

## **Chapter Nine**

### **Working with Structure**

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#### **Introduction**

From its formation in 1948 – and especially since 1974 – the NHS has undergone numerous structural changes in repeated attempts to improve the organisation and delivery of its services. As a consequence, many managers and clinicians consider organisational reconfiguration and organisational development as being almost synonymous. In any discussion of OD, innovations in social structure (that is, the rules and accountabilities of organisational life) would play a legitimate part; in healthcare they perhaps loom particularly large.

A brief resume of this history will help make this point (see Klein, 2001, for a detailed account). For instance, as early as 1962 the Porritt report criticised the three-part separation in the provision of healthcare (between hospitals, general practice and local authorities) and called for a more unified structure. Later that decade, the Salmon and the Cogwheel reports produced proposals aimed at reforming aspects of the nursing and medical professions, respectively, in order to improve co-ordination and performance and to encourage more clinicians into managerial roles. Several plans for significant structural change fell by the wayside in the early 1970's until, in 1974, major reorganisation of the NHS introduced new tiers of management in the

form of Regional and Area Health Authorities. Within five years, however, a Royal Commission into the National Health Service criticised the complex organisational and managerial structures created by the 1974 reforms and, in 1982, a further restructuring took place in an attempt to simplify organisational arrangements.

Throughout the 1980's, political discontent with the performance of the NHS increased, as did the search for better organisational solutions. In the belief that the prevailing consensual approaches to management had failed, general management was introduced in the mid-1980s following the pointed critique of the management of the NHS contained in the Griffiths report. The limited impact of the imposition of this enhanced hierarchy (Harrison et al, 1992) led to the NHS White Paper Working for Patients which heralded the introduction of a more market-based approach (typically known as the purchaser/provider split) and the creation of NHS Trusts and GP fundholding. On the whole, these provider trusts adopted fairly traditional functional and directorate based structures, in the case of the latter making renewed attempts to engage clinicians in the management of the organisation.

With the election of a Labour government in 1997, another White Paper signalled the end of the internal market, and the characteristics of “modernisation” started to emerge, including, for example, an emphasis on standards, inspection and partnership working between health and social care (6 and Peck, 2004). This partnership initiative was one manifestation of the increasing interest in network approaches to the delivery of healthcare, also represented by the collaboratives of the Modernisation Agency (see Chapters Five and Thirteen). The early years of the 21<sup>st</sup> century saw further significant structural change in the NHS with the advent of Primary Care Groups and

then their rapid aggregation into Primary Care Trusts, with ‘Shifting the Balance of Power’ leading to additions to their role alongside the abolition of District Health Authorities and the creation of Strategic Health Authorities. More recently still, the first Foundation Hospitals have been founded, bringing further innovations in both the accountabilities of and rules surrounding the providers of tax-funded healthcare.

There have been numerous influences on these structural reforms. Some have been imported from outside healthcare, such as alterations over time in the view of the most effective balance between hierarchy, markets and networks in the provision of public services (see Goodwin et al, 2003). Some are more specific to healthcare, such as the most appropriate method for involving clinicians in management. Yet others are hybrids, most notably the oscillation between critical mass (and thus viability) and localness (and thus responsiveness) that have become two opposite poles on the continuum of NHS reconfiguration (without either being consistently defined).

There is little evidence for the continued structural change having the desired impact; indeed political disappointment with the last round of reforms usually prompts the next. Fulop et al (2002) discuss the failure to achieve the objectives, and the significant disruption to service development, of NHS trust mergers. Wilkin et al (2003) fail to find any basis for assuming that, beyond a certain point, bigger is better when it comes to primary care organisations. Peck et al (2001) are lukewarm about the benefits of health and social care integration. Moreover, evidence from the private sector also suggests that the costs of significant structural changes are rarely recovered and that the benefits that are expected are hardly ever realised (see Field and Peck, 2003).

Yet in the face of all this, structural change still tends to be an almost inevitable response when things are not working as hoped. So, perhaps the time come then for us to ask ourselves some serious questions about the purposes and promises of structural intervention as a method for organisational development, and to consider whether our developmental repertoires in this regard are in need of a renaissance?

In this chapter, I will explore what the term “structure” has come to mean by looking at the ideas and methods supporting the deployment of structural innovations as a means of developing organisations. I will also allude to some of the benefits and limitations of these ideas in relation to OD in today’s NHS.

### **Stories of structure...**

The term “organisational structure” has been widely used over a long period to denote a wide range of institutional processes that are said to help define organisations. In particular, the term has tended to focus on functional hierarchies and roles along with notions of authority, accountability and responsibility. It has always been strongly connected with the establishment of rules; the procedures for making them and the methods used for monitoring them. More recently the term has also been used in relation to new organising forms such as network organisations (such as matrices and collaboratives), although the emphasis on role definition, accountability and responsibility continues to be prevalent (OPM/SERO, 2002).

