

**THE VALUES UNDERLYING ACCOUNTING: AN
EXPLORATION OF THEIR GENDERED NATURE AND
THE IMPLICATIONS FOR THE EXTENSION OF THE
USE OF ACCOUNTING AND 'ACCOUNTING LOGIC'
IN THE UK PUBLIC SECTOR.**

BY

PAMELA JANE BROADBENT

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SUMMARY

This thesis is centrally concerned with the issue of values. This focus is seen as a fruitful means by which to explore organisational change in the specific context of the UK public sector. A particular interest relates to the way in which the values held by organisational members impact on the possibilities and processes of change. The overall theoretical and methodological approach for analysing this change is one which draws from and builds upon the Critical Theory of Jurgen Habermas who identifies society as an evolving amalgam of lifeworld, steering media and systems. Values, as part of the lifeworld, are, therefore, deeply implicated in the dynamics of any society.

The exploration of organisational change focuses particularly on schools and GP practices. These are areas in which forms of accounting have been introduced as a force for change, primarily by recent legislation. A comparative exploration of the effects of these changes is provided. This leads into an analysis of the nature of the values which underlie both accounting and the organisations the legislation is intended to change. It is argued that there are basic incongruences between the two sets of values. A central argument is that the accounting implemented by this legislation is of a particular form which, in this thesis, is referred to as 'accounting logic'. This, in turn, it is argued, represents a set of values usually associated with a masculine stereotype. Visibilities informed by those values are, thus, created and values associated with the feminine stereotype are rendered invisible.

Finally, the thesis presents a reflective exploration of the question of whether accounting can be redeemed from the limitations imposed by 'accounting logic' and informed by other value sets and in the process become more enabling for our society and its organisations. This is accompanied by the development of a model to enable an evaluation of the Public Sector Reforms and their effects.

DECLARATION

No portion of the work referred to in this thesis has been submitted in support of an application for another degree or qualification of this or any other University or Institute of Learning.

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This thesis is dedicated to my daughter Katie Broadbent.

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CHAPTER ONE.

INTRODUCTION AND PRELIMINARY ISSUES.

1.1 Overview.

The last fifteen years, since the conservative government came to power in 1979, have brought great changes to the approach to public sector management in the UK. In broad terms, the previous concern with probity, exercised through bureaucratic structures with systems of joint accountability for decision making through the vehicle of the committee, has been replaced by a managerial model which is claimed to be modelled on private sector practices. The approach now intended is multifaceted (Hood, 1991) but, arguably can be characterised as goal driven, decentralising decision making to 'managers' of operational units who are accountable for achieving tight centrally set objectives. In this context a particular form of accounting has achieved a prominence which it previously did not attain. This particular form of accounting is informed by what is referred to in the thesis as 'accounting logic' (Laughlin, 1992; Broadbent and Laughlin, 1994). 'Accounting logic' is based on the underlying belief that finance is central for each and every entity. Further, organisational activities can be evaluated in terms of measurable outputs which are related to the finances of the entity, (chapter nine will deal with this issue in some detail). It is the rise of accounting informed by 'accounting logic' in the public sector which provides some impetus for the research which forms the foundation of this thesis.

This thesis will be centrally concerned with change. The possibility of promoting change is seen as closely related to the values held by those who are subject to attempts to achieve change. The focus will be upon the effects of promoting change through 'accounting logic' which will be argued to be informed by a very particular value set. The thesis will explore organisational change in the specific context of the UK public sector in areas which will be argued to be informed by their own specific values. A particular interest relates to the way in which the values held by organisational members impact on the possibilities and processes of change.

The overall approach which will be adopted is one which is based on the Critical Theory of Jurgen Habermas. Habermas sees societal development as providing an increased differentiation in society, and he identifies three societal elements: lifeworld, steering media and systems. Values are part of the lifeworld, the discursively formed, intangible set of beliefs which are linked to the tangible systems of society through steering media. Steering media form the link by which the systems are 'steered' in ways which are commensurate with the beliefs of the lifeworld. The lifeworld informs and yet is informed by the systems which are the tangible elements of society. Because of the centrality of the lifeworld in this societal model, values, as part of the lifeworld, are deeply implicated in the dynamics of any society.

Laughlin, (1987) and Broadbent, Laughlin and Read (1991) argue that *organisations* and not just societies can also be argued to contain their own lifeworlds, steering media and systems. There will, therefore be *societal* institutional steering media and *societal* organisational systems, each with their own lifeworld, steering media and systems. Thus, there is a complex interplay between specific institutional and organisational lifeworlds, these all being developed in the context of what must be a more diffuse societal lifeworld.

Given this complexity the possibility of tensions or conflict is possible, indeed, probable.

Habermas sees society as progressing through the evolution of the lifeworld, (produced through discursive processes) which will then lead to system changes via the steering media. Thus the discursive processes which form the lifeworld play an important part in any process of change. An 'ideal type' situation suggests a lifeworld which is in coherence with the steering media and systems and in which there is no societal conflict. At a societal level this type of coherence, led by lifeworld development, seems empirically unlikely. Given this model of a societal system in which there are many organisational lifeworlds we have some sense of why this ideal-type coherence is problematic to achieve. These are complex ideas which will be explored in more depth later in the thesis, the general point which I seek to make is that, in an ideal type (in the Weberian sense) situation, change would be seen as led through lifeworld evolution. Given the existence of numerous institutional steering media and organisational system lifeworlds the possibility of producing coherent and consistent lifeworld change is problematic. The argument which is put forward in this thesis is that the societal institutional steering media are seeking to impose changes which may be in line with their own lifeworlds, but which are out of kilter with the lifeworlds of the organisational systems they seek to steer and the societal lifeworld which is intended to guide the systems.

The exploration of organisational change will be located in two particular sites in the UK public sector, Education and Health. These are areas in which 'accounting logic' has been introduced as a force for change by recent legislation and where financial aspects have previously been much more decoupled from the operational service than new legislation intends. A central issue which emerged from this exploration of change is the nature of the

values which underlie 'accounting logic' (and which are therefore being introduced by the legislation) and which are seen as representative of the lifeworld of the societal institutional steering media. Associated with this is an attempt to investigate the nature of the values or the lifeworlds which underlie the services (the organisational systems) the legislation is intended to change. It will be argued that there are basic incongruences between the two sets of values and that this not only impacts on the pathway of change, but also raises questions as to whether the changes will have undesirable long term consequences. A particular argument will be that the 'accounting logic' being used in this change represents a set of values which are more usually associated with a masculine stereotype, thus creating visibilities informed by those values and at the same time rendering values associated with the feminine stereotype, invisible. In a situation in which only that which can be measured is seen as important then the implication is that the values which are associated with a feminine stereotype are therefore seen as unimportant. The implications of this will be argued to have remained unexplored, and the thesis will aim to remedy this omission.

1.2. The Research Programme And The Nature Of The Thesis

This thesis is based on research which is being conducted in an on-going programme being undertaken with colleagues in the Sheffield University Management School. The programme of research, as indicated in section 1.1, is broadly concerned with the changing nature of the UK Public Sector and the role that 'accounting logic' has taken in this process. The programme began six years ago and comprises a number of finite projects. The programme is concerned with change in Schools and in General Medical Practices (GP Practices) in particular and longitudinal work with four schools and six GP Practices has been underway for four years. The University of Sheffield Research Fund provided funds for an overview of the legislation in the

National Health Service (NHS) and the ESRC has provided two grants to enable projects to visit a wider number of schools and GP Practices. More details are given in the body of the thesis, the point I wish to illustrate at this stage is the extent of the work which is being drawn upon.

The roots of the programme lie with original contributions of the two main researchers, myself and Richard Laughlin. Richard Laughlin brought to the programme an approach rooted in the work of the German Critical Theorist, Jurgen Habermas, and a theoretical framework with which to consider change in organisations. I brought a background of the NHS, where I qualified as an accountant and where I had done some preliminary research into the changes affecting that organisation, and an interest in education, where I had also been involved in considering changes in the accounting requirements. We both brought a belief that issues of 'culture' or 'values' were of crucial importance to understanding people and organisations. Thus, the requirements of 'middle range thinking' were brought together, although we had no formal conception of the approach at that time. 'Middle range thinking' (as described in chapter three) is an approach in which there is a dynamic interaction between theory and empirical research. As chapter three will illustrate in detail, the approach as we operationalise it, requires dynamic interaction between both the researchers and those who are the subject of the research (the so called 'researched'). This interaction is the arena in which understandings of the research are developed and refined; the theoretical framework is also subject to development in this process. The nature of the approach means that it is not a solitary occupation; accordingly the insights developed are not individual. As a consequence the thesis will be based on a series of papers which are the result of this teamwork, many of which are joint publications (see Appendix One). Whilst we arrived at the start of the project with somewhat different offerings, these have been intertwined and developed in a

dynamic way to reach our current position and understandings. To try to unstitch this work to present an individual account is meaningless in the context of the methodological approach adopted. This does not mean that it is impossible to identify significant themes to which individuals have contributed. As the work has progressed I have taken a particular interest in the gendered nature of the values which we argue inform 'accounting logic'.

Given the somewhat unconventional nature of the thesis as well as the dynamic nature of the research programme (it continues and new insights are being developed continually) I shall add a final epilogue which can be seen as a critical self-reflection on the research process and the understandings generated.

1.3 Structure of the thesis.

In order to explore these issues, the thesis will be structured in the following way:-

Chapter 2 will outline the context of the changes in the UK Public Sector and overview the accounting literature which has considered these. Using the arguments presented in Broadbent and Guthrie (1992), it will review the approaches to examining these changes which have been adopted.

In chapter 3 a case will be presented for the adoption of a theoretical and methodological approach which can be described by the label, 'middle range thinking' (Laughlin, forthcoming). The chapter will also clarify the methodological approach based on the critical theory of Jurgen Habermas, as developed by Laughlin (1987) and Broadbent and Laughlin (1994) and point to the nature of the theory (discussed in chapters four and six) both of which fulfils the aims of 'middle range thinking'.

A consideration of theoretical aspects of the macro aspect of change on a societal level will be presented in chapter 4, through a discussion of the notions of 'colonisation' and 'juridification' developed in Broadbent, Laughlin and Read, (1991) and Laughlin and Broadbent (1993).

Chapter 5 will turn to the macro theoretical aspects of change, in the UK public sector, based on the empirical insights presented in Broadbent Laughlin and Read (1991) and Laughlin and Broadbent (1993). In the spirit of middle range thinking (as outlined in chapter 3) the models of change (outlined in chapter 4) will provide a language with which to develop understanding of the empirical situation. At the same time the empirical insights may be used in developing the theoretical models. It will be argued that the empirical data suggests that there is a fundamental clash of values between those who seek to impose change and those in the organisations which are subject to these attempts at change.

Chapter 6 will move to a consideration of the micro, organisational, level. The outline of intended organisational changes which were discussed in chapter 5 will provide the starting point for a discussion of the intended changes at the organisational level which are intended by the legislation. A model of organisational change developed by Laughlin, (1991a) and extended by Broadbent (1992) will be presented. The centrality of values in this model will be highlighted.

Chapter 7 will provide an outline of the empirical work which has been undertaken by the Sheffield team in the micro situations of schools and GP practices over the past 5 years, and which is still on-going. It will discuss how the research programme has aimed to 'track' these changes. It will present findings about the manner in which these attempts to promote change are

impacting on actual organisations, (Broadbent, 1994, forthcoming; Broadbent Laughlin Shearn and Dandy, 1992, 1993; Broadbent, Laughlin and Willig - Atherton, forthcoming; Laughlin, Broadbent, Shearn and Willig- Atherton, 1994; Laughlin, Broadbent and Willig-Atherton, forthcoming Shearn, Broadbent, Laughlin and Willig-Atherton, 1993, forthcoming). The chapter will highlight the use of a small group in the absorbing process which seeks to isolate the use of 'accounting logic'. It will seek to explore the roles of the individuals involved considering the extent to which governors have become active in school management and how the roles of practice nurses and practice managers have changed in general medical practice. The overall message of the chapter will be that the values represented by the imposed changes are not congruent with those of the organisations in question. Any changes which have been manifested have, therefore, been ones seeking to protect core (or sacred), (Laughlin and Broadbent, 1993) organisational values. Some consideration will be given to the implications of the strategies which have been adopted.

Chapter eight will extend the analysis of the 'absorbing group', drawing on further empirical data. Given the centrality of values in these processes of change, the chapter will consider their nature more closely. It will examine the nature of the values held by those working in health and education, contrasting them with those values which are perceived to inform 'accounting logic'. The argument will be presented that the two value sets can be argued to be closely associated with the opposing sets of values commonly associated with gender stereotypes. (Broadbent, forthcoming, 1994). It will be argued that the use of 'accounting logic' leads to a privileging of a particular set of values, those which are commonly associated with a masculine gender stereotype, rendering 'feminine' values invisible. The implications of this for the organisations concerned will be highlighted.

Chapter 9 will consider the implications of this gendering of values underlying 'accounting logic' in a rather wider context. It will focus on the extent to which there is any possibility of accounting, as distinct from 'accounting logic', becoming a tool to enable enlightenment and emancipate societies, organisations and organisational members (Broadbent and Laughlin, 1994).

In chapter 10 the thesis will be concluded with a call for evaluation of the changes (Laughlin and Broadbent 1994) along with a plea for the decision making processes not to be colonised by the values underlying current 'accounting logic'.

Finally, given the unconventional nature of the thesis (as discussed in section 1.2) in chapter eleven I will provide an 'epilogue' to the thesis. This will not be the conventional conclusion, but will provide an opportunity to stop, stand back and reflect on the programme of research and the outputs from it. It will provide the space to try to develop some critical theorems about the work with which I am so closely involved and to seek to explore the possibility of moving towards enlightenment. It will provide an overview and a critical evaluation of the programme and my contribution to it; the insights which have been developed and the approach of middle range thinking. It will also include some reflection on the future direction of this on-going research .

CHAPTER TWO.

CHANGE IN THE PUBLIC SECTOR: A REVIEW OF RECENT 'ALTERNATIVE' ACCOUNTING RESEARCH.

2.1. Overview.

The focus of this chapter is on the Public Sector, the area which provides the context for the thesis as a whole. The aim of the chapter, which is substantively based on the work of Broadbent and Guthrie (1992) is to give an overview of recent literature which has considered the accounting¹ changes in the public sector, mainly in the UK but also in other parts of the English-speaking world. In surveying the nature of the existing literature, an analysis of the possible approaches to research in the area is provided and the the approach taken in this thesis will, thus, be clarified and located in relation to other work.

2.2. Introduction.

Throughout the English speaking world, and indeed beyond, there has been drastic change in what is commonly known as the public sector. The public sector is that part of a nation's economic activity that is traditionally owned and controlled by government. That is to say, the public sector is comprised of those public organisations which provide utilities and services to the community and which traditionally have been seen as essential to the fabric of our society. The provision of these public utilities and services has been characterised by the heavy involvement of central government in either (or

¹There is no distinction in this chapter between accounting and 'accounting logic'. The accounting which is referred to in this chapter is that which is informed by 'accounting logic'. In effect, the accounting that is referred to is that which is referred to as 'accounting logic' in chapter 1.

both) policy making and funding. The previous central focus of accountancy and auditing in this sector has been with probity, compliance and control. A movement away from this situation has emerged, and the emphasis now is on changing the character of the discourse and technologies to promote what is characterised as efficiency, effectiveness, cost savings and streamlining - managerialism in the public sector (Pollitt, 1990; Hood, 1991).

The reasons for this are complex and will not be pursued at depth in this thesis, suffice to say that some of the contributory factors may be the fiscal crisis of the state (O'Connor, 1975) and the increasing size of these bureaucratic organisations. Some have related this change to political and ideological elements such as 'Thatcherism' in the context of the United Kingdom (UK) (Laughlin, 1991b; Russell & Sherer, 1991a) or 'Reagonomics' (in the USA) or even 'Rodgernomics' (in New Zealand). These terms are shorthand for a particular approach to economic management, promoted in each case by particular ministers in their respective countries. To personalise them is not perhaps useful as they are all representative of a general focus toward economic rationalism (Pusey, 1991), or 'neo-liberalism' (Rose & Miller, 1992). This is based on the belief that markets are better than organisations or bureaucracies at delivering economic outcomes. Overall, the thrust of the changes favoured an emphasis on reducing the size of the public sector and therefore its cost, in the name of economic rationalism. The rhetoric it engages is focused around cost, efficiency, outputs and performance accountability. This phenomenon is commented on in the context of many different countries, for instance in the UK (Broadbent, Laughlin & Read, 1991; Russell & Sherer, 1991a; 1991b; Humphrey & Scapens, 1990), in the USA (Covaleski & Dirsmith, 1986a) and Australia (Parker & Guthrie, 1990; Guthrie, 1991a). The international character of changes does attest to the importance of

understanding their effects within nations and more specifically within individual organisational units of public sector activities.

The changes have led to a movement away from a traditional administrative approach to control of public sector utilities and services. In the extremes some organisations have been floated into the private sector as newly privatised companies, (e.g., the water industry in the UK, see Ogden, 1991). Not all organisations have been seen as suitable for this type of treatment, but nevertheless there has been a move to introduce, in a number of different ways, so called 'market discipline.'

In the UK, this has been achieved by legislating for enforced competitive tendering for the provision of services (initially 'secondary' services such as cleaning, but now moving towards more 'professional' areas, such as legal, accounting and financial services) in the National Health Service (NHS) and in Local Authorities. Most recently the 'internal market' and the separation of contractor and provider has been introduced. In Australia, the various levels of government have introduced 'market discipline' and 'best commercial practices' either through commercialisation (the process of introducing commercial management principles, practices and accountability regimes); or through corporatisation (use of a corporate form for legal, governance, management, accounting and accountability purposes for public sector business activities); or finally through privatisation (the selling of part or all of a corporatised public sector entity to private capital) (see Guthrie, Parker & Shand, 1990; Guthrie, 1991b; 1992). These have been introduced, to varying degrees, across the whole of the public sector in Australia.

The changes have, therefore, redefined the 'public sector', and have disturbed the cultural orientations and the perceptions of those involved in the various

organisations as to 'what they are about'. Organisations once geared towards the production of a service now often have to answer to 'profit' elements as well. These developments have given increased standing to costs and to new systems and symbols of accountability. New accounting visibilities have been created. The changes can, therefore, be argued to have strong links to accounting, and an interest in them by accounting researchers (too few in number to date) is not surprising.

However, the central issue for this chapter is not to map the changes in detail, but instead to survey the research which has been generated in order to examine the accounting, auditing and accountability changes in various areas of the public sector across a range of countries. This review cannot be exhaustive. Choices have been made to limit the review to a manageable proportion. The literature has been chosen to give a 'flavour' of the work which is being undertaken. Because the focus of the thesis is on the 'values' of accounting the chapter will focus on certain specific areas, namely, the accounting and accounting related literature which can be said to take a more contextual focus, the 'alternative' literature. This will not preclude reference to the more technically oriented literature nor examination of the technologies which have been used to implement the initiatives. However, given that these approaches would see accounting and accounting information as a technical and value free activity, it is not considered central to the main focus of the thesis.

Work published in Accounting, Organizations and Society (AOS); Critical Perspectives on Accounting (CPA); Financial Accountability and Management (FAM) and the Accounting Auditing and Accountability Journal (AAAJ) will be the central, but not exclusive, source for the survey; attention will also be paid to work published in recent books, monographs and conference

proceedings. Moreover, this review of the public sector accounting literature has a temporal dimension, focusing mostly on the most recent work available.

After first building a framework to help define the 'alternative' approach and then setting the boundaries for what might now be considered to comprise the public sector, the chapter will focus on the recent relevant literature. A final section will provide a commentary and analysis of the literature.

2.3. What is 'Alternative' Literature and What Comprises the Public Sector?

2.3.1. The organising theme of change, and its relation to the 'alternative' literature

A first stage in the analysis will be to differentiate between the 'traditional' and 'alternative' literature in public sector accounting. The question of what an alternative literature comprises is itself a broad issue. In any categorisation scheme there is a potential difficulty in 'fitting' some work neatly into the schema. Thus, the aim will be to focus on broad areas. It should be reiterated that the literature chosen is not seen as a definitive listing of all work which might be argued to fall in the 'alternative' frame; the aim is to give a flavour of the field.

In seeking to define the 'alternative' literature, three broad approaches have been identified: the technical work; that concerned with technologies in context; and that concerned with accounting's impacts on organisations as whole entities. The three categories can be better understood in relation to their orientation to two sets of assumptions. These are, first, their perception of the importance of organisational context and, second, the assumptions they make about the power of accounting to lead to change in the public sector.

Some amplification of these will be given before turning to a consideration of the way they can be used to provide a framework for the literature examined.

Consider, first, the assumption of context. Not all the public sector accounting literature gives it the same emphasis. The importance of the contextual element has been debated at some length, in the wider accounting framework. This debate reflects the fact that much of the literature has a technical focus and ignores contextual aspects completely. This is perhaps the result of the lack of variety in the theoretical approaches adopted, most of which fall in the positivist mode (Hopper & Powell, 1985; Laughlin & Lowe, 1990).

A seminal paper by Burchell et al. (1980) signalled the fact that accounting is implicated in social and organisational practice. By pointing to the implications of this for research, the growth of an alternative to the technical perspective was promoted. There have been numerous post-1980 advocates for an alternative perspective (e.g. Tinker, 1980; Tinker, Merino & Neimark, 1982; Hopwood, 1983; Tomkins & Groves, 1983). In general, these call for the study of accounting in its social context, point to key concerns and questions that could be addressed and underline the importance of contextual factors on accounting thought and practice. They also ask for more theoretical variety.

Consistent with the argument that accounting should be known for what it does in specific contexts rather than what it might be able to do in a generalised and abstract arena (Hopwood, 1985), more empirical research has been carried out. The adoption of some interpretive methodologies indeed rules out the possibility of generalisation and can be seen as a swing from the positivistic approach of authors such as Watts & Zimmerman (1978). In addition this movement to actual empirical investigations of accounting actuality in specific settings has recognised that the history of the subject is an

important issue. It has also led to an interest in the interconnections of accounting change and continuity with the interests in which various accountings are mobilised. Thus, the introduction of a contextual element means that the horizons for accounting researchers have widened considerably (Cooper & Hopper, 1990).

