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Commodification or Transformation

Measuring Performance in the Public Sector

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Abstract

Currently managerial reforms in the UK public sector focus on performance measurement aimed at increasing accountability, value for money and the use of scarce resources. Through examination of this process in the National Health Service and higher education, this paper argues that this represents the imposition of private sector management practices and, therefore, represents further commodification of public sector services. The most likely outcome of these changes is not transformation of performance but deprofessionalisation of public sector workers.

Keywords: Public Sector Reform, Commodification, Deprofessionalisation, Transformation, Management by Objectives, Cultural Change

“More and more companies struggle with growing competition by introducing improvements into every aspect of performance. But the treadmill keeps moving faster, the companies keep working harder, and results improve slowly or not at all” (Pascale et al 1997, p.24)

This paper is primarily conceptual in nature and considers the extent to which performance in the public sector is likely to be transformed through regimes of performance measurement. The central argument of this paper is that transformation is unlikely to be the outcome of such performance measurement regimes and more likely outcomes are further commodification of services which will be delivered by an increasingly deprofessionalised workforce. In making these arguments, the paper is organised in a fairly straightforward manner. The first section considers the nature of transformation in a management context, the use of management as a transformation agent in the public sector over the past two decades and provides two examples of performance measurement in the public sector. The second section considers the extent to which such management changes in the public sector can transform performance and makes the argument that commodification and deprofessionalisation are more likely outcomes because these changes (a) represent the importation of private sector philosophies and practices into the public sector and (b) the regimes of performance measurement are inherently flawed. The concluding section of the paper considers the implications of the arguments made.

Transforming the Public Sector

The OED defines transformation in terms of *thorough or dramatic changes in form appearance and character*. This paper is concerned with how

this simple definition has been translated into an organisational context. Nuff and Backhoff (1997) point out the difficulties of doing this because the term has been defined in different ways in the management literature and much of that literature does not make a clear distinction between what a transformed organisation is and how an organisation is transformed. For example, Tichy and Devanna (1986) focus on vision and revitalisation, Land and Jarman (1992) draw attention to growth and complexity, Terry (1993) sees it in terms of a desirable future, Nanus (1989) combines vision, trust and inspiration, Kelley (1992) raises the issue of mightiness out of mediocrity and Covey (1990) concentrates on some kind of cultural metamorphosis. Notwithstanding the intellectual merits of discussion about meanings, the central point should not be lost that government has adopted the term *transformation* in its discussions and prescriptions for the public sector. In the National Health Service (NHS), for example, “*change is an essential part of the transformation*” (NHS, 2002, p.2) and in higher education the government offers “*reforms which will transform the future of the sector*” (Department for Education and Skills, 2002, p.1).

In this specific public sector context, we would argue that transformation, as both a word and an action, has taken on its own peculiar characteristics and tends to be directed towards the delivery of services rather than the services themselves (Adcroft and Willis, 2002). As chief architect of the public sector, Beveridge saw its purpose as the eradication of the 5 evils of poverty, insecurity, ignorance, disease and squalor and, to a large extent, this statement of purpose remained constant for much of the post war period (Cutler et al 1986). Where there



has been a significant change is in the prescriptions for how this is supposed to happen. Since the mid-20th century, government prescriptions towards the public sector have concentrated on two issues; accessing increasing (financial) resources and improving the quality of management. Over the past 20 years in particular, an increasing emphasis has been placed on management as the primary driver of change such that we can now characterise current attitudes to the public sector as resources with management strings attached.

Thomson (1992) argues that the increasing emphasis on management was caused by a series of new assumptions around which government policy developed. The first of these assumptions was based around the (perceived) causes of the lack of economic competitiveness which highlighted weaknesses across all elements of the economy for which the government was responsible, *“from nationalised industries to the education system”* (p.33). The second assumption was the perceived failure of corporatism and collectivism and is reflected in the shift away from an emphasis on the demand side towards an emphasis which stressed the discipline of the market and the need for efficiency and value and money. Flynn (1995) highlights three intentions of this managerialism; increases in efficiency, a *“results orientation”* and an extension of the planning cycle (p.60). Not just in the UK but across the whole of Western Europe, economic and social pressures *“make reform of the management methods in the public sector essential”* (p.61). The net result of this, in the 1990s, was a much *“more consciously managerial approach”* (Thomson, 1992, p.34)) with a number of components such as organisational restructuring, improvements to the quality of service provision and shifts in public sector culture.