In order to better understand these definitions and their origins, it is worth spending time looking at some of the dominant approaches to structure drawing on the work of a number of the key management theorists and the tools and techniques that their work has spawned. These compelling narratives from the history of management offer a route into understanding the way in which our organisations have been developed when it comes to structure and perhaps to illuminating some alternative accounts that might be available for future use.

### *Ancient or modern?*

The primary lens through which we view organisations today – that is, in Morgan's (1986) terms, as a machine - is often thought to be relatively new, with the modern or classical concepts of organisation having only been around for the last 200 years or so. But for some management historians (for example, Mooney 1939), the key concepts of management science have a much longer pedigree, comprising of three universal principles: (i) hierarchy; (ii) functional division of labour and; (iii) Co-ordination. On this argument, these principles have been evident in the organisational activities of civilisations as far back as the Ancient Greeks. Furthermore, some historians (for instance, Urwick, 1952) contend that mankind has, since the beginning of civilisation, always aimed at being more efficient and ordered, suggesting perhaps that these key principles speak to some profound human need. Furthermore, first the church and then the army, both major influences on the structure of the NHS (especially in the development of nursing), strove to keep these ideas alive during the medieval and early modern period. However, whilst these roots seem to take us back almost to the beginnings of human history, apparently showing us how influential certain basic management principles have always been in our existence, it was not

until the scientific revolution that the proper tools for building the discipline of management were provided.

### ***Scientific Management***

The 19<sup>th</sup> century tends to be seen as the era of managerial awakening, where the first explicit references to management science appear to have been made. During this period, in the US for example, the advent of the railroads made the management of organisations a full time task for the first time. Due to the geographically dispersed nature of the system, personal surveillance of business transactions by owners became much more difficult. Inadequate methods of communication made it impossible for information to be passed back to the centre in time for it to make all of the decisions and thus alternative structures had to be developed. The military model of administration and bureaucracy was adopted, leading to Cumming's (2002) observation that 'the modern enterprise is easily defined as having two specific characteristics; it contains operating units and it is managed by a hierarchy of salaried executives' (p82).

For many, and as also noted in Chapter Eight, the most significant advances in the modern science of management did not really come until 1911 when Taylor published his *Principles of Scientific Management*, which constituted the world's first universal theory of management. Frederick Taylor was a foreman at a US Steel Works at the turn of the century and his early work was focussed almost entirely on issues of work organisation and how to improve efficiency by application of scientific method. Whilst the stories of Taylor's work are numerous, perhaps one of the most famous relates to the moving of pig iron (crude iron that comes in pieces called "pigs"

weighing about 92 pounds). It is worth briefly recounting this story as it encapsulates a number of the key principles of his scientific approach and, moreover, shows us the genesis of some of enduring features of management practice that still influence organisational structures today.

The task Taylor studied was quite simple; to take pig iron from the blast furnace and carry it up a plank onto a railway car. Taylor studied the men as they did this work and he determined that, based on prevailing practice, a good worker was able to move about 12 tons per day. Deploying some elementary biomechanical analysis of energy expenditure and task efficiency, Taylor calculated that a man should be able to move 47 tons a day. Taylor knew that simply telling the workers the new target would not achieve it. Even if they were willing, he was concerned that they would merely try to speed everything up and end up getting tired too quickly, with the possible result of moving even less than the original 12 tons. Based on his bio-mechanical analysis, Taylor knew that the only way to achieve 47 tons would be to walk at a certain measured pace, to carry the pig iron in a very specific way, to drink water at measured intervals, and to take very frequent but very short breaks (whether the worker thought he wanted one or not). So he put the men to work on a stopwatch, and told them when to move, when to stop, when to drink and even when and how to breathe. On the very first day, his first subject moved 47 tons.

A key lesson Taylor drew from this episode was that the worker himself did not have the means to work out the best way to do the job but merely did it the way it had always been done. So Taylor advocated a strong division of labour between management (thinking) and worker (doing). He defined the manager's job as being

about fully understanding the worker's task and then devising - using the application of science - a method of doing it. Thereafter, the managerial challenge was to get the worker to do the job that way, and to ensure the correct, consistent and continued application of the method via careful policing. Alongside this, Taylor introduced a system of reward known as piecework, which meant that workers only got paid for what they achieved. Taylor felt that workers' attempts to do things their own way were detrimental to the company and indeed to themselves. Put simply, if they did not follow his method they would accomplish less and therefore get paid less.

Associates of Taylor included Frank Gilbreth, who was credited with the formal development of the time and motion study, and Henry Gantt (best known for the still popular planning chart that bears his name), who developed an approach to scheduling based on time rather than quantity, weight and volume. The work of these US based pioneers was complemented and re-enforced in Europe by others, such as the French mining engineer Henri Fayol (1916) who identified fourteen general principles of management and a set of five universal functions, namely planning, organising, directing, coordinating and controlling. In many ways, these still appear strikingly contemporary, and are summarised in Box 9.1.

