Differing Managerial Cultures

A central proposition of this chapter is that those responsible for consolidating, evaluating and enhancing the New Zealand state-sector reforms should draw on a broader range of scholarly inquiry than was used in designing the new 'public production process', which has been shaped by insights drawn almost exclusively from organisational economics. A more multidisciplinary, experientially based - and more commonsensical? - approach should better ensure that some aspects of the reforms do not ultimately exacerbate rather than overcome the problems they were originally intended to address.

I have outlined elsewhere the reasons why the reforms might introduce new varieties of 'goal displacement', a contradiction common to virtually all large bureaucratic organisations, and one which the changes were explicitly designed to overcome. In similar vein, this chapter will discuss the possibility that, unless a broader range of theory and experience is drawn upon, other unintended and undesirable consequences might follow. Of central concern in this discussion are the consequences that may flow from an exaggerated preoccupation with managerial accountability at the expense of administrative responsibility.

A basic conceptual framework that is central to both discussions is outlined by James Q. Wilson in his major work on American public bureaucracy. In summary, Wilson deploys a four-way matrix (see Figure 3.1) to differentiate among public agencies according to (i) the observability of an agency's outputs, and (ii) the observability of its outcomes. The former comprise the work the agency does, and the latter the effects of that work on the community. To quote Wilson:

The outputs (or work) of police officers are the radio calls answered, beats walked, tickets written, accidents investigated, and arrests made. The outcomes (or results) are the changes, if any, in the level of safety, security, order, and amenity in the community.

It should be noted that Wilson uses the two terms in almost the same way as New Zealand's Public Finance Act 1990, which is one of the three main statutory foundations of the state-sector reforms (the others being the State Owned Enterprises Act 1986, and the State Sector Act 1988).

Managers of production organisations-or of production tasks-can evaluate workers 'on the basis of their contribution to efficiency', measured clearly as a ratio between outputs and outcomes. In procedural organisations workers are much more likely to be assessed according to their compliance with rules and procedures, given that processes can be observed while outcomes cannot. In a craft environment compliance must be assessed against the outcomes produced rather than the means of doing so. In a coping culture 'effective management is almost impossible' since neither work nor outcomes are readily observable.
In Wilson's view, managers in the four different types of organisation—production, procedural, craft and coping—will need to use different mixes of incentives to encourage operators to comply with agency rules. Hence, each type of organisation will be characterised by a different type of management culture, and the critical factor in determining the type of organisation and the appropriate management culture will be the particular task being carried out. In practice, many large public organisations will be carrying out a range of different tasks— for example, New Zealand's 'big three': the departments of Justice, Social Welfare and Inland Revenue—and thus may encompass a mix of managerial cultures.

Wilson's own warning should be heeded: 'My classification is a crude effort to sort out some important differences. It is hardly a theory and many agencies do not fit its categories. Use with caution.' Moreover, some tasks, under differing circumstances (to outline these would need a stronger attempt at theory building than can be offered here), may straddle categories or shift from one to another.

Figure 3.2 provides an indicative categorisation of some of the tasks carried out within the New Zealand state services. The main thrust of the state-sector reforms has been to encourage all public agencies in New Zealand to treat all their tasks as if they were or could be made into production ones. In the context of this discussion, this is the idea behind the pejorative interpretation of 'managerialism'. For, as Wilson's matrix: indicates, such an aspiration seems insufficiently sensitive to difference among the sorts of tasks that public organisations are required to carry out. While it may be quite appropriate for production agencies, especially state-owned enterprises, it is much less so for the other three types of organisation. Treating all tasks as if they were amenable to a production, culture not only is likely to have counter-productive effects with regard to goal-displacement, but may also encourage official behaviour which while accountable, is less responsible, even corrupt.
No detailed analysis can be provided here of the various managerial modes that might be considered appropriate for differing public-sector tasks. Instead, the discussion will identify several interconnected variables that need to be considered in relation to differing tasks if state-sector organisations are to be both accountable and responsible. Three general propositions will be advanced: first, that the concept of accountability may generally be sufficient for the management of production and procedural organisations; second, that the notion of responsibility is much more appropriate for the management of craft and coping organisations; and third, that corrupt official practices may be more likely to occur when a concern for accountability displaces the need for responsibility, especially in craft and coping organisations.