Since the late 1990s this problem definition has been modified. Whilst the managerialism of the preceding decade and a half has remained, it is now coupled with increasing resources. The shift has happened relatively slowly. For example, central to the post-1997 government's first term of office was the commitment to stick to the previous government's spending plans and, as an illustration, *“no increases in the basic rate or top rates of income tax”* (Labour Party, 1997, p.7). However, post 2001 the new approach of resources with management strings attached has cemented itself with *“a ten year vision for Britain's public services; record improvements to match record investment”* (Labour Party, 2001, p.17). Thus by the 2002 budget, the government was arguing that its *“long term goal was to ensure that taxpayers receive value for money”* (Treasury, 2002a, p.3). Value for money is to be delivered by, amongst other things, Public Service Agreements (PSAs) which will create a *“modern way of running good efficient public services”* (Treasury, 2001, p.1). Our argument in this

paper centres not on the need for more resources, or for the necessity for new and different management practices, but rather on the efficacy of the reformed structure itself to deliver on its own objectives. We would argue that in broadly accepting the assumptions, form and content of public sector managerialism, the result is a system in which measures of performance have become increasingly disconnected from the services being delivered; measurement is, therefore, unlikely to deliver on either the political or management objectives.

In developing this point further, we now offer two examples of current regimes of performance measurement in the public sector. The first example is from the NHS and considers the importance of waiting list targets. The second example is from higher education and focuses on the process of Subject Review as a measure of the quality of the student experience.

Exhibit #1: The NHS: resources and strings

“cut NHS waiting lists by treating an extra 100,000 patients as a first step by releasing £100 million saved from NHS red tape” (Labour Party, 1997, p.8)

The reduction in NHS waiting lists grabbed all the headlines as it was one of the 5 key pledges made by the incoming government in 1997. It must, though, be recognised that this was just one element, albeit a reasonably indicative one, of a wider policy of reform towards the NHS. The reform of health care in the UK was built on the notion that the NHS had not been subject to sufficient change in the preceding decades. According to this problem definition, the NHS has *“systematic problems, which date from 1948 when the NHS was formed”* (Department of Health, 2000, p.2). In particular this broad problem definition focused on 4 key characteristics of the service that required change: There was a lack of national standards; there were too many old fashioned demarcations between staff and barriers between services; there were no clear incentives and levers to improve performance and, as a whole, the service was over-centralised and patients were disempowered.

Turning the NHS around will happen through the creation of a new model which still conforms to Aneurin Bevan's principle of being free at the point of use but with some modern characteristics such as new national standards of health care, more plurality in the numbers and types of providers, more patient choice and the ubiquitous shorter waiting times. In this context, the transformation starts from the a priori assumptions that there are major problems of under-funding caused by long term financial neglect and there are major problems of under-management, hence the need to change the way the service is run (Department of Health, 2000). Thus the solution to the problem definition is based on a combination of increased funding and managerial reform; resources

with strings attached. We will turn to examine resources first.

Wanless (2000) argued that *“the UK must expect to devote a significantly larger share of its national income to healthcare over the next 20 years”* (p.4) and only if this happens can the UK hope to catch up with the standards of healthcare offered in other European countries. Therefore, the initial aim is to reach the European average of 9.4% of GDP spent on healthcare by 2008 which will involve annual increases in health spending of about 7.5% (The Treasury, 2002a). In the longer term, government plans are to increase spending over the next 20 years by between 4.2 and 5.1% annually in real terms.

We now turn to consider the strings that have been attached to this financial largesse. Managerial reform in the NHS follows the typical strategy, policy, tactics model of rational decision making: At the strategic level, clearly defined aims and objectives are determined; at the policy level, choices are made as to how these aims and objectives will be met and, at the tactical level, these plans and policies are implemented. This case study will focus on NHS decision making at the strategic and policy levels.

Strategic objective setting in the NHS is reflective of many things, not least the power of The Treasury in both economic and social policy making. The major string attached to the increasing resources comes from the NHS Public Service Agreement (PSA) through which the Secretary of State for Health is directly accountable for performance to the Chancellor of the Exchequer: *“In each area of service delivery ... we are tying new resources to new reform and results, developing a modern way of running good efficient public services ... the public can access the information”* (The Treasury, 2002b, p.3)). From the PSA, three objectives are paramount: First, there should be improvements to service standards assessed by clear and measurable outcomes such as waiting lists and access to primary care; Second, health and social care outcomes for everyone should be improved with measurables such as mortality rates and teenage pregnancies; Finally, the service should deliver value for money through 1-2% productivity and service improvements every year (The Treasury, 2002b).