**Box 9.1 Fayol's five functions of management:**

1. To forecast and plan: "examining the future and drawing up the plan of action".
2. To organize: "building up the structure, material and human, of the undertaking".
3. To command: "maintaining activity among the personnel".
4. To coordinate: "binding together, unifying and harmonizing all activity and effort".
5. To control: "seeing that everything occurs in conformity with established rule and expressed command".

(edited from Pugh and Hickson, 1971)

The work of these early pioneers enabled the move away from the highly personalised and often repressive autocracies that preceded them. The idiosyncratic and unpredictable behaviours of owners were replaced by the explicit standardised methods and rules based on this science. It is clear to see how their work provided the assumptions about structures which became such an enduring feature of 20<sup>th</sup> century organisations; indeed the “organisation in our heads” is still heavily influenced by the principles of classical management theory (see Box 9.2). The notions of unity of command and span of control, for instance, are still influential in OD interventions today.

### **Box 9.2 Some principles of classical management theory**

- **Unity of command:** an employee should receive orders from only one superior
- **Scalar chain:** the line of authority from superior to subordinate, which runs from top to bottom of the organization
- **Span of control:** the number of people reporting to one superior must not be so large that it creates problems of communication and coordination
- **Division of work:** management should aim to achieve a degree of specialization designed to achieve the goal of the organization in an efficient manner
- **Authority and responsibility:** attention should be paid to the right to give orders and to exact obedience and an appropriate balance between authority and responsibility should be achieved.
- **Discipline:** obedience, application, energy, behaviour, and outward marks of respect in accordance with agreed rules and customs
- **Subordination of individual interest to general interest:** through firmness, and constant supervision

(edited from Morgan 1986)

### ***The Ideal Type Bureaucracy***

Another key contributor to the field is Max Weber, the German Sociologist whose seminal work, *The Theory of Social and Economic Organisation* (based on research conducted at the turn of the century but only published in English in 1947 almost 20 years after Weber's death), focussed on the notions of what he described as the ideal type bureaucracy. The bureaucratic coordination of human action, Weber suggested, was the distinctive mark of modern social structures and in order to study organisations, both in history and in contemporary society, Weber identified the characteristics of an ideal-type bureaucracy (Weber, 1947).

According to Weber, bureaucracies were structures designed according to rational principles in order to efficiently attain specific goals. Highly specialized "offices", as he called them, were ranked in hierarchical order, with information flowing up the chain of command and directives flowing down. The operations of the organisation were characterised by impersonal rules that explicitly stated duties and responsibilities, standardised procedures and specified conduct of all office holders. All of these ideal characteristics had one and only one purpose, that is, to promote the efficient attainment of the organisation's goals (Aron, 1970).

Some writers wrongly claim that Weber invented the notion of bureaucracy and some others suggest that Weber's work has been seriously misinterpreted. Cummings (2002), for example, claims that only certain aspects of Weber's work were correctly understood at the time and that his investigations into bureaucracy were overemphasised. In particular, he points out that Weber's position was strongly historically situated and that Weber argued that the bureaucratic form was, from a *technical* point of view, the most rational form of organising in the early 20<sup>th</sup> century;

that is to say, that that the bureaucratic organisation exhibited technical superiority over other earlier forms but was driven by the particular values and context of his times which Weber himself described as dominated by victorious capitalism resting on mechanical foundations (Weber, 1947). Thus, one possible interpretation is that Weber described bureaucracy as an "ideal type" in order to explain their growth in power and scope in the modern world rather than suggesting that it was *the* ideal type for all times. Nevertheless, the bureaucratic coordination of the action of large numbers of people became the dominant structural feature of many modern societies. It was only through the deployment of this device that large-scale planning and coordination was deemed to be possible, and it is important to note that the planning for the original NHS structure was taking place just at the moment that the theories of Weber were becoming known in the English-speaking world.

### ***Taxonomies of structure***

The search for a comprehensive rational account of organisational structure has continued to the present day, most famously in the early writings of Henry Mintzberg (1979, 1989). He posited five basic components of structure, albeit ones that differ in size and importance according to local environmental determinants. Firstly he describes the *operating core*, which consists of the personnel who undertake the basic work of the organisation related directly to service provision or operations. The second element is the *strategic apex*, which consists of the managers responsible for the overall direction of the organisation. Their task is defined as being to achieve the objectives of those who own or control the organisation and their primary functions are associated with supervision, resource allocation, planning and control of system design, conflict resolution and strategic decision-making. They are also responsible

for monitoring relations with the external environment and for formulating the organisation's strategy. The third component is the *middle line*. These are the managers who have formal authority and responsibility for connect the operating core and the strategic apex. This middle line provides feedback up and down the hierarchy, makes some basic operational decisions and allocates some resources, although these are both undertaken within strict limits. Mintzberg also identifies two further components: *support staff* that provide support for the line operations and manage boundary activities in order to reduce uncertainty and risk and; the *techno-structure* which consists of the analysts and planners who act as control specialists evaluating and influencing the work of others in an attempt to increase levels of standardisation so reducing the level of skill required by the operating core.

