury or effective rehabilitation.

In comparison with medical practice, which has been driven by the development of science and applied technology, the practice of British and Australian law relies on the authority of the legal word. For example, from any scientific perspective, it appears irrational (and also undemocratic) to gather and treat evidence in an adversarial context, which is driven entirely by opposing lawyers, according to the letter of a very specific regulation, which may nevertheless appear to the outsider to have inadequate relevance to the broader forces operating in any particular social context under consideration. From a perspective in health or management, the decision of a judge in court may seem rather like that of a doctor who, on being presented only with opposing, biased and partial forms of secretly developed information, finally makes a text book driven diagnosis of a problem, with little interest in the outcomes of this decision on the victims and the wider society. It has been said that doctors bury their mistakes. At least their scientific data gathering practices have always shown that they are interested in the outcomes of their activity, in order to improve it for the patients and society as a whole. One cannot say the same for courts, because their operations and related data gathering still predate a scientific approach.

Weber recognised that the medieval, prescientific origins of legal language and practice supported a wealthy elite who lived off it for centuries. This has also retarded the development of more rational scientific, bureaucratic and professional procedures for decision making and related data gathering, to meet the public interest more effectively and cheaply. The report on compensation and professional indemnity in health care recommended that all states establish complaint mechanisms similar to those available in NSW under the Health Care Complaints Act, which established the Health Care Complaints Commission. The aims of the Commission include facilitating the maintenance of standards of health services, promoting the rights of clients by providing mechanisms for resolution of complaints, and providing an independent mechanism for assessing whether disciplinary action should be taken against health practitioners. Complaints potentially provide an important mechanism for the identification and control of risks to workers and consumers. The requirements of an effective risk management process are discussed in a later chapter on occupational health and safety. The management systems for the protection of workers should be coordinated effectively with systems for the management of risks to clients, the community and the

environment. However, the overarching power of courts has a tendency to make those below them into toothless and corrupted tigers.

The National Expert Advisory Group on Safety and Quality in Australian Health Care (1999) advised that health ministers should support national actions for safety and quality related to strengthening the consumer voice and learning from incidents, adverse events and complaints. From this perspective, it appears that dispute resolution should logically be managed as a service, like health or education provision, which aims to improve community health and related social or environmental outcomes. The draft Australian Standard on Dispute Management provides a framework aimed at the prevention, handling and resolution of disputes. It sets out a generic dispute management process which incorporates parts of the Australian standard on risk management (AS/NZS 4360 – 1999). The latter standard supports the risk management requirements of Australian state occupational health and safety (OHS) acts which provide that all employers must identify and control risks in consultation with workers who are given appropriate information and training.

Risk management is defined as a way of achieving continuous improvement in production and its outcomes. It is a logical and systematic method of identifying, analysis, treating, monitoring and communicating risks associated with any activity, function or process in a way which will enable organizations to minimise losses and maximise opportunities. It begins with the establishment of the strategic, organisational and risk management context in which action will occur. The next step is to identify and analyse risks in order to assess, prioritise and treat them. The final step is to monitor and review performance. Industry standards and codes of practice support state OHS legislation and assist risk management. People are expected to apply the relevant codes at work unless the evidence is that another course of action is preferable for health reasons in the specific situation under consideration. Risks to communities may be treated in an appropriately coordinated context.

The health risk management approach required of all workplaces may provide the legislative context for a more professional attitude to work, which can also be compared with that already required of health workers. For example, a health professional is ideally expected to identify a problem and to apply treatment after consideration of the relevant body of scientific evidence or related protocols. However, the treatment may vary as far as this appears to be necessary to meet the specific health needs of a particular situation. The reasons for any deviation from the generally expected expert practice should be documented. This information should then contribute to a body of related research which is aimed at improving the general outcomes for particular communities and sub-groups in the light of the study of a broad range of specific environments, treatments and outcomes. The Open Disclosure Standard (Australian Council for Safety and Quality in Health Care and Standards Australia 2002) takes a consistent perspective. Its principles are based on the primary concept that when things go wrong, patients and their carers must be provided with information about what went wrong as soon as practicable and in an open and honest manner at all times.

VOLUNTARY, NON-PROFIT ORGANIZATIONS WORKING TOWARDS HEALTH

Expansion in medical and related social service roles has been rapid since the late 19th century, when war generated the development of nursing to provide care in support of the doctor's treatment role. With the growth of the services sector and the welfare state in the second half of the 20th century, nursing and teaching often became the skilled occupations favoured for women and providing a forerunner to their domestic duties in the home. Allied professional health and welfare work, such as physiotherapy, childcare, social work, and occupational therapy did not develop significantly until much later than nursing. Many of these ancillary services began with the church or related voluntary work undertaken at the turn of the 20th century, which was often led by wives and daughters of professional elites. To those who considered themselves in polite society, the undertaking of paid work remained

something which women should avoid, unless poverty drove them to it. Many privileged women had the leisure, education, and commitment to successfully lobby government for better services for those in need. They became leaders in the development of higher standards and tertiary education for professionally allied occupations of today. However, the ability of government to effectively utilise these services in the public interest has been hindered by the fact that these sub-professional groups have also attempted to enhance their professional status through copying the techniques doctors have traditionally used to control their work and incomes. Professional silos may hinder development of broader and more cooperative approaches to community based management of chronic illness and disability.

