

# A Look at Efficiency in Public Administration: Past and Future

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## Abstract

One of the imperatives of public administration is the achievement of efficiency at all levels. Public organizations are responsible to provide the necessary public goods and services to the citizens but that too without any discrimination specifically based on affordability. Hence, the multidimensional objectives of public administration demand that performance not only is limited to mere cost–benefit analysis but also incorporates the essential element of providing value to citizens. In the present era where scarce resources have become even scarcer, it is important to visit the historic viewpoints on efficiency in public administration and attempt to foresee its future. This article looks into efficiency as defined in public administration over the years and attempts to predict its meaning and role in the future of the field. It is predicted that advancement in technology will have tremendous impact that will influence the evolution of public administration as a dynamic field.

## Keywords

efficiency, public administration, public goods and services, value in public administration

## Introduction

Public administration is traditionally grounded in the achievement of efficiency in the work of public departments in pursuance of goals related to provision of public goods and services. Hence, efficiency finds a permanent place in the study of public administration and the work of government. This model is rooted in Woodrow Wilson's (1887) famous essay on public administration that called for the study of the field along professional lines. A common definition of efficiency is embedded in more technical terms whereby it is a measure of the ratio of output to input. This is also known as technical efficiency (Rutgers & van der Meer, 2010); it is acceptable when we are dealing within a system of well-quantifiable measures of inputs and outputs. However, efficiency takes on a whole new perspective when we try to study it in an environment of traditionally measured quantities in a system that is heavily based on values, inspirations, and human perceptions. This addition of “value” dimension gives a unique perspective to efficiency in public administration.

For comparison and goal setting an organization needs to evaluate its performance; measurement of performance has always related to its mission and activities as well as the environment in which it is operating. It is fairly straightforward for business organizations to measure performance because the sole criterion is well defined and easy to measure goal of maximizing profit. This is based on monetary terms and as such provides a clear and simple basis for comparison and evaluation. In contrast, performance measures

for organization whose purpose of existence is other than profit are open for deliberation. Although inputs may generally take monetary form, the outputs are not readily measurable in monetary terms and further have a value base where profit maximization may not be the ultimate goal for existence. This is reason enough to be careful in exploring the concept of efficiency in the world of public administration.

## Different Perspectives on Efficiency

Over the decades, scholars have discussed the topic of efficiency along two major distinctions; also, it has always been subject to how the duties of government are defined. At one point in time, it was just to increase output; afterward, it was defined along pure business lines; and later on, an element of value was added to cover the expectations of citizens as the most significant part of public goods and services.

Schachter (2007) finds efficiency as an intrinsic value in public administration pointing out that its definition is debated among scholars of the field. Hence, there exist two very distinct schools of thoughts on the notion of efficiency in public administration domain. First view is based on the Weberian model of “ideal type” bureaucracy and argues that

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public organizations are structured as bureaucracies, which provides rational and efficient organization structures to public organizations. Hence, several scholars have associated bureaucracy with efficient organizations (Denhardt, 2000; Nyhan, 2000). In contrast, the other school of scholars sees public organizations as pursuing multiple value-based goals in a democratic system (Rutgers & van der Meer, 2010). This multiplicity of goals and the political frameworks may well provide a basis for public organizations to be facing “a lack of efficiency” (J. Q. Wilson, 1989, cited in Rutgers & van der Meer, 2010). Quoting Metcalfe’s argument, Schachter (1989) writes that the public factories have at least dual goals of being efficient as well as work within the parameters of legislative accountability even at the expense of productivity. Therefore, efficiency in public administration is more than a technical relationship between resources and output; it has another dimension that incorporates outputs in relation to values and accountability as an inherent quality of democratic governance.

In their study, Rutgers and van der Meer (2010) cite views of some scholars on efficiency, such as

Gulick (1937) sees it as axiom number one in the value scale of administration, Slichter (1950) thinks of it as a ratio between input and output, effort and results, expenditure and income, costs and the resulting pleasure, Diesing (1973) defines efficiency as the maximum achievement of a given end with given resources, so it includes within itself the values of maximization and achievement, Simon (1976) states that to be efficient simply means to take the shortest path, the cheapest means, toward the attainment of the desired goals; The attainment of maximum values with limited means; the ratio between input and output, to Waldo (1984) the efficiency of administration is measured by the ratio of the effects actually obtained with the available resources to the maximum effects possible with the available resources; also asking efficiency for what?, according to J. Q. Wilson (1989) it is obtaining the greatest output for a given level of resources, Johansson & Lofgren (1996) assert that resources or inputs should be used so as to produce an output in the cheapest possible way, while Rainey (1997) defines efficiency as producing a good or service at the lowest cost possible while maintaining a constant level of quality.