The second assumption for consideration is the assumed power of accounting to achieve change in the public sector. Again there are different positions in this respect. A positive belief might be seen to be related to a neo-liberalist stance (Miller & Rose, 1992). The neo-liberalist approach is one which underlies the move away from bureaucratic control of the nation's activities, toward a market based approach. Economic exchange on a contractual basis is central to this approach and accounting therefore helps make this exchange process possible. To this extent then, accounting is an essential element in the change to the market approach. Various positions are taken as to the power of accounting to actually lead to change. What is clear is that it has been implemented as a means for change throughout the public sector. Different researchers have diverse opinions as to whether accounting does have power to change the public sector.

The combination of different orientations towards these two organising themes provides a matrix (Figure 2.1) which illustrates the relationships between the three approaches. This should be seen as a heuristic device and not a definitive description.

FIGURE 2.1 HERE

The first approach, a technical approach, assumes that accounting is a powerful force for change and perceives the context within which it exists as

unimportant. This approach is seen as more 'traditional' because of its historical predominance in the field of accounting research (Hopper & Powell, 1985; Laughlin & Lowe, 1990).

The second approach, technical contextual accounting is a technical approach which also has a contextual input. This approach is concerned with the technical issues, which are seen as powerful promoters of change, however, it recognises that context is important as it can affect the process of change.

The third approach to be discussed takes the context as its primary focus and seeks to examine technical accounting changes in the context in which they are introduced. This literature is much more sceptical about the power of accounting to promote change, but wishes to examine what happens when it is used with this intent.

The central focus of this chapter will be on the latter two approaches as they are seen as providing an 'alternative' literature. The technical, or 'traditional', literature will be overviewed briefly to provide some basis for comparison.

2.3.2. The domain of the public sector

The changes which are being introduced have brought about structural alterations that make identification of the public sector somewhat problematic. The public sector could previously be seen as comprising two areas of activity; one is funded by grants raised by government from taxation, and the other is those monopolies which supply services and utilities seen as part of the infrastructure of society, and which also charge their customers for their services although they may be subsidised from central funds. Another key issue in their identification lies in their ownership. Previously these industries were owned by the public in general and not by shareholders. The recent

changes which have been implemented by many governments (in Australia, New Zealand and the UK for instance) have altered this situation.

Privatisation and corporatisation have meant that various organisations which would have fitted into these categories have now partially or wholly moved into an entirely different situation. To that extent the 'public sector' has shrunk as the privatisation programs have moved British Telecom and the Water Industry (for example) in the UK and the Commonwealth Bank (for example) in Australia, into partial ownership by private shareholders. Some residual control of these organisations is still possible: for example, in the UK, quasi-government regulators remain to regulate the prices charged by monopolies such as British Telecom.

The moves to commercialisation have not left untouched those organisations remaining in public ownership. Hybrid organisations are being created, where revenues are partly from the public purse, via grants, and partly through the provision of goods and services which are 'sold' to particular 'markets'. (An obvious example is higher education which provides some courses on the basis of government funding, yet also sells full-cost courses to overseas students and commercial organisations). Thus organisations which previously had no orientation to a profit motive, have had one introduced on one level or another.

A 'clean and easy' identification of the public sector is therefore difficult given the less direct links which can now exist between organisations and government. For the purpose of this chapter the domain of the public sector has been identified by looking at the question of ownership and control. While the recent changes have indeed been geared to moving certain activities and organisations out of total public ownership, these will not be excluded from this consideration, as there are often important residual accountabilities which

link these organisations to governments. The organisations are still closely associated with the public sector and they are, in the main, staffed by the same employees who were there previously. They provide a mirror in which the changes in the organisations that have remained in public ownership can be reflected and compared. An important resource would be neglected if they were left out of the analysis. Bearing this in mind a formal identification of the sites which comprise the public sector can now be made. (See Figure 2.2.)

FIGURE 2.2.HERE

The sites which are included in our identification of the public sector include four different groups. The first two are central government (in Australia this includes Federal and State government) and local government, as organisations in their own right. From these emanate the third group, a series of public institutions which have varying and complex links with the two umbrella organisations. The health service in the UK, for example, is directed mainly from central government, but some local representation is provided by health authorities in the manner in which policy is implemented. Health authorities are comprised of local people, representing a variety of interests, who act in a non-executive fashion. The fourth and final group are the public business entities which could have links with the central government via share-holding or quasi-government regulators, but can also be funded by private capital. Thus the domain of the public sector is bounded relatively widely, and a correspondingly wide range of research will be considered.

2.4. Technical Accounting.

The first overview is of that literature which is oriented to traditional consideration of the technical changes in the public sector. Implicit in the more traditional literature concerned with technical issues is often an underlying

assumption that it is possible to produce 'better' accountings by the introduction of technical developments. Further, in the context of the matrix in Figure 2.1, it is a literature which does not see the context of accounting as important, yet it sees accounting as a powerful force for change.

The research which is centred on technical practices concentrates on setting rules for practice and the creation, maintenance or change of accounting technologies. Some authors (e.g. Mellet, 1990) have linked public sector accounting to 'technical rules'. Changes in legislation, regulation or rules created by standard setting bodies are necessary for accounting change. It is implicit that the 'rules' will be used and that actual practices will be uniform. Indeed, accounting is seen as a technical activity which is practiced in a form specified by 'rules'. Mellet (1990) goes further to provide some evaluation of the rules, examining the introduction of a system of charging for the use of capital within the National Health Service (NHS) in the UK, and suggesting that the technical structure will provide some levels of inequity between the NHS managed sector and NHS trusts and the private sector.

There are other authors who concentrate on a particular technology, or way of organising the production of accounting information. Usually they focus upon a specific accounting technique and promote its definition, calculation aspects and method of recording. Concepts relied on include 'first principles', 'Generally Accepted Accounting Principals' or 'conceptual framework'. For example, the issue of a conceptual framework has been raised by Miah (1991) and Taylor (1989). The former author, in the context of New Zealand, points to 'a major shift.... from fiduciary stewardship towards performance based accountability.' (Miah, 1991, p. 95). Taylor, on the other hand, in the context of the UK is more concerned with what the nature of the conceptual framework should be, surveying the frameworks available and looking at the

debate on capital asset accounting. These authors emphasise an internal logic which suggests that each technique can be constructed from 'first principles' and the whole system will be in balance.

Work in this vein can demonstrate a rather instrumentalist focus which constructs technical practices in the name of how accounting 'should be' useful for 'decision making', 'control' or 'accountability'. The emphasis here is on an external logic which suggests that the general system is better served by an accounting that can provide an attribute, for example 'information for decision making'. Accounting change is either promoted in terms of 'better' organisational decision making or 'performance measurement' or alternatively these attributes are evaluated in these terms. Lapsley (1991), for example, calls for an emphasis in accounting research on issues which have practical impact for the NHS in the UK.

Under this approach, changes to accounting systems are seen as being progressive and reforms to accounting practices are based on the notion of teleological trajectory (Hopwood, 1987, p.208). Changes in practice are therefore seen as being manifestations of functional progress and system improvements. The technical, instrumental properties of accounting ensure that it does not serve any one interest; when 'properly' practiced, accounting provides accurate, verifiable, comparable information which can be used to clarify issues and resolve conflict on the basis of principles such as rationality, objectivity and equity, and without resort to favour or power (Hopwood, 1984).

Stewart (1988, p. 4) provides an astute overview of the technical school of accounting:

accounting techniques and practices are viewed as technical, facilitative rules, used to meet the needs of management and other users. Accounting is seen as a value-free, neutral discipline that responds to the various influences and pressures in and outside the organisation. The technical practices are given the status of supra-historical techniques transcending time and space. Furthermore, accounting is viewed as a problem-solving technology that responds or adopts to the needs of the emerging organisation so as to facilitate organisational action.

This quotation illustrates the characteristics of the research which falls into the 'technical' box on the matrix in Figure 2.1. It also suggests some questions that need to be asked; are accounting rules as powerful as is intimated? will the rules be obeyed? are they value free? Asking these questions provides the basis of a critique of the approach and this will be developed in the final section of the chapter.

2.5.Towards an Alternative Approach: Technically Contextual Accounting.

Public sector changes have also encouraged the work of a group of researchers who have moved away from a purely technical approach, but who, in adopting a more 'alternative' approach, have nevertheless retained a focus on technical issues. Their aim is to examine the application of 'new' accounting technologies in their specific contexts. Technologies are the processes and systems which are being introduced as part and parcel of the reformed structures. Where the organisational structure of an organisation is changed, 'new' accounting and reporting practices are frequently needed. The reverse is also possible; reformed structures are sometimes seen as the result of the need to impose new accountabilities, and the two are inextricably linked (despite

their treatment as analytically separable categories in order to organise this current chapter). The technologies considered are ones which have been significant in their impact and they include, for example, the Financial Management Initiative and value for money or performance auditing.

2.5.1. Financial management initiatives

Research in this area is concerned with the introduction, impacts, consequences (intended and unintended) and possibilities for the Financial Management Initiative (FMI). An important element of the FMI is that its philosophy, which is one of introducing a particular type of 'management' into the public sector. The model it imposes is one in which authority for 'performance' is delegated much closer to operational areas. The managers at this level must plan their operations and account for their performance. To ensure 'accountabilities' can be operationalised, the activity of the organisation must be visible in some way. Accounting is one tool by which this visibility is often given.

Gray and Jenkins (1986; 1991) provide an overview of the implications of the FMI in the UK. Their earlier paper, surveying the history of the introduction of the FMI, concludes that attention to cost issues has been increased at the expense of issues such as strategic management. The later discussion paper also points to the move to give responsibility for managing resources in addition to policy. They note that as accounting is not value free, its import needs to be managed carefully to ensure that existing cultures and the desired direction and imperatives of the service in question are not lost.

Russell & Sherer (1987; 1990) consider the implementation of FMI type programs in local authorities, health authorities and government departments. They question the logic implicit in the initiative. Consideration is given to the

appropriateness of private sector accounting techniques. In so doing they echo a theme highlighted by Hopper (1986). The title of this article, 'Private Sector Problems Posing as Public Sector Solutions', presents a good synopsis of its theme, which questions the applicability of some of the technologies being imposed.

Ezzamel & Wilmott (1991), focusing on the community care sector of the NHS provide another paper which follows this line of thought. Using a rather different approach, they nevertheless comment on how the private sector is moving toward 'clan' control (Ouchi, 1980), at the same time as the public sector is moving to dilute the role of professionals, who provide 'clan' control.

Humphrey (1991a; 1991b) provides a consideration of FMI in the context of the public sector as a whole, as well as the Probation Service specifically. He points to the failure of the initiative to move concern away from inputs and towards the effectiveness of the services, and to the resistance to the attempted changes. Offering no solutions, Humphrey hopes to stimulate wider debate about 'management' of the sector.

This FMI, expressed in multiple ways in both the British civil service and policy programs, is a development which is not unique to the UK. Guthrie & Parker (1990) and Guthrie (1991c) report on similar developments in Australia. They review the developments of the Financial Management Improvement Program (FMIP) in Australia, and outline the various ways in which it has been defined and practiced, as well as the difficulties with this type of program. They indicate that FMIP in its 'official' form is misdirected theoretically and also non-implementable in practice.

2.5.2. Performance measurement and indicators

Those authors interested in performance indicators and measurement (for example Pollitt, 1986; 1990; Carter, 1989; 1990; Smith, 1990; Humphrey & Pease, 1991; and Guthrie, 1991a), indicate that much of the 'new' measurement in the public sector tends to be in a 'financial/economic' form, which may make other disciplinary discourse less visible. For instance, Pollitt (1986) calls for a broadening of the range of matters for which managers should be held to account. He argues that new issues need to be considered in addition to probity, economy, efficiency and effectiveness. Managers should also account for the availability of services, user awareness of a service, and user satisfaction. Wider issues such as quality of service, fairness and the degree of equity in its provision, the predictability of its provision and degree of democratic control must also be considered. These points are the result of the fact that much of the public service output is a service and not a physical product. Debates about equity, social justice and quality have been important issues in the past for the administrators of the public sector (Guthrie, 1991a) and managerialism should not forget them.

Carter (1989; 1990) and Humphrey & Pease (1991) have examined actual attempts to implement performance measurement in the English Civil Service and identified the contextual nature and social construction of such measurement and reporting technologies. These analysis highlight several characteristics which question the validity of performance indicators and measurement in the public sector. Humphrey & Pease (1991) conclude that there are no simple solutions (i.e. financial calculations) for the complex problems of management in much of the public sector. Smith (1990) also points to the difficulty of providing measures which will do justice to the complexity of the relationships in the public sector. He warns that

performance indicators, far from improving efficiency, might instead induce inefficiencies.

The implementation of the FMI type of initiative, along with a desire to control costs, has also provided an impetus to develop and discover ways by which the activities of organisations can be made visible. Diagnostic Related Groups (DRGs) are one such measure developed in North America which is now being increasingly used as a way of giving performance indicators for the performance of clinicians. They were developed to provide a way of costing activities and are used as a basis for payment in the United States of America (USA) (Chua & Degeling, 1992; Preston & Chua, 1991). Craig et al. (1990) raised the question as to whether a device which was developed to provide a basis for payment should be used to assess effectiveness. Medical Audit (a peer review) is seen as a much better way of assessing the latter issue, and thus, the usefulness of accounting information is implicitly questioned.

2.5.3. Annual reporting

Annual reporting, traditional has been concerned with 'control' and 'accountability' of an entity. Academic work in this area has concentrated upon universities. Gray & Haslam's (1990) review of British universities indicates that there is no single, agreed upon framework within which to conceptualise, articulate and collect empirical evidence about the external reporting activity of the organisations. However, they do indicate that change in this sector was the result of policy prescription rather than user demand.

In Australia in the 1980s there was a marked increase in the attention given to the issue of public sector annual reporting (Guthrie, Parker & Shand, 1990). Cameron & Guthrie (1991; 1992) were concerned with the general research issue of whether changes in annual reporting practices can be linked to

changes in identifiable external or internal influences. An empirical case study of university annual reporting practices over nearly 40 years was undertaken. Their findings indicate a complex web of contextual factors which have shaped university annual reporting, and continue to do so.

2.5.4. Performance auditing

A fourth area in which technologies have been developed is performance auditing (e.g. value for money, efficiency, effectiveness, project auditing). Researchers working in this area are concerned to show that the practices and institutional arrangements for public sector auditing cannot be studied and explained without an analysis of the wider social context.

In the UK context, McSweeney & Sherer (1990) examined value for money auditing in local authorities in England and Wales and concluded that the VFM theory was seriously flawed. They argue for more empirical work of actual impacts and outcomes of the application of VFM auditing. In Australia, recent contextual academic studies (English & Guthrie, 1991; Guthrie, 1989; 1991d; Guthrie & Parker, 1991; Hatherly & Parker, 1988; Parker & Guthrie, 1991) have highlighted a complex web of factors involved in accounting change.

Guthrie's (1991d) review of these academic contributions indicates that, while identifiable patterns of audit practice can be established at any point in time (e.g. regularity audits, efficiency audits), audit practice, organisation and institutional arrangements shift over time. The meaning of specific audit technologies (e.g. performance audit; Parker & Guthrie, 1991) are situationally specific to time, place, culture and context. In different locations public sector audit technologies have been found to be distinctive (e.g. Hopwood, 1982; Parker, 1986; Hamburger, 1989) with the formulation of varied professional responses and rules of practice. In Australia different institutional

arrangements were observed, and variations in the specific technologies and technical practices are instilled into the language and practice within specific locations. It was argued that these patterns are shaped, in part, by the context in which the audit function is located.

2.5.5. Revenue generation

The technologies associated with revenue generation have been reshaped with the fiscal stringencies to which the public sector has been subjected, and the exhortations to be 'entrepreneurial'. Illustration of the area is provided by work centred on one particular department, the public library service in Scotland. Although it has a leaning towards the technical, it is included here because it pays some attention to the culture of the organisation. Thus, Midwinter & McVicar (1991) consider the issue of charging for public services, noting the particular impact on the library service in Scotland. The authors conclude that the professional objections of librarians, who are concerned to maintain a 'free' (at point of use) library service, have not been sufficient to stop the imposition of charges. The fiscal stress of limits on resources has meant that charges have been imposed and that this trend is increasing.

2.5.6. The raft of accounting technologies

The above studies have all focused on just one technical category. There are also several attempts which seek to link changes in specific accounting technologies to the raft of other accounting, management and organising technologies being promoted in the public sector in recent times.

Various groups of researchers working on this important aspect can be identified. The work of Russell and Sherer (1990; 1991a) explores the management movement in British government for the past three decades and concludes that the source of recommendations have a common theme

associated with the theory of 'accountable management'. In the later paper they examine two competing theoretical perspectives on change (stasis) and conclude their empirical observations with the comment that the political climate in the 1980s was such that '...the government's commitment to private sector solutions to state sector problems has not only brought about the introduction of specific management control and accounting techniques but has also encouraged...organisations...to invent, discover and experiment with their own techniques within this framework' (1991a, p.20).

A second group, Humphrey (1991a) and Humphrey & Scapens (1990) examined the historical development of accounting's influence in the UK public sector, before and during the Thatcher era. Humphrey & Scapens (1990) highlight the inherently political nature of accounting developments during this period, and conclude by reflecting on the consequences of such changes and the potential scenarios for the UK public sector as it enters the 1990s. Humphrey (1991a) opens up the debate on performance measurement and accountability in the public sector by focusing on the various changes and inherent limitations that have already been identified in the literature.

Hopwood (1984; 1990) argues that during the 1980s the public sector in the UK has undergone a profound transformation in which accounting and accountability were replaced by a technical or managerialist accountability in terms of a dominant financial calculative regime. By installing a new calculative vocabulary of 'value for money', 'efficiency', 'true costs' and 'performance', the character of certain public sector institutions and practices may be (un)expectedly changed. Financial accountability initiatives provide for changed views of what is 'organisationally significant' and for new routines of administrative practices.

In Australia, similar themes are pursued by Parker & Guthrie (1990) and Guthrie (1991a). They argue that the new accounting technologies respond to and embody the managerialist philosophy and they trace this back to the idea of 'accountable management'. The emphasis of 'traditional' accounting in the public sphere was on input controls, control of expenditure in terms of appropriations and ensuring that monies were spent without fraud; in short a stewardship role. The 'new' accounting is one of creating, measuring and recording the elements of efficiency, cost saving, productivity and performance. The argument is that recent general reforms in the Australian public sector have promoted accounting as one of the technologies (alongside, for example, machinery of government changes) by which these changes have been promoted and put into practice. These changes imply a dramatic change in the focus and modes of operation of public sector activities.

Guthrie (1991a) also identifies 'managerialism' and 'economic rationalism' as dominant philosophies, whose associated values have influenced the promotion and changing character of organising, management, accounting, auditing and accountability in government during the past decade. These researchers identify prescriptions for change as being rooted in the advocacy of formal rational management, emphasising the necessity for clear goals, corporate plans and, above all, internal and external accounting systems with clear responsibility lines for output performance measurement. Management technologies promoted to the public sector include corporate planning, responsibility centres, performance agreements, contracting out, commercialisation and privatisation. Accounting technologies such as program budgeting, the financial management initiative, annual reporting mechanism, performance indicators and performance audits have all been promoted. These changes have led to a 'new' accounting and auditing for the public sector.

The literature considered here has moved from the purely technical focus; it has therefore recognised the limitations of the purely technical approach and has begun to address them. The work reviewed in this sub-section is much more diverse in its theoretical and methodological approaches, the consideration of context means that it draws much wider boundaries around the subject. However, the approach is still very centred on accounting and as such is rather different from the final set of literature which will now be considered, which gives priority to the context in which the accounting is placed.

2.6. Explicit Alternative Approaches: Contextually Technical Accounting

In moving away from an overarching concern with the technical aspects of the changes we find a range of literature which is centrally concerned with the way in which accounting impacts on organisations as whole entities. The accountings considered are invariably a result of changes to the structures and processes imposed upon particular organisations. The focus of the work in this area is on the whole organisation, and this is based on an implicit belief that this is the way to reach meaningful understanding of both the change and the accountings produced.

Different types of control over activities have developed in the different sites (as encapsulated in figure 2.2). These could be the outcome of the legal form of their 'ownership' as well as the management processes which they need to adopt because of the 'ownership' pattern. This can be illustrated using the example of the private sector. Here, economic and social activity can be pursued in units of various legal forms: limited liability joint stock companies, trusts, partnerships, sole-traders, charities and sporting clubs. Each legal form has historically evolved its own significantly different organisational forms,

legal and governance requirements, accounting, auditing and accountability regimes. The same is true in the public sector (see Guthrie, 1992).

The four different sites, with their diverse control and ownership patterns, as illustrated in Figure 2.2, will form the organising frame for this section.

2.6.1. Central government

A survey of the literature concerned with central government and its associated departments indicates that there are few attempts to focus on central government. Degeling et al. (1988) and Miller (1990) examine the intersections of accounting and the national state, by reference to nationally and historically specific instances. As will be illustrated later in this thesis, Laughlin & Broadbent (1991; 1993) consider the impact of central government legislation on the public sector as a whole.

Degeling et al. (1988) present a brief history of public accounts committees (PACs) within the Westminster Parliamentary system. The emergence of PACs is traced to contests among members of the British Parliament and the Executive over who was to control the financial aspects of government and how this control was to be constituted and exercised. These relationships were constituted in the "golden era" of Gladstone's nineteenth century Britain. They suggest that the changing accounting technologies in government reflected the playing out of wider social, economic and political processes.

Miller (1990) is concerned with the interrelations between accounting and the state. He postulates a theoretical framework based upon two aspects. The first aspect is 'political rationalities' (the objects and objectives of government); and the second aspect is the 'technologies' (the range of calculations, procedures and tools that materialise and visualise processes and activities). These two

aspects of government are linked in a relationship of reciprocity. The framework is illustrated by reference to innovations in accounting and other practices of government across the "Colbert period" (1661-83) of the reign of Louis XIV in France.

On a rather different level, and using contemporary illustrations, Laughlin & Broadbent (1991; 1993) focus on the links between accounting and law. This work will be considered in some depth in chapters 3 and 4 of this thesis, but their concern is to point out the way in which government is more frequently using legislation to mould the behaviour of social systems (in this case the public sector). This process of 'juridification' is implicating 'accounting logic' into these systems; it is argued that this is incompatible with existing value systems. The result may be a disintegration of the social systems or the downfall of the political masters.

On a different level again, looking at accounting policy in the context of the health industry in the USA, Arnold (1991) examines the interaction between government, industry and accounting policy at the level of state-industry relations. She provides an historical and statistical study of the US hospital industry, looking at interlinkages between state policy and the way in which these are accounted for. She suggests that the accounting literature has neglected the role of the state.

