
ADMINISTRATIVE REFORM IN THE FEDERAL GOVERNMENT: UNDERSTANDING THE SEARCH FOR PRIVATE SECTOR MANAGEMENT MODELS

AN ANNOTATED BIBLIOGRAPHY

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Abstract

Administrative reform movements in American government are often characterized by the idea that government can or should be run like a business. This has resulted in repeated efforts to apply private sector business management practices to public administration. These reforms appear to assume that private and public organizations are similar and that management is generic. The literature included in this annotated bibliography contains comparisons of public and private organizations and examinations of the sectoral transferability of management practices. The bibliography also explores some current themes in public and private management reform where private sector practices are often suggested for the public sector: personnel administration and financial management. It also includes a section on privatization – private sector organizations performing public sector work.

Introduction

For most of this century the idea that private sector management practices can be applied to government has been reflected in administrative reform efforts. Some reforms have been explicit attempts to “run the government like a business.” Others have incorporated perceived

businesslike practices into broader government reforms. Questions remain; however, about whether importing private sector practices into government can improve government performance. More fundamental uncertainties continue to exist over the assumptions that underlie these management transplants. Is management generic? Are public and private organizations similar? Are business management practices really superior? The questions are particularly relevant today as private sector-style management models dominate current government administrative reform efforts and market-based reforms introduce alternative ways to deliver government services.

There are two areas of government management that have consistently been identified as candidates for more businesslike management – personnel management and financial management. The rules-based, highly constrained government personnel management system is often cited as a target for businesslike reform to make it more flexible, empower its employees, and provide managers with greater authority to hire and fire. Motivating employees through pay for performance programs, perceived as commonplace and effective in the private sector, have been repeated promoted and attempted in the public sector. Public financial management is seen as too focused on budgets and appropriations, lacking private sector-type requirements for reliable financial reporting and record keeping. In addition to these internal government management reforms, the emergence of a strong privatization movement has introduced what may be the ultimate private sector-based reform: private organizations performing governmental functions.

This annotated bibliography presents a representation of scholarly inquiry into various aspects of the question of public/private management reform. Section I presents the context for discussing public and private organizations. Understanding the comparisons of public and private organizations is essential to the question of whether management techniques are transferable across sectors. Section II is a listing of books and papers that explore the major themes in public and private management reform. Sections III and IV deal with two specific subjects for businesslike management reform in the federal government: (1) personnel management reforms aimed at motivating employees through incentive compensation; and, (2) financial management reforms reflected in the business-style financial reporting requirements initiated by the Chief Financial Officers

Act of 1990. Finally, to round out the context of private sector approaches to public management, Section V addresses the privatization movement.

I. Organizational Context: Comparing Management in the Public and Private Sectors

A. Approaches to Organizational Theory in the Public and Private Sectors

Drucker, Peter (1973). "Managing in the Public Service Institution." *The Public Interest* 33 (Fall): 43-60.

Noted management expert Drucker examines three commonly held reasons why public service organizations under-perform: managers are not "businesslike," the quality of their employees is low, and their objectives and results are too intangible. Six prescriptions are offered to improve performance: better definition of the organization's business, clear objectives and goals, priority-setting, measure of performance, systemized feedback from the results, and an organized audit of objectives and results.

Fottler, Myron D. (1981). "Is Management Really Generic?" *Academy of Management Review* 6 (1): 1-12.

A typology of organizations includes four categories: private for-profit, private non-profit, private quasi-public, and public. Differences are defined by the sources of their support. These externalities create different values, incentives, and constraints on management. Analysis of sectoral effects on management functions gives evidence that management is not generic. There appear to be differences in how management operates between public and private for-profit organizations. The other two categories show intermediate differences.

Frederickson, H. George (1997). *The Spirit of Public Administration*. San Francisco: Josse-Bass.

Public administration could be the key to improving the quality of public organizations. Broader concepts of public administration go beyond government. The management values of public administration include not

only efficiency and economy, but also citizenship, fairness, equity, justice, ethics, responsiveness and patriotism.

Gulick, Luther (1937). "Notes on the Theory of Organization," in Jay M. Shafritz and Albert C. Hyde, (eds.) (1992). ***Classics of Public Administration, 3rd Edition***. Pacific Grove: Brooks/Cole.

Gulick's classic paper describes the common elements of generic management. These became known as PODSCORB -- planning, organizing, directing, staffing, coordinating, reporting and budgeting. They were long considered essential elements of management in all types of public and private organizations.

Kettl, Donald F. and H. Brinton Milwards, (eds.) (1996). ***The State of Public Management***. Baltimore: Johns Hopkins Press.

The editors present public management as a new field, focusing on performance over structure, and employing multi-disciplinary approaches to management issues. Essays explain the disciplinary foundations of public management and the influence of organizational networks.

Milgrom, Paul F. and John Roberts (1992). ***Economics, Organization, and Management***. Englewood Cliffs: Prentice-Hall.

This is a comprehensive textbook on economic explanations for organizational structure and behavior. It includes a detailed economic review of the concept of efficiency in organizations and the economic foundations for individual and group incentives. Public sector organizations are not specifically addressed, but many of the concepts discussed here help to inform current reform and public choice debates.

Moe, T. M. (1984). "The New Economics of Organization." ***American Journal of Political Science*** 28: 739-777.

A review of the literature on an economic approach to organizational theory emphasizes such elements as the contractual nature of organizations, markets vs. hierarchies, transaction costs, rationality of individual actions, and analysis based on economic methods. When applied to public bureaucracies, economic theory can address questions of public

organizations vs. alternative arrangements, managerial control within the bureaucracy, and political control of bureaucratic agents. Implicit is a comparison of public and private sector organizational environments.

Ott, J. S., A. C. Hyde and J. M. Stalitz (eds.) (1991). ***Public Management: The Essential Readings***. Chicago: Nelson-Hall.

This volume is a collection of noted works that represent important themes in scholarly thought on central issues of public administration. Major topics include public management concepts, information management, privatization, rationality and accountability, planning and control, budgeting and financial management, and human resource management.

Shafritz, Jay M. and Albert C. Hyde (eds.)(1992). ***Classics in Public Administration, 3rd Edition***. Pacific Grove: Brooks/Cole.

This collection contains arguably the most important scholarly works on public administration in terms of the establishment of new paradigms and the enduring nature of the arguments. Topical areas include the nature of public administration, political context, bureaucracy, organizational theory, management of human and financial resources, program evaluation, policy analysis, and ethics. Authors range from Woodrow Wilson and Max Weber to Maslow, Gulick, Taylor and V. O. Key.

Taylor, Frederick (1929). "Scientific Management," in Jay M. Shafritz and Albert C. Hyde (eds.) (1992). ***Classics of Public Administration, 3rd Edition***. Pacific Grove: Brooks/Cole.

Text of Taylor's historic Congressional testimony in which he lays out the four principles of scientific management. The principles are based on developing information about the work to be performed, selecting and developing workers, organizing the work and the workers, and dividing the work between workmen and management. The idea is to replace rules of thumb with scientific information and organized work.

Waldo, Dwight (1981). ***The Enterprise of Public Administration: A Summary View***. Novato: Chandler and Sharp.

This broad overview of public administration includes prescient views of future issues. The author discusses the emergence of new conceptions of what is public and private, and predicts challenging new interpretations of economy, efficiency and effectiveness.

Wilson, James Q. (1989). *Bureaucracy: What Government Agencies Do and Why They Do It*. New York: Basic Books.

A descriptive analysis of public organizations is presented through examples, case studies and explanatory discussion. Comparisons between public and private management are woven throughout the book. Government is seen as driven by the constraints on the organization, not by its tasks. Government managers have limited incentives to use to motivate workers and they have less control over the inputs and mix of organizational resources than do private managers. Public managers must be concerned with issues of accountability and equity. There are few incentives or opportunities to achieve economic efficiency.

Wilson, Woodrow (1887). "The Study of Administration," in Jay M. Shafritz and Albert C. Hyde (eds.) (1992). *Classics of Public Administration, 3rd Edition*. Pacific Grove: Brooks/Cole.

Wilson's classic study of administration. He argues the similarity of public and private sector administration and he proposes the politics-administration dichotomy on which much of subsequent administrative study and reform has been based.

B. Comparing Organizations in the Public and Private Sectors

Appleby, Paul, (1945). "Government is Different," in Jay M. Shafritz and Albert C. Hyde (eds.) (1992). *Classics of Public Administration, 3rd Edition*. Pacific Grove: Brooks-Cole.

Appleby's classic article argues that government is different from all other aspects of society. Concern for the public interest defines the distinctiveness of government people and organizations.

Bozeman, Barry (1987). *All Organizations Are Public*. San Francisco: Josse-Bass.

A dimensional view of the public-private dichotomy is proposed. All organizations are public. Their degree of “publicness” is determined by the degree to which organizations are affected by political authority or dependent upon public resources. The question of publicness is seen as having consequences for attempts to transfer management technologies and for understanding employee motivation.

Bozeman, Barry and Stuart Bretschneider (1994). “The ‘Publicness Puzzle’ in Organizational Theory: A Test of Alternative Explanations of Differences Between Public and Private Organizations.” *Journal of Public Administration Research and Theory* 4 (2): 197-223.

The authors offer the concept of “publicness” as the extent to which an organization is influenced by political authority. From this concept, a continuum can be created to replace the dichotomous choice between public and private organizations. This dimensional approach offers additional explanatory power to explorations of the differences between public and private organizations.

Bozeman, Barry and S. Loveless (1987). “Sector Context and Performance: A Comparison of Industrial and Government Research Units.” *Administration and Society* 19 (August): 197-235.

The authors consider the expected differences between public and private sector organizations. Using questionnaires from an international sample of research organizations, the results indicate the enduring importance of sector status and find strong independent effects from the environment of public and private organizations. One sector is not found to be consistently more productive than the other, however.