George Frederickson (2010) has stated “equitable, efficient, and economical” as “three pillars” of public administration. He views “equitable” as composed of qualities such as “fairness, justice, and equality,” whereas “efficient” is to do the best or the most preferred, and “economical” is to achieve it by least spending.

Because this article focuses on “efficiency” in public administration, few observations can be made from looking at these definitions. First, efficiency in public administration covers more than a numeric input–output relationship. Second, as public organizations have multifaceted goals, the ultimate output is not as easily identifiable as in private organizations. Furthermore, efficiency in private organizations is merely an

indicator of revenue maximization; however, it may not be a viable indicator to access performance based on revenue generation in public organizations.

Over the decades, scholars have also pointed to the position of efficiency as to whether it is a goal in itself or merely a means in the achievement of some other objectives. This situation arises when efficiency is studied as a vehicle in the achievement of other goals for public organizations such as education, security, health care, or transportation. Wildavsky (1988) argues that it is “goal attainment with least possible effort” and, at the same time, points to the pursuance of some other associated desired outcomes.

Rutgers and van der Meer (2010) trace the origins of efficiency back to Aristotle’s work on the nature of knowledge, specifically “four aspects of causation” from which his followers derive the notion of efficiency. They further assert that Aristotle’s efficiency was directed toward the achievement of some goals or objectives as in “substantive sense of efficiency.” However, they find that after Aristotle, the term found some limited use in the 19th century; for example, Jeremy Bentham (1817) used the term in a broader meaning and connected it to the efficiency of the oath. However, they see Bentham’s use of efficiency “in terms of the contribution to purposes, not as an economic relation between resources and effects”(p.15). However, afterward, they find that Bentham used a slightly different notion of efficiency in his *Manual of Political Economy* (1843) where efficiency is used as means of comparison within the context of “creating wealth.”

While in Europe, Johan Rudolf Thorbecke, a Dutch statesman who framed the constitution in 1848, saw collegial organizations as more efficient in terms of specific functions such as judicial matters and the balancing of interests as compared with bureaus, without any comparison of the associated costs. Whereas, Rutgers and van der Meer cite John Stuart Mill (1859) as he cautioned against an efficient bureaucracy as a danger to the democratic values of the government because it gave uncontrollable power to it.

Commenting on the work of the British author, Henry Taylor (1836) who stressed on the need of efficient officials to conduct the work of government and also provided a framework for organizing government offices with such officials, Rutgers and van der Meer (2010) assert that the above-mentioned notion of efficiency must be conceived in context of doing the job and not to be taken for the input–output dynamics of efficiency.

Rutgers and van der Meer (2010) find that the concept and word efficiency were used frequently in the Report on the Organisation of the Permanent Civil Service of 1854 (also known as Northcote and Trevelyan Report). It does not provide with a definition of the term so they derive a contextual sense of the term from it. They conclude that the early scholars used efficiency in substantive sense along the lines of Aristotle, as “power or force to move and change, ability to do well.” Furthermore, the efficiency of laws, oaths, and policies is in the achievement of the intended goals.

While tracing the use of the term *efficiency* in economic thought, Rutgers and van der Meer (2010) narrate that the term *efficiency* in economic sense was introduced by W. J. M. Rankine (1855) as a performance ratio for engines. From this point on, efficiency made a place as an economic measure. Farrell's (1957, cited in Mandl, Dierx, & Ilzkovitz, 2008) article not only defines but also gives detailed explanation of various forms of efficiency in the economic context, for example, "price efficiency and technical efficiency." He identifies the limitations in the use of the term "price efficiency" as instability which is prone to multiple interpretations. Over the years, economics has elaborated on the concept of efficiency by adding "allocative efficiency" that pertains to the allocation of resources.

Scientific management as propagated by Fredrick Winslow Taylor on one hand placed emphasis on quantity of output with time and motion study, and finding one best way of doing the job. On the other hand, it also called for dividing the responsibilities between management and workers. Hence, Rutgers and van der Meer regard scientific management as "paradigmatic call for efficiency," further emphasizing its impact on public administration in the form of "New Public Management (NPM) as Neo-Taylorism." Scientific management had a great influence on the municipal reform movement in the early part of the 19th century by introducing its principles to the work of government. However, Stillman (1998) asserts that efficiency was not seen as a vital component of scientific management because scientific management emphasized on finding "one best way" (as cited in Rutgers & van der Meer, 2010). This point is further elaborated by Taylor's testimony to Congress where he stated that scientific management is neither an efficiency tool nor is it used for "securing efficiency" (Schachter, 1989, as cited in Rutgers & van der Meer, 2010). Schreurs (2000) argues that Taylor equates productivity with efficiency as a "capacity to produce" (as cited in Rutgers & van der Meer, 2010). A number of scholars have criticized NPM because of its minimum focus on public values in the pursuance of efficiency in government (Grandy, 2009).