There is a paucity of work concerned with government interdepartmental reporting. A recent professional research report by Likierman & Taylor (1990) identified several official publications and various professional pronouncements concerning changing governmental department reporting in England.

2.6.2. Local government

Work on local government can be at two levels. This sub-section is concerned with that work which considers local government as an entity, rather than focusing on individual functions or departments of local government. One project which has been identified, undertaken in the early 1980s at Bath University, examined the process by which accounting systems are linked to resources allocation decisions. The subsequent work by Tomkins, Colville and Rosenberg all emerged from this project.

Rosenberg (1989a) explores the role of Treasurers in local government and the way they operate vis a vis resource allocation. The work is based on interviews with many local government personnel as well as in-depth work in one situation. It focuses on the role and the extent to which resource allocation is shaped by politics, and in turn shapes the politics in which it is located. Given that most of the work at this macro level is of a more technical nature, this contextual study is unusual and particularly valuable.

The work of Tomkins & Colville (1984) was not at the macro level as such, but neither was it concerned solely with one department therefore it will be included here. The study outlined a comparison of two departments (Police and Social Services) in one local authority, and adopted a symbolic interactionist approach, seeking the meanings that the accounting had for those in the two departments. This investigation into accounting controls operating in the two departments highlights the fact that an understanding of accounting practices must come from looking closely at the context in which the information is produced and used. This research showed that very different patterns of understanding and use existed in the two departments, although they belonged to the same authority. Moreover the pattern of perceptions within the two departments was not that which might intuitively have been

expected; the seemingly more 'rule oriented' ethos of the police did not lead to a more ready acceptance of accounting controls. The conclusion was that relationships between tight and loose delegation and the extensiveness of accounting systems may not be as straightforward as one might imagine. Thus, the need for extensive contextual work is emphasised.

A selection of collected works of the late David Rosenberg (1989b) provides an overview of his project. The focus is on local governments as a site in which to focus on understanding organisations as social and political processes, and in particular the way accounting and accountants shape those processes. This work is empirically rich and focuses on the internal structure of local government, with reference to balance of power and professional and political influence.

2.6.3. Public business enterprises

Under this heading can be found the work relating to enterprises which have some capacity to raise funds by 'selling' their product, but within which there has always been a public interest. This may have been by the provision of subsidies from the public purse, or it may be by the presence of quasi government regulation.

The first project to be considered is of research in the UK into the National Coal Board (NCB). Findings are represented in the following works: Berry et al. (1985); Hopper et al. (1986); Capps et al. (1989). The empirical work forming the basis of the project was of a qualitative nature. The methodology was of an ethnographic orientation, with many interviews undertaken to elicit the participant's understanding of the use of accounting in the organisation. Following on from this, various teams of these authors developed the theoretical analysis in a variety of ways, and added different layers of data, for

example a historical element. The work published was based on a variety of themes and adopted various alternative frameworks for analysis. The general focus for this work was the financial management and control systems within the NCB (now renamed British Coal) and also the major dispute, the 1984/85 coal strike in the UK.

Berry et al. (1985) provided a critical analysis relating to the main project. The paper catalogues an attempt to understand management control systems in practice. Findings indicate the significance of tradition and organisational culture for understanding management control in the NCB. With a changing social and political environment past practices and visibilities are questioned. In the context of a move towards the logic of the market, various new accountings and calculations are created.

Hopper et al. (1986) suggested that in a period of budgetary stringency, finance becomes central to management. The malleability of the accounting data, linked with the monopoly position of management to create and present such data, means that the financial calculations will be partisan and be implicated in disputes within the coal industry and elsewhere. Capps et al. (1989) explores the data through the focus of Giddens structuration theory.

McCrae & Aiken (1988) and Guthrie (1990; 1992) also consider this type of enterprise, this time in the Australian context. McCrae & Aiken (1988) discuss the emergence of statutory authorities as an organisational form for public business enterprises in preference to ministerial departments. The paper outlines changes in the accounting and accountability for these bodies.

Guthrie (1990) discusses the adoption of corporate forms for government business undertakings and identifies several unresolved problems inherent in

the phenomenon of government-owned companies which are not subject to constraints on their management and operations beyond those applying to private companies. In a later paper, Guthrie (1992) develops this theme further. He identifies a trend that governments in Australia have been turning away from the traditional 'statutory form' and adopting instead a 'corporate form' for the corporate governance, legal, accounting, auditing and accountability regimes. He suggests that the moves towards the adoption of corporate forms, together with broader changes towards corporatisation and privatisation, have implications for both the accounting and auditing of these bodies. They also raise many issues concerned with the need to ensure the maintenance of adequate accountability regimes. The use of government owned corporations (GOCs) has not only required a change in legal form, but also in management culture, measurement of performance and accounting practice. These broader changes stem from the innate differences between the GOC form and the traditional statutory form. The move to the GOC form is being promoted by governments of the day and senior managers of these bodies, both perceiving the corporate form as more suitable to their needs; however Guthrie indicates several social, economic and political contextual issues which have not yet been resolved.

This move towards and extension of corporate forms of organisation into the public sector is also evident in the context of the UK. Organisations which previously were owned by the community as a whole have recently been launched as public limited companies. There is a paucity of literature in the area. M. Broadbent (1992) provides a case study of the reaction of district managers in one region of British Gas to the new accountability structures. Following interviews with managers at all levels in the region, he concludes that despite being subject to similar controls, their responses are diverse. This emphasises that a control system will not work in an 'even' and 'predictable'

fashion and therefore emphasises the importance of studying particular situations, rather than generalising.

Ogden (1991) considers the water industry in the UK as the various regions were prepared for privatisation. He notes that the impetus to cut costs and improve financial performance mirrored developments in other organisations in the public sector. Attempts to change the culture of the organisation are noted, as are changes in working practices. The extent to which an accounting discourse has become privileged in expressing the strategy and functioning of the new organisation is illustrated. Ogden also points to the somewhat illusory nature of the private sector status of the industry given the restricted opportunities for profit generation. This work provides an overview of the recent history of the industry, surveys the recent documentary output of the organisation and also involves interviews with people working in the industry. Thus the subjective feelings of personnel are framed in the background of the information which needs to be produced by the legislative processes and the situation of change. The key element in the change process seems to be the notion of culture, and a key target of senior management trying to implement the change is the desire to change the culture of those working in the industry. Ogden quotes senior managers who appear to want a change from the attitude that provision of water is only a service; they seem to want to add a further issue which relates to cost. The 'public sector ethic' is seen as a constraint on the achievement of organisational goals.

The centrality of professional culture is also acknowledged in the work of Dent (1991). Working in the context of the railway industry and taking a symbolic interactionist perspective, Dent documents how, the new business culture in European Rail, rose above that of the engineering/railway culture which existed previously.

2.6.4. Public institutional systems

Three main public institutional systems have appeared as topics of interest to researchers: health services, schools, and the probation service.

Consider, first, the health services. These have provided a focus for several researchers, indeed, the most numerous empirical studies of accounting in a social context are found in the health sector. Several recent papers have begun to explore some of the issues associated with the composition and use of financial and management control accounting information within and external to the health sector. This work examines the health systems of various nations and studies the British health service (see Bourn & Ezzamel, 1986a; 1986b; Nahapiet, 1989; Preston et al., 1990; Cooper & Rea, 1991; Broadbent, 1992; Broadbent, Laughlin & Read, 1991; Laughlin, 1991b); in the USA (see Colvaeski & Dirsmith, 1986b; Chua & Degeling, 1991; 1992; Preston & Chua, 1991; Arnold, 1991) and in Australia (see Chua, 1991). Again, some of this work will be returned to in detail in later chapters of the thesis.

Bourn & Ezzamel (1986a; 1986b) examine the construction of costing information in the NHS and consider the role of culture in change. They conclude that past costing information has been of little use for short term control of activities; and resources of little assistance in determining longer run funding and resource allocation decisions. They also elaborate the notion of clinical freedom, seeing it as a clan culture, which is being challenged by a competing culture from outside the NHS. In this work the technical issues of costing and budgeting are firmly rooted in the context of the issue of culture.

As will be shown in chapters 4 and 5, in overviewing the changes in the NHS, Broadbent, Laughlin & Read (1991) specifically focus on the financial and administrative changes. This analysis is different to many others in this section

as its focus is more on a macro level, looking at the relationship between central government and the NHS, rather than considering the internal issues in the NHS as an organisation. Using a framework developed by Laughlin (1991a) from the critical theory of Jurgen Habermas, these authors are interested in the 'lifeworld' of the NHS and how it might change, particularly by a process of colonialisation, and by the role of financial discourse in driving this change. They conclude that the government is engaged in an attempt to colonise the NHS, and that the process by which this is being attempted is becoming progressively more coercive.

Preston et al. (1990) take a post-modernist approach to study the introduction of management budgeting into the NHS. These authors use the work of Latour (1987), which is concerned with the creation of science and technology, as a basis for understanding the attempts to introduce this initiative. A central theme is fabrication; that is the way in which the initiative is presented in a manner which will help it gain acceptance.

Retaining interest in the issue of the construction of data, Broadbent (1992) (as chapter 6 will show) is also concerned to show how the interpretive scheme which is used by organisational members will affect their interpretations of that data. The cultural dimension is again an important element of this analysis and it is argued that an organisation 'held together' by an overall agreement as to its ultimate goals, can nevertheless be comprised of groups holding a great diversity of opposing cultural orientations.

The resentment of General Practitioners (GPs) in the UK to recent legislation affecting their profession led Laughlin, Broadbent & Shearn (1992) to examine the historical and contextual reasons for their reaction. After outlining the legislation, the paper argues that its poor reception can be traced to the

perception that the reforms are counter to the values held by GPs and are an intrusion into medical autonomy. The paper provides a background on which to develop further research into the primary medical sector, which has only relatively recently been subject to legislative attention.

Cooper & Rea (1991) study the means by which individual hospitals are being constituted as economic entities, and the way in which boundaries are being created to limit these economic entities. Accounting's role in boundary creation is considered as is its role in constructing 'efficiency'. There is a recognition that the construction and dissemination of accounting information is not in itself sufficient to alter the behaviour of the recipient.

The construction of the concept of clinical budgeting is the focus for Pinch et al (1989). Their dramaturgical approach (based on interviews and presentations concerning the issue) shows the flexible and socially constructed nature of the concept. It also shows the fluidity of the concept and the political nature of its use.

Authors who have examined the health services in North America include Covalleski & Dirsmith (1986a; 1986b). Their work reflects in a rather different fashion the concerns in the work by Pinch et al. Their underlying theme is that budget systems do not reflect organisational reality, but are constitutive of reality, and as such are an integral part of the politics of organisational life.

MacIntosh (1990) explores the application of 'new' hospital accounting and information system within a Canadian context. This work argues for a shift in focus for research and practical understanding from the narrower and technical view of accounting information systems, towards the wider, richer and more vibrant reality of information flows and processing in organisations.

Chua & Degeling (1992) look at and evaluate the effect of accounting change, using the focus of Habermasian and Foucauldian theories, whose varied insights they aim to weave together. This paper uses this theoretical focus to examine the introduction of DRGs in the US, looking at this through three different types of lens: instrumental, moral, and aesthetic (the areas which need to be in balance according to the Habermasian frame).

Preston & Chua (1991) relate the application of diagnostic related groups and prospective payment systems (DRG-PPS) to the treatment of elderly patients and effects of the application of a particular accounting technology on physical life. They found that DRG-PPS was born in the name of the elimination of waste, remedying mismanagement, improving efficiency and reducing the role of government; all virtues in the political climate of the 1980s. This dominant language was in fact a managerial/economic rhetoric imported uncritically from the private sector. Several of the consequences of this are explored by reference to elderly health care patients in the US health system. They state that 'the system has resulted in a secret, dishonest and arbitrary redistribution of health resources that is essentially unjust' (p.28).

Chua & Degeling (1991) examine the impact of new information and accounting technologies in public policy practice in the American health care system. For instance, new information systems are associated with the 'standard unit' of the DRG and the calculation of profitability and productivity. They conclude that these new technologies will not solve problems, but will merely rearrange and manage them within pre-existing agendas.

Chua (1991), extending her studies of the health services, has also examined the Australian context. She examines the development of health care in Australia during the past two decades and identifies various reports that have

highlighted several 'problems'. In general, hospitals were depicted as suffering from the same illness afflicting the Australian public sector more generally- 'inefficiency', 'waste' and 'lack of public accountability'. She analyses the social manufacture of hospital product costs via the work of Callon (1986) and Latour (1987), who model the social creation of knowledge. Her conclusion is that the manufacture of accounting numbers is not only a social process, but one that has power effects and that depends crucially on the intermingling of interests.

As evidenced above, research concerning the health sector is growing. The situation in relation to the education sector is similar; 'alternative' examinations of the realm of the 'public' sphere of education are accumulating, but are not numerous. Work in this sphere is concerned with two issues, universities and schools. Changes in university funding have produced some interest, good examples of this being presented in a special issue of Financial Accountability and Management in 1988. The emphasis, however, is mainly technical, and is not central to the 'alternative' focus considered here; there are, therefore, opportunities to develop more work in this area.

There is some qualitative work relating to schools in the UK. Schools have also been subject to changes in their funding and management, and it is this that has generated research. An illustration of this work is that produced by Broadbent, Laughlin, Shearn and Dandy (1992; 1993) who explore the implementation of the devolution of financial affairs, known as the Local Management of Schools (LMS), into several schools in the UK. These papers focus on the ways in which particular members of local schools have absorbed the changes associated with LMS. Working with four schools over an extended period of time, the researchers are tracking the extent to which the management changes affect the ways in which the schools work, and these

interim reports suggest that the effects of the changes are still limited. This work will be considered in more depth in chapter 7 of the thesis.

In a further report (considered in chapter 8) on the issue Broadbent (forthcoming) raises questions as to the affinity of the values represented in the processes of LMS and those which have traditionally been seen as associated with schools. It is suggested that the instrumentality of the 'LMS values' rests uneasily with the educational value system which is much more relationship based. This is causing stress and dissonance for many teachers who entered the profession because of their attraction to the traditional value set of schools.

The third system in which research has been carried out in this public institutional sphere is in the probation service. Humphrey (see for example 1990; 1991b) is a researcher who is associated with this locus of interest. His project is concerned with the application of the FMI within the probation service in England and Wales. He provides evidence of the turbulence associated with the incursion of FMI into a specific public industry - the probation service. He concludes with the observation that the new technology and its supporters (management consultants) do have an enabling potential, but his empirical examination highlighted how accounting can also generate unintended, dysfunctional consequences. Humphrey's latter paper (1991b) portrays the difference between the 'official' potential and 'practical' achievements/possibilities.

Work in the 'alternative' mode has, then, been carried out in several different areas but the areas considered are not extensive. This last observation leads us to a commentary and discussion of the issues raised in the survey.

2.7. Commentary and Discussion

The research which we have called 'alternative' can be argued to exhibit at least four common characteristics. First, this work does not wholly accept (and at the extreme rejects) that accounting can *necessarily* be successful as a powerful force of change. Second, it accepts the importance of the context in which accounting operates, albeit to different degrees. Third, the focus of this literature is that it seeks to question and understand. Depending on the theoretical orientation embraced, the questions which may be asked are different, and the issues raised are similarly diverse. Fourth, a feature is that it seeks to move toward a critical evaluation of the processes which have been implemented.

The survey carried out indicates the relative paucity of research in the public sector which can be argued to adopt this 'alternative' perspective. This means that there is little published work which is attempting to evaluate the changes critically. The literature surveyed provides little evidence that pilot studies are being used to evaluate changes prior to their wider implementation. Research which has been undertaken is often pessimistic about the extent to which the changes achieve their objectives. Two issues emerge. First, there is a common concern that the social side of the organisations in question is being neglected at the expense of introducing particular market solutions and accountability patterns. This leads to the second issue, which relates to the ways in which 'new' accountings are being used to try to give visibility to particular activities within the organisation. In many of these organisations this is at odds with the prevailing culture. Questions about whether these changes are beneficial are pertinent. Post-hoc evaluation of the changes is, therefore, imperative.

What has been called 'accounting logic' appears to be becoming more and more pervasive in contemporary western society. Changes all over the English-

speaking world attest to the extension of the 'new' accounting technologies ('accounting logic') into areas (including the public sector) where it had previously played only a small part, as well as to the increased use of forms of accounting in the accountability processes. Thus, the study of accounting in the public sector is crucial. If accounting is to be more influential in our lives, it is essential that we understand its effects, and hence the type of research which is needed must be geared to seeking those understandings.

The research which underlies this thesis is seeking to address some of these issues. The work can be classified as 'alternative' and comes under the rubric of Contextually Technical Accounting (Fig 2.1). It considers societal or central government issues as well as those in the organisational contexts of schools and GP practices. It is seeking to understand the effects of 'accounting logic', being especially concerned with the effects of introducing the values which are implicit in 'accounting logic' into organisations which are oriented in different ways. It seeks to move towards the possibility of an evaluation of the changes. In moving towards this endeavour, the next chapter will seek to elucidate the approach adopted.

CHAPTER THREE

AN ARGUMENT FOR MIDDLE RANGE THINKING AND FOR A HABERMASIAN INFORMED METHODOLOGICAL APPROACH

3.1. Overview

Chapter two located the approach taken in this thesis as one which could be seen as an 'alternative' perspective to accounting research in the public sector. This still allows flexibility of theoretical and methodological choice and it is this issue which will be addressed in this chapter. The first part of the chapter will argue for the adoption of 'middle range' thinking (Laughlin, forthcoming), exploring the strengths of adopting this approach. The second part of the chapter will explicate the methodology adopted. This methodology is one which is commensurate with the 'middle range' approach and which is based on a discursive approach developed from the thinking of Jurgen Habermas (Habermas, 1974; Laughlin, 1987). In keeping with the adoption of 'middle range thinking', chapters four and six will provide discussions of the theoretical underpinnings which will be used in conjunction with the methodological approach described in this chapter.

3.2. 'Middle Range' Thinking.

'Middle range' thinking is an approach for which Richard Laughlin has argued over a number of years. His current thoughts have been explicated in full in a paper to be published in Accounting Auditing and Accountability Journal (Laughlin, forthcoming) and it is these arguments which will be summarised in this chapter. Laughlin's argument is that those who approach a research project have to make deliberate choices about the nature of the research which they undertake. His aim is to inform the debate about which choice is to be made and to encourage researchers to make their choices explicit.

Laughlin provides a model which links three variables which he believes as important elements about which choices have to be made in the course of approaching research. The model is one which comprises three continua about which choices have to be made; theory, methodology and change. The theoretical dimension relates to the issue of ontology and epistemology and is therefore concerned with the nature of the world and the way in which knowledge of that world can be generated. Methodology is concerned with the role of the observer in the discovery process and the means by which knowledge of the subject under investigation is generated. The change dimension is concerned with the extent to which the investigation is geared to generating change or simply understanding the status quo. Choices about the nature of these elements have to be made and may lie at any point along the continua which have opposing polarities

3.2.1 The polarities of the theoretical dimension.

The choice which must be made on this dimension relates to the extent of the prior theorising which is brought to the research. This in turn relies on the assumptions which are made about the nature of the world. A continuum between high levels and low levels of prior theorising is posited. High levels of prior theorising assume that an objective material world, with definable, generalisable characteristics, exists distinct from the observer and that the task is to refine understandings of the nature of that world. Given that there is a material reality then theory is generalisable and the aim is to add incrementally to the understandings of the theory or to replicate and confirm previous findings. In this situation, theoretical generalities, waiting to be discovered, are assumed to exist and provide the basis on which to develop research projects.

Those approaches which have low levels of prior theorising see the world as subjectively and intersubjectively constructed by diverse human subjects. At the far extreme there is no underlying reality to research and generalisations become impossible - there is no possibility of transferring or using knowledge from one situation in another.. Equally the incremental building of knowledge is not possible. The empirical data from each project is seen as important in its own right and the nature of the research project is focused on that project alone.

3.2.2. The polarities of the methodology continuum.

On this dimension the assumption about the nature of the role of the researcher is central. Where the approach is one in which there is a well defined theoretical model and the nature of the world is seen as objective, then the observer is seen as irrelevant to the process in hand and thus unrelated to it. She is there simply to record that world and the methods used are ones which seek to tease out that objective reality. The level of the theoretical nature of the methods is seen as high in this case and the approach is nomothetic.

At the other end of the continuum, where the theoretical nature of the methods is seen as low the observer is not seen as separate from the process and the subjectivity and variability of the perceptual differences of the observer are recognised. The observer is not seen as being there to test some pre-existing theory but to generate understandings of the subjective and perhaps unique nature of the situation under consideration. Thus, the approach is one in which the theoretical nature of the methods is low and it is ideographic in nature.

3.2.3. The polarities of the change continuum.

In referring to change, Laughlin is alluding to the extent to which the researcher wishes to maintain the status quo. Where there is an affinity to high levels of change the researcher would see the status quo as inadequate and incomplete and in need of change; research would, thus, be based on this assumption and may be geared to exploring the possibility. A low affinity for change suggests that the researcher is not seeking to challenge the status quo. Put simply, this refers to engagement (high change emphasis) or disengagement (low change emphasis) in the research site.

3.2.4 The possibilities described by the model.

The model suggested by Laughlin (Fig. 3.1) combines the three continua and suggests that any research will implicitly or explicitly be located on different positions on them. He argues that the theory and methodology dimensions will have a greater tendency to be located in a linear fashion, with high levels of theorising being linked to high levels of theoretical specificity in the methodological approach. This does not mean that other combinations might be possible, indeed his paper indicates some alternative configurations. The argument is made that the change element is less predictable. However, there is likely to be a connection between the existence of a high theoretical nature of the methods and high levels of prior theorising and vice versa.

FIGURE 3.1 HERE

As well as providing a framework for locating various approaches to empirical research, Laughlin illustrates how the framework can be used to locate some of the prevalent schools of accounting research. This is replicated in figure 3.2. In doing this, Laughlin provides an account of the 'roots' of these approaches showing the basic assumptions which have supported their

development and which provide the rationale for their positioning in the framework. This relative positioning shows the diverse difference between, for example, a positivist and an ethnomethodological approach to research.