Bretschneider, Stuart (1990). “Managing Information Systems in Public and Private Organizations: An Empirical Test.” *Public Administration Review* 50 (September-October): 536-545.

The author presents another functional comparison of public and private organizations. Sectoral differences are found in MIS operations, largely

based on the more constrained environments of public organizations. Public organizations are characterized by greater accountability, interdependence, and red tape. ("Red tape" is addressed in many of the works cited in this collection. Generally it is understood to be an organizational attribute characterized by "excessive, duplicative or unnecessary procedures" [Bozeman and Scott, 1996]. While usually considered a negative organizational trait, it can be considered with a neutral connotation or even, in some instances as a positive attribute of some types of organizations.)

Coursey, David and Barry Bozeman (1990). "Decision-Making in Public and Private Organizations: A Test of Alternative Concepts of 'Publicness'." *Public Administration Review* 50 (September-October): 525-535.

The authors apply Bozeman's concept of "publicness" to an analysis of decision-making across a dimensional distribution of public and private organizations. Drawing on a survey of top executives, differences are found in participation in strategic decision-making and in the types of problems that public and private organizations address.

Lan, Zhiyong and Hal G. Rainey (1992). "Goals, Rules, and Effectiveness in Public, Private, and Hybrid Organizations: More Evidence on Frequent Assertions About Differences." *Journal of Public Administration Research and Theory* 2 (January): 5-28.

The authors test hypotheses about the differences between public and private organizations, using a three-part typology that includes hybrid organizations. As expected, the survey responses of public managers indicate perceived greater degrees of rules, procedures, and constraints in public organizations. Contrary to expectations, however, public managers perceive greater clarity of goals and greater effectiveness in achieving those goals.

Moon, Myung Jae (1999). "The Pursuit of Managerial Entrepreneurship: Does Organization Matter?" *Public Administration Review* 59 (January-February): 31-43.

This study, based on data collected by the National Administrative Studies Project, examines three dimensions of entrepreneurship in public and

private organizations. Public organizations are found to be less entrepreneurial than private organizations. Size, management trust, and legal constraints are found to affect the degree of entrepreneurial activity. To become more entrepreneurial, organizations must address culture change as well as reductions in formalism and hierarchy.

Perry, James L. and Hal G. Rainey (1988). "The Public-Private Distinction in Organizational Theory: A Critique." *The Academy of Management Review* 13 (April): 182-202.

The authors present a thorough review of the literature on the question of distinctions between public and private organizations. The variety of definitions of public and private organizations is explored and the uses to which the distinctions are put in organizational research are examined. A typology of organizations that is more complex than the common dichotomous approach is suggested by cross-classifying organizations based on ownership, funding, and modes of social control.

Rainey, Hal G., Robert Backoff and Charles H. Levine (1976). "Comparing Public and Private Organizations," *Public Administration Review* 36 (March-April): 233-244.

This paper examines the proposition that public and private organizations are converging and that management is a generic process. A summary of the literature identifies consensus around environmental factors, organization-environment transactions, and internal structures and processes. Indications of important differences between public and private organizations are found.

Ross, Bernard H. (1988). "Public and Private Sectors: The Underlying Differences." *Management Review* 77 (May): 28-33.

Focusing on the experiences of business leaders who assume senior positions in the federal government, this paper concludes that the sectors are different, not just in matters of efficiency and rationality, but in the entire organizational milieu. Issues of public scrutiny, non-economic rationality, complex hierarchies, and external interference dictate that the rules are different. The requirements for managerial success are different between the public and private sectors.

Scott, Patrick G. and Santa Falcone (1998). "Comparing Public and Private Organizations: An Exploratory Analysis of Three Frameworks." *American Review of Public Administration* 28 (June): 126-145.

Using a national sample of public, private and hybrid research laboratories, the authors test three conceptual frameworks for comparing public and private organizations. The results show strong support for the core approach and the dimensional approach to the public/private question. The generic approach, which suggests little or no difference in the managerial attributes of public and private organizations, was not supported by the findings.

Weintraub, J. (1997). "Public/Private: The Limits of a Grand Dichotomy." *Responsive Community* 7: 13-24.

The author examines the "grand dichotomy" of public/private. The dichotomous models are used not only to distinguish between government and business organizations but other aspects of society as well. The public/private distinction is a useful analytic tool but is irreducibly multiple and inherently problematic.

C. Comparing Management in the Public and Private Sectors

Allison, Graham T. (1986). "Public and Private Management: Are They Fundamentally Alike in All Unimportant Respects?" in Frederick S. Lane, ed. *Current Issues in Public Administration, 3rd Edition*. New York: St. Martin's Press.

The author identifies eight functions of management common to all organizations, but argues that functions with identical labels have different meanings in public and private sector organizations. Performance and efficiency in public management can not necessarily be improved by borrowing from private management. Rather, research, case studies, and reform should focus on public management issues.

Ban, Carolyn (1995). *How Do Public Managers Manage? Bureaucratic Constraints, Organizational Culture, and the Potential for Reform*. San Francisco: Jossey-Bass.

The author empirically examines the constraints under which public managers manage. Many reform proposals call for relaxing the constraints. Three areas in which constraints are identified are the civil service, budgeting, and procurement systems. They were largely designed to reduce the risk of abuses. Interviews with managers in four agencies examine the effects of organizational culture on management.

Blumenthal, W. Michael and Herman Nickel (1979). "Candid Reflections of a Businessman in Washington." *Fortune* 99 (January): 36-49.

An interview with Blumenthal, former Bendix Corporation CEO and former Treasury Secretary. He offers observations about the differences in leadership between public and private organizations. Management success is emphasized in business, policy success is the measure of accomplishment in government. Differences in organizational control, public decision-making, and external influences are discussed.

Box, Richard C. (1999). "Running Government Like a Business: Implications for Public Administration Theory and Practice." *American Review of Public Administration* 29 (March): 19-43.

The author examines normative questions associated with the increasing demands to run government like a business. The conflicts between market-based values and democratic values are explored through an extensive literature review. The impacts on public service values and public administration are questioned.

Bozeman, Barry and Gordon Kingsley (1998). "Risk Culture in Public and Private Organizations." *Public Administration Review* 58 (March-April): 109-118.

This study tests the assumption that public managers are more afraid to take risks than are private managers. The risk cultures of public and private organizations are also examined. Little difference is found in the risk orientation of public and private managers. Organizations with high

involvement with elected officials tend to have less risky cultures. This has implications for public management reforms that call on public managers to be more “entrepreneurial.”

Bozeman, Barry and Patrick Scott (1996). “Bureaucratic Red Tape and Formalization: Untangling Conceptual Knots.” *American Review of Public Administration* 26 (March): 1-13.

The authors review the literature on red tape and formalization in public and private organizations. Some recent studies suggest that government is itself a major cause of red tape in both the public and private sectors. Some studies have found little sectoral difference on measures of red tape and formalization, while others find public sector organizations to be more constrained by rules and accountability requirements. The assertion that public sector organizations are overwhelmingly tied up in red tape is seen as a crude stereotype.

Bozeman, Barry, Pamela Reed and Patrick Scott (1992). “Red Tape and Task Delays in Public and Private Organizations.” *Administration and Society* 24 (November): 290-322.

The authors explore the assumption that public organizations have greater degrees of red tape and formalization than private organizations through an examination of task delays in the two sectors. Questionnaires from the National Comparative R&D Laboratory Project were analyzed. Variance within and among institutional setting is found. The strongest findings supported sector differences and differences based on government influence.

Dunlop, John T., Alfred D. Chandler, Jr., George P. Schultz and Irving Shapiro (1979). “Business and Public Policy.” *Harvard Business Review* (November-December): 92-97.

Four former corporate and government officials discuss their experiences in and with government. Differences between public and private sector management are identified, including issues of efficiency and equity, incentives and performance, and the conflicting loyalties of career government executives.

Lynn, Laurence (1981). *Managing the Public's Business: The Job of the Government Executive*. New York: Basic Books.

The author addresses major themes in public management. Pertinent chapters review recent reform proposals: PPBS, MBO and ZBB as foundations for the question of the dissimilarity of public and private organizations. If they are similar, the failure of reform can be blamed on problems with implementation. If they are dissimilar, applying business management techniques to government can be futile and counterproductive. The history of the business-government analogy is reviewed and distinctions between government and business organizations are identified.

Murray, Michael A. (1975). "Comparing Public and Private Management: An Exploratory Essay." *Public Administration Review* 35 (July-August): 364-371.

Substantive and procedural areas of comparison between public and private sector organizations are examined. The author argues for the universal applicability of a generic approach to management and concludes that private and public organizations are more similar than different.

Rainey, Hal G. (1997). *Understanding And Managing Public Organizations*. San Francisco: Josse-Bass.

This text examines the context of public organizations, followed by considerations of dimensions and strategies involved in organizing, managing, and improving public organizations. Chapters on the public-private distinction and on motivation and work attitudes include comprehensive literature reviews and surveys of the issues involved with each topic. The author cautions against oversimplification in defining public and private organizations. Constraints on extrinsic rewards in the public sector make intrinsic and public service incentives more important.

Rainey, Hal G., Sanjay Pandey and Barry Bozeman
(1995). "Research Note: Public and Private Managers' Perceptions of Red Tape." *Public Administration Review* 55 (November-December): 565-573.

The authors report on a survey of public and private sector managers. Public managers were more likely to perceive personnel rules as a constraint on linking performance with pay and promotion. No meaningful difference was found between public and private managers on perceptions of organizational goal ambiguity.

D. Comparing People in the Public and Private Sectors

Bellante, D. and A. N. Link (1981). "Are Public Sector Workers More Risk Averse Than Private Sector Workers?" *Industrial and Labor Relations Review* 34 (3): 408-412.