Mintzberg's model also suggests the need for a high level of integration between the key components to be achieved through five co-ordinating mechanisms including: *mutual adjustment* - whereby the work is co-ordinated through direct informal communication between related personnel; *direct supervision* – a formal mechanism whereby an individual takes direct responsibility and authority for the work of others and for monitoring their work activities and; three forms of standardisation relating to *work processes*, where the content of work is specified and programmed, to *outputs* which ensure that the results of work conforms to predetermined standards and specifications and to *skills* which guarantees consistency of knowledge through appropriate training and recruitment practice.

According to Mintzberg, an organisation's structure – that is, the size and shape of the aforementioned components - is largely determined by the “variety” of its

environment. Both environmental complexity and the pace of change determine this environmental variety and he identifies four types of basic organisational form that he claims are associated with four combinations of complexity and change (see Box 9.3). Of course, this focus on the environment takes us close to the concerns of Chapter Seven, and the metaphorical idea of organisation as organism.

### Box 9.3 Environmental Determinants of Organisational Structure

Environment Variety = Complexity x Pace of Change

	Simple	Complex
Stable	<p><b>Machine Bureaucracy</b></p> <p>Standardised Work</p> <p>Process and Outputs</p>	<p><b>Professional Organisation</b></p> <p>Standardised Skills and Norms</p>
Dynamic	<p><b>Entrepreneurial Start Up</b></p> <p>Direct Supervision</p>	<p><b>Adhocracy</b></p> <p>Mutual Adjustment</p>

(adapted Mintzberg 1979)

Mintzberg's model, as Cummings (2002) points out, was considered by many to have got close to a universally agreed upon framework for classifying organisational structures. Nonetheless, and even though Mintzberg was attempting to get beyond the mechanistic-modern forms of organising, his model is arguably still just 'a more

comfy-looking...hierarchy' (Cummings, 2002, p145) that would still be immediately recognisable to Taylor, Fayol and Weber. Indeed, the search for such an overarching model is itself a very modernist project (notwithstanding that it may produce some useful tools for the OD toolbox)

### ***The requisite organisation and stratified systems***

Any historical account of the development of structural innovations in organisation development would not be complete without some reference to Elliot Jaques, the Canadian-born Psychologist and Psychoanalyst who is best known (although perhaps not well enough known) for his Stratified Systems Theory and the notion of the Requisite Organisation. Jaques was a founding member of the Tavistock Institute for Human Relations and an early contributor to the field of organisational development through his work on t-groups and other approaches to group dynamics. However, perhaps his most significant work was conducted at the Glacier Metal Company, an engineering enterprise employing some 5000 people in London (Jaques and Brown, 1965).

Whilst a great deal can be said about Jaques work (see Craddock 2002), in short, he claims to have discovered that natural hierarchies assert themselves wherever human beings organise themselves to fight or to work. People are most effective in his view when organised into clear and accountability hierarchies with well-specified managerial and subordinate roles. Jaques (1997) identified the "Requisite Organisation", the idea that a well-designed organisation is one which is structured so that the numbers of managerial layers are consistent with these natural boundaries, and which has the appropriate role relationships in terms of accountabilities and

authorities. Moreover, he asserts that such managerial hierarchies are the most natural form for large groups of people and that, stratified correctly, they enable the release of energy and creativity and make the most of peoples given capabilities.

Jaques (1997) places great emphasis on the importance of the presence of three critical managerial accountabilities. These relate to managers being accountable for: the outputs of their staff; for sustaining a team capable of producing those outputs and; for exercising effective managerial leadership which he defines as setting direction for staff and getting them to work in that direction. In order for managers to discharge these accountabilities, Jaques (1997) claims they must have four minimum authorities: a veto over the appointment of an unacceptable staff member; decision making power over the assignment of tasks; authority over (not simply recommending) personal effectiveness appraisals and merit rewards and; finally, the authority to decide to initiate removal of a staff member from the team (not necessarily the authority to dismiss the person from the organisation). Everyone is considered to be accountable for his or her own personal effectiveness within a given role, the boundaries of which set limits on behaviour and action and, hence, also imply certain freedom of behaviour within those limits. Remaining within those limits, he contends, ensures tranquil interactions. Conversely, conflict emerges when people push beyond these limits.

Jaques defines work as the exercise of judgement and discretion in order to carry out a task which is defined as an assignment to produce an output of specified quantity and quality by a given time and with allocated resources within prescribed limits of action and behaviour. This implies absolute clarity of purpose, and the use of

unequivocal policies and procedures which must be followed. The complexity of tasks can differ, and Jacques argues that a simple measure of complexity is provided by the time span of discretion; that is, the longest of the maximum target completion times of the tasks or task sequences in a role. Broadly speaking, the longer the time span of discretion the more complex the tasks and the more challenging the role. Jacques also theorises that role complexity does not increase in a continuous way but in a discontinuous or step-wise manner. Using the time span measure of role complexity, he proposes that these discontinuities appear at time spans of 1 day, 3 months, 1 year, 2 years, 5 years, 10 years, 20 years and 50 years. These breaks in role complexity form the natural boundaries between managerial levels or "strata" in a managerial hierarchy, regardless of political, social, economic and cultural differences.