FIGURE 3.2 HERE

Whilst broadly accepting this heuristic framework, I suggest that the model can be developed by the adoption of a suggestion that the continua used by Laughlin are not smooth continuations from one position to the other. It could be argued that there is some containment of the position which is high on prior theorisation and high on methodological choice dimensions. This might be traced back to the fact that those positions which are high on prior theorisation and high on methodological choice dimensions have clear roots back to the positivism of Auguste Comte. The other positions grew from the idealism of Immanuel Kant. Comte and Kant hold philosophical positions which are clearly incompatible. Comte was seeking to develop a tightly defined, rational, deductive process by which to produce absolute descriptions of the empirical world. To Kant all insights were subjective as no knowledge is generated distinct from the unique observer. Given the incompatibility of their roots the boundary between the 'high- high box' and the other 'boxes' in the model would seem to be better defined than other boundaries in the model. Hence, the cross fertilisation of ideas between this and other positions is not as great as in other positions. I will suggest at a later point in the thesis that those who hold this 'high-high' position are likely to privilege their view of the social world and it can be argued that this way of 'seeing' has dominated and shaped accounting practice. A critique of these ideas will form an important theme which will be worked through in detail in chapters eight, nine and ten of the thesis.

None of this undermines the main theme of Laughlin's paper which provides an argument for the use of a middle range approach, that is to say an approach which adopts assumptions which can be located in the middle of the three continua in the model. In exploring the values of accounting and its use in the public sector my thesis will adopt a 'middle range' approach. Accordingly, the next section of this chapter will explicate, in some detail, the understanding of middle range thinking which informs the thesis as well as the reasons for its adoption.

3.3. An Explication of and Argument for Middle range thinking.

In adopting middle range thinking, the theoretical approach in this thesis is one which rejects both high levels and low levels of prior theorisation. A high level of prior theorisation is rejected because of its assumption of the possibility that the world is a consistent and objective entity which can be 'discovered' and which can then be described, in theoretical terms, independent of context. At the same time the assumption that there are no regularities in the social world and that no theoretical description is possible is also rejected. The thesis is built upon the assumption that the world which is the subject of this investigation is such that it is not wholly objective and pre-determined, although such elements may exist. Instead it is seen as the outcome of inter-subjective negotiation around the nature of these elements. Thus, there is a possibility of using a theoretical framework to inform empirical investigation, but that the framework is not, in itself, sufficient to stand without the elaboration of contextual detail.

The methodological approach which is followed similarly rejects the possibility of testing a pre-existing theory through the methods often adopted in the 'natural' sciences. This high definition is seen as providing a definition of the situation which may preclude useful insights: it may close down understanding

by only concentrating on those issues which have been pre-defined. Hence diverse and potentially important issues are ignored. It also rejects the position in which any theory is seen as built solely from the empirical insights of the particular project in hand in which the researcher enters as a tabula rasa. This is seen as implausible. Middle range thinking, therefore, adopts a methodological approach which gives some framework on which to base research. It provides a greater level of openness than in the case of the high position on the continuum, but does not deny that a framework exists. Its aim is to make the framework clear but to ensure that it does not constrain.

The attitude to change is similarly seeking to balance the extremes of the continuum, making the assumption that some change may well be necessary, but that some elements of the status quo might also be desirable.

One possible objection to the adoption of a middle range approach may be the argument that 'the best of all worlds' simply ducks the decisions about theoretical commitment or, indeed, commitment to practical action. It is important, however, to stress that the adoption of the middle position is a positive choice and not simply a way to avoid the decision as to which polarities of the continua to choose. In providing some illustration of the use of a middle range approach, the thesis will also illustrate the power of this type of thinking.

3.4 The Particular Middle Range Methodological Approach Adopted.

3.4.1. Overview

In keeping with middle range thinking a methodological approach will be adopted which gives some framework to the research process but which allows the freedom to reflect the richness of the process of discovery. The methodological approach adopted is associated with the existence of a

theoretical framework. In the case of this thesis there are two theoretical frameworks which will be described in some detail in chapters four and six of the thesis. Like the theoretical frameworks, the methodological approach is one which is based on the work of Jurgen Habermas, as summarised in Laughlin (1987) and developed in Broadbent and Laughlin (1994). It is one which takes as central the human capacity for communication and it is discursive in its nature. The centrality of communication provides the reason for my adoption of the approach. I am convinced that the capacity for communication is pivotal to our essence as human beings, hence any exploration of the social world must engage with this aspect.

3.4.2. A Critical Theory Approach.

Developing and enriching the work of Jurgen Habermas, which is focused on a societal level, Laughlin (1987) provides an approach to research in organisational settings. The approach seeks to develop an evolutionary process of enlightenment and emancipation within the organisation, which mirrors the social evolutionary processes explicated in Habermas' 'grand' social theorising.

In his 1987 paper, Laughlin takes the Habermasian framework and adapts it to the organisational level, providing a means by which to develop rich understanding of organisations and also the means by which to engage with them. In taking this approach, the aim of this thesis is to adopt the position described by Mulkay (1991), of '... engaging actively in the world in order to create the possibility of alternative forms of social life.' (Mulkay, 1991, p.xix). It is this possibility which provides a further attraction for adopting the approach.

The work which is reported in this thesis further enriches Laughlin's 1987 development of the Habermasian theoretical framework (see chapters four and six), but the methodological approach builds more directly from this work. As such it provides an operationalising, rather than a development of the framework. Laughlin's (1987) methodological framework sees a three stage discursive process in which researchers and organisational members engage at different times. The first stage of the process involves the researchers formulating 'critical theorems' in which they sharpen their understandings of the organisational reality. These understandings are gathered in the process of qualitative research in the organisations concerned. The actual methods used in the empirical projects upon which this thesis is based will be discussed in detail in the relevant chapters. The understandings which are brought by each of the researchers are tested and refined in a rational process based on the 'Ideal Speech Situation' (ISS).

The ISS is the basis of Habermas' theory of communicative action (which will be discussed in detail in chapter 9), but the fundamental elements of the process are fundamentally simple. All participants have the right to contribute their understandings, all have the right to challenge them and the resolution is by the force of better argument. In the context of this discursive process understanding is honed and sharpened and the insights gained are the basis of the second stage of the process. In the second stage of the process these understandings (called 'critical theorems') are taken to those who are the subject of the research. Again the discursive process is undertaken and the aim is to further sharpen the insights by directly involving those within the organisation and the processes which are the subject of interest. This second stage is again led by the researchers and seen as the 'process of enlightenment'. Finally, given the understanding which have been generated in the first two stages, the third stage of 'selection of strategies' provides the opportunity for

those within the organisation to lead the process and move forward in conjunction with the researchers, selecting their own strategy for progress using the same process of discourse. Thus, in totality, the process is seen as emancipatory, as it provides the means by which groups can move forward, taking charge of their future on the basis of their understandings. It is, of course, an ideal type (in the Weberian sense, - for a fuller explanation see Gerth and Mills, 1970, p.59) situation and as such may well be difficult to operationalise. In the progress of this thesis the illustration of the approach is provided which will in turn give the opportunity for some reflection as to its strengths and weaknesses, in the final overview of the thesis.

3.4.3. Summary

The approach adopted in this thesis will, therefore, be one informed by 'middle range thinking'. The methodology, a development of a Habermasian process of discourse, is one which provides a framework for approaching the fieldwork and developing understanding of the issues. This will be informed by theoretical frameworks (again, developments of Habermasian Critical Theory) which will be explicated in chapters four, which looks at the macro or societal aspects, and six, which looks at the organisational level. The empirically based insights and the theoretical frameworks will each be informed by the other and they will interact and develop dynamically, as will be illustrated in the course of the thesis. The aim will be to produce richer understandings for both researchers and those researched, in attempting to achieve this enlightenment the approach seeks to have emancipatory potential.

A final issue which should be raised concerns the nature of the process. This discursively based approach is one which is interactive and the understandings achieved are not individual but are the product of the interaction. Hence, it is impossible to 'unpick' the individual contributions in any clear and satisfactory

manner. It is for this reason that the thesis is based, in part, on the joint work which has flowed from the research programme. With this in mind the thesis moves to consider the theoretical framework which will be used to reflect of the changes at the societal level.

CHAPTER 4.

A 'MACRO' THEORETICAL MODEL OF CHANGE UPON WHICH TO REFLECT ON PUBLIC SECTOR CHANGES.

4.1. Introduction.

As noted in the introduction to the thesis, there has been a massive increase in the number of intended and actual financial and administrative changes in the public sector and the aim of this chapter is to provide a theoretical framework with which to reflect on these changes. In the next chapter detailed consideration will be given to some of these changes in the context of the National Health Service (NHS hereafter) and education. It is intended to add to the small but growing number of critical accounting studies of 'managerialist' changes in public sector organisations across the world (cf Chua and Degeling, 1990; Preston, Cooper and Coombs, 1992).

To undertake this analysis the framework presented in this chapter uses aspects of Jurgen Habermas' critical theory of societal development, these will be extended by a development of the idea of juridification in the latter part of the chapter. There are two reasons for choosing the ideas of this foremost of German social theorists: one dominant and the other less central. The primary reason is because of the power of his thinking to provide a discursive framework which enables a theoretical and practical understanding of the appropriateness of particular changes, such as the financial and administrative changes in the public sector, set within the context of some overall model of societal development. This ability to both understand and evaluate in the context of a wide societal model is at the heart of Habermas' more recent work which has been dominated by a concern for, and belief in, the power of a defined sense of reason and rationality to understand and judge the world in which we are situated. It is, therefore, in line with the concerns of the methodological approach described in chapter 3.

The other less central reason is the openness with which the critical appraisal can be undertaken. Unlike other critical theorists (like Horkheimer, Adorno and Marcuse - see Held (1980) for a useful summary of their work) Habermas maintains, using his own theoretical terms and definitions, that there is much in modernity which is demonstrably superior and progressive relative to previous societal configurations. Giddens (1982 p.322) puts the issue graphically when he says: "Enlightenment, obviously, is no joke. The modern world for Habermas is more enlightened than the primitive". While this is clearly Habermas' view, it is not true that to him everything is necessarily 'good' and appropriate. Equally it is not all 'bad' and inappropriate. It could be one or the other and his evaluatory processes allow one to judge. It is thus a defined form of critique which is open to seeing some changes as beneficial and others which are not.

This ability to evaluate, appealing to a distinctive interpretation of rational processes, illuminates recent changes in the NHS. It would be inappropriate to approach these changes with a predetermined view about their damaging nature. Equally it would be wrong to start with an attitude that all are vitally necessary for the good of the future of the NHS and UK society more generally. The advantage of the rational evaluatory model of Habermas is that it cuts across both of these perspectives by the application of predefined discursive processes and models to reflect upon appropriateness or otherwise. This broad-based model of societal development is certainly not value-free but, as argued in this paper, it allows a more open, less predetermined means of evaluating particular societal and institutional changes.

4.2. Societal Development, Internal Colonisation and Crisis: The Design of an Evaluatory Model.

Habermas' model of societal evolution is most fully articulated in The Theory of Communicative Action published in two volumes in 1981 in German with

English translations in 1984 and 1987 respectively. It is impossible to do justice here to the complexities of all of the thoughts contained in these two volumes. Thus we will only look at the essence of his arguments in the context of highlighting his evaluatory model.

The following will be divided into two parts. The first summarises aspects of Habermas' design of his societally- based evaluatory model in all its abstract breadth. As will become apparent, Habermas' model lacks specificity at many levels. As a result the second part of the section will refine and rework these ideas to allow them to provide an amenable vehicle for evaluating public sector changes.

4.2.1. Habermas' Model of Societal Development - A Summary

Habermas' major thesis is that the development of society can be depicted (admittedly with some simplifying) as in Figure 4.1. There is much complexity in this simple figure but in general Habermas' argument is that modern society can be theoretically defined as an amalgam of 'lifeworlds', 'steering media' and 'systems'. In broad terms 'lifeworlds' are the communicatively formed (over time) life experiences and beliefs which guide attitudes, behaviour and action. They are, as Thompson (1983 p.285) suggests, the "symbolic space, as it were, within which cultural tradition, social integration and personal identity are sustained and reproduced". This is an intangible element which Habermas describes as '...that remarkable thing which dissolves and disappears before our eyes as soon as we try to take it up piece by piece.' (Habermas, quoted in Dews, 1986, p.109). 'Systems' on the other hand are expressions of these lifeworlds in terms of functionally definable, tangible organisations. According to Habermas these economic and administrative 'systems' are guided to follow lifeworld concerns. At the same time these systems are held together, despite differences of function and nature, by what he calls 'steering media' such as

money and power. Such media, as will be made apparent below, become concretely represented in and through defined societal institutions.

[FIGURE 4.1 HERE]

Habermas maintains that societal evolution is traceable to an increasing differentiation process. As he indicated

'I understand social evolution as a second-order process of differentiation: system and lifeworld are differentiated in the sense that the complexity of the one and the rationality of the other grow. But it is not only qua system and qua lifeworld that they are differentiated; they get differentiated from one another at the same time.' (Habermas (1987) p.153)

Increasing discursive skills allow this evolutionary differentiation process to occur. Society becomes more discursively able as we recognise and demarcate between the 'natural, social and subjective worlds' (White, 1988 p.95). As this differentiation process occurs we create increasingly complex organisational systems which in some ways objectify and reproduce these expanding discursive skills (Habermas uses examples such as organisations devoted to scientific discoveries, legal concerns and artistic endeavours to reflect these three 'worlds'). The greater the sophistication of our discourse the greater the lifeworld is differentiated (aligned to the three worlds) and the greater the resulting complexity and diversity of the organisational systems. As this complexity increases steering media find it harder to direct the behaviour of the systems, leading often to a growing distance between these media, the systems and the lifeworld.

Because of the centrality of the lifeworld in Habermas' model he spends quite a lot of space discussing its nature. He suggests its differentiated form consists of what he calls 'culture', 'society' and 'personality'. These reflect discursively formed understanding of the three (natural, social and subjective) 'worlds'. More specifically, Habermas understands these elements as follows:

'I use the term culture for the stock of knowledge from which participants in communication supply themselves with interpretations as they come to an understanding about something in the world. I use the term society for the legitimate orders through which participants regulate their membership in social groups and thereby secure solidarity. By personality I understand the competences that make a subject capable of speaking and acting, that put him in a position to take part in a process of reaching understanding and thereby to assert his own identity.' (Habermas (1987) p. 138)

Although there is much disagreement about the appropriateness of Habermas' terminology we will avoid getting side-tracked into this definitional debate. Whatever the three domains are called the point is, according to Habermas, that these three differentiated spheres are deemed to constitute the 'symbolic structures of the lifeworld' (Habermas (1987) p.138) of modern society.

According to Habermas social evolution occurs as these three elements of the lifeworld develop, leading to shifts in both steering media and institutional systems. More specifically we can depict these processes as in Figure 4.2 which presents a clear progression from State 1 to State 2. A particular configuration of the lifeworld creates a certain design of the steering media and the organisational systems. Shifts to State 2 occur through developing the lifeworld by defined discursive processes/reproduction processes with the intention that this will change the steering media and ultimately the institutional systems² (for more details about these practices see Habermas (1974, 1979, 1984) - for a summary of his ideas see, for instance, Held (1980), Roderick (1986), White (1988) or Laughlin (1987))

²The end state (state 2) is a gross simplification of Habermas' views on the outcome of the reproductive processes. The different reproductive processes have multiple effects on the lifeworld (cultural reproductive processes have an effect not only on culture, but also in different form, in the societal and personality elements) and these are not depicted, - see Habermas, 1987, pp.142-144.

[FIGURE 4.2 HERE]

Although, for Habermas, this is the normal and (preferred) logic of development it is not always the way western societies have developed or are currently developing. An alternative, described as an 'internal colonisation of the lifeworld' (Habermas (1987) p.332 et seq), is depicted in general terms in Figure 4.3. This thesis maintains that the steering media actually 'get out of hand' and steer the systems into domains which are not locked into or reflecting lifeworld demands. Ultimately, the effect is a crisis in the lifeworld where loss of meaning, anomie and psychopathologies become the norm³. Put generally 'the thesis of internal colonisation states that the subsystems of the economy and state become more and more complex as a consequence of capitalist growth, and penetrate ever deeper into the symbolic reproduction of the lifeworld' (Habermas (1987) p.367).

[FIGURE 4.3 HERE]

However, although Habermas maintains that it is the organisational systems that colonise, a closer investigation suggests that his understanding of the process actually emanates from the institutional steering media 'getting out of hand'. It is not, therefore, surprising that Habermas illustrates the nature of internal colonisation by exploring the steering media of law and, more specifically, the increasing 'juridification' of social life. Juridification, which has overtones of Weber's bureaucratic processes, refers generally to '...the tendency toward an increase in formal (or positive, written) law' (Habermas (1987) p.357) - see section 4.3 for further details concerning this concept of

³Again, the end state (state 2) is a gross simplification of Habermas' views on the crisis outcomes of the colonisation process. Colonisation affects different aspects of the reproductive processes which, in turn, have multiple effects on the lifeworld (e.g. so colonisation of cultural reproduction processes will bring about forms of crisis in culture but in a different form, in the societal and personal elements) and these are not depicted in figure 4.3 - see Habermas (1989, pp.142-144).

juridification. By tracing the development of German law Habermas shows the way this steering media initially followed and reflected the dictates of the lifeworld, but then increasingly 'got out of hand' and ended up shifting systems into new levels of activity and concern. In the process the steering media, both directly and via the changed systems, colonised the lifeworld leading to growing levels of loss of meaning, anomie etc. at this level. As will become apparent below although this is Habermas' view on the effects of colonisation on the societal lifeworld further refinement of the model suggests this may only be half the story.

Although his concern with juridification was only an example of internal colonisation it suggests that one should look at the steering media to appreciate colonising tendencies. The real question is how does one judge whether particular steering media have this colonising potential? Habermas, whilst being a high level theorist, does have some practical guidance on this. Two 'rules of thumb' are advanced (see Habermas (1987) pp. 364-373)

The first rule of thumb concerns whether or not the steering media is of a 'regulative' or 'constitutive' character. If it is the latter it is more likely to have colonising potential. Habermas is here using some familiar philosophical rules in a theory of language (see particularly Searle (1969) pp. 33 et seq). In general, as White (1988 p.114) suggests: "regulative rules regulate some pre-existing, on-going activity e.g. rules of safe driving. Constitutive rules, on the other hand, constitute some form of activity, e.g. rules of chess". Regulative rules are claimed to be "freedom-guaranteeing" (Habermas (1987) p.367) in the way they moderate systems behaviour to reflect existing lifeworld norms and values. Constitutive rules, on the other hand, are deemed to be "freedom-reducing" (Habermas (1987) p.367) and actually constitute systems behaviour distinct from accepted norms and guiding lifeworld intentions. Both of these rules are clearly perceptual and locked into particular time frames. Thus a

particular constitutive rule at one time may become a regulative rule at another or vice versa.

The second rule of thumb concerns whether the steering media can be either "amenable to substantive justification" or can be only "legitimised through procedure" (Habermas (1987) p.365). White (1988 p.115) summarises these distinctions using law again as an example:

"In the former case, since law is embedded in the lifeworld context, it is more comprehensible to the average individual and must be defended by elites on material grounds. In the latter case, law becomes far less comprehensible and easier to defend purely on the grounds that it has been appropriately enacted by competent and responsible elites."

Put simply, all steering media will be directed by official bodies ('elites' using White's terminology). Where it is comprehensible to the 'average individual' and, therefore, somehow reflects 'informed commonsense', it will not need much defending by the elites. Thus it is 'amenable to substantive justification'. If these circumstances arise, according to Habermas, the particular form of steering media will be following lifeworld demands. If, on the other hand, the particular legislation is far less comprehensible with more questions raised about the appropriateness of the elite to formulate the rules, Habermas believes the particular form of steering media has a colonising potential.

4.2.2. Refining the Habermasian Model

The above ideas are at one and the same time profound yet also practically inoperable. This difficulty has been widely recognised and rehearsed in the social policy literature. As a result Habermas is often seen as a great social theorist whose work remains at an abstract impractical level. Yet closer inspection suggests that this abstractness can become practical through a considerable refining of Habermas' ideas. Habermas provides a framework

which does need considerable unpicking and development. The following highlights an attempt at a development of the colonisation process by highlighting three key refinements of his model.

First it is important to realise that the societal steering media and systems in his model are themselves made up of a wide range of institutions and organisations with their own micro lifeworlds, steering media and systems. As society grows in its complexity both the steering media and the systems become diverse and institutionalised. In addition the very fact that the steering media and systems can 'get a life of their own' suggests an institutional ethos and power to act. This observation, coupled with Habermas' view that any institution or organisation is intended to express part of the current guiding societal lifeworld, suggests, not unreasonably, that these institutions and organisations can be depicted as a micro-model of society. In other words each has distinct and interrelated micro lifeworlds, steering media and systems.

Figure 4.4 summarises this adaptation of Habermas' model. It shows how the societal steering media can be seen to constitute a range of government, professional and financial institutions. These institutions are primarily in existence to guide the behaviour of the societal systems through what will be called in this chapter 'mechanisms'. These systems are, in turn, made up of a range of public, private and voluntary organisations. Both the steering institutions and organisational systems are deemed to have their own distinct lifeworlds, steering media and systems which guide and direct the behaviours of each.

[FIGURE 4.4 HERE]

Thus, in a highly differentiated society, such as our modern western societies, multiple steering institutions and organisational systems exist with diverse

lifeworlds, steering media and systems. Each will have evolved over time through different historical processes and will reflect many of the facets of the particular participants/stakeholders over time but not without some relationship to the society of which they are part. This can be seen in two ways. Firstly, as indicated above, each can be depicted as a microcosm of society with their own micro lifeworlds, steering media and systems. Secondly, the micro lifeworlds (or 'interpretive schemes' as Laughlin (1991a) calls them using a term rather more familiar in the organisational literature) will, in a complex way, reflect part of the current societal lifeworld. Alternatively, because the potential of the institutions and systems to colonise and thus break away from the guiding societal lifeworld they may be developing micro lifeworlds which are alien to (i.e. not reflecting part of) the societal schema.

The second adaptation of Habermas' model builds on the first and highlights that evaluation of societal steering processes needs to be specific and time-related to particular practices. Because of the diversity of these various institutions and organisations it becomes extremely difficult, if not impossible, to talk about all societal steering media as a totality. Equally it is inappropriate to suggest that the mechanisms these diverse steering media institutions use to steer are all regulative and amenable to substantive justification or all constitutive and legitimised through procedure. Habermas' key criteria to judge colonising tendencies of the steering media is only exercisable with regard to specific institutional instances at particular points in time in a diverse and complex society such as the UK. Thus to operationalise this model requires analysing particular societal steering institutions with specific emphasis on mechanisms they issue and use to steer the behaviour of defined societal systems or, as defined in this paper, organisations.