Clearly there is more to strategy and transformation than objective setting – judgement about the efficacy of any activity is based on what it actually achieves rather than on what it is supposed to achieve. The delivery of the objectives underpinning NHS reform will come from the NHS Plan which fully accepts the strings attached to the resources; *“investment has to be accompanied by reform”* (Department of Health, 2000, p.3). These reforms will take a number of different forms. There will be more joined up services, for example; *“social services and the NHS will come together”* (p.5). New working practices will form the basis of the 21st

century NHS through new contracts for doctors and extensions to the role and duties of nurses, patients will have more input into NHS decision making and there will be more use of private resources (Department of Health, 2000).

There is a clear and underlying logic to NHS reform; in the language of management it offers a consistent and coherent process. The process is centred on tangible and measurable outcomes which provide the rationale for the changes in management that are taking place and the basis of judgement as to whether those changes in management are successful. The PSA and the NHS Plan together provide a neat blend of the carrot and the stick. The carrot is provided through such things as increasing autonomy as *“local NHS organisations that perform well for patients will get more freedom to run their own affairs”* (Department of Health, 2000, p.4) and the stick is provided as it will become easier to compare and contrast performance across different sections of the service and, where there is underperformance, *“the government will intervene more rapidly in those parts of the NHS that fail their patients”* (Department of Health, 2000, p.10).

Exhibit #2: Subject Review: all things to all people

“The Agency’s mission is to promote public confidence that quality of provision and standards of awards in higher education are being safeguarded and enhanced” (Quality Assurance Agency for Higher Education, 2002, p.1)

Higher education offers an interesting and specific challenge for public sector management; how to maintain the quality of a service that is subject to ever increasing demand and take-up at the same time as units of resource are being diminished. For example, between 1998 and 2002, the number of new enrolments into higher education institutions increased by over one-fifth and the total number of students studying in higher education increased by over 6%. Whilst these figures suggest significant drop out rates, we would wish to avoid the debates about the implications of widening access and, instead, examine one of the key measurement processes through which this is managed. Thus this example focuses on the Subject Review process and the role of the Quality Assurance Agency for Higher Education (QAA).

Notwithstanding the possibly pedantic point that the aim of the QAA is to ensure public confidence in the quality of higher education rather than to assure the actual quality of higher education, the subject review methodology differs in two substantial ways to the measurement regimes imposed elsewhere in the public sector. First, measurement is not based on central government directive but is determined by the institutions being measured; the methodology is developed around assessment of the institutions ability to meet its own aims and objectives. Second,

the process of measurement is carried out through peer review; whilst some elements of the process are based on simple number crunching, other elements are less obvious and apparent and, therefore, require some kind of academic judgement. Against the backdrop of these principles, the purpose of subject review is to “*secure value from public investment*”, “*encourage improvements to the quality of education*” and “*provide ... accessible public information*” (QAA, 2000, p.2).

The process involves breaking down higher education provision into a number of different compartments from the broad macro-level to the micro-level until a final measurement drops out. Overall, higher education in the UK is broken down into subject compartments; by the end of 2001, for example, 11 discreet subject areas had been through the review process. Each subject component is then considered on an institution by institution basis which means that provision is assessed across a number of different levels in institutions from, for example, HND through to Masters degree. Within institutions, the overall provision in an institution is compartmentalised into six aspects of provision which cover the whole of the student experience from initial application through to graduation, further study and employment. Finally the aspects are placed into a grading compartment depending on the extent to which aims and objectives have been met.