**FIGURE 3:2 THE DIFFERENT TASKS OF PUBLIC AGENCIES**

![Diagram showing different tasks of public agencies]

**Accountability and Responsibility**

In the state-sector reforms there has emerged a huge contrast between the fulsome attention paid to accountability and the very sparse consideration of responsibility. Perhaps the two words are considered synonymous. But they are not, as they represent two concepts which, while related, embody different ideas about the behaviour of public officials.

Accountability, as the word itself suggests, is about the need to give an account of one's actions. In an organisational context, the primary duty of obligation is to provide such an account to one's superiors in the hierarchical chain of bureaucratic command. Ralph Hummel captures the essence of bureaucratic accountability in pointing out that managerial control is based on the attempt to render all work 'visible', through reporting systems and procedures. Managers must know what their subordinates are doing, and their subordinates must tell them. Work that is hidden is potentially threatening to the organisation, understood as a control system. Information about the work carried out is the sine qua non of effective management. In this view, if work (outputs) cannot be seen it cannot be properly supervised.

What is responsibility, as distinct from accountability? Frederick Mosher distinguished between what he termed "objective" and 'subjective' responsibility. The former is really the
equivalent of accountability as outlined above: it is the formal obligation to give an account of one's actions to those in superordinate positions of authority. Lines of accountability are depicted in the traditional organisation chart. Subjective responsibility, on the other hand, is to be understood not as a formal, externally imposed duty but as a felt sense of obligation. It is not only 'upward-looking', in a hierarchical sense, but may be experienced as a pull in other directions, to a number of 'significant others'. Subjective responsibility, unlike objective responsibility (accountability), is the stuff of moral dilemmas.

The main difference goes beyond this idea of multiple directions. Whereas accountability is expressed to another party or other parties, responsibility is accepted for the actions of oneself or others. Also, responsible as distinct from (merely) accountable action implies some degree of prudence, good judgement or moral probity. For this reason, of course, public officials can be called to account for irresponsible (including morally reprehensible) actions taken by themselves or others; but their accountability does not necessarily say anything about their willingness to accept responsibility—in a causal sense—for those actions. These distinctions have been well canvassed in public administration literature (and in other scholarly traditions) since the Nuremberg trials, when accountable German officials disclaimed responsibility on the ground that they were only following the orders of their superiors. Broadly speaking, therefore, accountability may best be understood as a necessary but insufficient component of responsibility.

A lot has already been written about the impact of the New Zealand state-sector reforms on the status and workability of the conventional doctrine of ministerial responsibility, but little has been said about the idea of individual responsibility in the day-to-day activities of public officials.

**Accountability for Production and Procedural Tasks**

As Wilson indicates, the work involved in carrying out some tasks is relatively easy to observe, while in other cases it is much more difficult. Accountability therefore, understood as the need to make work visible, is more easily fostered in tasks which lend themselves to a production or procedural managerial mode than in those tasks which are more consistent with craft and coping modes. In the two former categories, work is observable as it happens; in other words it is directly (or simultaneously) controllable. There is little scope for rendering misleading, or downright untrue accounts of what is going on. In the latter two categories, however, work can often be made visible only after it happens. It is indirectly (or retrospectively) controllable, since it depends heavily on accounts given—stories told—by operators whose actual conduct is not observable by their managerial superiors.

In these cases managers may be told by their operators only what they want or expect to hear. The 'reality' reported to managers in craft and coping contexts may indeed be 'socially constructed', and their knowledge of what operators are actually up to must often be based on information gleaned from other sources, such as 'clients' or members of the public. This is what Herbert Kaufman calls 'unplanned feedback'. These operators are the 'street-level bureaucrats' discussed by Michael Lipsky—police officers, social workers, corrections officers, school teachers, and so on.

Especially in coping situations, managers find themselves handling 'crises' once they have occurred rather than, in the case of production and procedural situations, preventing them from happening. Regulatory manuals will nevertheless be voluminous in all four cases, but
for two different reasons: either because discretion is not necessary since work is readily prescribable (as in the production and procedural contexts), or because it is necessary and work must be rendered proscribable (as in craft and coping situations).