This study confirms the economic reasoning of previous analyses that, other things being equal, the more risk adverse person will have a higher likelihood of seeking employment in the public sector. Equal pay between the public and private sectors would, therefore, create an excess of labor supply in the public sector.

Blank, Rebecca (1985). "An Analysis of Workers' Choice Between Employment in the Public and Private Sectors." *Industrial and Labor Relations Review* 38 (January): 211-224.

Public and private jobs may differ in ways other than compensation. This analysis of workers' choices finds that "protected" groups – non-whites, veterans, women – and more highly educated workers prefer government employment. Concerns for geographic preferences and job security also influence the choice of public sector employment, as does the choice of some occupational specialties. The author concludes that sectoral choice is influenced by more than compensation.

Bozeman, Barry and Hal Rainey (1998). "Organizational Rules and the Bureaucratic Personality." *American Journal of Political Science* 42 (January): 163-189.

The authors seek an alternative explanation for organizational rules. Instead of looking at sectoral or structural considerations, the personal characteristics of managers are examined. Managers high on scales of

alienation and pessimism tend to want more rules. Public managers are not found to prefer more rules than do private sector managers.

Crewson, Philip E. (1995). "A Comparative Analysis of Public and Private Sector Entrant Quality." *American Journal of Political Science* 39 (August): 628-639.

The author examines the conventional wisdom that poor pay, inadequate recruiting, enforced diversity, and bureaucrat-bashing have discouraged quality entrants from seeking jobs in the public sector. A review of the literature, test scores, and surveys indicates that the federal government has not suffered in the recruitment or retention of quality employees. There is evidence that public employees are motivated by benefits, security, and the importance of their work.

II. Themes in Public Sector Management Reform

A. Private Sector Management Models for the Public Sector

Conner, Joseph E.(1983). "The U.S. Government: A Business That Should Be More Businesslike." *Price Waterhouse Review* 27 (3): 2-8.

The Chairman of the Grace Commission Task Force on Federal Management reports on the recommendation for creation of an Office of Federal Management to oversee human resources, administrative services, and management improvement in the federal government. Building on private sector models, the report also calls for a financial "vice president" for the federal government.

Durst, Samantha L. and Charldean Newell (1999). "Better, Faster, Stronger: Government Reinvention in the 1990s." *American Review of Public Administration* 29 (March): 61-76.

Reporting the results of a survey of 153 public executives, the authors find that reinvention activities are generally seen as increasing productivity,

enhancing services, improving performance, and managing costs. These results should make the public sector “more competitive.”

Gore, Albert (1993). *From Red Tape to Results: Creating A Government That Works Better and Costs Less. Report of the National Performance Review*. Washington: GPO.

The full set of NPR reports consists of this Report, accompanying reports covering individual agencies and functions, and a resources book. Emphasis is on ways to streamline, reorient, and decentralize government agencies, processes, and programs to achieve objectives like cutting red tape, putting customers first, and empowering employees. Agency-by-agency recommendations are included with savings estimates totaling \$108 billion from fiscal 1995 to fiscal 1999.

Hammer, M. and James Champy (1993). *Re-engineering the Corporation: A Manifesto for Business Revolution*. New York: HarperCollins.

The concept of re-engineering is explained as a fundamental rethinking and radical redesign of business processes to create dramatic improvements. The basic text of re-engineering makes the case for focusing on customers, competition, and change. Though this book is aimed at business organizations, the concept of re-engineering has been suggested for government, as well.

Hennessey, J. Thomas, Jr. (1998). “‘Reinventing’ Government: Does Leadership Make The Difference?” *Public Administration Review* 58 (November-December): 522-532.

This article reports on a study of the effects of leadership on reinvention and performance, with further consideration of organizational culture. Leadership is the key to both improved performance and more amenable cultures. This study suggests leadership as a factor to be considered in reforms that seek better performance, thus going beyond more common structural or process questions or the introduction of rewards or incentives.

Ingraham, Patricia W. (1992). “Commissions, Cycles, and Change: The Role of Blue Ribbon Commissions in Executive Branch Change,” in

Patricia W. Ingraham and Donald F. Kettl (eds.). ***Agenda for Excellence: Public Service in America***. Chatham: Chatham House.

Commissions have been a favored mechanism for addressing perceived management problems in government. The use of commissions persists despite the uncertainty of past reform efforts. Many commissions, ranging from the Keep Commission appointed by Theodore Roosevelt to the Grace Commission under Ronald Reagan, have addressed the question of making government management more “businesslike.”

Naisbitt, John (1985). ***Reinventing the Corporation: Transforming your Job and Your Company for the New Information Society***. New York: Warner Books.

The private sector reform model for radical change in information-based processes to achieve performance and productivity improvements. Intended initially for the business sector, reinvention became a major public sector reform movement.

Nichols, K. L. (1997). “The Crucial Edge of Reinvention: A Primer on Scoping and Measuring for Organizational Change.” ***Public Administration Quarterly*** 21 (4): 405-418.

Identifying the scope of reinvention is defined as choosing between process control (small reinvention), process improvement (medium) and process planning (large). Tools of performance measurement are offered with distinctions between goals, objectives, and targets. Measurement techniques are discussed. No difference is suggested between public and private organizations.

Osborne, David and Ted Gaebler (1992). ***Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector***. Reading: Addison-Wesley.

The book that launched the reinventing government movement establishes the theoretical and practical arguments for entrepreneurial government. Reinvention is defined as using resources in new ways to maximize productivity and effectiveness. It is seen as applicable equally to the public, private, and voluntary sectors. The focus is on government processes, not

on the policies or purposes of government. Emphasis is placed on concepts of employee empowerment, competition, missions, and customer satisfaction.

Osborne, David E. and Peter Plastrik (1997). ***Banishing Bureaucracy: Five Strategies for Reinventing Government***. Reading: Addison-Wesley.

Most government organizations exist with dysfunctional systems, have multiple missions, face little competition, and experience few consequences from their performance. The authors argue that these systems must be changed in order to build an entrepreneurial government. Five strategies focus on core functions, consequences for organizational performance, customer satisfaction, organizational control, and agency culture.

Peters, B. Guy and Donald J. Savoie (eds.) (1995). ***Governance in a Changing Environment***. Montreal: McGill-Queen's University Press.

The direction of recent changes in governance has been to make government function more like the private sector in the belief that it will become at once more efficient, more effective, and more democratic. Essays explore the changing environment and consider reform in the context of the political process and public management.

Peters, Thomas J. and Robert H. Waterman, Jr. (1982). ***In Search of Excellence: Lessons From America's Best-Run Companies***. New York: Harper and Row.

One of the earliest in the current cycle of management reform books. The authors identify particularly strong attributes of successful companies to suggest that these qualities can be adopted by other organizations seeking to achieve excellence. Among the attributes are people orientation, commitment to product quality and service, strong organizational cultures, and customer orientation. Many of these ideas appear in later public sector management reforms.

Schachter, Hindy L. (1989). ***Frederick Taylor and the Public Administration Community: A Reevaluation***. Albany: State University of New York Press.

A review of the life and work of Frederick Taylor reviews his approach to management as articulated in *Shop Management* and *The Principles of Scientific Management*. The adoption of scientific methods of management by government, particularly through the New York Bureau of Municipal Research, is described. It is argued that differences between private and public organizations were not ignored and wholesale adoption of scientific management principles was not what occurred. Rather, the BMR adopted those private sector strategies and philosophies that were appropriate for the public sector.

Senge, Peter (1990). *The Fifth Discipline: The Art and Practice of the Learning Organization*. New York: Doubleday.

A theoretical approach to improving organizational performance, the learning organization seeks continuously to generate greater competencies. The five disciplines are systems thinking, personal mastery, mental models, building shared vision, and team learning. Some reformers have advocated application of these principles to public organizations.

B. Criticisms of Using Private Sector Models in the Public Sector

Downs, George W. (1986). *The Search for Government Efficiency: From Hubris to Helplessness*. New York: Random House.

The history of reforms aimed at increasing government efficiency is examined. The use of private sector models for reform is challenged as the author points out failures in private sector management. A detailed analysis of the Grace Commission includes a summary of the companies represented by Commission members, rated on selected measures of performance. The pervasive assumption of private sector management superiority is challenged.

Goodsell, Charles T. (1993). "Reinventing Government or Rediscovering It?" *Public Administration Review* 53 (January-February): 85-86.

This review and commentary on Osborne and Gabler's *Reinventing Government* outlines the private sector management principles that reinvention would import into the federal government. The author is critical of the premise that public sector organizations should be managed like private sector entities. Instead, ten principles of governance are offered based on more traditionally held views of accountability, public interest, equity, and due process.

Goodsell, Charles T. (1984). "The Grace Commission: Seeking Efficiency for the Whole People?" *Public Administration Review* 44 (May-June): 196-204.

The author critiques the report of the President's Private Sector Survey on Cost Control (the Grace Commission). The Commission consisted of 161 members, all but seven from corporate organizations. Their mission was to inspect the federal government as if it were a business that they were considering for a merger or acquisition. Six criticisms of the Commission and its report are offered: the study is unprecedented in size, scope, and method; the report, style, format, and length inhibit understanding; the analyses and proposals are of mixed quality; there are serious instances of misrepresentation; the proposals hold a business-oriented bias; and, some aspects could hurt rather than help the quality of government.

Ingraham, Patricia W. (1995). "Quality Management in Public Organizations: Prospects and Dilemmas," in B. Guy Peters and Donald Savoie (eds.). *Governance in a Changing Environment*. Montreal: McGill-Queen's University Press.