At the core of the subject review process are the six aspects of provision. Combined together, these aspects work as a sort of higher education value chain which judges the quality of transformation from student input to graduate output. Using this value chain analogy, we can define the primary activities as Curriculum Design, Content and Organisation (CDCO), Teaching, Learning and Assessment (TLA) and Student Progression and Achievement (SPA). CDCO primarily deals with the content of the provision and the extent to which it is, for example, up to date, coherent and driven by learning outcomes. TLA is concerned with the delivery of the curriculum; what happens in the lecture theatres, seminar rooms and examination halls, again with an emphasis on coherence through a clearly articulated strategy. SPA is the only real numbers driven element of the review process and measures, amongst other things, the popularity of programmes, demographics of the student population, progression through different levels of study, graduation rates and employability. Supporting these primary activities are three further aspects: Student Support and Guidance (SSG), Learning Resources (LR) and Quality Management and Enhancement (QME). SSG considers all elements of support that students may need during their studies from academic guidance through pastoral welfare and onto careers advice. LR considers the availability within the provision of

things like library resources, teaching accommodation and IT and administrative support. Finally, QME covers two key issues: how quality is assured within the provision and how quality is enhanced within the provision.

The outcome of subject review is not a score; the provision within an institution does not get a final mark. Instead the outcome of a review is a profile of grades across each aspect of provision. This may seem like another pedantic point, given that it is common practice across the sector to view the outcome of the process in this manner, but the important point should not be lost that this is an unintended outcome. Each aspect of provision achieves a grade from 4 where the aspect makes a full contribution to the achievement of aims and objectives down to a 1 where aims and objectives are not met. The graded profile is significant because of the use made of subject review grades. For example, a grade of 1 in any aspect of provision results in a further review within 12 months and three or more aspects graded at 2 requires the institution to produce an improvement plan.

Against a backdrop of increasing demand and reductions in the unit of resource, the subject review process attempts to deliver for a number of different stakeholders. For the government and the QAA the process attempts to ensure that available resources are used effectively; despite increasing demand for and take-up of higher education there should be no reduction in the quality of higher education. For the student stakeholder the aim is to convince about the value of qualifications earned in higher education and to allow for more informed decision making as to which programmes and institutions offer the best value. For the professionals in higher education, the aim is to balance the need for things like accountability against the desire for academic freedom through a system of measurement carried out by respected peers and assessed against criteria determined by those being assessed.

The Outcomes of Transformation: Commodification and De- Professionalisation

The purpose of this section of the paper is to consider the outcomes of these management changes; will those outcomes be transformation or commodification? In the first section of the paper we offered a definition of transformation and it is now appropriate to offer definitions of commodification and deprofessionalisation. We would define commodification not as the transformation of performance but rather in terms of the transformation of relationships into quasi-commercial relationships with an emphasis placed on the economic activity of buying and selling and the management activity of performance measurement. This could manifest itself, for

example, in the commercialisation of activities such as research in higher education institutions where there is an increasing focus placed on “*harnessing knowledge to wealth creation*” (Department for Education and Skills, 2002, p.12). At a more micro-level, Lincoln (1998) notes the American experience where researchers are forced to “*consider their work as a form of commodity*” (p.263) but also draws attention to the commodification of society in general. This could manifest itself in the commercialisation or corporatisation of organisations previously exempt from business pressures. Again the American experience may be instructive; Altheide (1987) argues that the process inevitably spreads to all non-profit organisations that are forced to adopt “*business processes and ideas*” (p.619).

If the process is one of commodification, then the outcome must inevitably be the resolution of “*worth into exchange value*” and the conversion of “*the physician, the lawyer, the priest, the man of science, into paid wage labourers*” (Marx and Engels, 1848, p56). This we would broadly categorise as *deprofessionalisation*. Weber (1927) distinguishes the professional through the rationalisation process involved in making decisions and this is further developed by Ritzer and Walczak (1988) who define a professional as someone whose activities are value driven where the crucial values are “*altruism, autonomy and authority*” (p.4). Transformation through commodification changes the basis of decision making such that values become much less important than the rules, regulations and performance measures of the organisation. For example, Bottery and Wright (2000) argue that a mixture of market initiatives and increased central control has fundamentally changed the nature of teaching as a profession and Ritzer and Walczak argue that there has been a substantial “*decline in the ability of the medical profession to distinguish itself from bureaucrats and capitalists*” (p.1). The case for a commodified outcome rests on the extent to which changes in public sector management are the result of the transfer in of management practices from the private sector and in making this argument the key issue is the rationale for the form and content of public sector performance measurement.

Central to pretty much all measures of organisational performance is an understanding of the relationship between economic inputs and outputs. Performance as measured by such mechanisms as labour and capital productivity, return on investment, customer satisfaction, service quality and all the rest are simply different means to the same ends; what does the organisation get out for the investment put in? Whilst discussion of performance measurement starts with this simple and basic notion, the problem is that the process through which assessment is made is usually complex. Williams et al. (1993), in examining

comparative productivity performance between Japanese and American car assemblers, argue that the problem of complexity manifests itself because performance is affected as much by market conditions, industry structures and social settlements as it is by purposive management action.