Clearly, if accountability is wanted, then it is much better to have production and procedural organisations than craft and coping ones. And if problems of goal displacement are to be overcome, then it is better to have production rather than procedural modes of management. The difficulty is that accountability, which is a function of the observability—or visibility—of work, is simply not an adequate means of fostering managerial compliance and purposeful action in craft and coping contexts.

**Responsibility for Craft and Coping Tasks**

The need for accountability often becomes a source of frustration for many officials who are required to carry out tasks that are highly dependent on the discretionary exercise of specialised knowledge. They are often professionals working in craft organisations. In these cases, as with professionals and other workers in coping organisations, there may be greater scope for 'morally hazardous' behaviour since their work is less observable than that of workers in production or procedural organisations. And in production organisations there may be less non-compliant behaviour simply because outcomes are clearly achievable without it. In procedural organisations all actions will be watched, as Wilson points out, because they can be watched, whereas outcomes remain elusive (and sometimes illusory). Agency theory has been invoked by architects of the state-sector reforms to curb the likelihood of 'morally hazardous' behaviour.\(^\text{15}\)

However, while there may be greater scope for such behaviour in a craft context, there may be no greater propensity for it, and perhaps even less. This is because compliance in craft organisations depends much less on formal, legalistic constraints, which are intended to keep activities visible and accountable, and much more on such qualities as a strong sense of shared mission, commitment to professional norms, standards and values, and above all on maintaining high levels of mutual trust and respect.

Coping organisations have professionals, too — or often aspiring professionals\(^\text{16}\)—but because neither their work nor the outcomes they produce are readily observable there will be much less willingness by managers to rely primarily on mission, professional values and trust (indeed, there is likely to be a lack of trust). So in both craft and coping contexts the managerial prerogative may often be experienced in a strongly negative sense by those being 'managed'. In the former it is felt to undermine trust; and in the latter, as Wilson observes, it is often seen to be exercised unfairly: 'Teachers do not like principals who fail to back them up in conflicts with pupils or parents. Police officers do not like [superiors] who fail to back them up in conflicts with citizens and lawyers'.\(^\text{17}\)

Especially in craft and coping situations, therefore, because work cannot be made visible — unless the nature of the task is transformed in the process\(^\text{18}\)—accountability must be broadened to become responsibility. Public administration scholarship has long recognized and understood this dimension of official compliance So too has organisation theory in general.
It was a central component of Chester Barnard's classical theory of organisation as a willingly co-operative system designed to achieve a common purpose. He spoke, among many other things, of 'the establishment of the morality of standards of workmanship'.

A preoccupation with accountability creates strong incentives for managers and operators to collaborate in constructing a body of "artifactual' knowledge' which is a crafted product of dubious veracity. This is a consequence of the drive to maximise measurable outputs and so enhance the appearance of organisational effectiveness. This knowledge becomes, in effect, the agency's own officially constructed 'reality', self-sustaining and largely beyond intelligent, reflective revision.

For such reasons officially determined rates — crime figures, unemployment numbers and estimates of the incidence of child abuse, alcoholism, domestic violence and so on — may say almost as much about the organisations and professionals who generate them as about the 'realities' they purport to measure. Indeed, one need not move beyond the political sociology of official statistics to find a scholarly tradition which raises more pertinent questions about the sort of positivist assumptions that underpin New Zealand's state-sector reforms, and which may diminish rather than enhance governmental learning capacity. These assumptions include the idea that 'efficiency' can be measured objectively, that resources can always be allocated 'rationally' rather than politically, and that policy and administration (now called management) ought to be readily separable. Although Wilson's work falls squarely within a 'mainstream' tradition of public administration scholarship, which itself has long since challenged such beliefs, his own account of the 'statistics game' played by the FBI under J. Edgar Hoover shows how a strong incentive to measure organisational success has a direct effect on administrative behaviour, not necessarily for the better.

In New Zealand, the growing production ethos of public management is likely to render such theoretical insights even more appropriate in attempts to interpret and explain the activities of public agencies, particularly the production of outputs which take the form of officially sanctioned rates, and which are instrumental in shaping public perceptions of, and attitudes towards, social problems. For example, F. Goodyear Smith's critical analysis of what she calls the 'sexual abuse industry' alludes to this phenomenon. And no doubt criminologists (and civil libertarians) in New Zealand will be keeping a sharp eye on how the police go about achieving their publicly announced plan to 'reduce' the incidence and effects of crime by 1998, and how crime-prevention strategies are implemented to identify and support so-called 'at risk' families and young people. Definitions and responses to the road-toll problem are, arguably, also locked into dominant political and professional perceptions.