The public sector has been copying the private sector emphasis on quality, especially through the implementation of "Total Quality Management" (TQM). Quality in the public sector can be difficult to define or measure. Some types of public organizations can make use of TQM but the benefits may decline over time.

Ingraham, Patricia W. and Barbara Romzek (eds.) (1994). *New Paradigms for Government: Issues for the Changing Public Service*. San Francisco: Josse-Bass.

This volume contains the papers presented by scholars at a conference addressing the research agenda for public sector change. Contributors address the organizational environment and challenges to change. Key considerations for managing change are identified. The editors acknowledge that past reforms have often been based on private sector models but they suggest that some of these models may have been inappropriate for the public sector. The reform focus in this volume is based more on public sector experiences.

Koehler, Jerry W. and Joseph M. Pankowski (1996). ***Quality Government: Designing, Developing, and Implementing TQM***. Delray Beach: St. Lucie Press.

The authors assert that the absence of competition distinguishes government from private enterprises in their inducements to change. Existing government structures and processes serve the needs of senior managers rather than the needs of customers. Findings from successful implementations of TQM in government organizations reveal that: money motivates but individual bonuses can have negative effects; people are willing to work harder and take more responsibility; they value training; budget flexibility permits more effective management; and both productivity and quality improvements are needed.

Light, Paul C. (1994). "Partial Quality Management." ***Government Executive*** 26 (April):65-66.

The application of Total Quality Management (TQM) to the public sector has had some positive results but the author identifies four "fatal frustrations" that must be resolved. They are the difficulties inherent in: identifying who the customers of government agencies are; establishing constancy of purpose; producing timely cost savings; and, the tendency to create more bureaucracy just to manage TQM.

Micklethwait, John and Adrian Woolridge (1997). ***The Witch Doctors: Making Sense of the Management Gurus***. New York: Times Books.

Modern management consulting is an industry. The authors trace the history of management "gurus" and management fads from scientific management to re-engineering. A chapter is included on the practice of

importing private sector management theory into the public sector, suggesting that such incursions are not always applicable or successful. Three criteria are offered for evaluating a management theory: Is it intelligible? Is it more than common sense? Is it relevant?

Moe, Ronald C. (1994). "The 'Reinventing Government' Exercise: Misinterpreting the Problem, Misjudging the Consequences." *Public Administration Review* 54 (2): 125-136.

The author views the major elements of the reinventing government movement as an important shift away from the administrative management paradigm for public administration to an entrepreneurial paradigm based on customer satisfaction. This shift ignores the importance of the rule of law and will result in a government that is less accountable for its performance.

Moe, Ronald C. and Robert S. Gilmore (1995). "Rediscovering Principles of Public Administration: The Neglected Foundation of Public Law." *Public Administration Review* 55 (March): 135-163.

The authors assert that public administration is threatened with the loss of its theoretical distinctiveness in the face of the current emphasis on generic management principles and business school approaches. The public sector can be distinguished by its basis in public law. The application of private sector management practices to government has had harmful effects. Ten principles to affirm the distinctiveness of the public sector are proposed.

Pfiffner, James P. (1997). "The American Tradition of Administrative Reform," in Yong Hyo Cho and H. George Frederickson.(eds.) *The White House and The Blue House: Government Reform in the United States and Korea*. Lanham: University Press of America.

The author describes three categories of twentieth-century government management reforms: blue ribbon commissions, administrative and personnel management reforms, and budgetary reforms. Recent management trends in business are examined, especially as these "fads" have been imported into government. Issue surrounding the applicability of business management trends in the public sector are identified and discussed. It is argued that many of the problems in government

administration flow from the nature of the work that government does. Reasons for the failures and successes of management reforms are offered.

Pierre, J. (1995). "The Marketization of the State," in B. Guy Peters and Donald J. Savoie (eds.). *Governance in a Changing Environment*. Montreal: McGill-Queen's University Press.

Recent private sector-based reforms have defined citizens as "clients" or "consumers" of government, in contrast with earlier notions of citizens as "owners" of government. This new conception of the role of citizens may undermine political and constitutional values associated with citizenship.

Rainey, Hal G. and Paula Steinbauer (1999). "Gallopig Elephants: Developing Elements of A Theory of Effective Government Organizations." *Journal of Public Administration Research and Theory* 9 (January): 1-32.

The authors review the literature and research on effective public organizations. Elements of a theory of effective government organizations are offered and examples of effective organizations are presented. The authors conclude that agency, mission, and public service motivation can be linked to create effective government organizations. The notion that public organizations cannot be as efficient as private organizations is challenged. But efficient government organizations are not necessarily achieved by using private sector techniques. Instead, there are lessons to be learned from high-performing government organizations.

Roberts, Alasdair (1997). "Performance-Based Organizations: Assessing the Gore Plan." *Public Administration Review* 57 (November-December): 465-478.

The evolution of the reinventing government movement has led to the designation of performance-based organizations (PBOs). PBOs would be freed of many of the traditional constraints on governmental entities and they would be encouraged to operate closer to private sector models. Issues of oversight, accountability, and inherently governmental constraints are raised. The author concludes that claims about the effectiveness of PBOs are exaggerated. PBOs raise issues about the administrative capabilities of the federal government.

Russell, Gregory D. and Robert J. Waste (1998). "The Limits of Reinventing Government." *American Review of Public Administration* 28 (December): 325-346.

This paper identifies "refounders" who reject the theoretical basis of reinvention in favor of a return to considerations of a constitutional basis for public administration. Reinvention does not claim to be value-based; refounding is centrally focused on the concept of social equity.

C. Converging Views and New Approaches for the Future

Balk, Walter (1996). *Managerial Reform and Professional Empowerment in the Public Service*. Westport: Quorum.

The author argues that improvements in government performance can be achieved inside government. A model of "public agency democracy" is proposed to resolve inherent conflicts in government organizations through the intervention of proactive executives in a deregulated environment that empowers employees. Though suggestive of private sector models, the emphasis is on reform capabilities within governmental organizations.

Blanchard, Lloyd A., Charles C. Hinnant, and Wilson Wong (1998). "Market-Based Reforms in Government: Toward A Social Subcontract?" *Administration and Society* 30 (November) 483-512.

Market-based government reforms affect the fundamental relationships between citizens and government. The historical evolution of citizen-government relations has identifiable eras: citizen as owner; citizen as beneficiary; citizen as participant; and, most recently, citizen as customer. Questions of efficiency, equity, and the responsibilities of both government and citizens are inevitably raised.

DiIulio, John J. (ed.) (1994). *Deregulating the Public Service*. Washington: Brookings.

Essays in this volume view the rules and regulations inside government organizations as major barriers to efficiency, innovation, and performance improvements. Contributors analyze the effects of deregulation on ethics, procurement, civil service, and mass transit. Experiments in state and federal agencies are discussed. Although suggestive of private sector models, the deregulation movement seems more inclined to locate the keys to reform within the government, rather than by importing reform from the private sector.

Frederickson, H. George (1996). "Comparing the Reinventing Government Movement With the New Public Administration." *Public Administration Review* 56 (May-June): 256-262.

The author views the reinventing government movement as producing short-run increases in efficiency and the new public administration as making more incremental management changes. NPM favors democratic management practices and social equity. The two approaches are compared along six dimensions: concepts of change; relevance and empowerment; theories of rationality; organizational structure and design; theories of management and leadership; and epistemology, methodology, and values.

Ingraham, Patricia W. and Donald F. Kettl (eds.) (1992). *Agenda for Excellence: Public Service in America*. Chatham: Chatham House.

Setting the stage for the future of reform, consideration is given to both political and management issues. Contributors consider the legacy of recent reforms and discuss issues for the future centering on questions of recruitment, pay, and merit principles.

Kettl, Donald F. (1998). "After the Reforms." *Government Executive* 30 (April): 36-41.

The author notes that reinventing government is entering Phase II, focusing on 32 agencies that deal most directly with citizens. As effort to reinvigorate the federal government reform movement is apparent. But the author cautions that these reforms do not address a fundamental issue: that the federal government is organized for a world that no longer exists. There is a mismatch between how government is organized, what it does, and how

it does it. Hierarchy must give way to networks and management by proxies.

Kettl, Donald F. (1997). "The Global Revolution in Public Management: Driving Themes, Missing Links." *Journal of Policy Analysis and Management* 16 (3): 446-462.

This paper presents an international view of government reform movements with particular focus on the United Kingdom and New Zealand. A common element of reform is a concentration on "managerialism." Concepts of "let the managers manage" and "make the managers manage" dominate reform theory and policy. A new administrative capacity needs government workers with different skills. For instance, outsourcing requires a new ability for government to be a smart buyer. But government must also have the capacity to manage inherently governmental functions.

Lan, Z. and D. H. Rosenbloom (1992). "Public Administration in Transition?" *Public Administration Review* 52 (November-December): 535-537.

This editorial discusses the effects of market-based reforms in government administration. Two matrices are presented to indicate the key elements of public administration, clustered by management, politics, and law, contrasted by the presence or absence of market-based administration.

Light, Paul C. (1999). "Does Management Matter?" *Government Executive* 31 (February): 6-9.

This is the introduction to a comprehensive scorecard on the state of federal management. The absence of good systems means even extraordinary leadership cannot sustain good performance.

Light, Paul C. (1997). *The Tides of Reform: Making Government Work, 1945-1995*. New Haven: Yale University Press.

The author identifies four major categories of post-war administrative reform: scientific management, wars on waste, "watchful eye," and liberation management. The use of private sector models and private sector reform leaders has been most apparent in the first two types of

reforms. Generally reforms have not achieved their stated objectives. They often confront contradictory internal objectives and the conflicting priorities of political leaders. Recommendations include allowances for greater experimentation and creation of fixed-term underadministrators or undersecretaries for management.

Lynn, Laurence E., Jr. (1999). "The New Public Management." *Government Finance Review* 15 (April): 15-18.