Measuring the performance of the public sector is hardly a new or recent idea; in many ways the origins of the modern regimes of assessment lie in the 1980s and the early work of the Audit Commission (Local Government Finance Act, 1982). With an early emphasis on the performance of local authorities in the UK, the work of the Audit Commission is important not only in terms of its managerial legacy but also as a tracking device to assess how structures have changed (Power, 1987). The Audit Commission began with a problem definition which stated that public sector (under) performance was a product of (poor) public sector management and the solution to these problems was the creation of frameworks which mimic the private sector (Audit Commission, 1988, Banham, 1987). In response to this specific problem definition, the public sector has, for example, been subjected to increased competition through compulsory competitive tendering and the imposition of quasi-competition through internal markets and best value systems. The broad managerial context for these changes was the need for public sector organisations to become more strategic in their behaviour with the need for, for example, “*corporate vision*” and “*a shared culture*” (Audit Commission, 1986, p.15).

Lawler and Hearn (1995) argue that this kind of public sector managerialism “implies that there are certain core functions of management applicable across all organisational contexts and that certain management techniques can be transferred across contexts – in this case, from the private to the public sector” (p.9). This is broadly representative of the wider view that the current relationship between public and private sectors is no longer about transferring assets from one to the other viz a viz privatisation but rather about transferring practices from one sector to the other (Adcroft and Willis, 2002). Holloway et al. (1999) suggest that one of the main examples of this transfer is in the increased importance attached to benchmarking in the public sector; two-thirds of managers in the education and health sectors are involved in benchmarking of some sort or another. Again this is nothing new but more a reflection of the legacy of audit. In becoming more strategic, the Audit Commission argued, public sector organisations would benefit because they would become much less reactive and, hence, more proactive in their strategy making; change would be “anticipated” and “actions set in motion” (Audit Commission, 1986, p.12). This strategic focus would be developed through a traditional strategic equation. On one side of this management sum were internal procedures which would be built around

targets to be achieved with an emphasis on budgetary control and, on the other, would be external comparisons through some form of benchmarking. On this issue, Drucker (1995) argues that benchmarking is built on the assumption that "what one organisation does, any other organisation can do as well" (p.15). This rationale is followed through in a process based around measuring existing performance, comparing that performance to either an industry or market leader or some desired performance in the future, analysing the causes of differences in performance before implementing management actions to bridge the gap, often through emulation.

Preoccupations with performance measurement are clearly built on the assumption that it will bring real and tangible benefits to organisations. Meyer (1994) suggests that performance measurement is useful in so far as it can "tell an organisation where it stands in its effort to achieve goals" but also points out that it is less useful in explaining "what it should do differently" (p.101). This point notwithstanding, other authors suggest a legion of benefits to be gained from good performance measurement and objective setting. Drucker (1995) discusses the benefits in terms of generating new and additional resources, clearer understandings of economic chains, wealth creation and as both the "creatures and creators of a material environment in which opportunities lie" (p.23). Equally prosaically, Kaplan and Norton (1992) in discussing the balanced scorecard, suggest the benefits are in the translation of the "company's strategy and mission statement into specific goals and measures" which allow for, amongst other things "products to market sooner and innovative products tailored to customer's needs" (p.124). If there are organisational benefits at the strategic level, there are also benefits further down the organisation's food chain; "the average quality of decisions made day in day out will be vastly higher than before. When that happens you can bet the company's performance will show it" (Ness and Cucuzza, 1995, p.70).

If the benefits of setting objectives and measuring performance provide the rationale for management action, the next logical step in the discussion is to consider the processes involved in that management action. As Williams et al. (1993) have pointed out, albeit in a different context, the management response will depend on the interpretation of the measures and targets; accountants will call for new financial systems, engineers for new technology, personnel managers for more training and so on. The literature suggests a wide variety of management options from, for example, strategic processes drawn out of the balanced scorecard (Kaplan and Norton, 1992), improved management of teams (Meyer, 1994), return on management activities (Simons and Davila, 1998), ABC activities (Ness and Cucuzza,

1995), the performance management manifesto (Eccles, 1991) and so on. For the purposes of this paper what is important is the translation of these principles into a public sector context. After all, as Drucker (1995) argues "what is important is not the tools. It is the concepts behind them" (p.23).