The indiscriminate pursuit of measurable accountability is likely to have the greatest impact on coping tasks, insofar as they come to be regarded as production ones. There is a real dilemma here. Neither outputs nor outcomes are measurable, so managerial control is problematic, and there is thus greater scope for official and personal corruption. But tighter control-systems which measure only what can most readily be measured may enhance accountability at the expense of an effectiveness more attuned to the complex circumstances that coping tasks must address. In other words, a distinction needs to be made between accountability as control per se and accountability as controlled effectiveness. The former, when control becomes an end in itself, may be apparent in the form of a counterproductive obsession, whereas the latter recognises the importance of control — notably perhaps in financial management — but remains sensitive to the politically tendentious and technologically uncertain nature of the operating context.
If prisons, for example, are to be required by society to meet simultaneously the conflicting objectives of containment, (re)habilitation and punishment (to name only three), then it does not seem sensible to manage them as if they were production organisations. Much of the work of prison officers is directly controllable, but much of it is only indirectly so, as they seek to cope with the 'situational imperatives' that confront them in their day-to-day work.\(^\text{25}\) The actions of some Mangaroa Prison officers led to public controversy when it was later disclosed that in December 1993 an inmate, who was awaiting sentence for stabbing a police constable, was allowed to visit his de facto wife while being transferred to Auckland. A Justice Department report criticised the officers 'for allowing themselves to be "bullied" into the visit', which 'was made so the officers escorting [the prisoner] would not have to fight him all the way to Auckland'. The Minister of Justice was reported as saying that 'he was being driven insane and crazy by events at the prison' which had seen 20 escapes in two years.\(^\text{26}\) While the judgement and competence of prison staff in responding to 'situational imperatives' are proper concerns for management — and Ministers of Justice — such imperatives are in themselves unavoidable given the nature of the task. When operators' responses prove to be politically controversial they usually result in procedures being 'tightened'.

A similar observation can be made with regard to those coping tasks carried out by the Children and Young Persons Service of the Department of Social Welfare. The management of the service has been the subject of considerable public controversy, much of it relating to funding and budgeting, training, management support, staff morale, and criticism levelled by the Commissioner for Children.\(^\text{27}\) In August 1994 a youth was killed in a stolen car after he had absconded from a home run by the service. Public comment highlighted the difficult nature of coping tasks: for example, a central question was whether these homes should be run more like prisons with a higher priority given to security, as readily measured by the absconding rate, which reportedly was 58 per cent lower in 1993-94 than in the previous year.\(^\text{28}\)

**Increased Corruption in Public Agencies?**

Requiring all tasks to be managed as if they were amenable to a production culture may increase rather than diminish the possibility of non-compliance, even corruption. A summary depiction of the following arguments is provided in Figure 3.3.
To begin, let us consider Edward Banfield's application of agency theory to public and private organisations. He identifies two forms of corruption:

An agent is personally corrupt if he [sic] knowingly sacrifices his principal's interest to his own, that is, he betrays his trust. He is officially corrupt if, in serving his principal's interest, he knowingly violates a rule, that is, acts illegally or unethically albeit in his principal's interest.\(^{29}\)

Perhaps paradoxically, official corruption (as defined above) is often necessary if public bureaucracies are to do anything at all consistent with achieving their espoused purposes. Rules have to be bent, and 'misplaced initiative' has to occur if operators are to respond with common sense to the needs of their 'clients'.\(^{30}\) However, an over-blown commitment to a production culture may make a virtue of procedural and legal corner cutting, enhancing a 'can-do' mentality and so increasing a less benign incidence of official corruption taken in (what are thought to be) the principal's interests.