There are two points to highlight in this respect. Firstly, the evaluation needs to be focused on the mechanisms that emanate from a particular steering media institution at a moment in time. It is with regard to these upon which judgements concerning their regulative or constitutive nature need to be made. Secondly, it is important to point out that this analysis has nothing to say about whether the intended behaviour in the organisation system will occur. As will be shown in chapter 6, the 'pathway' any 'kick' or 'disturbance' (emanating from, amongst other sources, the steering mechanisms) takes through an organisation is uncertain. Put another way no matter what the intentions societal steering media institutions may have for changing the behaviour of organisations there is no guarantee that such expectations will be realised. Chapter 6 will explore this issue in some detail. The research reported in this chapter and chapter 5 is more concerned with the perceptions concerning the mechanisms, although it is possible to postulate that any mechanism which is perceived to be constitutive will have a harder time generating the intended behavioural change in organisations than ones which are perceived to be regulative.

Whilst such a development of Habermas' model (concentrating on the mechanisms emanating from only one steering media institution) is an important refinement and practical development of his thinking it still is not practical enough. This is largely because of the extreme difficulty of defining the nature of a societal lifeworld at any point in time as well as discerning whether any particular organisational system is reflecting such demands. As it stands, if we cannot define these characteristics clearly we cannot judge, in the final analysis, whether any particular steering media and the mechanisms that they issue are regulative and amenable to substantive justification or constitutive and legitimised only through procedure.

To adequately decide this in terms of the behaviour of any particular steering media we would need to be able to discuss with every member of society about the positioning of the organisational system (vis a vis the guiding lifeworld) as well as whether the particular steering mechanisms are regulative of existing societal norms or constitutive in terms of new norms of behaviour. As noted in chapter three, in Habermas' framework such discussions would have to reflect the discursive processes he has already designed (broadly defined as the 'ideal speech situation') to allow one to judge whether the consensus picture emerging on these themes is 'grounded and justified' according to the categories defined by the ideal speech situation.

The practicalities of this process become virtually impossible but there is one potential way through this difficulty. This brings us to the third refinement of the Habermasian model. This involves the evaluatory model concentrating on judging constitutive or regulative characteristics from the organisational system's viewpoint. This, in its own way, is hard enough yet at least it reduces the numbers involved in this process to the active organisational participants. However, even here there are problems since taking this perspective we still need to make judgements concerning whether the views of the organisational participants are 'justified' and 'informed' using defined discursive processes reflecting, as far as possible, the ideal speech situation.

If the focus is shifted to the perception of organisational systems it can be deduced these may be interpreted differently than they would be from a societal perspective. Table 4.1 summarises these possibilities with the specific focus of particular steering mechanisms emanating from defined steering media on a selected organisational system.

[TABLE 4.1 HERE]

In the case of Alternative 1 if the participants of a particular organisational system perceive any defined mechanisms (emanating from an institutional steering media) as regulative and amenable to substantive justification then similar views are likely from a societal viewpoint. The argument for this is more intuitive rather than necessarily empirical. If the participants, who are, of course, part of society, perceive particular mechanisms as regulative then the chances are that similar attitudes would be present in a wider spectrum of the populace.

If, on the other hand, the organisational participants see the mechanisms as constitutive and legitimised only through procedure, societal perceptions can take one of two forms as depicted in Table 4.1 (i.e. Alternatives 2 and 3). In Alternative 2 the mechanism will be deemed to be constitutive from both the organisation's and society's viewpoints. This could be called a form of 'negative colonisation' from both the viewpoint of society and the organisation. This situation can only result from the steering media 'getting out of hand'. In Alternative 3 the mechanisms may be perceived to be constitutive from the organisations' viewpoint yet from a societal perspective they are regulative. Put another way society believes the organisation does need to change, and even though it is against the participants' wishes the organisation should change its ways for the wider good of society. This might even be termed a type of 'positive colonisation' from society's viewpoint. A possible example of such thinking may be with regard to the Mafia (which can be deemed to be an organisation from the viewpoint of this chapter). From the Mafia's viewpoint any attempted regulation of their behaviour will be seen to be unpleasantly constitutive. However, from a wider societal viewpoint (minus some margin of the populace including those involved with the Mafia!) trying to order the behaviour of the Mafia would be clearly regulative.

Unfortunately we cannot critically discuss with all societal participants, - even referenda are crude shadows of what is required. Therefore it is impossible to refine the contents of Table 4.1 any further or to be absolutely sure that the depicted alignments are correct. Thus concentrating on the perceptions of the organisation, particularly if proving to be constitutive, invariably creates some uncertainty as to the rightful interpretation from a societal viewpoint.

4.3. Extending Considerations of the Evaluatory Aspects of this Framework.

The legislation and the laws produced are seen as the archetypal form of steering media and mechanism and the above evaluatory model can be greatly enhanced through a critical analysis of the legal process⁴. This chapter will, therefore, go on to consider the theory of juridification (Teubner, 1987b) which provides such an analysis.

4.3.1. Juridification: an overview.

This section of the chapter is about accounting-dominated regulatory law and the way it can sometimes go beyond acceptable levels both to society as a whole as well as to the social (organisational) systems which it is trying to regulate. German critical legal thought has given considerable attention to this concern, describing it as a 'juridification' process. As Teubner (1987b p. 3) points out "juridification is an ugly word - as ugly as the reality with which it describes". It involves "legal pollution" (Ehrlich (1976)) and "over regulation" (Teubner (1987b) p.4). The studies of juridification provide a powerful set of theoretical categories for critically analysing the value or otherwise of societal laws.

⁴Indeed, Habermas' most recent work (currently under translation in to English) shows his growing interest in the legal process because of its centrality in the steering process.

4.3.2. Juridification: An Understanding And Development Of Its Nature, Context And Effects

Teubner (1987b) in his comprehensive introduction to his edited collection of works on juridification (Teubner, 1987a) encapsulates key aspects of the phenomenon in terms of two 'interim findings'. A helpful place to start understanding the nature and ramifications of juridification, therefore, is with these two findings. We start with the first:

".. juridification does not merely mean proliferation of law; it signifies a process in which the interventionist social state produces a new type of law, regulatory law. Only when both elements - materialization and the intention of the social state - are taken together can we understand the precise nature of the contemporary phenomenon of juridification." (Teubner (1987b) p.18)

Regulatory law "coercively specifies conduct in order to achieve particular substantive ends" (Stewart, 1986). All forms of regulatory law are built on material as distinct from formal rationality. Broadly, material rationality creates what Teubner (1987b) calls "materialized law", or regulatory law, which is to be contrasted with "classical formal law", built on formal rationality. He distinguishes these two forms of law as follows:

"Classical formal law saw itself as having to provide only a formal framework within which social autonomy could develop, and no particular control effects were thereby intended. The tenacious survival of formal law can be explained in particular by the fact that it makes itself independent of particular effects on society and if it has any aim at all it is to bring about a state of universal freedom... In contrast, materialized law as an instrument of political guidance regards itself as designed to produce social effects. If these effects are not achieved, this directly affects its legitimacy." (Teubner (1987b) p.18)

Classical formal law (such as laws for penalising murder or rape) do have control intentions (despite Teubner's claim) yet they are directed to particular desired outcomes which ultimately are guided by a desire 'to bring about a state of universal freedom'. It has nothing to say about the way these outcomes are to be achieved although providing penalties if abused. Materialised regulatory law, on the other hand, specifies the social processes, relationships and often the outcomes that need to be in existence which are determined by a definable more narrowly defined political agenda and purpose.

Many legal enactments are juridified and have been over many decades. To the extent that political purposes are being fulfilled and expressed through legal means, then juridification is at work and many laws in our modern societies are of this form. However, whilst many laws can be seen as juridified not all are necessarily harmful. Put simply, some juridified law is 'better' than others and the theory of juridification can be used to help us to make this judgement.

Teubner's second finding with regard to juridification concerns the dynamics involved in deciding the defining qualities of 'better' or 'worse' juridified law, as well as clarifying the resulting social effects. Teubner summarises the key elements as follows:

"...juridification raises many problems, such as inadequate effectiveness of regulation and unintended side-effects, whether in the regulation area or in other social sectors. But these are, so to speak, only the "everyday" problems of the phenomenon. To find out whether fundamental limits of effectiveness have been reached, one must concentrate on the problem of structural coupling of law with social state policies as well as with various social life areas. The deeper reason for this problem lies in the autonomy of social subsystems, which is so highly developed that as self-referential systems they cannot directly influence one another but can only affect self regulatory processes that are uncontrollable from outside. The fundamental limits of structural coupling are reached either when relevance criteria are not met or when the conditions of self-reproductive organisation are endangered. When juridification processes overstep the limits of structural coupling, law inevitably

becomes caught up in a regulatory trilemma. This means: either law, politics and/or social area of life will be mutually indifferent, or juridification will have disintegrating effects on politics and/or social sectors concerned, or, finally, law itself will be exposed to the disintegrating pressures to conform to politics and/or social sectors." (Teubner (1987b) p.26 (emphasis added)

What is being implied by this important insight into juridification is that, because of the seeming independence of politics, law and the social systems, any regulations which go beyond a certain level of 'structural coupling' have uncertain repercussions - the 'regulatory trilemma' as Teubner calls such results.

4.3.3. Breaching Structural Coupling: An Explication

Teubner sees the breaching of structural coupling as the pivot to define "better" or "worse" juridified law. Two conditions define when this structural coupling is ruptured: either when relevance criteria are not met or when the conditions of self-reproductive organisation are endangered (see emphasised parts in the above quote). We now turn to these two aspects.

It is important to stress at this juncture that whilst Teubner has provided a significant overall theoretical structure and language for understanding juridified legal practices, his explication of structural coupling arguably needs further clarification and, as we will argue, some adaptation and refinement. Teubner uses the thinking of both Habermas and Luhmann in explicating the conditions of relevance and self reproduction in his model of the rupturing of structural coupling. This mixing of such diverse and sometimes conflicting perspectives is problematic. In the following Teubner's understanding will be portrayed and then critically interrogated and developed primarily through Habermasian critical theory. In so doing we inevitably privilege Habermas' theory.

Teubner's first condition (the relevance criteria) relies quite heavily on a model of law developed by Habermas (1986, 1987). Working from a complementary but wider societal perspective Habermas contrasts "law as institution" with "law as medium" (Habermas (1986) p.212). To understand what is involved in this requires some appreciation of Habermas' model of society which, as indicated in section 4.2, includes three major elements; firstly, a societal lifeworld - which is the communicatively formed underlying values, ethos, culture of any society; secondly, a set of 'steering media' which are formed by society to guide the behaviour of tangible social (organisational) systems (which constitute the third element of Habermas' model) which have been formed to reflect, and express, certain aspects of the societal lifeworld (see Habermas (1987)). "Law as institution", in the context of this model, is the "institutional" steering enabler, there to allow societal systems to adequately express the current configuration of the societal lifeworld. This could be seen to include all of formal classical law but also some elements of material law where the latter can be seen to be trying to regulate social behaviour in organisational systems driven by societal lifeworld demands. This would be the case where legal requirements are deemed to be, as Habermas would call them, 'regulative' and 'amenable to substantive justification' (Habermas (1987) p.365). The material law, which can be classified in this way, whilst still a form of juridification in Habermas' view, can be legitimised (i.e. its relevance can be justified). Not all material law is of this nature. However, Habermas suggests that the 'colonisation of the lifeworld'⁵ may take place when law acts as a "medium". This happens when law moves from being an enabler to being the 'medium' of other forms of steering media (invariably money and power) expressed through a particular political configuration. In this situation materialised law 'gets out of hand' and, driven by political processes which do

⁵ See Habermas (1987) p. 332 et seq and footnote 1. Habermas' 'internal colonisation of the lifeworld' has also been adapted and developed by Broadbent, Laughlin and Read (1991) Laughlin (1984, 1987) and by Power and Laughlin (1990, 1992).

not adequately express the societal lifeworld, attempts to move societal systems into new levels of activity and concern. In this sense material law is 'constitutive' (i.e. constituting new forms of behaviour) and can be only 'legitimised through procedure' (Habermas (1987) p.365/366). It has the potential of moving societal systems into new domains of activity and concern independently of the societal lifeworld. Law, in this sense, breaks the 'relevance' criteria.

We can summarise these complex set of relationships in relation to this 'relevance' criteria in terms of a matrix which is contained in Table 4.2. This indicates that 'relevant' law includes both classical formal law as well as some juridified law. On the other hand the 'non-relevant' law includes Habermas' understanding of "law as medium" which is the medium of money and power rather than the societal lifeworld and is 'constitutive' and 'legitimised only through procedure'.

[TABLE 4.2 HERE]

The second aspect of the breach of structural coupling, according to Teubner, relates to the disturbance of the self-reproductive processes of politics, law and social systems. Teubner's understanding of this relies heavily on the assumption of the 'autopoietic' nature of organisational life (cf Luhmann, 1986a; Teubner, 1984, 1986). Autopoiesis comes from the theories advanced by Maturana and Varela (cf 1975, 1980) who analysed the self-reproductive processes of living systems and concluded that they were and are open but also closed to environmental influences. These systems have the power within themselves to reproduce. They have a 'life of their own' distinct from the environment and can be seen to be largely independent from environmental influences. This autopoietic logic has been argued to apply to social

organisations such that they too are claimed to be largely closed to environmental influence and are self-reproducing (cf Luhmann, 1986b; Robb, 1985, 1989a, 1989b) and should not be prevented from being allowed to develop in this way. According to this logic to disturb the self-reproductive process will generate immense harm, and potential death, which is difficult, if not impossible, to justify - as would be the encouragement to destroy any other living embryo.

Whilst autopoiesis is an attractive theory for encouraging self determination and resistance to potentially life-destroying environmental influences, its simple transference into an organisational context is problematic. Mingers (1989a, 1989b) shows that it is improbable and inappropriate to think of organisations with physical reproductive capacities (one of the major characteristics of autopoietic social systems) but rather that they appear to be autopoietic because of their desire to determine their own way forward and seemingly natural resistance to change by environmental force. Drawing on Morgan (1986 Chapter 8) Mingers (1989a p.173) suggests we should "...not actually make the claim that Organisations are autopoietic, but that autopoiesis is a useful metaphor in thinking about how Organisations work". This theme is developed in a number of ways to show the way any complex organisation has the desire to continue to reproduce its underlying values and ethos over time and to resist environmental influence where they are deemed to be life-threatening to established value-driven patterns of behaviour. As such this gives the appearance of being autopoietic without actually being so.

Removing the actual claim of organisational autopoiesis, whilst retaining its use as a metaphor, requires some reworking of the processes at work. It also requires further justification for encouraging self-determination from a societal viewpoint. We would suggest that both of these concerns can be developed by

returning to and refining the Habermasian model briefly discussed above. 'Reproduction' at the organisational level, from the perspective of Habermas, refers to the continuation of the organisational 'lifeworld'. The earlier part of this chapter, amplifying Habermas' societal model, suggest that organisations, whilst having been developed to express and fulfil the societal lifeworld, also have micro-lifeworlds which constitutes both their underlying nature and very being. It is the reproduction of these lifeworld values which is at the heart of any organisation's life and being. In a Habermasian model these multiple organisational lifeworlds are given meaning and justification by the societal lifeworld. Their freedom to develop and reproduce into the future is justified as long as they adequately reflect and fulfil the requisite parts of the societal lifeworld. Organisational resistance is justified where certain interventions are not 'regulative' and 'amenable to substantive justification', as perceived by not only the organisational actors but the society as a whole. This would apply to all interventions which have the potential to undermine and fundamentally challenge the organisation's lifeworld. Underlying this rationale for resistance is an idealistic model of democratic social ordering of organisations within society. Such a model, as Arrington and Puxty (1991) suggest, is built on the assumption that organisations are not randomly created, they come into being for the greater good of all even though they can be '...injurious to particular interests at particular times and places' (p.45). Given this assumption, the lifeworlds of established organisations should not be lightly destroyed without a full and complete democratic debate about the need for such fundamental change. This, of course, assumes that such organisations are fulfilling their societal function and do not need their autonomy rescinded. This raises a whole spectre of value issues which are dependent on the degree of 'fit' of the organisation lifeworld to that of the society of which it is part. However, the logic of the above is that once an organisation has been created, and a degree of autonomy of action has been granted, there needs to be a demonstrable

abuse defined in the context of a full democratic debate, before encouraging an attack on the organisational lifeworld. It should be noted that such an attack may damage or 'kill' the self-reproductive processes allowing this lifeworld to continue. Where this intrusion comes from a societal steering medium, such as the law, without the backing from or the expression of the societal lifeworld, then it is not justifiable. Thus we come full circle back to the issues raised above concerning relevance - where law is potentially life threatening, in relation to the reproductive processes of the organisational lifeworld, then it must be 'regulative' and 'amenable to substantive justification' through democratic processes.

Operationalising what is meant by 'demonstrable abuse' in a full democratic debate is difficult to define in terms of a general all-encompassing model and is an aspect which will be developed further in chapter 9. Ultimately we must judge each fundamental attack on an organisation's lifeworld in terms of the particulars of the case. However, pointers to the existence of 'demonstrable abuse' is when there is a growing sense, maybe sparked by press and media coverage, that a particular organisation is abusing its freedom in its actions and activities and needs to change in a fundamental way. These initial beginnings, and the debates that ensue over time, will provide evidence, or otherwise, as to whether there is a wide-spread agreed perception that 'demonstrable abuse' is occurring with composite calls for fundamental changes in the nature of the organisation (its lifeworld in other words). Without this spread of concern it is difficult to say that, according to the perception of the body corporate, the organisation is 'demonstrably abusing' its freedoms. In these circumstances a challenge to the lifeworld of the organisation through law is unlikely to be 'regulative' and 'amenable to substantive justification'.

At one level this may seem a conservative theory which allows autonomy of action and a 'hands off' approach. However, to argue for this indicates a very superficial reading of the above argument. Fundamental change in the lifeworlds of organisations is not being ruled out by this model. It is saying that this should not occur lightly without due democratic debate and demonstrable abuse. It should not be countenanced by an elitist government using law to force through changes which do not make sense to the body corporate.

4.3.4. The Regulatory Trilemma: An Explication and Adaption.

This breaching of structural coupling provides the important context to Teubner's 'regulatory trilemma'. When politics involves law in trying to move social systems into new politically-driven forms of behaviour away from this structurally coupled situation then, given the apparent autopoietic qualities of all three social domains, the repercussions are uncertain. Teubner considers that the results can be any one of the scenarios he depicts in his 'regulatory trilemma'. Firstly, all of the three domains might be mutually indifferent to one another. Secondly, politics and/or social spheres might be severely affected clearly to the detriment of both. Finally, law might have disintegrating pressures to conform to politics and/or the social spheres.

Teubner's regulatory trilemma is an attempt to encapsulate possible outcome scenarios with regard to politics, law and the social systems if juridified laws, which breach structural coupling, are implemented. However, whilst Teubner's regulatory trilemma is a 'catch all' set of possibilities it fails to make full use of a wide range of literature related to change in organisations which can provide a rather richer set of possibilities.

In order to develop these scenarios, using the literature on organisational change, we need to highlight two rather more obvious points, implicit within

Teubner's model but seemingly lost in his regulatory trilemma. Firstly, it seems inevitable that juridified law, which, by implication, is material law, conforms to political guidance. In this sense the third part of Teubner's regulatory trilemma is inevitable. Secondly, mutual indifference (the first element of the regulatory trilemma) seems difficult to envisage in a pure sense. We have already seen the inevitable interlinkages between politics and law. However, equally the social sphere must be seen to be obedient to the law of the land. The desire to live within the law is a dominant, although not a universal, characteristic of societal members. However, 'institutional' organisational theorists (e.g. Meyer and Rowan, 1977) would see this compliance, not just to law but other environmental forces, to gain 'legitimacy' as being a dominant characteristic of organisational life. However, this theoretical perspective is only half of the dynamics involved. Organisations are extraordinarily able to manage to appear compliant, for the sake of legitimacy, whilst, at the same time, pursuing alternative strategies. Thus any organisation will inevitably be seen to be complying with the law even if it finds ways to absorb the legal requirements to engender minimal impact on the respective life of the organisation. This form of indifference is not one which is apparent in Teubner's regulatory trilemma.

Accepting these points it follows that only the second and to some degree the first of these scenarios in Teubner's regulatory trilemma are significant. We have, therefore, regulatory dilemmas rather than trilemmas. Firstly, juridified law can have disintegrating effects on the political designers of the law even though there will be all manner of powers to prevent this occurring. However, technically, this is always a possibility in societies governed by democratic election processes. . Secondly, juridified law can either have disintegrating effects on the organisations being regulated or can be absorbed (albeit in ways

which are costly (in the broad sense) on organisational members) by these organisations in such a way to prevent this disintegration occurring.

These likely outcomes remain somewhat unsophisticated but can be enhanced through the use of some ideas from the organisation change literature. The new wave of studies in this area focus on dynamics of the organisational change process (cf Goodman and Kurke, 1982; Pettigrew, 1985, 1987; Hinings and Greenwood, 1988; Greenwood and Hinings, 1988; Laughlin, 1991a). The overarching concern is with the way 'kicks' (Morgan, 1986) or 'noise' (Smith, 1982) 'tracks' (Greenwood and Hinings, 1988) through an organisation. For the purpose of this chapter and thesis the organisations are the social systems and the 'kicks' could be the juridified legal enactments.

Although many of these insights are very undeveloped, there is a growing consensus about what is often termed first and second order change (cf Argyris and Schon, 1978; Smith, 1982; Levy, 1986; Laughlin, 1991a), this will be explicated in more detail in chapter 6. Briefly, first and second order change are, respectively, directly related to the mutual indifference/absorption and disintegration possibilities suggested by the second of the two regulatory dilemmas. First order change is when the 'kick' is in some ways absorbed into the organisation. It brings change in the organisation to allow this absorption to occur but it is handled in such a way as to prevent a shift in core values, beliefs and concerns of the organisation. Thus juridified law might be seen to be adopted by organisations but in such a way that any desired behavioural change, which conflicts with the organisation's core lifeworld, does not actually occur. It is a subtle form of 'mutual indifference' by careful absorption which involves protection of key organisational concerns. Second order change involves the 'kick' going beyond absorption into major shifts in the organisational values, beliefs and 'meta-rules' (i.e. its lifeworld). In this scenario

there is a 'disintegration' of the organisation generated by the juridified law - whether this is 'good' or 'bad' disintegration is a separate although very important question.