The adoption in the public sector of these kinds of principles represents a number of key shifts, from the political level through to the operational level. The dominance of The Treasury, through Public Sector Agreements (PSAs), in objective setting may represent or illustrate a shift in Whitehall's centre of gravity away from the social and the departments of state towards the economic and the power of the Chancellor. If part of this shift is about changing behaviour, as Thomson (1992) argues, then there is a logic to it as Kaplan and Norton (1992) suggest, an "organisation's measurement system strongly affects the behaviour of managers and employees" (p.184). For Lawler and Hearn (1995) all of this has resulted in two significant changes at a more operational level. First, there has been a shift away from an emphasis on administration towards a harder and sharper focus on management and, second, there has been a process of deprofessionalisation as autonomy for many in the public sector has given way to activity based around the management of targets which are set elsewhere. The result of taking a set of private sector principles and applying them in the public sector is unlikely to guarantee that priorities will be set and met in a meaningful way. We would suggest that the outcome is likely to be that suggested by Meyer (1994); "The long held view that what gets measured gets done has spurred managers to react to intensifying competition by piling more and more measures on their operations in a bid to encourage employees to work harder. As a result, team members end up spending too much time collecting data and monitoring their activities and not enough time managing" (p.103).

It could be argued that commodification is not a problem provided that it leads to an improvement in the quality of both services offered and how they are delivered. Were this to happen, the issue of commodification becomes one for just a few precious academics and doctors who yearn for a previous age where moth and rust did not corrupt; for many the price paid in deprofessionalisation may be one worth paying. All this depends on whether transformation happens. If services are not transformed then the outcome must necessarily be deprofessionalised pain paid for little, if any, user gain. Thus we now turn to consider some of the more systemic problems that underpin this approach to service improvement. We have identified six specific problems with the measurement systems which apply in varying degrees to the different examples shown:

Problem 1: as services are broken down and deconstructed into ever smaller components, the less

the performance of the whole service is being measured. In making a judgement as to the value of a piece of music, for example, analysis is not carried out on a note by note basis but rather on how the notes fit together. Similarly, we would argue that much public sector provision should be treated in a gestalt manner where the overall quality of the provision is determined by how the individual elements fit together. For example, Subject Review in higher education actually militates against taking an overall view of the student experience; the outcome of the review is six individual grades for the aspects of provision and not, despite common practice, an overall mark out of 24.

Problem 2: measurement can be the cause of uncertainty as much as certainty about overall performance because the individual elements measured are rarely independent of one another. Gore Vidal's maxim that "it is not enough to succeed, others must fail" illustrates many of the problems in the public sector where resource constraints are still a fact of life. Improved performance in one area may well be the result of a retargeting of resources which, *ceteris paribus*, means worsening performance elsewhere. For example, in the NHS, poor performance in certain elements of preventative treatment maybe the result of improved performance in other elements of the service such as waiting lists.

Problem 3: scientific approaches to measurement assume objectivity achieved through dispassionate analysis of the available evidence but subjective interpretation of the evidence is often the case. Is a glass half full or half empty? Where the process of measurement involves professionals from the field under measurement, it is impossible to get an absolutely objective measurement. For example, in considering the quality of curriculum design and delivery in higher education, subject reviewers will inevitably be influenced by their own intellectual and pedagogic preconceptions. Where much of the analysis of the student experience is based on the assessments of those directly involved as deliverer and participant, it is dubious as to whether the subjectivity of this information can always be objectively screened out.

Problem 4: the use of the results of performance measurement in league tables assumes that all those being measured start from the same point. There are usually more sources of difference between same-service providers than there are similarities. The performance of any organisation in a league table, be it a football team, university or hospital is determined by many different factors. Organisations may be playing the same game by the same rules but it does not necessarily follow that they are operating on a level playing field; at the start of each season, all teams may start with zero points but we know that only two or three teams have the financial resources to win the Premiership. Performance, and

hence position, is determined by a whole series of internal and external factors from the entry qualifications of undergraduate students to the socio-economic conditions faced by the NHS Trust. Educating undergraduates at the London School of Economics offers fundamentally different challenges to educating undergraduates at London Metropolitan University just as providing healthcare in Weighbridge is different to Hackney. These differences are rarely, if ever reflected in league tables.