This may be especially so when the production ethos is overlaid with strong expectations of commercial enterprise on the part of officials A private 'keyholder' security service operated by a police officer might be a case in point. In 1993 it was publicly revealed that the police hierarchy had sanctioned a Wellington detective running a profit-making emergency telephone-number service in his spare time. The Commissioner of Police is reported to have said that the police were in a "win win" situation, having a system it would not normally have had, at absolutely no cost'. The commissioner later admitted police were mistaken to have entered into the contract', servicing officers were banned from running such services, and new rules were to be developed covering potential conflicts of interest arising from police officers having outside jobs.\(^{31}\) It appeared that unfavourable news media attention brought about this reconsideration, which would seem to reflect Bradshaw's point:

I believe that the public expects very high ethical standards from its public servants notwithstanding the changes that have occurred. You only need to look at the attention the media gives to indiscretions by public officials to realise that [missing] same conduct that is
criticised when it occurs in the Public Sector [missing] be rewarded as an exercise of initiative in the private sector.\textsuperscript{32}

Barnard claimed that falsifying the books ‘for the good of the organisation’—official corruption—was more common in public than in private organisations;\textsuperscript{33} and Banfield has ascribed this to the fact that government executives are more likely than their business counterparts to be motivated by non-pecuniary values (involvement in ‘affairs of state', proximity to political power; commitment to ‘the public interest').\textsuperscript{34} Government departments in New Zealand, and of course elsewhere, have in the past been disposed to eliminate personal corruption virtually at all costs. But, as Banfield points out, this situation differs markedly from that prevailing in business organisations, which ‘will incur costs to prevent corruption insofar — but only insofar — as it expects them to yield marginal returns equal to those that could be had from other investments.'\textsuperscript{35}

On the face of it, therefore, requiring public agencies to behave as if they were private ones may be expected to result in less official corruption but more personal corruption. In January 1994, Robert Sheldon, Chairman of the House of Commons Public Accounts Committee, reported that public standards of probity and integrity had fallen to their lowest level since the creation of the modern civil service last century. He argued that increased mismanagement, inefficiency and outright fraud were threatening the long-standing incorruptibility of Britain's public services. He also claimed that the decline in standards had been exacerbated by government attempts to bring private-sector expertise into public-sector management. In his view these managers were not imbued with the public-sector ethos of probity associated with public servants.\textsuperscript{36} These arguments suggest that official corruption, too, is more likely to increase as a result of the narrow preoccupation with accountability.

A more telling factor, however, is morale. Generally speaking, organisational morale is likely to be higher in production and craft contexts than in procedural and coping ones, because clear outcomes can be readily observed (produced). There will be a stronger sense of achievement, relevance and purpose. Yet morale is high in production and craft contexts for different reasons: in the former because there is a clear and unambiguous relationship between work done and results produced; in the latter because professionals are given the operational autonomy that they so highly value.

A consequence of treating craft tasks as if they were production ones effectively undermines this autonomy. Individual self-esteem may be lowered, general morale may drop, and an air of cynical obedience may lowered, general morale may drop, and an air of cynical obedience may result. Professionals would be inclined to tell managers what they wanted to hear (often with an absurdly contrived conscientiousness) in demeaning knowledge that their own commitment to solidary norms ~ values was no longer regarded as being a guarantor of responsible action. Trust, in other words, is down-graded, particularly the goodwill trust' that ensures honest commitment beyond the terms of a legal contract.\textsuperscript{37} Banheld argues, with words that have particular relevance for craft a coping management cultures:

\[I\]n certain circumstances it may be impossible to substitute monitoring for dependability ... similarly, in certain circumstances it may be impossible substitute a narrowing of discretion for dependability (the work may require the exercise of a very broad discretion).\textsuperscript{38}

Such trust, for example, has traditionally been regarded as essential to a healthy working relationship between ministers and their officials under the doctrine of ministerial
responsibility. It cannot be secured simply by the signing of a written contract, if at the same time other important factors in sustaining it are becoming attenuated—say, the willingness of minister to accept responsibility for the actions of their officials. According to former Chairman of the State Services Commission (1975-81), Robin Williams:

“The idea of the minister always supporting the department and accepting at least nominal responsibility for all the events that occurred in it has gone. Now he [sic] really can't accept nominal responsibility because the chief executive is more clearly accountable for the overall operation. The rules have changed, by no means clearly for the better, and I’m not at all sure that the public today can hold ministers as accountable for what happens as they could in the old days.”