To explain the cause of the development of these strata, Jacques links them with categories of mental processing capability. He proposes that the complexity of mental processes develops in a hierarchy of stages. Furthermore, there is a correspondence between a person's current category of complexity of mental processing (which in his view can be objectively determined through scientific testing) and the highest-level work role (stratum) which that person has the potential capability to carry. To be capable of operating successfully in a particular role (at a particular stratum), a person must have: the right level of complexity of mental processes; a commitment to the type of work; the necessary skilled knowledge; and an absence of what he calls any negative temperamental traits. Once again all of these can and should be identified and measured using specific scientific methods. Problems in an organisation can arise, according to Jacques, either when a person is in role at a level higher than his or

her current capability (causing stress) or at a level below his or her current capability (producing frustration) or when there are too many or too few layers.

Jaques' work has inspired a plethora of tools for stratification, role design, job analysis and capability development. Admirers of his Stratified Systems Theory (SST) claim his work represents a comprehensive body of insights that explains organisational activity in the way Adam Smith described economic systems or Sigmund Freud explained the mysteries of the human psyche. Other see his work as a prime example of the 19th century and early 20th century glorification of the "scientific" solution to human problems, the ultimate expression of Mintzberg's "machine bureaucracy" dominated by command and control in which all direction, division and allocation of work is derived from the top and broken up through successive functional layers. Much of Jaques work certainly appears to directly contradict many currently fashionable management doctrines which tend to stress the importance, for example, of teamworking and networks. Jaques has been quoted as saying that he believes that teamwork has totally undermined the importance of effective managerial leadership and that such approaches are not merely misguided, but fundamentally, disastrously, and perhaps even dangerously, wrong (Ross 1992).

Jaques' work has a particular historical connection with the NHS as it was used to inform the NHS reorganisation in 1974. On the positive side, this was a bold attempt to adopt a theory-led approach to major organisational reconfiguration. On the negative side, the approach was criticised for creating an overly complex system hidebound by the elaborate rules contained in the so-called "Grey Book" (again, see Klein, 2001); whether this was more a failure of theory or of application is difficult to

ascertain. Nonetheless, it may explain why many of Jacques' ideas – such as the time span of discretion – are relatively well known within the NHS and why newer organisational fashions – such as self-managed teams – struggle to establish themselves.

### ***Business Process Re-Engineering & Horizontal Structures***

Business Process Re-Engineering (BPR) emerged during the early 1990s as a technique for (allegedly) effecting radical organisational change; 'the fundamental analysis and radical redesign of business processes to achieve dramatic improvement in critical contemporary measures of performance such as cost, quality, service and speed' (Hammer, 1996, pxii). In short, BPR aimed to map and analyse workflow both within and across functions in order to then restructure organisations in line with efficiency of processes rather than efficiency of tasks. In so doing, Hammer claimed that the inherent notions of the mechanistic industrial paradigm were being rejected and that he and his colleagues had overcome the problems associated with the 'taking apart and simplification of task into meaningless slices' (p26) by replacing hierarchical functional structures with horizontal process structures.

In this horizontal structure, work is organised around a small number of key core processes - or workflows - that explicitly link the activities of employees to the needs both of suppliers and of end users so as to improve performance and satisfaction in all three domains. Work and the management of work are performed by self-managed teams rather than by individuals and, whilst not without hierarchy, the new structures tend to be flatter than traditional functional structures. Decision-making and resource allocating focus on continuous performance improvement, with information handling

occurring “just in time” and career progression taking place within the process rather than within the function, thus tending to move individuals towards being generalists rather than specialists. Whilst individual reward structures might also be in place, compensation also relates to team performance against a range of key performance indicators (KPI’s) which, whilst quantitative, tend not to be purely measures of financial performance. The evaluation of KPI’s is also usually directly linked to end user satisfaction.

Leadership in this horizontal structure is still considered to be vitally important and thus teams are assigned ownership of each core process, but notions of self-management and empowerment are seen as central. The rationale behind this concept is simple. In BPR, those who participate in the process are considered to know best and, if so motivated, have the most to contribute to improvements in productivity and quality. Furthermore, within the self-managed team framework decisions can be made and acted upon quickly without interrupting critical workflows. So, horizontal structures, unlike functional structures, combine rather than separate managerial and non-managerial activities wherever possible. Teams are empowered to evaluate and act-on information whenever, however, wherever and with whomever they need to, and in so doing become the real managers of the process.