The non-government, non-profit sector continues to play a vitally important role in the provision of health and welfare services today. Non-profit organizations are formed by people to provide a service or to advance their own interests or those of others. Whether or not they receive any government funds, they are generally considered independent of government, and are prohibited from distributing any surplus income to members. They include all the organized interest groups and religious organizations in the country. These are particularly active in health, community services, education, culture, sport and recreation. An important management distinction should be made between those non-profit organizations that primarily exist to serve their members and those that seek to serve others. Among the former are social clubs, business and professional associations, and unions, churches and sport and recreation societies. Among public-serving non-profit organizations are hospitals, schools, community service providers called charities, and some client advocacy organizations. Whether an organization exists primarily to serve its members, or to serve people who are mostly or entirely non-members, will necessarily influence its nature and capacity to contribute effectively to the community as a whole. Member-serving, non-profit organizations include mutuals, a range of organizations that primarily provide financial services to their members. These now include, or in the past included, friendly societies, building societies, insurance societies and credit unions.

In Australia in 1995-96, non-profit organizations employed around six hundred thousand people. However, the thirty thousand non-profit organization that employ people are a small part of the non-profit sector. For every non-profit organization large enough to employ, there are approximately fifteen that rely entirely upon the labour of the volunteers among their members. Relatively few non-profit organizations contribute the bulk of the economic impact of the non-profit sector. But because they use relatively few volunteers, they almost certainly do not contribute to the bulk of the work which is currently done by the sector. A large proportion of welfare services are provided by volunteers, family friends and neighbours who work to support organizations or individuals or on a more informal basis. Because there is no payment made for those services, they are not included in the traditional sources of statistics for which government expenditure estimates are made. Nevertheless, it could be expected that, in the absence of such services, the level of expenditure by society would be much greater than current levels.

It is indicative of the dysfunctional nature of much social organization and related accounting systems, that public spending on making and selling guns or land mines is universally considered 'productive' activity because when money changes hands a demand is said to be met. However, growing one's own food or caring for people voluntarily is not considered productive, because the exchange of money is not involved. It is increasingly recognised that accounting systems need to factor in all the social, environmental and economic costs which are generated by much 'productive' activity undertaken in the marketplace. Currently those engaged in the market may offload the true costs of their activity onto the community at large. For example, when smokers get lung cancer the Australian taxpayer foots the bill for their treatment. Until triple bottom line accounting (economic, social and environmental impact) is accepted as a vital social practice we are left with a system in which the true costs of

production are unknown but others outside the transaction may meet the cost. This is not a recipe for healthy or sustainable development.

The situation of one in five Australians who are currently recipients of some form of government welfare can be conceptualised in this context. These groups primarily comprise the unemployed, the elderly, single parents, the disabled, carers, and students. Ideally, effective community based management should enable everybody to be a valued part of the community and to make a contribution in ways which also promote health and self-development. Better coordinated community management could greatly extend current opportunities for individuals, families, communities and the whole society to learn and provide services promoting health and sustainable development. Services which operate in silos need to plan and work more broadly with other services and all communities they serve for best effects and increased understanding.

SOME ATTEMPTS TO MAKE AUSTRALIAN GOVERNMENT MORE EFFECTIVE

In Australia during the 1980s many changes were introduced in the attempt to reform the public service and reduce the problems of bureaucracy. The introduction of anti-discrimination and equal opportunity legislation undermined the notion that job selection committees should judge candidate merit purely in terms of length of service in the organization, existing pay or academic qualifications. These traditional merit definitions had long protected those already in the system from job competition by outsiders, and have ensured that few female or migrant faces are represented at the top. In 1982, Wilenski's review of NSW government recommended a range of reforms, including the establishment of a senior management service, which was soon set up. The increasing use of contracting at senior levels was an attempt to ensure that those at the top of organizations would be selected only for the necessary period, and retained only as long as they performed effectively and in response to the requirements of those elected to govern.

During the 1980s and beyond, government organizations were required to clarify their goal (**mission**), identify groups with an interest in their work (**stakeholders**), and make **strategic and operational plans** to focus their organisational functions more effectively to achieve their goals, rather than continuing with the comparatively isolated repetition of tasks outlined by legislation. Independent consultants were given the task of recommending on organizational restructures in order to achieve goals as efficiently and effectively as possible. Bureaucratic hierarchies were flattened as public servants had to re-apply for jobs in newly created structures, and many were transferred to other areas of service, outside of head office. Greater transparency in government operation was called for as an aspect of improving client service. Freedom of information legislation was introduced. Computerisation brought a vast increase in the availability of plain English information for the public. Invitations for client feedback were required as an automatic part of government operations.