Other commentators and events provide evidence to support the view that the conventions of ministerial responsibility have come under increasing strain. The State Services Commissioner. Don Hunn, for example, was reported to be concerned by 'the increasing involvement of government officials in election campaigns' following parliamentary opposition claims that before the Selwyn by-election, in August 1994, the Minister of Education had asked his officials to cost Alliance policies without telling them what they were doing. And after the 1993 general election the State Services Commission rebuked the Treasury for its costings of Labour Party policies before the election.

Moreover, some empirical research has indicated that the new managerialist ethos may be weakening understanding of, and commitment to, some of the traditional tenets of ministerial and administrative responsibility as it gives rise to "technocrats' who are committed to policy programmes but tend to be impatient with political processes. Technocracy generates its own threats to open politics and responsible government, as John Ralston Saul indicates:

"The technocrats suffer from character defects which have to do with their inability to maintain any links between reason, common sense and morality . . . That is to say they don't seem to understand the historical process. Instead they seem actually to believe that their definitions of the world will become both real and permanent simply because they are the result of applied logic . . . Their talents have become the modern definition of intelligence. It is an extremely narrow definition and it eliminates a large part of both the human experience and the human character."

This chapter does not seek to dwell on the issue of ministerial responsibility per se; but its attenuation would seem to reflect the demise of a coherent public-service ethos. Rather than a 'public service' as such, there are now individual agencies enjoying considerable autonomy, and with a view of themselves as production organisations modelled on the lines of corporate business. In 1993, the Minister of Internal Affairs requested an inquiry into the appointment procedures for Lottery Grants staff, following a police investigation into allegations that about $900,000 had been diverted into bogus charities. (Four people were later charged with defrauding the Internal Affairs Department.) The Secretary of Internal Affairs wrote to the minister setting out constitutional arrangements that define the information that may be supplied to ministers: 'I've given him advice on what the parameters are and he has accepted that advice'.

If the new production culture does encourage official corruption, or 'creative accounting' designed to demonstrate the organisation's effectiveness in meeting measurable targets, then the crucial question is: under what circumstances does official corruption carried out for the
principal's gain degenerate into personal corruption whereby the books are 'cooked' for individual gain, not necessarily or even mainly financial? Or, at a more empirical level, to what extent has this in fact been occurring? Clearly, these two questions beg a considerable amount of further research, and even then answers are likely to remain inconclusive. Before the state-sector reforms the State Services Commission, as the central personnel agency, had a clear responsibility for the conduct and performance of public servants. Figures on disciplinary proceedings brought against public servants were recorded in the commission's annual reports to Parliament. That responsibility lapsed with the reforms of 1988, which left individual chief executives responsible for the conduct of their staff. It is questionable whether chief executives have a strong incentive to record disciplinary matters publicly in the way that the commission, as a central agency, once did. And the establishment of state-owned enterprises has undoubtedly worked to inhibit disclosure under the Official Information Act, on the ground of commercial sensitivity.

In any case, it is impossible to know conclusively whether there would have been more corruption had the reforms not been implemented. In 1989, a few years after the corporatisation and commercialisation programme began, the Audit Office had already expressed its concern at 'the increasing number of reported frauds being perpetrated from within public sector organisations', pointing out:

“Whereas until recently recorded instances of [public sector] frauds were reasonably few and far between, there has been a dramatic increase in the past twelve months with some 45 cases being known to us. The amounts involved range from relatively small sums to two instances each involving nearly $2 million.”

Since then there have been a number of well-publicised instances of personally corrupt practice, allegations of it, financial mismanagement or exorbitant personal spending within the public sector. Probably the most startling was the resignation in October 1994 of none other than the then Controller and Auditor-General himself, because of 'personal financial difficulties'. An independent investigation later claimed that he owed the Audit Office nearly $157,000 for personal expenses, incurred mostly while travelling overseas. (At the time of writing the former chief executive was contesting this amount.) Apart from the Lottery Grants affair mentioned above, other instances include: a power project commercial manager charged with defrauding the Electricity Corporation of more than $4 million; a railways consultant jailed for twelve months after being found guilty of dishonesty offences relating to a railways scrap-metal operation; a former Inland Revenue Department officer convicted of forgery charges involving attempts to divert IRD cheques to personal use; a 1992 audit which found that a coordinating committee administered by the Department of Social Welfare had engaged in “grandiose” spending and wrong accounting practices; the sacking of a senior air force officer after it was revealed that renovations to his official residence ended up costing about $500,000 more than was authorised, and the later dismissal of another officer who was found to have ‘systematically bypassed the Defence orders and instructions governing works activities over a period of at least three years; a Department of Social Welfare staff member dismissed after an internal investigation into the passing-on of confidential client information to an Invercargill debt-collection agency; and the resignation and sacking, respectively, of two senior defence officials after theft and dishonesty charges involving about $60,000.