Whilst first and second order change 'pathways' are distinguishable theoretical categories it would be wrong to assume that there are not multiple amalgams of these states in actual empirical situations. Both first and second order change scenarios are 'end states' with multiple stopping points and positions in the pathway any 'kick' is following (cf Hinings and Greenwood, 1988; Greenwood and Hinings, 1988; Laughlin, 1991a). Thus there can be 'schizoid' organisations where say some small group may be split off from the remainder of the organisation to absorb the kick but become colonised by its logic. This has the potential to split different elements of the organisational lifeworld into two (i.e. that represented by the small group and remainder of the organisation) which can set up a battle for lifeworld supremacy the outcome of which becomes uncertain⁶. Space precludes a full explication of these dynamics (which, in chapter six, will be discussed in more depth) but the important point to reinforce at this juncture is that these change scenarios are not unitary and static but multi-faceted and dynamic.

4.3.5. The Need for Reflexive Law

A final focus is the need to look at Teubner's suggestions concerning the way forward for law, given the complexity of social life and what seems to be a continuing increase in the juridification process. Teubner (1983, 1984, 1986) starkly portrays the inevitable danger of a continuance of juridification - it has the potential of destroying the political designers, the social systems it is trying to regulate and even the legal mechanism itself. His call is for less specific law

⁶The colonisation of the organisation's lifeworld is empirically and theoretically complex, as will be explored in chapter 6. Whether any organisation can remain with this level of incoherence for any length of time is uncertain both theoretically and empirically.

but not for a complete abandonment of regulatory processes through legal means. His solution is for 'reflexive law' which will:

"...neither authoritatively determine the social functions of other subsystems nor regulate their input and output performances, but will foster mechanisms that systematically further the development of reflexion structures within social subsystems." (Teubner (1983) p.275)

There is much complexity in this quote which we do not have the space to explore although some comments need to be made. Fundamentally Teubner is suggesting that social systems do not reflect enough on their own social ethos, values etc. (i.e. on their own lifeworld). He sees a future role of law as one to allow this full discourse to occur. In this way responsible regulation of organisational behaviour is deemed to be decided by the internal participants in the organisations through the encouragement and use of 'reflexion structures'. Thus the intention is to shift the specification of detailed regulatory processes from outside legal direction to inside inner compulsion or self-regulation. Responsible regulation is deemed to be the natural outcome from open discursive processes. Given both the sophistication and apparent autopoiesis of most organisations it is arguably more appropriate to engender the conditions for arriving at such responsible actions rather than require organisations to obey some tight, maybe sub-optimal and ill-informed, rules of behaviour. Teubner maintains that it is for law to try to ensure that these enabling discursive processes are conducted. Although there are many critics of this approach to law (cf Blankenburg, 1984) the idea has appeal not least because it mirrors Habermas' (1984, 1987) rather more sophisticated model of societal development and his 'ideal speech situation' which is built on the same beliefs concerning the power of sophisticated discourse to be both responsible and creative in terms of the advancement of social life.

Reflexive law encourages sophisticated social organisations to develop their own way forward, admittedly with safeguards, and tries to avoid costly enforced changes. On a positive front reflexive law is designed to encourage open, rather than constrained, discourse between participants. It is also intended to prevent costly first order absorption processes from juridified regulatory laws which fall outside a structurally coupled situation. It is also intended to avoid even more costly enforced second order change from such regulatory processes. Reflexive law is clearly far from reality but is introduced to remind ourselves that there are potential alternatives to excessive legal regulation. However, the primary purpose of this framework is to provide a basis upon which to analyse current laws.

4.4. Summary of the 'macro' theoretical model.

The theoretical framework which has been provided in this chapter highlights how the Habermasian model differentiates society into three different elements, with systems being steered, in accordance with the lifeworld, by steering media. The importance of the lifeworld is, thus, highlighted and the notion of the internal colonisation of the lifeworld has been explicated. This is where the societal institutional steering media 'get out of hand' and steer the societal organisational systems in ways which are incommensurate with the societal lifeworld and which lead to eventual changes in that lifeworld. This chapter has shown how this societal model can be applied on an organisational level and argues that the societal steering media and systems are, respectively, institutions and organisations with their own lifeworlds, steering media and systems. This suggests the possibility of diversity of institutional and organisational lifeworlds. Following from this diversity is a potential for conflict. This would be particularly so where there is an incongruence between the respective lifeworlds of the institutional steering media and the organisational systems which they seek to steer. It suggests that the potential

for colonisation of different organisational lifeworlds is both greater and likely to be more complex than expected by the original Habermasian model.

There is argued to be a need to have some means by which to evaluate the pathway of change processes. This is provided through the proposition that changes can be evaluated from the organisation's point of view by considering whether they are regulative and amenable to substantive justification or constitutive and legitimated by procedure. The latter situation is where the change is seen as providing an attempt at colonisation of the organisational lifeworld. In reflecting on the legal processes using these criteria the notion of juridification has been explored and the case for reflexive law has been put forward. This reiterates the importance of the lifeworld, suggesting that where this is not reflected in the development of laws then change will be sub-optimal. The chapter stresses the importance of considering this framework in particular contexts and chapter five will seek to do this. Given the focus of the thesis on the public sector, in the latter part of the following chapter the Education Reform Act of 1988 and the National Health Service and Community Care Act of 1990 will be examined in terms of their respective juridified accounting qualities. This will follow a more general overview of attempts to force change in the context of the National Health Service.

CHAPTER FIVE

EMPIRICAL INSIGHTS ON THE MACRO THEORETICAL MODELS OF CHANGE

5.1 Overview

In this chapter the focus will be upon the actual attempts to steer the public sector and it will concentrate upon two major areas, the National Health Service (NHS) and Education. Both are public institutional systems (to use the terminology of Broadbent and Guthrie, 1992, as explicated in chapter two) and both have been subject to an increasing intensity of change over the last fifteen years. These two sites have been chosen for pragmatic reasons. One reason is that they reflect the interests of the research team in Sheffield and another is that it has proved possible to turn that interest into action through successful access to the organisations in question. A number of projects have been undertaken and as there is some diversity in the empirical studies in the two areas there is also a diversity about the issues which I am able to report in this thesis. This is particularly relevant in the context of this chapter where I am able to comment in a more detailed fashion on some of the issues concerning the NHS than on education.

Two projects formed the basis of the empirical findings discussed in the chapter, the first being an in-depth investigation of the attempts to force change in the NHS, and a survey of the research work which was underway at that time. The aim was to provide some overview of the means by which attempts to change the NHS were being introduced and to reflect on this in the context of the theoretical framework in the previous chapter. A secondary aim

was to discover where there were gaps in the research being undertaken and to develop a research project which was geared to fill gaps in our knowledge. Chapter 7 will detail the subsequent research which was located in the field of General Medical Practice at the Primary Care level. In this chapter I will address the first aim, a reflection on the attempts to change.

The second research project was one in which consideration was given to the legislation and allied regulations by which change was being introduced into the NHS and Educational spheres. The project was concerned with the Education Reform Act of 1988 (ERA hereafter) and the National Health Service and Community Care Act of 1990 (NHSCCA hereafter) which are significant Acts of Parliament involving major financial and accountability changes for the key institutions of education and health.

This specific focus provides an opportunity for demonstrating the way accounting is infiltrating the legal process as well as being an active partner in this juridification process. Accounting has a long and far from trouble-free relationship with law. Accounting in the UK has traditionally been seen to be subordinate to law with bankruptcy law providing the framework for allowing accountants to become a separate occupational group and subsequently a profession (cf Napier and Noke, 1991, 1992; Freedman and Power, 1991). This independence has allowed a range of tensions to arise between the two professions as well as the infiltration of certain laws by 'accounting logic' (cf Laughlin, 1992; Miller and Power, 1992). This is maybe inevitable given the growing complexity of the regulatory task and the seemingly unstoppable spread of countings and accountings which the rationalisation of society seems to bring (cf Weber, 1927, Meyer, 1986). Put simply, law increasingly needs to be in a dynamic partnership with accounting to perform its complex regulatory

role in certain areas. In this context, therefore, juridified law becomes the joint responsibility of both lawyers as well as accountants.

This thesis, therefore, takes seriously the argument of Miller and Power (1992) that many laws have indeed been heavily infiltrated by 'politicised' accounting thought. The aim in this chapter is to develop this theme by exploring the nature and ramifications of particular laws which heavily feature mandatory accounting and finance changes. It uses the theoretical insights into juridification, developed in chapter four, to understand these laws and their effects.

5.2. NHS Steering Mechanisms: An Analysis Of The Broad Sets Of Initiatives.

Turning, first, to the project in the NHS; the empirical work used to illustrate and amplify this theory is a collection and examination of some of the steering mechanisms emanating from the Department of Health (DoH) (formerly the Department of Health and Social Security (DHSS)) and directed to the NHS. (Appendix 2). These steering mechanisms are examined in two distinct yet interrelated ways. First is a consideration of the broad content of the mechanisms, and an examination of the particular importance of accounting as a steering mechanism. Next is a consideration of the way in which these mechanisms have been used in what will be argued to be the process of attempted colonisation. The theory which was examined in section 4.2 demonstrates that we can look at different mechanisms and judge whether they are regulative or constitutive. It stresses that in this piece of work this judgement needs to be made from the point of view of the NHS as an organisational system.

Central to the amplification and illustration of the theory developed in chapter four, is an understanding of the relationships posited between the organisations considered (the DoH and the NHS), and the elements of both the societal model taken from Habermas, and the organisational adaptation of this model developed in section 4.2. Using the societal model, the DoH is seen as one of the government institutional steering media, and the NHS an organisational system. The organisational development of the societal model argues that this institution and organisation will have their own lifeworlds, steering media and systems. The lifeworlds of this institution and organisation may not necessarily be coherent and thus the organisational lifeworld may develop organisational steering media which seek to steer in ways which are different from that desired by the societal institutional steering media. This chapter will argue that the DoH in its role as a societal institutional steering medium is seeking to steer the NHS in ways which are not in line with the organisational lifeworld of the NHS.

It is impossible to get close enough to amorphous organisations such as the government and the DoH, especially in retrospect and over the 10 year time interval covered by this survey (1979 - 1989). Therefore, only the more public communications which comprise the societal steering mechanisms emanating from the DoH and directed to the NHS, will be examined. These steering mechanisms will be taken as expressions of evidence of the nature of the lifeworld of the government/DoH. The extent to which this lifeworld is in agreement with that of the NHS will be measured by whether these communications are seen as 'regulative' and 'amenable to substantive justification' by members of the NHS. If these steering mechanisms are not seen as 'regulative' and 'amenable to substantive justification' by the members of the NHS, then the societal steering medium, the DoH, is seeking to steer the

NHS in ways which are not commensurate with the organisational lifeworld. If the societal steering medium successfully imposes alternative internal steering media and systems into the organisation, then a process of colonisation, is being attempted. The logic of the societal steering medium in this context is that by changing the steering media and systems at the organisational level, this will force a change in the organisational lifeworld.

The extent to which it is possible to make this judgement is limited. Consultation with all members of both organisations via the discursive processes would provide more certainty. This would necessitate a much more extensive study. Furthermore there is a recognition that there must exist many shades of opinion in both the Government, the Department of Health and the NHS (see Broadbent (1992) and chapter six for a case study which argues this in relation to the NHS). None of these organisations can be said to be unitary bodies. Thus the modesty of the present project must be stressed. This project is one which can only give some initial indications of the existence or otherwise of a tendency of the steering medium to colonise the system.

The communications between the organisations in question take several forms. Some are investigations and reports which have been commissioned. Others are manifest in more formal steering mechanisms and can be seen as a part of a process of juridification. It should be recognised that there are many other communication channels which could be considered; informal ones such as the "press leak", interviews in the media and other such channels would be an important part of the process. That these channels have not been considered is a further indication of the modest nature of the work. The communications which are considered here are seen to be important and representative at least of the formal and official "version" of the lifeworld of the government/DoH.

Consider then the steering mechanisms themselves. On the broadest level the lifeworld of the government can be illustrated by mechanisms and communications which impacted the entire working of the government. This might be argued to be the result of an overall concern which perhaps has forced various governments to examine and re-examine the functioning and control of the diverse systems in society which might be referred to collectively as "the public sector". At the moment, the Government's suggested tactic conforms to a broad market-based model of society. This then is argued to be the product of the lifeworld of the government and its administrative and legislative machinery. It impacts all the systems which the government seeks to steer. In concrete form this view is represented in the Financial Management Initiative launched in the White Paper Cmnd 8616 (1982). In this document, the government first enunciated its broad strategy regarding the financial management of the "public sector". However it should be recognised that the initiative was not just a financial one but was concerned with a "fundamentally new approach to the management of central government operations". (Oates (1986) p15). The FMI might therefore be seen to be a steering mechanism which illustrated very clearly the nature of the government lifeworld.

However, the main focus of the next sections of the chapter is on the health services in particular and the series of specific NHS initiatives which have been launched. These steering mechanisms are directly related to the NHS and a survey of them over the past 10 years shows that much time and effort has been put into steering the NHS (see Read (1990) for more details). In section 5.2 the content of these steering mechanisms will be examined, before section 5.3 reflects on their potential for colonising the NHS. Section 5.4 will turn to an analysis of the process of steering and a summary and overview will be presented in section 5.5.

5.2.1. The Content of the Steering Mechanisms Emanating from the External Steering Media.

As was noted above, the output from the government via its administrative machinery is immense and it comprises many diverse forms. One way of cutting through the volume is to categorise the output in terms of its broad concerns. Three areas of concern can be identified: the management, organisation and financing of the service, the issues of value for money, and finally the need to generate data and information. These categories are not totally separable and they interact together in complex ways. The first two sets of initiatives have had a somewhat higher profile outside the NHS than has the third. All are necessary elements of Management Budgeting and Resource Management, the final initiatives to be reviewed.

5.2.1.1. Management, Organisation and Financing of the Service.

A series of different reports have been produced in the space of the last 10 years some on a larger scale than others. Their common theme is a concern with the organisation and the management of the provision of health services. In 1979 the DHSS produced "Patients First" and suggested that a tier in the existing management structure be abolished to increase delegation to local level. These changes were carried out on the authority of the 1980 Health Services Act, and the District Health Authority became the focus for the provision of health care at a local level. Decision making at this time was through the joint responsibility of consensus management, and the changes did not affect this position.

Care in Action (DHSS 1981) in providing "national guidance for health and personal social services.." (opening letter from Patrick Jenkin Secretary of State for Social Services), signals the involvement of the voluntary and private

sector in the provision of health care. It could be seen as a first indicator of a movement away from the health service as a service intimately concerned with the provision of health care, and towards a new role as a commissioner of services.

In 1983 came the NHS Management Inquiry, the "Griffiths Report", so called after its chairman, the retailer Sir Roy Griffiths. This well known report suggested the implementation of the managerial structure which now exists, and prompted the appointment of a series of General Managers at all levels of the service from region down to unit, removing the previous practice of joint responsibility. This issue aroused debate, in both NHS circles and the press (see for example Sherman, 1986, Royal College of Nursing, 1985). Academics have also been concerned with this issue, (see for example Hunter 1984). A key focus of the debate was the question of whether a structure which was appropriate in the retail trade (a reference to Sir Roy Griffith's background) was appropriate in the NHS.

The government white paper, "Working for Patients" (HMSO 1989) was another key report in the structure of the NHS to be subsequently enacted in the National Health and Community Care Act (NHSCCA) (1990) (see section 5.6 below). This caused the widest debate of all of the documents, in NHS and academic circles and the Press. It prompted a campaign against its proposals by the British Medical Association (the BMA). Its proposals are possibly the most radical since the inception of the service, suggesting, as it did, the setting up of internal markets within the NHS and thereby introducing the quasi-market mechanism into a service which has previously not been seen as a market place, but as a provider for all in need. The discourse around the white paper threw into stark relief the differences between the lifeworld which

informs those who work within the NHS and that which informs the external institutional steering medium.

The debate between the government and the BMA was, at times, acrimonious. A court action was taken against the government by one group of doctors who questioned the legality of spending money on the preparations for applications for self governing status. Although the appeal was lost in the High Court the outcome is irrelevant for the purposes of this argument. What is relevant is the fact that a disagreement between some elements of the medical fraternity and the government have accelerated to such a degree as to end in legal argument. On the level of General Practice, the debate about the introduction of practice budgets has similarly been ill-tempered. The tabloid newspapers have taken up this debate and have given publicity to patients who have allegedly been deleted from doctors lists because under the new financial arrangements they are, "uneconomic". Again it is not the intention to be deflected into a consideration as to the rights and wrongs of the different arguments proposed by the participants in this debate, instead to highlight the great differences between those parties.

5.2.1.2. The Value for Money Issue.

Throughout the decade there have been many different initiatives to limit the use of resources and obtain economies which can then be applied to other aspects of patient care. Some of these are general initiatives, others are very specific examples of steering mechanisms which have been initiated to answer specific areas of concern. All of these will not be addressed but some examples will be provided.

In 1979 Sir Derek Rayner (a retailer with a background in Marks and Spencer) was appointed to advise on efficiency in the government and civil service. In 1982 there was a press release announcing the extension of the Rayner Scrutinies into the NHS. This programme was designed to scrutinise costs and policies within various areas of the NHS in order to improve practices and identify the areas where costs might be reduced. These studies provided suggestions as to how authorities might change their practices, but no compulsion was attached to their findings. As such they could be seen as part of a "softening up" process designed to free the way for more initiatives. This whole programme is an excellent example of a way of thinking which led to a stream of directives and schemes designed to limit expenditure or to make better use of resources.

Other limitations concern cash restrictions and manpower targets. The service had been cash limited since 1976/7 and manpower limits were set in 1983.

Another move has been to test the cost of hotel services such as domestic and catering functions, by putting them out to competitive tender. This initiative caused much debate, and indeed still does as queries are raised as to the effectiveness of "outside" services. It was nevertheless very much in line with the market-based philosophy of the government and as such clashed with NHS philosophy which did not see the provision of any aspect of health care as suitable for market forces.

In January 1984 the government required the NHS to carry through cost improvement programmes. The savings achieved were available for authorities to use locally, provided it was proved that they were genuine efficiencies, and not just the result of postponing expenditure.

All these and many more issues set out to ensure better use of resources. Alongside, are proposals which have been designed to provide legitimation and to calculate how much progress has been made on the above measures. Two issues are central in this respect: the use of performance indicators and the process of medical audit. We will consider each in turn below.

In September 1983 the first National Package of Performance Indicators (PIs) was issued and a joint working group established. Performance indicators are measures of performance in various areas of the service. They cover various quantitative measurements, for example length of patient stay, or costs of laundry, and are intended to provide a check that economies are not affecting the quality of the service. Also they aim to provide a way of comparing the relative performance of different units. Whilst the use of PIs is problematic in the extreme when the outputs of a process are as complex as those of the NHS (Davidson, 1987, Smith, 1990), nevertheless some concern for the effectiveness of the service could be argued to be reflected in their adoption. More importantly, their use enables development of accountability, providing some "measurement" of DHA performance, however flawed.

Medical audit is also concerned with accountability, it allows for the peer assessment of medical practice. This attempt to provide some control over the medical profession should be seen in the context of the importance of clinical freedom, and the centrality of the doctor as initiator of expenditure. Ultimately control of expenditure will require some control of doctors' clinical practice but this has previously been seen as impossible in the light of clinical freedom.

5.2.1.3. Management Information Systems.

The final category of steering mechanisms is the huge area of Management Information Systems. The ability of the value for money initiatives to provide results and demonstrate their achievement relies quite substantially on having the capacity to collect and measure information about the organisation, its activities and their costs. There are many initiatives with this concern.

The Financial Information project, (FIP), the Management Information Pilot Project, (MIPP), the Interactive Resource Information System, (IRIS) are examples of this type of initiative, that the interested reader might care to investigate. All these initiatives are concerned with the collection and handling of data in ways which have not been available previously. They are all concerned with finding the "best way" of providing such data.

5.2.1.4. Management Budgeting and Resource Management.

Two initiatives bring together the different threads of interest reflected in the content of the huge output from the steering medium. The latter initiative, Resource Management (RM), is the offshoot of the former, Management Budgeting (MB). Whilst not totally accounting-based initiatives, nevertheless accounting and accountants have an important role in their development. An further extension of this thrust, the legislation developed from the report "Working for Patients" taken place (see section 5.6), but at the moment MB and RM provide a convenient place to end this analysis.

Consider first the Management Budgeting Initiative; not only does it draw on the notion of achieving value for money and of mobilising MIS to this end, but it is also the result of the first category of steering mechanisms that was identified, concerned with management structure. The Management Budgeting

Initiative was set up as part of the "Griffiths" management inquiry. Its aim was that budgets should be used actively in the management of the service, and that they should involve clinicians who would become budget holders. HN(85)3 reported on experiments in pilot sites and claimed that MB was a means to more effective management and not just an accounting exercise. The spread of the initiative was seen to be hampered by the lack of technical expertise, and this was also seen as hampering the involvement of clinicians. The involvement of clinicians and nurses was seen to be essential for the success of the initiative. However, given the centrality of budgeting, it was widely perceived as an accounting initiative, and the key personnel involved with its implementation included accountants.

In November 1986 the Resource Management Initiative was announced. Six pilot sites commenced work on the scheme. Some comments within the NHS suggested that the scheme was seen as an exercise to extend MB and to revamp and revitalise interest in it by giving it a new name. It is an exercise to renew the involvement of clinicians and nurses in the management process, and again is dependent upon the existence of good MIS. Work in the pilot sites is centred on these two elements, although there is no one answer to the problem. The information which is being provided is of an accounting nature and again accountants are key figures in the staffing of the initiatives. Despite the fact that the final assessment of the pilot schemes indicates some question about its effectiveness (see, for example, Packwood, Keen and Buxton 1991), more and more hospitals are being drawn into the scheme. Like its predecessor it is an initiative which combines the issues of management structures, value for money and the setting up of MIS. It is the latter which will provide what is seen to be the requisite information to enable individuals to be managerially responsible for their actions. In particular, responsibility for scarce resources

will be given to those responsible for their allocation. This will be a particular change in the medical community where clinical freedom has previously been used to ensure a primary responsibility to patient care rather than patient care within a limited amount of resource. The resourcing issue has been seen as a separate issue, the medical role as being that of tending the sick. Whilst resourcing has always been an implicit issue it has been de-coupled relatively successfully from the clinical purview.