The author is skeptical of the long-term durability of the 'new public management.' Nevertheless, it is expected to leave a legacy that includes greater emphasis on performance-motivated administration. The logical foundations of private and public management are presented.

Lynn, Laurence E., Jr. (1998). "The New Public Management: How to Transform A Theme Into A Legacy." *Public Administration Review* 58 (May-June): 231-237.

The author identifies three constructive legacies that NPM can offer for public administration. They are: a stronger emphasis on performance in public service motivation, organizational structure, and managerial doctrines; addition of international and comparative dimensions to public administrative reform; and, integration of other social science disciplines into the study of public management.

Peters, B. Guy (1996). *The Future of Governing: Four Emerging Models*. Lawrence: University of Kansas Press.

Four emerging models of governance are identified: the market government model, the participative model, the flexible government model, and the deregulated government model. Private sector management techniques are most likely to be found in the market government model.

Peters, B. Guy (1996). "Models of Governance for the 1990s," in Donald F. Kettl and H. Brinton Milward (eds.). *The State of Public Management*. Baltimore: Johns Hopkins Press.

Four old principles of public service are no longer the unwavering models of governance. Apolitical civil service, hierarchical and rules based management,

organizational permanence and stability, and the politics/administration dichotomy are being influenced, modified or replaced by newer models of governance. New models are the market model, the participatory state, flexible government, and deregulated government. Each is evaluated according to issues of structure, management, policy making, and the public interest.

Peters, B. Guy and J. Pierre (1998). "Governance Without Government? Rethinking Public Administration." *Journal of Public Administration Research and Theory* 8 (April): 223-243.

The international movement toward "new public management" is discussed. Experiences from the United Kingdom and New Zealand are explained and the implications for governance in the United States are considered. The emphasis on networks, partnerships, competition, markets, and the decline of any distinctions between public and private is contrasted with conventional views of governance and public administration.

Pollitt, Christopher (1995). "Management Techniques for the Public Sector: Pulpit and Practice," in B. Guy Peters and Donald J. Savoie (eds.). *Governance in a Changing Environment*. Montreal: McGill-Queens University Press.

A review of the major issues associated with the "new public management" indicates that the proposed management techniques tend to have a private sector foundation. Specific performance standards are replacing a broader view of public service. These techniques can be evaluated for their effects on public policy problems.

Schacter, Hindy L. (1997). *Reinventing Government or Reinventing Ourselves: The Role of Citizen Owners in Making A Better Government*. Albany: State University of New York Press.

The author contrasts two models of the relationship between citizens and government. The citizen-owner model used by the Bureau of Municipal Research is compared with the citizen-as-consumer model of the reinventing government movement.

Stillman, Richard J. (1991). *Preface to Public Administration: A Search for Themes and Direction*. New York: St. Martins Press.

Four contemporary visions of the American state are analyzed according to the inherent models of public administration that derive from them. The models are labeled no state, bold state, pre-state, and pro-state.

Terry, Larry D. (1998). "Administrative Leadership, Neo-Managerialism, and the Public Management Movement." *Public Management Review* 58 (May-June): 194-200.

Neo-managerialism underpins the movement toward market-driven deregulated government management. It focuses on the manager as a public entrepreneur. The author argues that such an entrepreneurial approach may undermine basic democratic tenets of accountability, public service, and democratic values.

III. Motivating Performance in the Private and Public Sectors

A. Civil Service Management and Reform

Ban, Carolyn (1998). "Reinventing the Federal Civil Service: Drivers of Change." *Public Administration Quarterly* 22 (1): 21-24.

The National Performance Review is the latest in attempts to adapt private sector models to public sector management. Its twin goals of improving the management of government while cutting the size of government have been mediated by new technology and efforts to change the culture of human resources. The author raises questions about pursuing efficiency in government without considering the consequences for democratic control and due process.

Gore, Al (1993). *Creating a Government That Works Better and Costs Less. Office of Personnel Management: Accompanying Report of The National Performance Review*. Washington: GPO.

The National Performance Review (NPR) report and recommendations regarding the Office of Personnel Management calls on OPM to change its role, structure and culture. OPM is urged to assume the primary role of “consultant” to agency human resource managers. It is recommended that OPM change its culture to move away from control and regulation and instead emphasize its policy, service, and leadership roles.

Ingraham, Patricia (1995). *The Foundation of Merit: Public Service in American Democracy*. Baltimore: Johns Hopkins University Press.

The author presents a thorough review of the merit system as the defining characteristic of the American civil service. The origins, evolution, and reforms of the merit system are discussed. The long-term enthusiasm for transferring business management techniques and ideas into government is discussed. The international embrace of private sector managerialism is discussed. The author argues that the real challenge for finding reform models lies not in discovering new models but in understanding the role that the civil service and merit systems have in modern government. Beyond the principles of accountability and legitimacy, merit must include problem solving and management.

Ingraham, Patricia (1992). *The Promise and Paradox of Civil Service Reform*. Pittsburgh: University of Pittsburgh Press.

Essays in this volume cover the issues in civil service reform concentrating on examining the institutions, processes, and procedures established by the Civil Service Reform Act of 1978. Lessons are drawn from an examination of the results of this and other reforms.

Ingraham, Patricia and David Rosenbloom (eds.)(1988). “Symposium on the Civil Service Reform Act of 1978: An Evaluation.” *Policy Studies Journal* 17 (2): 311.

On the ten-year anniversary of the Civil Service Reform Act, a symposium was held to review the purposes, implementation, and outcomes of the Act. The private sector basis for some of the reforms is acknowledged, and problems of both design and implementation are discussed. Essays probe nearly every aspect of the major provisions of CSRA including merit pay, the Senior Executive Service, and the agencies created by CSRA.

Ingraham, Patricia and Carolyn Ban (eds.) (1984). *Legislating Bureaucratic Change: The Civil Service Reform Act of 1978*. Albany: State University of New York Press.

Papers from a conference at the five-year anniversary of CSRA. Problems with design and implementation are identified.

Kettl, Donald F., Patricia W. Ingraham, Ronald P. Saunders, and Constance Horner (1996). *Civil Service Reform: Building a Government That Works*. Washington: Brookings Institution Press.

The authors present the case for another civil service reform by analyzing the current personnel problems of the federal government and assessing the demands that governance in the future will make on government management. Proposed reforms are based on ten general recommendations. One recommendation is to reward good performance through performance-based compensation. This enduring interest is especially interesting because the authors have been involved in the design, implementation, management, or analysis of unsuccessful past performance pay programs. While references to private sector practices are interlaced throughout this book, there is no specific attempt to design or justify the reforms on the basis of private sector models.

Maranto, Robert and David Schultz (1991). *A Short History of the United States Civil Service*. Lanham: University Press of America.

Identifiable periods of civil service history preceding the Pendleton Act were “government by gentlemen” from Washington to Jackson, and the spoils system associated with the Jackson presidency. Since the Pendleton Act was enacted, growth in the size of government and the durability of the politics/administration dichotomy have characterized the civil service. This period was followed by Carter’s CSRA, the political revolution under Reagan, and consolidation of reform during the Bush Administration.

Pfiffner, James P. and Douglas A. Brook (eds.) (2000). *The Future of Merit: Twenty Years After the Civil Service Reform Act*. Washington: Woodrow Wilson Center Press.

Papers from a symposium at the twentieth anniversary of the Civil Service Reform Act. A final assessment on CSRA is made and issues for the future are discussed.

Romzek, Barbara S. (2000). "Accountability Implications of Civil Service Reform," in James P. Pfiffner and Douglas A. Brook (eds.). ***The Future of Merit: Twenty Years After the Civil Service Reform Act***. Washington: Woodrow Wilson Center Press.

Four types of accountability are identified: hierarchical, legal, professional, and political. Each has a distinctive value emphasis and set of behavioral expectations. The author argues that when reformers call for greater accountability, it often means they want a different type of accountability.

Thayer, Frederick C. (1984). "The President's Management 'Reforms': Theory X Triumphant," in Patricia W. Ingraham and Carolyn Ban (eds.). ***Legislating Bureaucratic Change: The Civil Service Reform Act of 1978***. Albany: State University of New York Press.

The superiority of private sector management practices is strongly implicit in the management reforms contained in the report from President Carter's Personnel Management Project, and in the pay for performance provisions of the Civil Service Reform Act of 1978. The author argues that this assumption was largely untested. Private sector organizations are seen as less able to tie pay to performance than was believed by the designers of CSRA. They are also less able to measure productivity improvements and are less apt to fire poor performers than is commonly believed. The author concludes that CSRA reforms were based on a cynical view of what motivates public employees.

Yeager, Frank A. (1987). "Assessing the Civil Service Reform Act's Impact on Senior Manager Priorities." ***Public Administration Review*** 47 (September-October): 417-424.

Creation of the Senior Executive Service was intended to improve government performance. A content analysis of senior executive performance standards in one agency finds that a performance evaluation mechanism was successfully instituted. However, the standards show no greater emphasis on the goals of the Civil Service Reform Act than existed before its enactment.

B. Motivating Performance Through Incentives and Rewards

Abernathy, William B. (1999). "Evaluating Organizational Scorecards and Incentive Pay Systems." *Employment Relations Today* 25 (4): 83-96.

A review of incentive pay programs reveals a movement away from traditional executive bonus plans toward incentives based on individual and team performance. Such plans require systemizing and automating performance measures and developing indicators of the validity of the organizations' scorecards.

Abosch, Kenan S. (1998). "Variable Pay: Do We Have The Basics In Place?" *Compensation and Benefits Review* 30 (July-August): 12-22.