In the UK healthcare context, one of the most well known examples of the application of BPR was the initiative undertaken at the Leicester Royal Infirmary (LRI) during the mid to late 1990’s. Initially developed as national pilot site for BPR in the NHS, the project was the first substantial attempt to apply the theory and practice in the UK public sector (Bowns, McNulty and Ferlie, 1999). In line with

BPR principles, the aims of the project were ambitious and aimed at creating dramatic and discontinuous performance improvement through radical redesign of key processes and systems. An initially strong adherence to the classical BPR methodology gave way, however, to a more incremental and continuous approach to redesign (albeit that the ambitious aspirations of its champions remained).

The evaluation of the LRI project seems to suggest that some clear benefits in terms of service redesign and financial savings were achieved, but quantitative measures suggested that the impact of reengineering in performance terms was less dramatic than anticipated in the original project business case. In short, the evaluation argues that the project was evolutionary rather than revolutionary and that change was convergent rather than transformational. Overall, the impact of individual projects on patient care was variable, although some valuable service improvements were noted and indeed sustained (Bowns, McNulty and Ferlie, 1999; McNulty and Ferlie, 2002).

The LRI initiative appears to demonstrate that the value of BPR as a tool to create radical organisational change in the public sector remains, at best, unproven. Nevertheless the legacy of BPR in other initiatives (such as process mapping) is not without merit and is discussed extensively elsewhere in this book (see Chapters Five and Thirteen). Furthermore, it has spawned a burgeoning, if arguably rather uncritical, literature on self-managed teams (for example, see Silverman and Propst, 1996, and Mischenko, 2002).

### *Network Organising*

The macro conditions increasingly apparent in the world (accelerating change, increasing organisational complexity, rising of "consumer" power and choice, blurring of boundaries between specialisations etc.) seem to point us toward more interdependent ways of organising that transcend traditional boundaries and that appreciate 'the complex, living and responsive nature of human existence at work and its fluid, shifting, continuously changing orderliness' (Shotter and Cuncliffe, 2002, p2). Many commentators have argued recently that approaches probably lie at the heart of successful organising practice in the globalised era (Pettigrew and Fenton 2000, Hosking 2002, Giddens 1999, Anderson-Wallace, Blanter and Lejk 2000). Accordingly strategic alliances, partnerships and multi-organisational networks have become prevalent as a response to these conditions and are increasingly seen as common "structures" for organising. Indeed networks have been heralded by Pettigrew & Fenton (2000) as the organisational form for the 21<sup>st</sup> century (in contrast, presumably, to either hierarchies or markets). However, getting the most out of these sorts of new arrangements requires effective collaboration across the boundaries of hitherto deliberately separated functions, professions and traditions (Anderson-Wallace, Blanter and Kristensen, 2001). The WHO offers a definition of networks as 'a grouping of individuals, organisations and agencies organised on a non-hierarchal basis around common issues or concerns, which are pursued proactively and systemically based on commitment and trust' (WHO, 1998, p 16).

The existence of networks as a mode of structuring service delivery within the NHS was first explicitly observed in the mid 1990s (Pettigrew and Ferlie 1996), although arguably they pre-date this decade (for example in the community mental health teams that started to appear in the early 1980s, see Peck and Parker, 1998). They are

perhaps currently best exemplified by the concepts of “managed clinical networks” and “integrated care pathways” as means of responding to the need for better co-ordinated services across institutional boundaries. The NHS in Scotland was an early adopter of the concept of managed clinical networks following the Acute Services review of 1998 in which it was suggested that an actively orchestrated process of network construction could bring a variety of benefits, including the achievement of the policy objective of greater vertical and horizontal integration of care delivery in the NHS in Scotland (Scottish Office, 1998). These managed clinical networks were seen as distinct from the more informal networks referred to earlier and were defined as linked groups of professionals and organisations from primary, secondary and tertiary care, working in a co-ordinated manner, unconstrained by existing and professional and (organisational) boundaries, to ensure equitable provision of high quality, clinically effective services (NHSiS 1999) Elsewhere in the NHS, the development of clinical networks has been said to offer the opportunity to develop and deliver fast and predictable improvements in patient care (OPM/SERO 2002) and as a method for connecting complex agendas of change across agencies. From a managerial perspective, it is suggested ‘the largely self organising networks offer a third way between the stable but slow moving hierarchy and bureaucracy and the creative yet uncontrollable market’ (Attwood et al, 2003, p152)

Networks often arise, and sustain, because their members (individuals or agencies) recognise that through a pooling of resources (whether this be time, money, skills, know-how, contacts, influence, facilities) more can be achieved, and sometimes more efficiently, than through the efforts of members acting alone. Whether established organically or deliberately, networks tend to thrive on voluntarism, a passion for

making things happen, flexibility and the ability to see and respond to localised needs (Anderson-Wallace, Blanter & Gould 2003).