5.3. Reflections on the Initiatives in Terms of Colonisation.

All of these steering mechanisms will now need to be considered in the light of their capacity to colonise, and in this respect the two criteria provided by Habermas should be recalled. First consideration should be given to determining to what extent the various steering mechanisms might be said to be amenable to substantive justification by the NHS. This might be measured through the extent to which they have had to be defended by the steering media. It is also important to consider the extent to which the steering mechanisms are constitutive, and thereby constituting some new activity, rather than regulating a pre-existing and on going activity.

In general all the steering mechanisms seem to exhibit colonising tendencies, judged by each of these criteria in turn. It could also be argued that steering mechanisms in all the three distinct categories considered show increasingly intensive efforts to attempt colonisation.

The reports which have provided a series of changes in management structures and responsibilities have been one focus of the steering media. They have provided a discourse in which ideas and theories which might not have been produced by the internal steering mechanisms can be proposed by the external

agency in attempts to colonise. It could be argued that the different reports show increasingly intensive efforts to colonise in that they have been less and less amenable to substantive justification by the average individual. This can be demonstrated by the increasing level of debate as each one has been published. This reached a peak in the discussions of the "Working for Patients" recommendations. Were these reports immediately comprehensible to the "average individual" then the debates would not have been necessary. The "average individual" in this case will be the staff and participants in the NHS although were we looking at the societal viewpoint then this category would be much broader⁷ Instead the reports have been legitimised through procedure in the sense that they have been imposed either by Health Circular requiring compliance, or by legislation.

Consider the extent to which the reports might be argued to be regulative or constitutive. Again the level of debate generated can be argued to provide some indication that they are constitutive.. Had the reports simply been regulating some pre-existing activity, there would have been much less disagreement and debate around their implementation. All these reports were intended to suggest and to instigate different practices within the NHS and as such they must be seen as constitutive. This process can be seen to be progressive. The colonising tendencies of the earlier "Patients First" report can be seen to be of a lesser degree than those that followed. This is because the former did not change the joint decision making processes, merely the level at which they operated in the organisation. As each new report has been published the changes have become more and more radical and thereby more and more constitutive. It can be argued, therefore, that there has been an

⁷The configurations contained in table 4.1 give some indication of the range of possibilities which exist as to the different perceptions which may be had of the particular steering mechanisms at an organisational and societal level. In this case it could be argued that the steering mechanisms have become increasingly constitutive from the organisation's point of view.

increasing tendency to constitute new practices and therefore the colonising attempt is being heightened.

The introduction of initiatives concerned with value for money issues, and their reception, follow a similar pattern. Debate around the issues, such as restrictions on the ability to prescribe certain drugs for example, or the introduction of Competitive Tendering for the provision of particular services has not only provoked debate about their advisability, suggesting a need to justify the practices, but also clearly demonstrates the introduction of new practices of a different order. The issues are, therefore, constitutive. This also holds true for the various attempts to legitimate these value for money initiatives, as with the current design of medical audit.

All the MIS initiatives formalise the information gathering process and in so doing also generate new visibilities. In adding to the increasing process of bureaucratisation, which is suggestive of a process of juridification, they might be argued to have potential for colonising the lifeworld of the NHS. It may well be that the increased information requirements of the NHS would have been manifest in any case, and that more information would have been required by the internal steering mechanisms. However, the increased information of the MIS must be seen as essential for the implementation of the other initiatives. The implementation and control of MIS is therefore an essential element for those seeking to colonise the lifeworld of the NHS.

MB and its successor the RM initiative contain elements of all the other categories of steering mechanisms thus they can also be seen as not amenable to substantive justification and as constitutive. They are, then, seeking to colonise the NHS lifeworld. The fact that these two initiatives bring together

the management changes, value for money initiatives and MIS changes through the important accounting vehicle of budgeting shows the centrality of accounting information as a steering medium within organisations. It gives an initial indication that control of the production of accounting information may be an important element in any attempt to colonise.

The MB and RM initiatives have brought together all three elements identified in the content of the steering mechanisms. Their role in terms of the process of colonisation is also central. It is this process of colonisation which will be considered next.

5.4. NHS Steering Mechanisms: An Analysis Of The Processes Of Steering.

This section of the chapter is concerned with the process the steering media adopts in and through the particular steering mechanisms. In the following, certain steering mechanisms which are considered to be of particular significance will be considered. They will be analysed in order to demonstrate that a particular pattern can be identified in the way in which the steering medium has progressively attempted to ensure influence, despite resistance. These changing and increasingly more formal processes demonstrate again the constitutive nature of these mechanisms which are very far from being amenable to substantive justification by all NHS participants.

Just over 30 different steering mechanisms of particular significance in guiding the management of the NHS from 1979 to 1989, are considered in this part of the chapter. [These steering mechanisms are listed in chronological order in Appendix 2]. The way in which these mechanisms are related to the process of change falls into three differing but related categories. These are shown in

chronological sequence in Table 5.1, which illustrates that, over time, there has been a changing pattern in the choice of steering mechanisms used. The implications of this changing pattern will be considered after an initial discussion of the nature of the different mechanisms, their timing and their categorisation

As can be seen from Table 5.1 in the 11 years between 1979 and 1989 three different categories of steering mechanisms have been identified. Initially the concentration was upon pilot projects but a wider range of differing approaches to promote change were added to the repertoire as time went on. As attempts to "demonstrate" the advisability of changes have failed there has been a more intensive move to colonise the lifeworld of the NHS, by imposing change on the level of NHS steering media and systems.

TABLE 5.1 HERE.

The first stream indicates how pilot projects have changed in their emphasis over the years. For example, in 1979 the Financial Information Project was established with joint funding from the DHSS and West Midlands Regional Health Authority. This project, later to be controlled by the FIP Association, a group of 4 regions and 24 districts who used the systems, was concerned with patient based costing. The project developed a series of "pilot" schemes to develop appropriate systems. This was a voluntary development and the systems could be bought in by those who wished to do so.

In 1980 the DHSS funded more research into the feasibility of developing appropriate systems for "specialty" costing. This was done through the testing on 7 sites of a suggested procedure developed by Professor Magee at the

Bridgend Hospital, South Wales. This scheme was similar to the FIP one but involved the use of a different cost base. Nevertheless both schemes were seeking to demonstrate the possibility for obtaining useful costing information for planning and budgeting. They were both concerned with the ability to measure outputs in financial terms.

In 1982 a press release announced that the Rayner Scrutinies would be extended to the NHS. Whilst these were not full pilot projects they were very similar in their impact as they considered different operational areas of the NHS and suggested ways in which efficiencies could be gained. In this respect they were a demonstration of what might be considered good practice.

By 1983 another two pilot schemes were introduced, the Management Information Project, (MIP), and the Management Budgeting Inquiry. The former was based upon an on-going inquiry into the information requirements of the service (the Korner Reports which began to be implemented in 1984). The latter was set up as a result of the on-going Griffiths Inquiry which was also implemented in 1984. MIP is again a system which is trying to link the costs of the service to the activities undertaken, the Management Budgeting (MB) initiative goes further as it links this process of identifying costs to the process of management, and therefore is concerned to produce management systems not just information systems. The centrality of accounting information and accountants in the process can once again be emphasised. Up until the end of 1986 no new initiatives were introduced, but there was extension of this MB scheme. At the end of 1986 (November) in HN(86)34 the Government introduced the Resource Management Initiative (RM) to supersede Management Budgeting, and to re-launch the ideas with more emphasis on the management of resources, and less on the budgeting aspects. In some ways

this was a semantic change rather than a change of direction, the managerial emphasis intensified, accounting information and accountants remained central to the process.

With these later implementations the role of the pilots seemed to change. The DoH (initially as the DHSS) was more directly involved in the MB and RM there was little more than lip service paid to independent testing. The RM initiative was extended even before the Review Group at Brunel University published its interim report on the pilot sites [Buxton, Packwood and Keen 1989].

As argued in the editorial of the Health Services Journal (2/11/89 p.1331) the later pilot projects were not there as a basis for evaluation, but instead as test sites in which problems of implementation could be ironed out to enable further extension of the schemes. This view tends to be reinforced by the attitude of the Department of Health to the funding of research, which it sees as strongly related to "customer needs". Whilst the identity of the customer is never explicitly stated it relates to the management departments within the Department of Health itself. The need of such departments is to make the imposed schemes work. Thus even the role of pilot schemes has changed as the attempts to colonise have progressed.

The second stream of steering mechanisms includes a mixture of initiatives which relate to issues of strengthening accountability relationships. They might be said to represent formal instructions which have been made over the period in order that the demands of the steering media in its attempts to colonise might be met. As such they do not seek to persuade at all, they simply seek compliance, as such they represent something rather more akin to a

process of juridification. Overall these steering mechanisms are concerned with the notion of value for money and of making individuals accountable in a very explicit way for these issues.

In 1982 an annual review system was set up which required the DHSS to monitor the Regional Health Authorities (RHAs) and the RHAs to monitor the District Health Authorities (DHAs). A move to test the efficiency of the service in an even more direct way came along in the following year when HC(83)18 required RHAs and DHAs to test the cost of their support services and discover if savings could be made available to apply to patient care, by inviting competitive tendering for these services.

Accountability relationships require some way of measuring that for which people are accountable. This is not a straightforward relationship in the NHS and some way had to be found to deal with the problem that financial measures alone cannot measure medical care. In 1983 HN(83)25 provided the first national package of Performance Indicators. The use of PIs seeks to allow for accountability relationships to be extended. Medical audit allows for the further extension of this theme of accountability.

By 1984 the need to make savings led to the imposition of cost improvement programmes. HC(84)2 required that efficiency savings be sought to release resources for new services and improvements to existing ones. Thus there was the imposition of a measure which specifically sought to relate cost to activity levels. Previous attempts at economising did not make such an explicit link and therefore savings could be made by adjusting activity downwards.

That same year the programme for the implementation of the Korner recommendations was effected through HC(84)24 where DHAs were given specific instruction to implement the Korner financial information report. The information requirements relate to the introduction of specialty costing, but at the same time mention is made that the information systems set up should also be capable of supporting management budgeting. Thus the Korner recommendations were implemented nationally with a recognition that the MB exercise should, after its pilot stage, be extended to all authorities. That this stated aim (that MB should extend to all health authorities) was expressed provides some further indication that the MB pilot was not there to test whether the system was useful. Rather its aim was to ensure that problems were attended to so that it would work when implemented on a wider front.

The use of performance indicators was again emphasised in 1985 (see HC(85)23). Accountability was again strengthened (see HC(87)9) when authorities were given guidance as to the working of the internal audit function in the form of an NHS Internal Audit Manual.

By 1988 more demands were being made on authorities to supply Korner information, this being the first year of complete production of the data sets, (see EL:MB 88/3, 88/48, 88/92). Also EL:MB 88/26 gave more advice on costing hospital outputs.

All the steering mechanisms in this category were ones which set up accountability relationships and systems by which this accountability could be measured, they were also directives which were applicable to all authorities. As such they differ from the first category, the pilot schemes, where there was limited implementation. Nevertheless they are closely related given that they

all tended to set up the information bases and accountability relationships which were necessary to extend the pilot schemes successfully.

The third stream consists of the structural management changes which have been instigated. These have led to new managers and managerial responsibilities, and as such they mean that the colonisation process resides with the managers who are within the organisation and run the service on a day to day basis.

Perhaps the crucial element here was the implementation of the Griffiths Report contained in HC(84)13, which required the identification of General Managers at Region, District and Unit level. Financial accountability was to flow down the organisation right to unit level and more efforts were to be made to involve clinicians. Following on from this, new rules for financial control were identified and the responsibility for financial control was given to the General Managers. The notion of cash limits was emphasised and the circular noted that the Health Authority had an unqualified duty not to overspend. In 1985 the highest level of the Griffiths Report changes was implemented when the membership of the NHS Management Board was announced in a press release. A little over 6 weeks later Ian Mills was seconded to the board from the accountants Price Waterhouse, to take overall financial direction of the Resource Management Initiative. This could be argued to set the tone to the board in the managerial mould. It could of course have taken other directions.

There was obviously some problems at the Management Board level. Victor Paige, its chairman, resigned, reportedly having given the reason as incompatibilities between political and managerial objectives. Despite this it

began to make its mark on the service in practical ways. It perhaps strengthened the managerial stance of the service by introducing performance-related-pay for general managers. By 1988 arrangements for individual performance review and performance related pay were extended down the organisation, (see EL:MB(88)71,72,72).

Following the split of the Department of Health and Social Security (DHSS) into the Department of Health and the Department of Social Security the new Secretary of State Kenneth Clarke was appointed chairman of the NHS Management Board. He replaced the Minister of Health, a more junior minister in the organisation of the DHSS (who had himself replaced Victor Paige). Thus the status of the Board was increased almost as a by-product of the organisational change. The strong managerial, and indeed financial, orientation of the Board was again confirmed when another accountant, Sheila Masters from Peat Marwick Mclintock, succeeded Ian Mills as Director of Financial Management.

All these managerial changes meant that it was now possible to appoint one person with ultimate responsibility into a key post to ensure that the accepted philosophy of the steering medium (the DoH) could be enacted.

The final managerial change is not considered now is that of the implementation of the "Working for Patients" white paper. The implementation of this will confirm the management role of the RHAs and DHAs leaving the units to provide services to sell. Whilst this section is not explicitly concerned to explore this issue nevertheless it is important to stress that the earlier changes which are examined are all part of a movement which has culminated in these proposals.

5.4.1. Reflections on the Processes of the Steering Media in Terms of Colonisation.

The crux of the argument which is presented in this section of the chapter is that the changes which have been imposed by the societal institutional steering medium are not in fact random but that a clear pattern in the process can be detected. There can be seen to be an increasingly constitutive nature in these processes. Initially the approaches were somewhat tentative, they consisted of attempts to demonstrate the benefits of the intended changes. When this did not have the required effect, (i.e. when the changes envisaged as a result of these ideas were not adopted on a voluntary basis) then new approaches to produce the change were added to the repertoire. The attempt to colonise began more explicitly.

As the steering medium attempted to assert the values dictated by its own lifeworld, (one which is out of balance with that in the organisation it wished to steer) new tactics were adopted. A process of juridification was used to provide a more formal course of action, comprising attempts to back up required changes by the use of rules and regulations to impose particular accountability practices on the service. These were necessary not only to provide the new relationships of accountability but also to ensure that the final implementation of the pilot schemes should not be hampered by lack of appropriate information.

Eventually the structure of the management of the service was changed and managers were appointed to implement the managerialist philosophy within the service. The formalisation of new accountability relationships was seen as not enough to change the lifeworld of the organisation and a more direct action was taken. Managers were to take the new lifeworld into the organisation;

their success as managers, given their position of ultimate responsibility, therefore had to be identified with their ability to manage according to the needs of the steering medium. Short term contracts and the use of performance-related-pay was introduced to put even more pressure on the managers to conform to the requirements of the service as defined by the steering medium.

Thus by a process of imposing formal requirements on the service and those working within it, by changing the organisational steering media and systems, the external societal institutional steering medium has imposed change which would not necessarily have come about. Even the pilot projects and demonstrations which might have been seen as genuinely exploratory in their early stages are now seen as experimental sites to test and refine the needs of the new philosophy. In changing the organisational steering media and systems, the societal steering medium has sought to colonise the organisational lifeworld. The changes imposed are hoped to lead the required change at organisational lifeworld level. The difficulty of creating lifeworld change might be demonstrated by the fact that the final set of initiatives have sought to introduce new managers who were intended to bring the desired lifeworld orientation with them⁸. In this respect the appointment of 'new managers' from outside the NHS has been a specific aim of the government.

5.5. Summary: reflections on colonisation and the attempts to steer the NHS.

The primary focus of this discussion has been with evaluation. It has attempted, firstly, to build an evaluatory model derived from Habermas' critical theory which can be used to evaluate all manner of different regulatory

⁸The overall impression is that this attempt was not as successful as the Government might have hoped. Many managers were appointed from within the service and the majority of those appointed from outside were from the armed forces rather than commercial enterprises.

processes in our society. Secondly, it has endeavoured to use this model to evaluate the different steering mechanisms issued by the Department of Health of the British Government to mould the behaviour of the National Health Service. This evaluation is not comprehensive as it is an evaluation which is carried out from the point of view of the NHS, however, it provides a starting point for a wider *societal* evaluation. Whilst this is not a concern in the current chapter it should be noted that a strategy for pursuing this wider evaluation will be introduced in chapter ten.

Habermas's grand model of societal development provides a powerful picture for understanding the nature, role and emergence of particular societal institutions and organisations. His central thesis traces the creative role of language in the production and reproduction of a distinguishable societal lifeworld and societal institutional steering media which guides the behaviour of defined and disparate organisational systems. It is a grand and insightful 'metanarrative' of societal development. His analysis of the way societal steering media can 'get out of hand' relative to the societal lifeworld leading to colonisation of both the organisational systems and the societal lifeworld has been a particularly powerful theme for the discovery of an evaluatory model.

This evaluatory model in simple terms has been trying to formulate definable rules, following Habermas, to indicate when societal steering media (such as the Department of Health) are 'getting out of hand' relative to the guiding societal lifeworld and has colonising potential or actuality. Habermas' rules to allow us to judge this situation - namely if the media's actions (mechanisms as they are called in this chapter) are 'constitutive' and 'legitimated only through procedure' or 'regulative' and 'amenable to substantive justification' - without further refinement fails to provide the practical rules for evaluation in particular

circumstances. For this reason the Habermasian model was developed in three ways. Firstly, to indicate that Habermas' societal steering media and systems are separate and distinct institutions and organisations with their own lifeworlds, internal steering media and systems. Secondly, to suggest that in our complex society colonisation will be discovered in particular relationships between selected steering media institutions and organisational systems. Put another way not all steering media institutions will have the intention to colonise and each must be looked at on its merits and in terms of the mechanisms it issues. Thirdly, that the colonising rules (e.g. constitutive or regulative etc.) can be judged from the perspective of the active participants of any particular organisation. This left some residual doubt concerning the judgement about colonising potential from a societal viewpoint as indicated in Table 4.1, yet has provided a more manageable, but still meaningful, way for clarifying potential colonising processes.

These three developments of the Habermasian model, whilst certainly not addressed by Habermas himself, retains his overall concern but allows these ideas to become practical in evaluating the mechanisms issued by any particular societal steering media institution. The remainder of the discussion, therefore, was addressed to trying to demonstrate this point by using this adapted Habermasian model to critically evaluate the various mechanisms issued by the Department of Health to guide the behaviour of the NHS from 1979 to 1989.

The analysis was undertaken by exploring these mechanisms from two different yet complementary viewpoints. Firstly, we looked at the general nature of the mechanisms that have been issued since 1979, broadly classified in terms of management, value for money and information system changes culminating in, and expressed through, the management budgeting and resource management

initiatives. These broadly classified changes were then analysed to demonstrate the constitutive nature of these endeavours from the viewpoint of the NHS and how they were not amenable to substantive justification by NHS staff. In section 5.4 we looked at the actual processes by which the Department of Health was and is trying to implement its intended changes. The changing role of pilot projects, the increasing 'juridification' of the service in terms of accountability demands and the increasing implantation of performance pay-related managers all demonstrate the strengthening arm needed to steer the behaviour of the NHS into new and uncharted areas. These increasingly insistent and expensive practices in their own right indicate how the Department has had to force its will upon an unwilling NHS - a clear demonstration of a constitutive process which can be legitimated by procedure but is not amenable to substantive justification from the viewpoint of the NHS.

The empirical outworking of this model therefore allows us to judge the nature of the mechanisms from the viewpoint of the NHS but it cannot tell us either how successful these endeavours have been (or will be) or whether the Department of Health is really 'out of step' from a societal perspective. The evidence does suggest that the mechanisms issued by the Department are increasingly constitutive from the viewpoint of the NHS - they, therefore, have a clear colonising potential to change the behaviour of the NHS from this organisation's viewpoint. However, this does not mean that the desired outcome in the behaviour of the NHS will be forthcoming. As indicated above and discussed extensively in Laughlin (1991a) organisation change is a complex process and environmental disturbances such as the Department's mechanisms can be sidelined by the organisation over time, - as will be discussed in chapter six et seq., in a detailed study of the 'micro' situation. Thus even with the presence of managers within the system, devoted to the changes,

the outcome is not assured. In addition it must be stressed that even though the analysis suggests that the mechanisms issued by the Department of Health are constitutive from the viewpoint of the NHS it is not possible to conclude that this is not a good thing from the viewpoint of society. As Table 4.1 indicates there is a genuine uncertainty as to whether either the steering institution (Department of Health) or the organisational system (the NHS) is out of line with societal expectations. The evaluatory model in its current state of development cannot make this judgement as yet although judging by the public outcry with regard to the NHS changes there is a growing possibility that it is the steering medium which is out of line. If this is true this indicates the potential colonising power of this body upon society. It is with this in mind that the chapter moves on to discuss the issue of recent legislation in more depth. In developing discussion of the notion of juridification of the public sector, more evidence can be provided that the changes being imposed in the NHS and in education are ones which are not in line with the lifeworlds of these two organisations and may well be out of kilter with societal expectations as well.

5.6. The Financial Management Initiative And Recent Acts Of Parliament Related To Health And Education

In line with the aim to promote change in the NHS and in education the government have introduced extensive legislative programmes and it is to a more detailed consideration of two of these acts that the chapter now turns. The contents of this part of the discussion have one overriding objective: to demonstrate that the Education Reform Act, 1988 (ERA) and the health services element of the National Health Service and Community Care Act, 1990 (NHSCCA) are clear examples of material (regulatory) law which are traceable to, and express, a particular ideological, accounting-dominated political agenda. They are, it will be shown, juridified laws seeking to change the societal systems devoted to health and education in ways which are not guided by the societal lifeworld. This section of the chapter will expose the actual nature of this political accounting-dominated agenda expressed in and through the 'financial management initiative' (FMI) with regard to the public sector in the UK. This amplification provides an important demonstration of Miller and Power's (1992) central thesis of 'politicised' accounting colonising particular laws.