Participants in a Hewitt Associates survey report that incentive programs have helped improve business operations but half the respondents say the plans fail to achieve their organizations' objectives. Successful plans have clarity of purpose. Variable pay plans are expanding for five reasons: shift compensation costs from fixed to variable; facilitate a focus on organizational objectives; create a sense of alignment; build a psychology of ownership; and enhance reward opportunities.

Anonymous (1998). "About The Variable Compensation Measurement Database." *Compensation and Benefits Review* 30 (July-August): 20-21.

The Hewitt Associates Variable Compensation Measurement database contains information on compensation plans of 200 mid- and large-size U.S. companies. Data includes design characteristics and surveys of perceived effectiveness.

Anonymous (1998). "The Sticking Power of Variable Pay." *Compensation and Benefits Review* 30 (July-August): 21.

Companies keep variable pay plans even if they are not working for four reasons. They may not realize the plans are not working well; fixing the

programs can be difficult; competitive pressures for companies to keep the plans; and, removing incentive pay plans affects morale.

Bann, Charles and Jerald Johnson (1984). "Federal Employees Attitudes Toward Reform: Performance Evaluation and Merit Pay," in Patricia Ingraham and Carolyn Ban (eds.). ***Legislating Bureaucratic Change: The Civil Service Reform Act of 1978***. Albany: State University of New York Press.

Bloom, Matt and George T. Milkovich (1998). "Relationships Among Risk, Incentive Pay, and Organizational Performance." ***Academy of Management Journal*** 41 (June): 283-297.

The authors conduct a statistical analysis to evaluate the use of short-term incentives by high and low risk firms. Organizations facing higher risk tend to place less emphasis on short-term incentives, and those that do tend to exhibit poorer results. The employment contract is more complex than is suggested by simple assumptions about the motivational effects of incentive pay.

Bok, Derek (1993). ***The Cost of Talent: How Executives and Professionals Are Paid and How It Affects America***. New York: The Free Press.

This book explores explanations of the variance in compensation between occupations. It focuses on the rise of the professions, the widening of income disparity since the 1970s, and the effect of compensation on motivation and choice of careers. A chapter on federal government officials includes discussion of differences in compensation and motivation between the private and public sectors, ultimately concluding that federal employees' compensation is linked to public attitudes toward government.

Daley, D. (1987). "Merit Pay Enters With a Whimper: The Initial Federal Civil Service Reform Experiences." ***Review of Public Personnel Administration*** 7 (2): 72-79.

An analysis of the 1980 Federal Employees Attitude Survey discusses the differences between recipients and non-recipients of merit pay. The analysis shows no difference, suggesting that merit pay does not appear to motivate federal employees. The author concludes that monetary rewards may be less valued by public employees than by their counterparts in the private sector.

Ganzel, Rebecca (1998). "What's Wrong With Pay for Performance?" *Training* 35 (December): 34-40.

Hewitt Associates reports that seventy-two percent of companies now use variable pay schemes, compared to forty-seven percent in 1990. But contingent pay arrangements are not always bringing the desired results in organizational performance. Some poorly designed incentive programs can encourage the wrong kind of employee behavior.

Hale, Jamie and George Bailey (1998). "Seven Dimensions of Successful Reward Plans." *Compensation and Benefits Review* 30 (July-August): 71-77.

Case studies are presented to illustrate the successful use of seven dimensions of incentive reward plans. They are: pay for performance, linkage to change levers, measurable competencies, incentives matched to organizational culture, group incentives, communication, and recognition for the work itself. All are based on aligning the goals of the organization with the behavior and skills of the employee. The seven dimensions can be used as benchmarks to evaluate other private and public sector reward programs.

Hamner, W. Clay (1983). "How to Ruin Motivation With Pay," in J. Richard Hackman, Edward E. Lawler, III, and Lyman W. Porter (eds.). *Perspectives on Behavior in Organizations*. New York: McGraw-Hill.

The concept of merit pay is based on the "law of effect." That is, behavior that leads to positive outcomes will tend to be repeated. Despite the soundness of the principle, merit programs often fail. Two reasons are offered. First, the merit pay plan is mismanaged or misunderstood. Second, individuals can be or are motivated by aspects of their jobs other than compensation and rewards.

Hays, Scott (1999). "Pros and Cons of Pay for Performance." *Workforce* 78 (February): 68-72.

This study asks if pay for performance programs are good for the company or bad for morale. It presents anecdotal evidence supporting the commonly held views of pay for performance programs. However, the author cautions that

rewards can undermine corporate goals and can be used to punish employees. Reward programs must help support corporate goals.

Ingraham, Patricia (1992). "The Merit Pay Reforms," in Patricia Ingraham. *The Promise and Paradox of Civil Service Reform*. Pittsburgh: University of Pittsburgh Press.

The merit pay provisions of the CSRA borrowed from an understanding of the private sector's use of incentives and rewards in compensation. In implementation, the merit pay plan was under-funded and it failed to establish a demonstrable link between pay and performance. Lessons learned suggest that incentive programs need to be structured differently. Just as important, however, are questions about what really motivates federal employees.

Jensen, Michael C. and Kevin J. Murphy (1990). "Performance Pay and Top Management Incentives." *Journal of Political Economy* 98 (2): 225-251.

The authors present an analysis of performance pay and incentive compensation for 2000 corporate CEOs in three samples over five decades. The findings indicate that the relationship between CEO wealth and corporate performance, as measured by shareholder value, is small and has been declining. This surprising finding suggest two observations in the context of the current movement toward greater contingent compensation. First, the presumed model upon which the contingent pay aspects of CSRA were modeled could have been inaccurate. Second, current reports of significant top management compensation tied directly to stock price indicate that an update of this study might produce dramatically different results.

Kellough, J. Edward and Haoran Lu (1993). "The Paradox of Merit Pay in the Public Sector: Persistence of a Problematic Procedure." *Review of Public Personnel Administration* 13 (2): 45-64.

The theoretical foundations of merit pay are explained and the recent experiences with merit pay in the public sector are reviewed. Though merit pay has largely failed in the federal government, support for the concept persists. Problems with merit pay are associated with performance appraisal, funding, and managerial discretion. The motivations of public managers may also be misunderstood. Six reasons are offered for the continued interest in

merit pay: symbolic politics, business stereotypes, managerial orthodoxy, political control, sunk costs, and perceived prior implementation failures.

Lawler, Edward and Susan A. Mohrman (1995). "Reward Innovations in *Fortune* 1000 Companies." *Compensation and Benefits Review* 27 (July-August): 76-80.

The various types of reward programs of the *Fortune* 1000 companies are summarized. Nearly every pay innovation is used by a majority of the companies, but these programs cover a minority of employees. The survey is useful as a benchmark for other private or public sector organizations.

Loverich, Nicholas P., Jr. (1987). "Merit Pay and Motivation in the Public Workforce: Beyond Technical Concerns to More Basic Considerations." *Review of Public Personnel Administration* 7 (2): 54-71.

Many observers of the failure of merit pay in government place the blame on various problems with implementation. This study of public employees in the State of Washington suggests that belief in the motivational role of merit pay may not be well founded. The motivational effects of workplace participation and job enrichment are examined. Workplace participation is found statistically significant on measure of employee motivation.

Maslow, A. H. (1992). "A Theory of Human Motivation," in Jay M Shafritz and Albert C. Hyde (eds.). *Classics of Public Administration, 3rd Edition*. Pacific Grove: Brooks/Cole.

Maslow's pioneering work on motivation establishes a hierarchy of human needs that describes the motivational forces on humans as being more complex than originally theorized. Basic physiological, safety, love, esteem and self-actualization needs are identified.

McKenzie, Francine C. and Matthew D. Shilling (1998). "Avoiding Performance Measurement Traps: Ensuring Effective Incentive Design and Implementation." *Compensation and Benefits Review* 30 (July-August): 57-65.

Determining the proper performance measures is critical to the success of incentive programs that both reward and drive performance. The author

identifies common errors in incentive programs and offers nine guidelines for effective design and implementation of incentive programs. Though intended for private sector organizations, the guidelines are useful in assessing incentive programs in the public sector.

Medoff, James (1981). "Are Those Paid More Really More Productive?" *Journal of Human Resources* 16: 186.

A common element of compensation systems is that employees with greater experience are paid more than comparable workers who have spent less time in the labor force. This practice implies that experienced workers are better performers. This study of managers in one corporation finds that performance plays a small role in explaining the pay differential. These findings raise questions about longevity pay systems and human capital explanations of pay differences.

Perry, James L. (1997). "Linking Pay to Performance: The Controversy Continues," in Carolyn Ban and N. M. Riccucci (eds.). *Public Personnel Management: Current Concerns – Future Challenges*. New York: Longman.

This chapter reviews the theoretical bases and practical implementation issues involved with pay for performance systems in government. The author concludes that such programs must offer rewards that minimize opportunistic behavior. Incentives must be directly related to performance without diminishing the intrinsic factors and self-esteem that also motivate public employees.

Perry, James L. (1988). "Making Policy by Trial and Error: Merit Pay in the Federal Service." *Public Administration Review* 17 (2): 389-405.

The author depicts the theoretical and operational aspects of the merit pay system created by the Civil Service Reform Act of 1978. Its basis in an understanding of pay for performance in the private sector is discussed. Summaries of empirical studies of merit pay indicate problems in design and implementation and failure to achieve the intended outcomes. Lessons from implementation are discussed and the question of what motivates public employees is raised.

Perry, James L. and Lois Recascino Wise (1990). "The Motivational Bases of Public Service." *Public Administration Review* 50 (May-June): 367-373.

The common assumption that a sense of public service motivates civil servants is challenged by the theoretical view of the public choice movement and the practical popularity of monetary rewards. Extrinsic rewards are now seen as important motivational factors. The authors review the major theories for public sector motivation and offer a typology of motives: rational, norm-based, and effective. The authors conclude that a theory of public service motivation runs counter to the notion that there is no difference between management in the public and private sectors.