Schachter (1989) states that during the municipal research era, emphasis on efficiency was seen as a means to provide a relationship between citizens and policy because it could translate provision as related to performance of public goods and services. As American cities were growing at a fast pace during the early part of the 19th century, so did the need for professional administrators. Scheer (2010) cites a quote from Josiah Strong (1898), which indicates the magnitude of challenges faced by officials:

To administer the affairs of a village of 1,000 inhabitants is a simple matter, requiring ordinary intelligence; the government of a city of 100,000 is much more complicated; while that of a city of 1,000,000 or of 5,000,000 demands expert knowledge, ability, and character of the very highest order.

Scheer (2010) also finds that the cities were under pressure because of increasing population due to immigration

and industrialization, which attracted masses from rural areas and other countries. This rapid expansion in the population of cities made huge demands on the government apparatus for protection and provision of basic utilities, schools, and hospitals. Municipal governments struggled to find ways to cater to the needs of the citizens. At that time, politicians provided leadership to solve problems; however, this led to "graft and cronyism." However, later on, citizens and academia took on those bosses in what became as the start of the progressive reform movement. An integral part of the movement was to improve the government services along with social and political reform; under these conditions, citizens established Bureaus of Municipal reforms that focused on improving the work of Municipal governments (Schachter, 1995; Scheer, 2010).

Scheer (2010) goes further to give details on this topic from Mordecai Lee's (2008) book titled "*Bureaus of Efficiency: Reforming Local Government in the Progressive Era*." She states that the main theme of this book is to study and evaluate four bureaus for efficiency that emerged in the wake of the New York Bureau of Municipal Research. Lee studied Milwaukee's Bureau of Economy and Efficiency, 1910-1912; Milwaukee Citizen's Bureau of Municipal efficiency, 1913-1921; the Chicago Civil Service Commission's Efficiency Division, 1910-1916; and the Chicago Bureau of Public Efficiency, 1910-1932. This article narrates few vital points in the following paragraphs from Lee (2008) and Scheer (2010) because of the impact of efficiency in bureaus on public administration.

Eventually, efficiency evolved as an enduring theme in "good government" and survived political twists and turns. Lee illustrates this by the example of Milwaukee bureaus where in 1910, a socialist reformer Emil Seidel was elected mayor who established the Bureau of Economy and Efficiency (BEE) with the "goal to reorganize the city on an efficiency basis." It defined efficiency as "a call for a productive society that protected the needs of the workers and their families . . . This added morality and social justice to the Taylorist goals of an efficient economy" (Lee, 2008, p. 44). Given the politics of that era, Republican and Democratic parties united against Seidel, thinking socialist akin to communist. Although together these parties were successful in ousting Seidel and created a new Citizen's Bureau of Municipal Efficiency (CBME), the basic motive of attaining efficiency remained intact across politics and the new organization. Furthermore, Lee tries to distinguish between BEE and CBME on the basis of difference in the operationalization of efficiency; BEE considered it as a "means to effective social services and citizen involvement" whereas CBME considered it as "improving governmental processes of work flow, accounting and cost reduction." These connote closely to the two ends of the term—value-based efficiency and technical efficiency. Also, at about the same time, the Chicago Civil Service Commission's Efficiency Division devised another definition to fit efficiency in the context of

personnel administration. It assigned “efficiency ratings” to employees based solely on their work, earliest version of “performance appraisal.” It proposed selection and recruitment based on merit and maintained a database for employee records (Lee, 2008, as cited in Scheer, 2010). Rutgers and van der Meer (2010) refer to Brownlow commission report, which stated that citizens and good public managers were an integral part of an efficient government, which brought the role of public managers into limelight for promoting efficiency in the affairs of government.

Stivers (2000) argued that men and women involved with the bureaus ultimately laid the foundations of public administration and social work disciplines respectively. She asserts that the men choose public administration due to its technical scientific approach whereas women went for more normative field of social work.