Any increase in personal corruption in the state services would surely have no single, or even predominant, cause, and might simply reflect a rise in corporate dishonesty offences.
generally.\textsuperscript{54} And any possible increase in the incidence of corrupt practices would have to be weighed against the benefits that are judged to have accrued from the reforms, including the possibility that more incidents are brought to light now because of more effective control systems. Pending more rigorous research into these questions, assessments must remain tentative and impressionistic.

**Conclusion**

The preceding analysis suggests that instances of corruption—both official and personal—in the New Zealand state services will probably increase significantly in the years ahead. It is speculated, necessarily tentatively, that this will be in part because the state-sector reforms, promulgated with the aim of enhancing accountability, are based on a narrow, essentially economistic, view of human behaviour in organisations. There may be something of a self-fulfilling prophecy at work: to the extent that officials, no matter what type of tasks they are engaged in, are regarded as 'morally hazardous', then that is what they will increasingly become. In short, more public officials may be expected to behave as if they were untrustworthy, self-seeking, opportunistic, morally hazardous and adversely selected neo-Taylorites.\textsuperscript{55} Interestingly, in quite a different context, where he explores the existence of an innate moral sense in human beings, Wilson notes research showing that 'only one group of subjects clearly preferred to be free riders . . . graduate students in economics'.\textsuperscript{56} (Any 'causal' relationship, of course, remains ambiguous.)

Moreover, we may consider the increasing use of contracting out, in order to enhance efficiency, as another major factor in the equation. This issue is examined in other chapters in this book, but clearly the rise of a 'transactional bureaucracy' (a category not provided for in Wilson's matrix) will place more and more public officials in critical brokerage position; where their competencies will need to be measured in ethical and not just technical terms.

Finally, from a broader perspective, and at the risk of some polemic indulgence, it can plausibly be suggested that the international emergence of an exorbitantly paid, plushly cosseted and mystically competent managerial class is itself a manifestation of a third type of organisation corruption, with more insidious consequences than the other two variations discussed here.\textsuperscript{57} Organisational executives, public and private, may be increasingly seduced by material rewards which are felt to be justly, appropriate for the life-style to which they have grown accustomed. 1, New Zealand, a hardened cynic might be forgiven for thinking that the state-sector reforms were designed by the people who stood to gain most from them.

Whatever the case, we do know that complex issues should not be subject to oversimplified responses. It is hardly possible to construct elegant theoretical models which will predict and explain relationships among the variables identified in Figure 3.3. But Wilson's typology forms the basis of a more inclusive conceptual framework which can be used to better organise our thinking about some strengths and weaknesses of the 'public production process'. It would require a massive research agenda to determine the optimal managerial qualities for the four types outlined by Wilson, and even that may really be unnecessary. Perhaps the best managers have innate skill and perception, and an intuitive understanding of the work they have to manage; and these attributes would be honed on the job. In the many decades since Frederick Winslow Taylor articulated his ideas,\textsuperscript{58} little has occurred to suggest that the term 'scientific management' is not oxymoronic. Such narrowly based theoretic prescriptions will not serve in the search to consolidate a state-sector ethos which values responsible pro-active commitment as highly as accountable reactive control.


5 Ibid., pp.174-75

6 Ibid., pp.174-75

7 Ibid., p.159. A university, for example, does not fit readily since the concept of collegiality is central to its management. This might be changing as universities, too, become increasingly subject to managerialist nostrums that may help turn them into 'degree factories'. But that is another story.

8 Gregory, op. cit.


10 Frederick C. Mosher, Democracy and the Public Service (New York, Oxford University Press, 1968).


15 Agency theory sees social and political life as a series of contracts in which a principal enters into exchanges with an agent. Strong emphasis is placed on the legalistic dimensions of such contracts.

16 The principal defining characteristic of a professional occupation is regulated entry on the basis of appropriate theoretical knowledge acquired through several years of tertiary-level education. See Mosher, op. cit., chapter 4.