Perry, James L., Beth Ann Petrakis and Theodore K. Miller (1989). "Federal Merit Pay, Round II: An Analysis of the Performance Management and Recognition System." *Public Administration Review* 49 (January-February) 29-37.

This paper assesses the effectiveness of the Performance Management and Recognition Systems, the successor to the failed merit pay program. The analysis focuses on whether PMRS resulted in an expected pattern of performance ratings and rewards, and whether the prospects of incentive pay influenced future performance. Problems with the design, implementation, and operation of PMRS are discussed. The conclusion suggests that the ultimate goal of improved overall government performance was not achieved through PMRS.

Pfeffer, Jeffrey (1998). "Truth or Consequences: The Six Dangerous Myths About Compensation." *Harvard Business Review* 76 (May-June): 108-119.

The author distinguishes between labor rates and labor costs, noting that productivity is the key to this comparison. Two of the six myths about pay are that people work for money and that incentive pay improves performance. Individual merit pay undermines teamwork, creates a short-term focus, and links compensation to organizational politics. Money is reported as being far from the most important factor in choosing a job or remaining in a job. Examples from both public and private sector organizations suggest that

misunderstandings about incentives in the private sector have been carried over into the public sector.

Semler, Richard P. (1998). "Making A Difference: Developing Management Incentives That Drive Results." *Compensation and Benefits Review* 30 (July-August): 41-48.

The author identifies financial, behavioral, organizational and technical influences on the success of incentive plans. Emphasis is placed on organizational goals rather than on individual objectives. The process of designing an incentive program can be as important as the design itself.

Vroom, Harold V. (1964). *Work and Motivation*. New York: Wiley.

The author presents the concept of expectancy, on which many of the theories of workplace incentive programs are based. Expectancy is a belief that a particular act will be followed by a particular outcome. When combined with preferences for certain outcomes, and allowing for external forces operating on the individual, the elements of an incentive pay program are contained within the theory of expectancy.

Wholey, Joseph S. (1991). "Creating Incentives for Improved Performance," in J. S. Ott, A. C. Hyde, and J. M. Stalitz (eds.). *Public Management: The Essential Readings*. Chicago: Nelson-Hall.

Incentives are seen as needed in government to achieve improved performance, despite limited effectiveness in the private sector. An incentive structure is proposed that contains not only various types of financial incentives, but also perks and intangible incentives. The idea of organizational incentives is presented, along with the more familiar individual and group programs.

Wilson, Thomas B. (1995). *Innovative Reward Systems for the Changing Workplace*. New York: McGraw-Hill.

Traditional reward systems based on hierarchy and position have given way to reward systems based on performance and incentives. This book discusses the theories and practices of various types of variable pay plans, including: bonuses, sales incentives, piece rate incentives, team incentives,

goal/productivity sharing, and key contributor awards. Four important conditions must be met to reinforce desired behavior: rewards must be specific, personalized, contingent, and immediate.

C. Related Issues in Public Personnel Management

Baldwin, J. W. (1990). "Perceptions of Public Versus Private Sector Personnel on Formal and Informal Red Tape: Their Impact on Motivation." *The American Review of Public Administration* 20: 7-28.

The author reports the results of a survey of public and private managers on perceptions of formal and informal red tape in their organizations. Differences in informal red tape are seen between public and private organizations, but perceptions of red tape do not correlate with self-reported impact on motivation.

Ban, Carolyn (1987). "The Crisis of Morale and Federal Senior Executives." *Public Productivity Review* 43 (Fall): 31-45.

The Author analyzes three Federal Employee Audit Surveys. Focusing on members of the Senior Executive Service, the analysis shows that implementation of the Civil Service Reform Act, which was in part designed to improve morale in the federal service, has, in fact, had the opposite effect. Survey data show dissatisfaction with pay, frustration with personnel rules, and lingering problems between career and non-career executives.

Coursey, David and Hal G. Rainey (1990). "Perceptions of Personnel Systems Constraints in Public, Private and Hybrid Organizations." *Review of Public Personnel Administration* 10 (2): 54-72.

The authors present an analysis of phone and mail surveys of public and private managers. Organizations were classified based on the primary product or service produced using both the core and publicness models. Significant differences in personnel and incentive decisions were found across the sectors.

Lee, Yong S. (1992). *Public Personnel Administration and Constitutional Values*. Westport: Quorum Books.

Public personnel management has increasingly been constrained by judicial decisions affecting disciplinary actions, layoffs, affirmative action, promotion, compensation, and termination. Now, the employment relationship in public personnel management is based on what may or may not be done lawfully.

Light, Paul C. (1997). "The 'Quiet Crisis' Ten Years Later." *Government Executive* 29 (December): 53-56.

A ten-year anniversary view of the Volcker Commission report indicates that federal workforce morale has improved, pay has increased, and job satisfaction has improved. Nevertheless, the quiet crisis continues with the erosion of public trust, excessive numbers of political appointees, the continuing gap between public and private sector salaries, and a new emphasis on downsizing personnel without altering agency missions.

McGowan, Robert P. (1982). "The Professional in Public Organizations: Lessons From the Private Sector." *American Review of Public Administration* 16 (4): 337-345.

Adoption of private sector management techniques has caused a change in the nature of the skills and attributes necessary to operate as a professional in public organizations. However, the author argues that neither the private nor the public sector has developed a consensus definition of professionalism.

McGregor, Douglas Murray (1992). "The Human Side of Enterprise," in Jay M. Shafritz and Albert C. Hyde (eds.). *Classics in Public Administration, 3rd Edition*. Pacific Grove: Brooks/Cole.

The assumptions of Theory X approaches to management and motivation are examined and rejected. Instead, the author proposes Theory Y based on the assumption that people are not naturally resistant or passive toward organizational needs. Instead, it is the job of management to establish the conditions wherein employees can develop their capacities for responsibility and to achieve their own goals by directing their efforts toward organizational objectives.

Rainey, Hal G. (1983). "Public Agencies and Private Firms: Incentive Structures, Goals and Individual Roles." *Administration and Society* 15 (August): 207-242.

This paper focuses on managers' perceptions of organizational goals and individual roles in public and private organizations. Two commonly held distinctions between public and private are: civil service rules inhibit the effectiveness of extrinsic rewards; and, the goals of public organizations are more complex, conflicting and difficult to measure. Findings indicate that public managers see less linkage between performance and extrinsic rewards, and they regard personnel rules as constraints on the association of rewards with performance. However, public service motivation was identified and public accountability is suggested as an explanation of unique characteristics in managing public agencies.

Rainey, Hal G. (1982). "Reward Preferences Among Public and Private Managers: In Search of the Service Ethic." *American Review of Public Administration* 16 (4): 288-303.

A comparison of questionnaires completed by middle managers of public agencies and private firms reveals a significant difference on the importance assigned to being engaged in "meaningful public service." The surveys showed a strong positive relationship for public managers but not for private sector managers. Previous studies concluded that public managers give a low rating to the importance of financial rewards. This study finds the differences to be less dramatic, indicating that financial and other extrinsic rewards may be valued by many public sector managers.

Rainey, Hal G. and Ed Kellough (2000). "Civil Service Reform and Incentives in the Public Service," in James P. Pfiffner and Douglas A. Brook (eds.) *The Future of Merit: Twenty Years After the Civil Service Reform Act*. Washington: Woodrow Wilson Center Press.

Given the shortcomings of past attempts at providing incentive pay in the federal government, the authors consider studies of successful public organizations, rather than looking further for private sector management models. They find high performing organizations to be characterized by leadership, organizational mission, task design, and employee empowerment and development. A narrow focus on pay for performance is insufficient.

Rainey, Hal G., Carol Traut and Barrie Blunt (1986). "Reward Expectancies and Other Work-Related Attitudes in Public and Private Organizations: A Review and Extension." *Review of Public Personnel Administration* 6 (3): 50-73.

The authors review the literature on research comparing attitudes of public and private sector employees. Types of comparisons include those made by former and present practitioners, comparisons of public and private organizations, comparisons of analogous public and private task units, and comparisons from social surveys. Studies seem to support a distinction between public and private sector employees though the differences are not large. A replication of a two-state study finds additional evidence of less favorable work-related attitudes among public employees, including lower extrinsic reward expectancies.

Rainey Hal G. and Robert W. Backoff (1982). "Professionals in Public Organizations: Organizational Environments and Incentives." *American Review of Public Administration* 16 (4): 319-337.

The professional values for three concepts of professionalism are presented. General public administration professionals are depicted as being motivated by the value they place on public and altruistic service, expertness in areas specific to public service, and a commitment to excellence.

Romzek, Barbara S. (1992). "The Dynamics of Employee Commitment," in Patricia W. Ingraham and Donald F. Kettl (eds.). *Agenda for Excellence: Public Service in America*. Chatham: Chatham House.

Employee commitment is no longer simply dependent upon pay. Now employees expect a fair income and a secure job in a safe working environment. Employee commitment depends upon the employees' investment in the organization and by the organizational factors of culture, socialization, and expectations. Different levels of commitment are identified as zealots, highly committed, moderately committed, indifferent, and the alienated.

IV. A Private Sector Model for Federal Financial Management

A. Issues in Federal Financial Management

Chan, James L. (1991). "Standards and Issues in Government Accounting and Financial Reporting," in J. S. Ott, A. C. Hyde and J. M. Stalitz (eds.). ***Public Management: The Essential Readings***. Chicago: Nelson-Hall.

Nearly a decade before the CFO Act, this paper discusses the essential elements of government accounting and financial reporting. The absence of consensus on generally accepted accounting standards for government is identified. The multiplicity of audiences for governmental financial information is seen as a complicating factor in external financial reporting. The relationship to governmental budgeting and the role of the accountant in evaluation are also discussed.