Problem 5: in any complex process of service delivery there will always be elements of that service which are beyond scientific measurement. In such cases, proxies are used whose relationship to the thing being measured can often be tenuous. Unwilling to face the repercussions of opposing the neo-liberal orthodoxy of the early-1980s, cabinet ministers would make references to Disraeli in their speeches. The long dead bastion of one-nation Toryism became a proxy for ineffectual anti-Thatcherite conservatives because some things just could not be said. Similarly, some things cannot be measured but the dominance of scientific approaches demands that measurements are made of the next best thing using some kind of proxy. For example, measuring the extent to which students are supported through their studies in higher education is difficult and so the proxy of access to support mechanisms is used regardless of the efficacy of those mechanisms.

Problem 6: the choice of targets and performance measurements can be used to cynically influence the results of measurement. The choice of what and how something is measured can often be about creating an impression of improvement rather than delivering any real improvement. The success of initiatives which are, for example, tough on crime often depends on which crimes are chosen to be tough on and, in any case, measures which are tough on the causes of crime are given less attention because they are, by their nature, less quantifiable and more ambiguous. Additionally, in higher education, the subject review process makes it difficult to differentiate between activities which are driven by objectives and objectives which are born out of activities.

Conclusion

The discussion and analysis contained in this paper leads to the obvious conclusion that we are sceptical about the extent to which public services can be transformed through existing management structures and regimes. In drawing this conclusion, we return to the three key concepts of transformation, commodification and deprofessionalisation. Kuhn (1996) offers an interesting explanation of the process of transformation in science. He argues that science is not the steady cumulative acquisition of knowledge but is rather "*a series of peaceful*

interludes punctuated by intellectually violent revolutions” where “*one conceptual world view is replaced by another*” (p.106) In science, therefore, revolutions are characterized by paradigm shifts. In making the intellectual leap from the natural and physical sciences to social scientific investigation, Nuff and Backoff (1997) argue that, in an organisational setting, transformation must involve such a paradigm shift and suggest that two conditions must be met in order for this to happen; first the organisation must make an absolute break with the past and, second, creative thinking must subsequently dominate management decision making. With a deep sense of irony, we can use these conditions as a benchmark to assess whether or not commodification and deprofessionalisation can deliver transformation.

We have argued elsewhere (Adcroft and Willis, 2000) that strategic decision making can be characterised as either optimisation where the emphasis is on improvements to existing products, services and processes or innovation where change is more revolutionary in character and the outcome is, indeed, paradigmatic transformation. Under existing conditions, commodification can, at best, deliver only optimisation. The dismantling of services into individual activities to which scientific measures are applied has resulted in a kind of money and numbers game where the resources are directed primarily at those activities where the measures tell the right story. The commodification of a student’s experience at university into six aspects of provision or complex health services into tangible and measurable outcomes has, as an a priori assumption, the objective of getting more out of existing resources. Commodification, therefore, cannot create a world fundamentally different to the past but rather reinforces existing views of the world and

creates an emphasis on what Marcuse (1964) referred to as “*techniques, productivity and efficiency*” (p.65).

If one strand of public sector management, commodification, is reinforcing an existing paradigm, what are the chances of the second strand, deprofessionalisation, acting as a counterweight and thus instilling creativity in management decision making? Creativity has always been placed centre stage in any discussion of transformation. For example, Schumpeter (1934, 1939) discussed the role of creativity in economic development through the creation of new combinations and, more recently, Chaharbaghi and Willis (1999) have discussed the same thing in terms of the creation of “*new market values*” (p.67). The questions to consider are: Who does this? What type of person finds these new combinations? What sort of conditions do they operate under? These traits are well documented in, for example, the management literature on entrepreneurship and creativity and include risk taking and the need for achievement (McClelland, 1961), locus of control (Rotter, 1966) and the desire for autonomy and deviancy (de Vries 1977). These are characteristics which are fundamentally and diametrically opposed to those of deprofessionalised workers.

This title of this paper posed the question “*commodification or transformation?*” The outcome of the analysis is that you cannot have both. By accident or design, the outcome is commodification and the results will inevitably be disappointing for policy makers, user groups and the deliverers of services. If nothing else, it may all serve to prove JK Galbraith’s point that “*politics is not the art of the possible. It consists in choosing between the disastrous and the unpalatable.*”

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