When managers try to manage networks, as has been the case in the NHS more recently, there may be a need to exercise different and sometimes challenging repertoires of managerial activity which can at times feel counter cultural. In particular, it seems important to be clear about what differentiates network organising from other institutional or widely cast (regional or national) bureaucracies in order to derive maximum value from these new arrangements. For example, in networks members may identify (have a sense of belonging with) with local service issues and thus accountability tends to be local and outwards rather than centralised and inwards. Connected with this, the aims and objectives of the network tend to be locally validated (or arise locally) and the appropriate policy-making style is light, collaborative and enabling. Communication, which is seen as the primary management process and competence in networks, takes place with a view to helping others to do things rather than to policing them (Huxham and Vangen, 2000), and members tend to talk about what they have achieved, what they are trying to do and what support they need rather than talking about what cannot or must not be done. In terms of strategy, network members are more likely to gravitate towards the emergence of “what needs doing” rather than following a preordained and abstract design, plan or procedure. As a result, variety in network situations tends to be abundant because solutions are more locally situated and this diversity is seen as evidence of responsiveness rather than deviation from the standard. Learning takes place through constant sharing of local acts of improvement with “communities of practice” rather than through the imposition of abstract or bureaucratic “recipes” or

“manuals”; as people tend to be valued for their local knowledge, competence and resourcefulness the need for external expert knowledge and direction from the centre is reduced (see Bate and Robert, 2002, for a thoughtful discussion of the benefits of a voluntaristic approach to “communities of practice” in contrast to what they perceive as the implicitly hierarchical nature of the initial “collaboratives” established by the Modernisation Agency; see also Chapter Thirteen of this volume).

The extent to which these the innovative practices can co-exist and interact with the traditional governance arrangements and organisational structures of the NHS is still unclear. As the OPM/SERO (2003) report seems to point out, unless we manage to change the organisational and managerial shape of the NHS to receive and support networks then they may well do more harm than good, both because of the failure to derive best value from these network arrangements but also because of the risk of unaccountable and unsustainable decisions and actions which have inevitable systemic effects.

## **Critique**

It is clear that Taylor, Fayol and the other exponents of scientific management have been massively influential on our thinking about the design and development of our organisations, and remain so today. Building on Weberian models of bureaucracy, and the benefits of hierarchy and fixed spans of control as ways of enhancing authority, the scientific approach spawned a variety of methods that revolutionised productivity and efficiency in many industries during the early part of the last century. Perhaps as you have read my account of their work, you will have sensed the strength of these

ideas when placed in the context of their time; indeed there is little doubt that when they first appeared their contributions were clearly progressive. Their continued influence is ubiquitous in the prescriptions of most policy documents on, and in the interventions of many practitioners in, healthcare organisations; it is but a short step from Drucker's (1954) management by objectives to New Labour's performance management and from Taylor's skilled workers to the NHS Leadership Centre's role competences (see Chapter Three). In another example, the popular "PRINCE" methodology for project management is in many respects merely an update of the pre-world war two Gantt chart. As I noted earlier: "the organisation in our heads is a bureaucracy"; our sensemaking about our workplaces is still heavily reliant on the apparent certainties that lie in their social structure.

However, when positioned against the backdrop of the 21<sup>st</sup> century and the challenges presented by the globalised era the unproblematic reliance on these mechanistic-scientific models and tools seems both oversimplistic and unsophisticated. Mintzberg may have given these basic ideas a more flexible form and connected the structure of organisations to environmental determinants; nevertheless, his model was still based on the same fundamental set of underlying principles. Jaques could be said to have integrated scientific rigour and psychological humanism (see Chapter One) in provocative and radical ways; however his uncompromising system was felt by some to be nothing more than as a form of managerial totalitarianism (and is generally regarded as having failed in application in the NHS in the 1970s). Hammer claimed that BPR marked the end of industrial revolution and of the organisations that were designed for it. The process centred organisation would, he declared, end narrow jobs, supervisory management, traditional career paths and feudal cultures and usher

in a new era of flexibility and radical change. Whilst there is no doubt that BPR had a massive impact - and was used extensively across the private sector during the 1990's - Hammer seems have rather overstated what BPR could achieve. Attempts to breakdown functional specialisms and rigid hierarchies have had limited success and cost thousands of middle management jobs whilst lining the pockets of the big management consultancies (Micklethwaite and Wooldridge 1996). Notions of self-management and continuous improvement were arguably used to make employees internalise methods of control that was formerly exercised though hierarchy. Certainly, in terms of the application of BPR in the NHS, McNulty (2002) suggests that one of the most substantive contributions that the evaluation of the LRI initiative made was the way in which it countered the hype about the possibility of effecting of the "big bang" changes in organisational structure through the application of BPR.

As Morgan (1986) points out, much organisation theory has become locked into a form of engineering, pre-occupied with relations between goals, structures and efficiency. In his view, one of the most basic problems of modern management remains the way in which the mechanical way of thinking has become so deeply ingrained in the everyday conceptions of organisation, thus making it very difficult to organise in any other way. Much managerial practice still appears to be trapped within the mechanistic and bureaucratic languages of control, efficiency, planning and direction.