Ewer, Sid R. (1997). "Federal Government Accountability." ***The CPA Journal*** 67 (March): 22-27.

This paper reviews the major requirements of the CFO Act of 1990, the Inspector General Act, the Federal Managers' Financial Integrity Act, the Government Performance and Results Act of 1993, the Government Management Reform Act of 1994, and the Federal Financial Management Improvement Act of 1996.

Haller, Edward J. (1983). "Wanted: A Chief Financial Officer for the Federal Government." ***The Government Accountants Journal*** 32 (3): 32-36.

The Federal Management Systems Task Force of the Grace Commission proposed the creation of an office of financial management within the Executive Office of the President and appointment of a director of financial management. The task force found federal financial information to be unreliable, inadequate, and untimely. The findings and recommendations were based on comparisons with financial management in the private sector. The report serves as a precursor for the arguments that led to the eventual adoption of the CFO Act.

United States General Accounting Office (1994). ***Government Auditing Standards: 1994 Revision***. Washington: GAO.

The updated manual detailing the elements and procedures for government audits.

U.S. Office of Management and Budget (1998). ***Federal Financial Management Status Report and Five-Year Plan***. Washington: GPO.

The annual report by the CFO Council and OMB on the plan to achieve improvements in the financial management and financial systems of the federal government.

Whittington, O. Ray and Kurt Pany (1998). ***Principles of Auditing***. Boston: Irwin McGraw-Hill.

This textbook for students of auditing covers all aspects of the profession from professional standards, ethics, and legal liability to the technical requirements of an audit – planning, evidence, internal control, sampling, accounting practices, and attestations. It does not address public sector auditing separately, but is instructive in understanding the financial reporting and audit standards of the business-style financial statements required by the CFO Act.

B. The Chief Financial Officers Act

Anonymous (1994). “Federal Agencies Don’t Comply With the CFO Act.” ***Journal of Accountancy*** 87 (August): 24.

A review of the first round of audits of agency financial statements under the pilot program of the CFO Act finds that only two agencies received unqualified audit opinions. Reliability of financial information needs vast improvement and development of audit standards for government organizations is needed.

Glassman, James K. (1998). “The Gang That Couldn’t Keep Its Books Straight.” ***On The Issues*** no. 9116. Washington: American Enterprise Institute.

The report of the GAO audit of the first consolidated financial statement of the federal government is discussed. The lack of consequences of a disclaimed audit opinion for the federal government are contrasted with the likely consequences for a private sector company.

Steinberg, Harold I. (1996). "The CFO Act: A Look at Federal Accountability." *Journal of Accountancy* 181 (March): 55-57.

An accountant's report of the progress made under the CFO Act to impose the same requirements for accounting, auditing, and financial reporting on the federal government as are imposed on business. The development of government-specific standards for accounting and auditing suggests a tacit admission that some differences exist between the sectors.

United States Congress, House Committee on Government Reform and Oversight, Subcommittee on Government Management, Information, and Technology, (1996). *Hearing: Chief Financial Officers Act Oversight* July 25. Washington: GPO.

Testimony by the Comptroller General, agency financial managers, and analysts assess the operation of the CFO Act. Problems are identified in systems and accountability.

United State Congress, House Committee on Government Operations, Legislation and National Security Subcommittee (1994). *Hearing: Strengthening Public and Fiscal Accountability: Implementation of the Chief Financial Officers Act of 1990* June 21-23. Washington: GPO.

Accountability, financial systems, and unreliable financial information are cited as impediments to improved financial management and reporting as seen in the financial audits of agencies designated for the CFO Act pilot program.

United States Congress, Senate Committee on Governmental Affairs (1991). *Hearing: Implementation of the Chief Financial Officers Act* June 7. Washington: GPO.

Plans for implementing the CFO Act and for performing audits of pilot program agencies are discussed in testimony by the Comptroller General.

United States General Accounting Office (1998). *Financial Audit: 1997 Consolidated Financial Statements of the United States Government*. Washington: GAO.

The audit report of the first consolidated financial statement of the federal government. GAO issued a disclaimed opinion, indicating that financial systems and information were inadequate for making an evaluation of the reliability of the financial reports.

United States General Accounting Office (1991). *The Chief Financial Officers Act As A Mandate for Federal Financial Management Reform*. Washington: GAO.

GAO analysis of the CFO Act. This and other reports by GAO are notable for their strong advocacy for the requirements of the CFO Act.

V. Privatization: Using Private Sector Organizations Performing Public Sector Work

A. Examinations of Privatization

Bozeman, Barry (1988). "Exploring the Limits of Public and Private Sector Boundaries." *Public Administration Review* 48 (March-April): 672-675.

The author responds to Moe (1987). A blurring of the line between public and private sectors is taking place. Privatization and other reform initiatives depend on private organizations to perform functions traditionally performed by government. The author argues that public law and Constitutional issues are not necessarily any less important.

Jennings, Edward T., Jr. (1991). "Public Choice and the Privatization of Government: Implications for Public Administration," in J. S. Ott, A. C.

Hyde and J. M. Stalitz (eds.). ***Public Management: The Essential Readings***. Chicago: Nelson-Hall.

The author describes the economic basis of privatization in terms of market failure. It is argued that government is too large, too involved in matters best left to the private sector, and too inefficient. The movement toward a more market-oriented public administration is presented.

Kettl, Donald F. (1997). "Privatization: Implications for the Public Workforce," in Carolyn Ban and N. M. Riccucci (eds.). ***Public Personnel Management: Current Concerns – Future Challenges***. New York: Longman.

The author identifies three types of privatization: vouchers, contracting out, and divestiture. The increasing use of alternative means of providing government services has changed the nature of the public service. Public employees are more white collar and more highly paid. Policy development and supervision have replaced program management as the primary job of many public managers. A more skilled workforce, better trained to meet the changed nature of public management is needed.

Light, Paul C. (1999). "The True Size of Government." ***Government Executive*** 31 (January): 18-24.

Despite claims to the contrary, the author argues that the size of the federal government is larger than it was thirty years ago. The claim of downsized government can only be made when counting only the narrow category of the 1.9 million employees in the full-time civilian civil service. Add in organizations like the postal service and the military and the total is 4.3 million. Include employees working under federal contracts, grants, and mandates and the size of government swells to nearly 17 million people. Consideration of the size of this "shadow government" is essential to an understanding of the true size, scope, and nature of government today.

Salamon, Lester M. (1989). ***Beyond Privatization: The Tools of Government Action***. Washington: Urban Institute Press.

The author identifies a widespread pattern of third party government that goes beyond simple privatization alternatives. A list of "tools" of governance that

can be applied to specific public sector demands is identifies. The tools are: direct government, grants-in-aid, loan guarantees, tax expenditures, regulation, and government corporations. Criteria for evaluating direct government are identified as effectiveness, oppressiveness, efficiency, innovation, political feasibility, and political responsiveness.

Savas, Emanuel S. (1987). *Privatization: The Key to Better Government*. Chatham: Chatham House.

Privatization is defined as the act of reducing government or increasing the role of the private sector in an activity or in ownership. The forces behind privatization are described as pragmatic, ideological, commercial or populist. The goals of each are better government, less government, more business, and a better society. The changing boundaries between public and private are examined.

Savas, Emanuel S. (1986). "On Privatization," in Frederick S. Lane (ed.). *Current Issues in Public Administration, 3rd edition*. New York: St. Martins Press.

The author argues that the question of finding the best way to meet society's needs should focus on the question of monopoly vs. competition rather than on public vs. private. Seven forms of privatization are identified: contracting, franchises, vouchers, producer subsidies, the marketplace, voluntary arrangements, and self-service. Each is compared on matrices of types of goods and other characteristics.

B. Criticisms of Privatization

Moe, Ronald C. (1987). "Exploring the Limits of Privatization." *Public Administration Review* 47 (November-December): 453-460.

Addressing the privatization movement, the author argues against the assumption that public and private sectors are alike. Rather, the case is argued for a conception of the public sector that is based on the Constitution and public law. Considerations of sovereignty and accountability also help to set limits on the transfer of public functions to the private sector.

National Academy of Public Administration (1991). "Privatization: The Challenge to Public Management – The Challenge of Privatization, in J. S. Ott, A. C. Hyde and J. M. Stalitz (eds.). ***Public Management: The Essential Readings***. Chicago: Nelson-Hall.

The growth of privatization affects the ability of public managers to meet requirements of accountability. The need to regulate and manage privatized government services is a challenge for public administrators.

Pfiffner James P. (2000). "Government Legitimacy and the Role of the Civil Service" in James P. Pfiffner and Douglas A. Brook (eds.) ***The Future of Merit: Twenty Years After the CFO Act***. Washington: The Woodrow Wilson Center Press.

Among the issues discussed in this paper is the question of instilling the "public service ethic" in non-governmental employees who perform government work. How does the concept of a merit system apply in a privatized government workforce?

Thayer, Frederick C. (1991). "Privatization: Carnage, Chaos, and Corruption," in J. S. Ott, A. C. Hyde and J. M. Stalitz (eds.). ***Public Management: The Essential Readings***. Chicago: Nelson-Hall.

An outspoken opponent of privatization, the author argues that privatization of public services results in graft, corruption, and misuse of public resources. He challenges the economic argument that government inefficiency is the result of a lack of competition and argues that it is the inefficiency of monopoly authority that must be addressed.

Biographical Sketch

Douglas A. Brook, Ph.D., George Mason University, is a former Assistant Secretary of the Army (Financial Management) and former Acting Director of the U.S. Office of Personnel Management. He is a member of the George Mason University M.P.A. advisory committee and serves on the visiting committee of the Gerald R. Ford School of Public Policy at The University of Michigan.