Program budgeting replaced line budgeting. The latter was not tailored to meet specific and clearly identified organisational goals, and was automatically increased or cut by a certain percentage every year. The program budget, on the other hand, can be regarded as a management blueprint setting out the basic parameters within which managers work. Essentially, the overall organisational budget should be composed of building blocks, which focus on the expected functions of each organisational unit and on the outcome of the process of work to achieve these objectives. Wilenski indicates that the advantages of program budgeting include:

- It facilitates the exercise of choice among organisational functions and makes it easier to ensure that government priorities are reflected in organisational activities

- It provides greater flexibility for organisational managers to reallocate expenditure to those resources which can achieve objectives in the most efficient manner
- It sets out far more clearly for the information of everybody, the activities and purposes for which funds have been allocated. This provides an information base permitting systematic scrutiny of programs by the organization and those outside it.
- It directs attention away from inputs and towards activities and outputs and consequently permits the development, where appropriate, of suitable measures or criteria of
- achievement so that the value of the undertaking can be more easily assessed.

Transparent planning and program budgeting are the only effective antidotes to 'economic rationalism'. The latter term suggests that the availability of funds or the ability to generate them should determine what is done by an organization. A private sector organization might legitimately change its functions to provide more profit and greater returns for its shareholders. The primary point of legislated organisational functions, however, is to ensure that public interest objectives rather than purely economic ones will be pursued. Competitive service contracting needs to be designed within this regulatory context. Broadly gathered, reliable evidence of performance is vital for continuing development.

GOVERNMENT AND COMMUNITY PARTNERSHIPS WITH BUSINESS

There is a great need for effective management partnerships between government, the private sector and voluntary organizations in order to deliver regional, sustainable development policies, strategies and services in a way which also promotes health, education, communication and continuing employment. Currently, however, these groups are driven by different incentive structures. This also means that a multitude of organisational silos often deliver similar or related services in isolation from each other, which may waste community resources. Such organizations seldom produce the transparent, comparable service access, throughput and outcome data which is required for continuous improvement in health and environment management. Better collaborative management and related incentives structures now need to be built. Nelson (1998) described three main policy areas through which business may contribute more broadly to society:

- Through their core business activities
- Through their social investment and philanthropy, and
- By contributing to the public policy debate

Murphy and Thomas state that core business activities include:

- Making environmentally and socially responsible decisions and undertaking related investment activities (as required by law, and in addition to these minimum requirements)
- Investing in the responsible sourcing, production, marketing, distribution and usage of goods and services, and also considering, where relevant, issues of access for the poor
- Creating local jobs and minimising job losses and human costs by offering services such as outplacement, retraining, early retirement benefits and shorter working hours
- Paying taxes and royalties to host governments and encouraging these governments to redistribute a share of such money back into local communities

- Implementing sound human resource policies, such as employing local people, establishing occupational health and safety services, offering education and training activities, and developing employee share ownership and incentive schemes
- Adopting internationally accepted business standards and practices in the workplace and along the value chain in areas such as workers rights and human rights, corporate governance, quality control, anti-corruption measures and environmental management
- Supporting technology cooperation that builds ‘software’ such as local skills, management and information systems, as well as transferring technical ‘hardware’ such as equipment and materials
- Creating along the value chain the linkages that maximise local inputs and outputs and help support local enterprises, for example, through procurement, purchasing, distribution and retailing practices that utilise local services and build capacities rather than relying on imports.

There are possibilities for cooperative actions in all these areas. However, automatic preference to service or employment providers purely on the basis of their locality may be questioned. In any sphere of operation, automatically preferring the local candidate may lead to an increasingly poor, inequitable and uncompetitive service, just like the one a traditional bureaucracy offers, or much worse. An effectively coordinated quality management approach should be taken to all service provision, in order to compare service outcomes and continuously improve them. Playing regional favourites should not be part of the game unless it is clearly in the public interest.

CONCLUSION

Under capitalism the development of industry has also driven the development of technology, government and democracy. The growth and change in bureaucratic organization and professional organization can also be attributed to the capitalist development of the division of labour and the related expansion of government. Bureaucrats and professionals are both knowledge workers. However, bureaucratic knowledge is traditionally about organisational rules, which must be followed, regardless of their impact in specific cases. Professional practice, on the other hand, is based upon certification by the relevant professional body that a person is sufficiently expert and experienced to practice. The professional practitioner will also deviate from existing expert wisdom if the evidence about a specific case suggests that this will produce a better outcome. Over the past two decades in Australia, many changes have been made to the organization of government and related public services in order to clarify goals and make service providers more accountable to elected governments, key stakeholders, and the broader community. The health risk management approach required of all workplaces under state occupational health and safety acts may also provide the legislative context for a generally more professional attitude to work. Management systems for the protection of workers need to be coordinated effectively with systems for the management of risks to clients, the community and the environment in regional and local contexts. This process is discussed in later chapters.

FURTHER READING

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