Three renowned scholars, Gulick, Waldo, and Simon have their particular approach on efficiency in public administration. Rutgers and van der Meer (2010) explore this tension between Gulick, Waldo, and Simon in the description of efficiency as follows:

For Gulick, efficiency was regarded as the first principle for administration. There may be conflicts between other values and efficiency but efficiency has primary importance for administrators (Gulick cited in Waldo, 1984 and Denhardt, 2000). However, Waldo (1984) raises the question, “efficiency for what?” Here, Waldo raises the question about the purpose of efficiency and considers that it is not enough to just pursue it for its own sake only and demands that the purpose needs to be clearly defined. Simon has a more economic approach toward efficiency and sees it as a “basic criterion,” “vital for managing an organization,” where it is used for “maximization of production function” (Rutgers & van der Meer, 2010). Therefore, his inclination is more toward the technical aspects of efficiency and needs to be “assessed in the light of objectives to find the right criteria” (p. 176).

Rutgers and van der Meer (2010) conclude that technical efficiency is much more than a ratio and is dependent on other aspiring values where it is not subordinate but forms a link with other values in the pursuance of the objectives of public agencies and responsiveness to all stakeholders. Denhardt (2000) identifies it as “technical rationality.” Whereas, after going through various aspects of efficiency: social services and citizen involvement, improvement in work flow, accounting and cost reduction, and personnel administrative. Lee (2008) concludes that the prominent characteristic attached to the term *efficiency* remains with costs in various forms because of the tremendous influence of the business minded sponsors of the bureaus. Majority of those sponsors were from business backgrounds and felt comfortable in dealing with terms of accounting and finance for control, input, and output for performance evaluation.

Any mention of “efficiency” would be incomplete without a discussion of “effectiveness”, scholars have used these two terms together specially in discussions related to technical

efficiency. Harty (1978) has defined efficiency as the “extent to which government produces a given output with least possible use of resources” and effectiveness as “the amount of end product, the real service to the public, that the government is providing” (p. 28). However, the normative and difficult to measure attributes such as quality and public value remain ambiguous in the application of these terms.

Mandl et al. (2008) explain efficiency and effectiveness in relation of inputs, outputs, and outcomes. Outcomes are the ultimate goals that are dependent on the effective use of input or output resources; however, government outcomes are usually related to policy objectives. They have further pointed out that efficiency and effectiveness are often used interchangeably and both are sensitive to the environmental factors that may affect output or outcome.

## Future

In present times, implementing e-governance has brought unprecedented efficiencies in the work of government to serve citizens. This has not only reduced the time (think efficiency) in communication but also made governments more accountable. People born and raised in a technologically advanced society may not be able to appreciate the efficiencies in public services brought by technology as much as a person from the developing part of the world. For example, department of motor vehicles processes and issues driving licenses within few minutes and all it takes is making an online appointment and one visit to the department. In contrast, just imagine the (in) efficiency in a manual setup for the issuance of driving licenses; I will only point out the wastage of time that the citizen and official can best devote to something more productive.

As long as there is systems approach, there will be need for making that system efficient. Citizens are more educated and aware while public administrators have state of the art technology at their disposal; together a future is possible where technology and values work for a better future. Frederickson (1994) correctly states that public administrators are obligated to future generations for moral and practical reasons.

History has observed public administration face unique challenges such as urbanization, industrialization, and immigration in the 19th century. Government and society, both were unprepared to handle the situation, and there were no examples to follow for devising solutions. However, utilities were provided but more importantly there was a sense toward making improvements in the system for future, a strong stewardship focus. Bureaus of Municipal research were providing training to improve efficiency in the operations as well as educating employees in the scientific management techniques. Scientific management provided the most advanced efficiency tools and techniques at the time. Moreover, efforts were made to create awareness among the citizens and engage them in meaningful way to improve society. Surveys were conducted to seek feedback from citizens, to be used for improving future services (Schachter, 1995).

Whatever changes might come in the nature of family, economy, or organizations in the future, public administration can draw on its decades of experience to generate solutions. The challenge is not that internal and external environment will change; rather, it lies in taking technological advancements and societal changes side by side in pursuance of public service (Klay, 1998).

No doubt new technologies will bring challenges, but as always, there would be inbuilt potential to facilitate solutions. For example, heavy reliance on fossil fuels increased its demand and depleted its sources at much faster rates. The resulting efforts are technology- as well as value-based, focused on finding renewable resources as well as taking stringent sustainability measures. Running governments efficiently within this new dynamics requires a balance in the use of information and communication technologies and human resource development (Denhardt, 1999). Also, based on the present era experiences with how health care is now a networked effort between public, independent, and private sectors, it is wise to follow the recommendations forwarded by Kettl (1999) to adopt governance to pursue goals of public administration.

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