So how might we account for the dominance of these ideas over such a long period of time? Cummings (2002) attributes the continuance of the mechanistic-scientific orientation, at least in part, to the general absence of a critique of the underlying

assumptions of the modernist foundation of organisation and management. I am tempted to agree with Cummings (2002) that the dominant narrative of the mechanistic-scientific approach to structure - its legacy and language - is well overdue for critique; perhaps a good place to start is with a reappraisal of the notion that management science is somehow an inherent aspect of human nature and civilisation. I am not contesting the fact that a continuous accumulation of knowledge about this universal object we call management has taken place, but I am asking what difference it would make if we saw that process as a historically situated construction rather than an inherent truth about the world.

Cummings (2002) presents us with a significant challenge, claiming that our current stories about organisation structure (and thus our abilities to act and innovate) are predicated on a contingent view that prevailed during the early part of the 20<sup>th</sup> century. He goes on to point out that it is based on a history that was constituted by men who had very particular aims and interests and that rather than representing a gradual building of knowledge from past to present, management scholars and practitioners in the early 20<sup>th</sup> century used the past to legitimatise politically expedient practice in their present. Thus, scientific management strongly mirrored the overarching themes of modernism through its attention to bureaucratic rationality, efficiency and the pursuit of truth. It is perhaps this symmetry that helped to ensure that this form of organisational knowledge would come to be regarded as imperative, helping to turn it into the fastest growing tertiary education subject in just a few short decades. A self-referential network of bodies - including the American Management Schools (which established the curriculum for management students) and the American Management Association (which explicitly sought to determine

universality of management's basic functions) - further emphasised the importance of the field, its primary approach and its dominant vocabulary. Of course, it just such grand narratives which postmodernism seeks to challenge, to which I now want to turn in my conclusion.

## **Conclusion**

As has been well illustrated in this chapter, the received wisdom about how organisations should be structured to best effect derives primarily from an era where centralised rule making and control worked well enough. However, the growing interest in and legitimacy of more collaborative structures and processes seems to suggest that the already overextended capacity of the "bureaucracy" may be almost exhausted. As Gergen (1992) points out, whilst the era of modernist organisation theory may be in decline it is by no means dead; a great deal of research and practice is still carried out in its name. However, he goes on to note that these approaches seem to have lost some of their sense of "lived validity" as the benefits to be gained from the tradition diminish and the "yearning for alternatives" becomes more evident.

It is perhaps only in the last few years that a more concerted effort to redefine ideas around management and organisational structure has begun to emerge and gain credibility. The idea of organisations as relatively reified and concrete features of the social world - groups of people, ideas and physical artefacts integrated for the purposes of achieving some set goal - is now being seen as increasingly problematic (Boje, Gephart and Thatchenkery, 1996). As a consequence, rather than conceiving of organisations substantively as concrete facilities embedded in artefacts such as

policies, structures and buildings, organisations are increasingly being viewed as more relationally constructed, with their meaning being seen as residing in the contexts and occasions where they are created and enacted by members.

Of course, this view is clearly connected with postmodern frames of thinking which emphasise ‘an incredulity toward the metanarrative’ (Lyotard, 1979, p.xxiv) and point toward what Giddens (1990) describes as ‘new and distinct social order’ (p26); an order that involves a break from the past. The approach does not reject key notions such as responsibility, accountability and authority, but it does position them differently as emergent, situated, temporary and partial rather than fixed, universal, certain and permanent.

A very significant challenge clearly lies in managing activities in these more collaborative arrangements, as people find themselves having to make sense of practices that sometimes turn our organisational and managerial experience on its head. Moreover, in the NHS, people are attempting to enact these practices in a context of a wider system that remains largely bureaucratic and hierarchical in its nature. I do not claim to have *the* answer for these dilemmas. However, it does seem clear that the largely individualistic and scientific traditions still dominate, and yet they have never been more challenged. The space afforded by working with issues of structure alone seems increasingly limited, and as managers, clinicians and practitioners concerned with ways of developing organisations in the 21st Century, we must expand rather than narrow our methods and our vocabularies to respond to the demand of these times.

### **Further Reading & Websites**

On relational approaches to management and organisation - [www.inter-logics.net](http://www.inter-logics.net) & [www.swarthmore.edu/SocSci/kgergen1](http://www.swarthmore.edu/SocSci/kgergen1)

On Henry Mintzberg - [www.henrymintzberg.com](http://www.henrymintzberg.com)

On Gareth Morgan – [www.imaginiz.com](http://www.imaginiz.com)

On Elliot Jaques- [www.bioss.com](http://www.bioss.com) & [www.canadiancentre.com](http://www.canadiancentre.com)

On Management Gurus -

Micklethwaite, J., and Wooldridge, A., (1996). *The Witch Doctors*, Heinemann, London

On the deconstructing the history of scientific management -

Cummings, S., (2002). *ReCreating Strategy*, London, Sage.

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