17 Wilson, op. cit., p. 170.

18 Gregory, op. cit.


21 Wilson, op. cit., p.l62.


23 New Zealand Police, Strategic Plan 1993-1998: Reference Version (Wellington, 1992), p.2. See, for example, a public exchange between the police and Victoria University criminologist Prof. Warren Young (Dominion, October 29, 1993). Young is reported as saying that under the current system of tallying crime statistics false complaints were counted as cleared crimes. This distorted the picture of the level of offending and clearance rates. The Dominion reported that the police rejected the claims.

24 Crime Prevention Unit, Department of the Prime Minister and Cabinet, The Crime Prevention Unit—A Fact Sheet (Wellington, circa 1994).


27 See, for example, reports in Dominion, March 29, 1994, and Evening Post July 4, 1994.

28 Dominion, August 12, 1994.


31 See Dominion, September 8, 1993; and Evening Post, September 10, 1993.

32 Bradshaw, op. cit.

33 Barnard, op. cit., p.277.

34 Banfield, op. cit., p.601.

35 Ibid., p.593


38 Banfield, op. cit., pp.590-91 (emphasis added).


40 For example, John Martin cites three major cases in 'Ethics in Public Service'. See also observations by the Chief Ombudsman, (now Sir) John Robertson, 'Ethics in the Public Sector: The Role of Parliament and Officers of Parliament (A New Zealand Viewpoint)', paper presented to the National Conference of the Royal Australian Institute of Public Administration, Brisbane, 1990; and Catriona MacLennan, 'Where Does the Buck Stop for New Zealand Departmental Blunders?' Dominion, April 29, 1994.

41 Evening Post, August 11, 1994.


44 Dominion, September 10 and 23, 1993. About a year later this chief executive's contract became the first to be terminated, before its due expiry, since the introduction of the State Sector Act in 1988. This action followed a succeeding minister's disapproval of the chief executive's decision to appoint to a civil defence job a former senior air force officer who had earlier been sacked following overspending on his official residence (see footnote 51). According to State Services Commissioner, Don Hunn, the relationship between the minister and the chief executive had been 'uneasy and therefore not fully effective' for sometime. See Dominion, October 15, 1994.


46 Dominion, October 12, 1994; Dominion, November 18, 1994.


49 Dominion, April 5, 1994.

50 Dominion, April 6, 1994.

51 Dominion, February 1, 1994; and Dominion, September 29, 1994.

52 Dominion, September 7, 1993.


54 See Penny Teutenberg, 'The Fraud Epidemic', NZ Business, September (1994 pp.14-21. She attributes to Deputy Police Commissioner, Peter Doone, the belief that 'the heady days of the early 1980s economic boom saw a deterioration in professionally accepted standards of commercial behaviour by those at the helm of some major companies and, by implication, their financial and legal adviser.

55 Around the turn of the century, American engineer Frederick Winslow Taylor developed 'scientific management', an ideology designed to maximize productivity through the manipulation of economic incentives and the precise measurement and ordering of work. See F. W. Taylor, Scientific Management New York, Harper, 1947).

See, for example, Saul, op. cit., chapter 16; and John Kenneth Galbraith, 77 Culture of Contentment (Boston, Houghton Mifflin, 1992). A report in the Evening Post, August 15, 1994, headed 'Fat Salaries Reigate UK Privatisation Debate' notes that: 'Apparently, there is an enormous gravy train just waiting to be boarded if you are an executive with a public utility company. Public anger simmering after revelations last month that chiefs in the water supply industry...had received enormous salaries since privatisation. In many cases, though receiving the huge pay packets were working for the same companies for much less than before they were privatised.' There has been public controversy in New Zealand on similar matters. The Audit Office has been investigating $95.6 million of public money paid to consultants used by the Treasury in selling state assets between 1989 and 1991. The practice of paying performance bonuses to state servants has also come in for critical comment, notably in its application to the treasury (see Evening Post, editorial, July 28, 1994), and the Accident Compensation and Rehabilitation Insurance Corporation. In regard to the latter, the Dominion September 23, 1993, editorialised that, "Once senior public servants did their job for a fair salary: now they expect huge top-ups for doing no more than what they were employed to do."

See note 55.