ERA and NHSCCA are clearly not the first juridified laws with regard to health, as the earlier part of this chapter shows, nor of education institutions in the UK; many laws possess juridified qualities (i.e. they are material laws with a clear political intent). The 1944 Education Act, which marked a watershed relationship between church and state on the control of education had a clear political intention. In a similar manner the 1948 National Health Services Act, which formed the NHS and free health care had clear political intention. Similarly many other education and health acts had political intentions. The difference, as becomes apparent, relates to the nature of the political agenda and ultimately whether the resulting laws breach the appropriate levels of

structural coupling. Exposing the nature of this political agenda will be the primary concern of this section. The issue of structural coupling will be developed further in 5.7.

5.6.1. The Financial Management Initiative (FMI)

As a start to this analysis we will consider in more detail than in the earlier part of this chapter the broad nature of FMI. Its significance, as Richards (1987 p.22) points out, is because FMI '..symbolises all that has happened in the field of management change in the public sector during the last eight years.' Her comment was made in 1987 and even though the descriptor has changed (e.g. 'next steps') the roots are still in FMI (cf Richards and Rodrigues, 1993; Greer, 1994). Thus, the FMI is seen as providing an important backdrop to the context from which the legislation with which this section is concerned emerged.

FMI is fundamentally concerned with the design of 'good management' (Richards (1987) p. 25) in and through Government Departments to the policy programmes. The origin of FMI is traceable originally to the Conservative Government's commitment to management change in the public sector (Jackson, 1988; Hood, 1991). This commitment led to the setting up of the Government's Efficiency Unit in 1979 headed up by Sir Derek (now Lord) Rayner, seconded from the highly successful retail shopping chain of Marks and Spencer (cf Richards, 1987; Jackson, 1988). As Jackson (1988, p.v) indicates, the 'Rayner Scrutinies' (as the sorties into the civil service and the public sector more generally came to be known) were to '(a) promote greater value for money (b) remove obstacles to good management (c) to encourage quick and effective implementation of feasible changes'.

The first definitive and clear depiction of FMI came in September 1982 with the publication of the White Paper 'Efficiency and Effectiveness in the Civil Service' (Cmnd 8616). The main objective and configuration of FMI was portrayed here and, as Richards (1987 p. 25) suggests, a clearer picture of what was meant by 'good management' became apparent. According to the White Paper:

'The main objective is to promote in each department an organisation and a system in which managers at all levels have:

- i. a clear view of their objectives; and assess and wherever possible measure outputs or performance in relation to these objectives;
- ii. well-defined responsibility for making the best use of their resources including a critical scrutiny of output and value for money;
- iii. the information (including particularly about costs), training and access to expert advice which they need to exercise their responsibility effectively.'

(Efficiency and Effectiveness in the Civil Service (1982) p. 23)

Hood (1991) notes seven key characteristics symbolising FMI or the 'new public management' as he refers to this model. Firstly, the importance of financial devolution to units directly offering the services. Secondly, the design of explicit standards and measures of performance. Thirdly, the necessity to postulate clear relationships between inputs, outputs and performance measures for these units. Fourthly, increased accountability requirements for these units. Fifthly, a stress on private sector styles of management. Sixth, a stress on competition and contracting between units. Seventh, and finally, a stress on efficiency and parsimony in resource usage.

Implicit in this approach is the decentralised model of divisionalisation, in which control is delegated to the divisions who are deemed to be better attuned to their environment and who can, therefore, make 'better' decisions (cf Dixon, 1991; Keep, 1992; Levacic, 1992). This apparent freedom,

however, is accompanied with constraints around what the devolved unit should be doing with regard to output expectations as well as the transformation process from inputs to outputs. This gives rise to an inevitable shift towards output measures and efficient transformation processes and a consequent reduction of the freedoms which come from financial devolution. In these circumstances centralised control increases rather than reduces. It is this patterning of apparent freedom yet increased measurable control which is at the heart of FMI.

FMI is an accounting-led model of control. It is founded on an underlying belief in the centrality of financial resources in every organisation and that it is possible to evaluate the use of these funds in terms of some measurable outputs achieved. The most complete expression of this logic is when it is possible to measure the value of the use of finance in terms of a future financial flow so that a measure of 'profit' can be derived to measure effectiveness. In this context money is exchanged for factors of production which are then transformed into goods which are sold for money. As a result the financial flows themselves become the source of all information for measuring effectiveness and subsequent profit measures. Where this 'ideal' market place model is not possible then either a market needs to be created so that monetary profit measures can be used or some other form of measurement system must be created which measures the outputs generated from finances expended. It is this necessity and urgency to measure the value of the use of finances for the purpose of control and decision making which is the essence of this model of accounting control. It is this which is also at the heart of FMI.

In considering FMI and its impact three things need to be recalled. First, legislation to implement 'FMI- thinking' is not the whole story. As the earlier part of the chapter has shown, legislation is accompanied by many other

instruments to produce change, however, the focus of this part of the discussion will be on the legislation. Second, in considering the legislation it should be remembered that, as is ably demonstrated by the collection of papers in Jackson (1988), the application of FMI in Government Departments and in policy programmes was encouraged to be different. The central tenets of devolution of financial responsibility with cash-limited budgets to smaller 'front line' service units and the increasing concentration on measurable performance in an accountability framework are unchanging. But the variation of the expression of this overall message differs across Departments. It also differs when it comes to be expressed in the actual policy programmes which emanate from the different Government Departments and, as we will see, in the legal enactments aligned to these policy programmes. Thirdly, we need to make plain that the full expression of FMI in complex institutions, such as those devoted to health and education, is very difficult and sometimes impossible. Often what is implemented is something which bears a 'family resemblance' to FMI but is not a full expression of this model. ERA and NHSCCA are of this sort as will become apparent.

With these prior points in mind it is now important to look closely at ERA and NHSCCA. Both Acts introduce significant changes into UK publicly-owned institutions devoted to education and health and to the care of the homeless and elderly⁹. In analysing ERA and NHSCCA the intention will be to show how these Acts largely consist of differing proposals concerning the implementation of FMI. The argument is that these are examples of regulatory (material) law following a particular political and ideological view about management and accounting arrangements in education and health institutions expressing, in different ways, FMI.

⁹The following will look at the health and education elements of the act leaving the community care proposals aside at this stage.

5.6.2. Education Reform Act 1988 (ERA)

ERA is divided into four major parts. The heart of the proposals are contained in Parts I and II of the Act and it is upon these sections the following comments will concentrate. Part I of the Act deals fundamentally with two major areas: the definition of a national curriculum to be adopted by all schools and the organisational arrangements for a devolution of financial control and admissions policy to school level. Part II is devoted exclusively to organisational arrangements for a devolution of financial control to all higher and further education colleges.

Apart from the definition of the National Curriculum, Parts I and II of ERA concentrates almost exclusively on new forms of devolved financial arrangements. To trace the links to FMI it is important to provide a little more detail on these financial and accountability arrangements pre-ERA and from those which follow from the proposals of ERA. These are contained in diagrammatic form in Figures 5.1 and 5.2 (see Table 5.2 for a key to Figures 5.1 to 5.4). As both Figures indicate, the major 'front line' service units were and are universities, polytechnics, further education colleges and schools. Pre-ERA, the two major funding units were the University Grants Committee and the 96 Local Education Authorities (LEAs hereafter). The former devolved financial responsibility to the 46 universities in the UK whilst the latter controlled the majority of finance at the LEA level devolving some, mainly small, responsibilities, (e.g. 'capitation' allowances to schools) to the three front line service units under LEA control. In essence, whilst these front line service units were, to some extent, independent from LEAs, together they formed a definable entity as a whole as the boxing on Figure 5.1 indicates.

[FIGURES 5.1 AND 5.2 AND TABLE 5.2 HERE]

As Figure 5.2 indicates, post-ERA the most significant change has been the financial devolution to front line service units and the emaciation of the LEAs. This emaciation has taken four forms which can be discerned from the contents of Figure 5.2. Firstly, polytechnics have been given a financial independence similar to universities and have been removed from LEA control by the formation of a new Polytechnics and Colleges Funding Council. (The Further and Higher Education Act (1992) has added to this change by removing Further Education Colleges from the control of Local Education Authorities so they are now funded through the 'Further Education Funding Council' . In addition, Polytechnics have now been renamed Universities and financing for the whole university sector is through the 'Higher Education Funding Councils' for England and Wales and Scotland which replaces both the University Funding Council and the Polytechnics and Colleges Funding Council'). Secondly, schools being given the opportunity to 'opt out' of LEA control and become financially independent, as Grant Maintained Schools, receiving direct funding from the Department of Education. Thirdly, all remaining schools with over 200 pupils are required to have full delegated budgetary control over their expenditure and, to some degree, their admissions policy. Finally, schools are required to enter into competitive contracts either with the LEAs or the commercial sector for the provision of services for, say, cleaning, caretaking, maintenance of grounds and buildings etc., etc.

Using Hood's (1991) seven characteristics of FMI-type management changes it is possible to conclude that ERA is an expression of FMI thinking albeit incompletely. ERA fundamentally instituted structural changes in financial arrangements and accountability and contractual relationships which satisfy Hood's first, fourth and sixth characteristics (i.e. financial devolution, increased accountability requirements and a development of contracting

relationships). The central plank of ERA is the devolution of financial resources to front line services units as Figure 5.2 indicates. In the process it strengthens the position of the supplier of finance and tried, wherever possible, to create new bodies to perform these tasks. The attempt to remove power from the LEAs can be seen in this light. As established bodies it could be seen as difficult to mould these institutions to the 'new' roles expected of them. There is also a natural, although not clearly stated, increase in contracting relationships and competition encouraged through ERA. What is not apparent is the legal enforcement of performance measures or the imposition of clear links between inputs and measurable outputs - two other central characteristics of FMI-type models according to Hood. This is partially in place through ERA for schools with the requirement to teach the national curriculum but the links of this to performance was only implied by these moves. Recent changes through the Education (Schools) Act 1992, which required the publication of examination league tables for all schools, has started this process more overtly, however. Despite this lack it is fair to say that these are refinements, albeit important ones, which can be built on to ERA. Without ERA as a foundation, however, such building would be pointless and in vain. ERA therefore is more than 'resembling' FMI it is guided by its thinking and without it being on the statute book an extension to a full FMI-type model would not be possible.

5.6.3. The National Health Services and Community Care Act 1990

NHSCCA expresses similar concerns. This Act contains five major parts. The heart of the concerns for the purposes of this section are in Parts I and II of NHSCCA. What is apparent from even a cursory look at the contents of the 41 Sections of Parts I and II of the Act is that all, virtually without exception, are devoted to organisational arrangements to allow different expressions of devolved financial responsibility to be in place. However, unlike ERA, the NHSCCA has nothing specific to say within the Act itself about the objectives

that the service units are to perform. However, a major part of the proposals are, in effect, creating an 'internal market' for health care and introducing units as either 'purchasers' or 'providers'. The intention of this move is to try, wherever possible, to generate market prices for services and so adopt full-scale the private sector accounting 'profit measures' and their relationship to measurable outputs suitably connected to resource inputs.

The specific financial and organisational arrangements which are contained within the NHSCCA are perhaps best appreciated via a mapping of the arrangements pre and post the Act. Figures 5.3 and 5.4 provide such insights. These Figures indicate that funding for health can, in simple terms, be divided into funds for secondary (hospital) care, primary (non-hospital based usually through General Practitioners (GPs)) care and drugs for primary care. There are, of course, all manner of further divisions but the three way division is a reasonable representation of the previous and current banding of expenditure.

[FIGURES 5.3 AND 5.4 HERE]

Prior to the NHSCCA, as Figure 5.3 suggests, there were four major organisational levels in the NHS - the Department of Health, the 17 geographical regions and the numerous district health authorities and Family Practitioner Committees located in each of the 17 regions - who were interrelated financially in complex but definable ways. The Department provided cash-limited funds to regions who, in turn, distributed cash-limited resources to Districts who then, as a combined budgetary unit, used these finances to resource the hospital and community services (community nurses and community medical services as distinct from community care related to the homeless and the elderly) within its jurisdiction. The expenditure on primary care (flows 1 and 3 in Figures 5.3 and 5.4) pre-NHSCCA, however, was

largely demand-led. GP Practices and chemists/pharmacists have always been independent contractors in the health service and whatever they have required, within some bounds and suitable rules, have been provided via the Family Practitioner Committees.

This situation has been fundamentally changed by the NHSCCA. Figure 5.4 provides a diagrammatic presentation of the detailed contents of Parts I and II of the NHSCCA. A number of key differences can be highlighted. Firstly, the emergence of financially independent primary and secondary care units. At the primary care level certain GP Practices can opt to become 'fund-holding practices' with control over all primary care costs and a limited number of secondary referral costs for their patients. At the secondary care level some hospitals have largely 'opted out' of District control by becoming 'Self Governing Trusts' subject to Department of Health approval. Secondly, in all other cases primary and secondary units have been given greater awareness and responsibility over their expenditure by means of greater budget devolution with increased accountability requirements. Equally the primary care units now have defined quasi-budgets, or 'indicative amounts' as they are called, for prescribing purposes. Thirdly, relationships based on contracts are to be the norm. Fund-Holding GP Practices are now 'purchasers' of some secondary services for their patients from defined 'providers' (Directly Managed Units and Self Governing Trusts). District Health Authorities 'purchase' secondary care from these same 'providers'. Fourthly, there are some significant changes in actual funds flow. Most money, apart from some of the costs of primary care, now flows directly through Regions. The secondary care finance aligned to Fund-Holding Practices now goes initially to Family Health Service Authorities (FHSAs) (formally Family Practitioner Committees) and, on agreed contractual terms (agreed by the Fund-Holding Practices), back to the secondary sector. Drug costs for primary care are now

transferred via Regions. The intention was to cash limit them at the FHSA level but the difficulties involved in this have been immense since only 'indicative amounts' for drugs are passed on to GP Practices. Fifthly, the control expectations of Regions, District Health Authorities and FHSAs are expanded considerably - particularly with regard to the latter which are symbolically renamed. Finally, accountability relationships are complex and to some extent ill-defined. To some degree they are clearly aligned to the budget responsibilities and contractual relationships. However, in the case of the new independent primary and secondary care units (Fund-Holding Practices and Self Governing Trusts) an added layer of reporting responsibility is taken to be necessary between these units and respectively Regions and the Department of Health. Accountability requirements for primary care are not covered in the NHSCCA but are contained in the revised GP Contract which came into operation from April 1990. This contract was seen as an 'adjustment' to a previous legal enactment concerning doctors contracts rather than something which should feature in the NHSCCA. It is, however, very much in tune with the latter's political agenda.

Using Hood's (1991) seven characteristics of the constituent elements of FMI- type management changes it is possible to conclude that NHSCCA is a somewhat fuller expression of FMI thinking than ERA. The NHSCCA fundamentally instituted structural changes in financial arrangements and accountability and contractual relationships as well as implementing some changes to the performance measurement system with a clear eye towards private sector management behaviour and language. As such it satisfied Hood's first, second, fourth, fifth and sixth characteristics (i.e. financial devolution, design of measures of performance, increased accountability requirements, stress on private sector styles of management and a development of contracting relationships). There is a devolution of financial

resources to front line services units and the creation of an 'internal market' for health care with definable 'purchasers' and 'providers' whose relationships are governed through contracts as Figure 5.4 indicates. In the process the position of the supplier of finance, renamed, in most cases, the 'purchaser' was strengthened. Unlike ERA, however, it was not deemed to be necessary to create new funding bodies although all were reorganised with an eye to being more 'businesslike'. In the one area where there was most concern that these changes alone would not shift the ethos of the implicitly defined 'purchaser', the NHSCCA symbolically renamed these units (vis Family Health Services Authorities). The creation of the so called 'internal market' was an attempt to overcome the problems of clarifying performance measures and the relationships between input resources and measurable outputs (i.e. Hood's second and third characteristics). A private sector market, if it works, is the perfect mechanism for the FMI-type accounting model of control to work - it avoids the need for further output measurement processes and relies on market exchanges to express values. The actual practice, however, gives little hope that this will be fully operational and the continuing work to define output measures to supplement market mechanisms is already clearly apparent (Smith 1990, 1993). Thus NHSCCA is FMI-led. It is an even clearer demonstration of these linkages than ERA. However, like ERA, it provides a foundation and some of the building blocks on which a full expression of FMI can build. Like ERA, without NHSCCA as a foundation, however, such building would be pointless and in vain. The NHSCCA, therefore, is considerably more than 'resembling' FMI it is guided by its thinking and without it being on the statute book an extension to a full FMI-type model would not be possible.

In conclusion, the above demonstrates that the requirements of both Acts of Parliament (ERA and NHSCCA) largely involve the implementation of varying, FMI-type organisational, financial and accounting arrangements in

UK education and health institutions. They are regulative (material) laws which are using legislative means to ensure compliance to a particular accounting - dominated ideological and political approach to management. They are, therefore, a depiction of juridification at work.

5.7. An Evaluation Of ERA And NHSCCA In Terms Of Structural Coupling

The previous section of the chapter has highlighted how ERA and NHSCCA are demonstrations of legal juridification. More importantly it has traced the underlying political agenda, expressed in and through managerial and accounting changes, implicit within these legal enactments. This section will take the debate further and explore whether these juridified legal enactments are going beyond 'structural coupling'. This distinction is important, since, as Teubner indicates, if legal enactments are found to be 'out of step' with this structurally coupled situation (i.e. relevance criteria for the enactments are difficult to substantiate and accept and justifiable self-determination (or self-reproduction) of the organisation is seriously affected) then the 'regulatory dilemma' with all its potential problems for politics and/or the organisational social systems seems inevitable.

The following builds an argument, primarily theoretical but also empirical, to show that ERA and NHSCCA are perceived to be trying to constitute a new form of contradictory values and behaviour in the institutions they regulate. This is both resented as well as deemed to be potentially destructive by both the institutional participants as well as society at large. This argument will indicate that, in the cases under discussion, law and the political designers guiding these enactments are working outside of the structural coupling of both UK society and the organisations they are trying to regulate. They, therefore, run the risks of the regulatory dilemma for both the political masters and the social systems. As such the argument will take the analysis

presented in the earlier part of this chapter into both new areas and new depths.

Perhaps this argument could be started by recalling that the central features of FMI, and the expression of this in ERA and NHSCCA, involves a particular expression of 'economic reason'. FMI encompasses and expresses a defined process of decision making where objectives need to be measurable and where (input) resources are related to and assessed against measurable (output) services or products. In order for such a 'rational' system to work in the public sector, some value must be attached to the output. Thus, as indicated above, efforts have been made to introduce a quasi-market into the public sector (particularly in the NHS) where 'purchasers' with resources acquire services from defined 'suppliers' for a financial exchange. This market mechanism and consequent monetary measures of outputs are seen as the ideal for clarifying and measuring value added since they can be clearly related to input resources and lead to an easily measurable 'profit' figure. Yet where it fails to be fully operationalised the next best is to ensure that outputs are measured in some form and clearly related to input resource use. All this is implicit within FMI and can be expressed in multiple ways and developed to varying degrees as is apparent from the contents of ERA and NHSCCA. Despite these differences and incompleteness of expression, economic reasoning is pre-eminent in both laws.

A useful place to start this analysis, therefore, is with a theoretical 'critique of economic reason'. Gorz (1989) provides a starting point for this critique. Put simply, his thesis maintains that economic reason is 'unaware of how narrow its proper limits are' (Gorz (1989) p.2). Gorz builds his argument around a clear distinction between 'work' and 'life'. Whilst the terms are fraught with definitional problems, as Sayers (1991) and Power (1992) perceptively

highlight (points to which we will return below), Gorz is making the important point that some activities (Gorz's 'work') are rightly conducted according to economic reasoning whilst others (Gorz's 'life') are not and should not be colonised by such discursive formations. To use the language of 'work' in 'life' would be a 'perversion or negation of the meaning' (Gorz (1989) p.132/133) in the latter.

Gorz shows that the 'caring professions', as he calls the group devoted to educational and health concerns, is not 'work', even though remunerated, since its activities cannot be codified and defined in the same way as commodified products. Gorz is arguing not that it is difficult to measure the commodified output but that measurement is not only inappropriate but also potentially dangerous. As he points out, it is 'possible for the efficiency of 'carers' to be in inverse proportion to their visible quantifiable output' (Gorz (1989) p.143). This is because the service 'depends on a person-to-person relationship, not on the execution of predetermined quantifiable actions' (Gorz (1989) p.143). From this 'relationship-basis' for actions, all manner of key differences emerge which takes the activities away from 'work' to 'life' and can result in growing antagonism between the intrusion of the approach of the former in the latter. For as Gorz points out:

"The doctor (or teacher, etc.) has been involved in the service he or she has provided in a manner that can be neither produced at will, nor bought, learned or codified. She or he has shown an interest in the other person as a human being and not just in their money; he or she has established a relationship with the other that cannot be expressed in terms of a predefined technical procedure or computer programme." (Gorz (1989) p.145 (emphasis in the original))

Thus, to Gorz, the ethos and concern of the 'caring professions' takes the activity out of the realm of 'work' to make it qualitatively different situated in

the realm of Gorz's 'life' even though it can be denoted to be a 'commodity' endeavour.

Whilst Gorz's stark' categorisation between 'work' and 'life' has considerable intuitive plausibility as well as intellectual support (e.g. Anderson, 1990) there are others who suggest that these clear categories are in need of some softening. What is at stake here, as Sayers (1991) and Power (1992) suggest, is whether the value of 'work' is totally measurable using economic reason and whether 'life' should be totally exempt from any form of measurability in quite the extremes Gorz is suggesting. Perhaps we could juxtapose what is being suggested in accounting terms. For to Gorz, the value of 'work' activities can be adequately expressed through economic profit measures which come from a relationship between input resources and output measures expressed, wherever possible, through market exchanges. On the other hand, to Gorz, the value of 'life' activities need input resources to survive but their value is unmeasurable and therefore accounting has no place in such activities. The danger of this extreme position for Gorz's 'work' is that it assumes that this activity can be totally expressed in and through market measures and thus denies all the omissions, inequalities and injustices which are encapsulated in market prices (cf Cooper and Sherer, 1984; Tinker, 1985; Gray, Owens and Maunders, 1987). Put simply the value of 'work' goes beyond simple market measures. Putting 'life' as the extreme opposite gives a degree of romanticism to a whole domain of activity which is still grounded in some way with the market.

Whilst the criticisms of Gorz undoubtedly have some legitimacy, particularly with regard to his domain of 'work', the danger of too much softening of this position is that all activities will ultimately fall victim to economic reason. This would completely undermine Gorz's central thesis that economic reason is 'unaware of how narrow its proper limits are' (Gorz (1989) p.2) and that there

are deep seated fears of the destructive power if economic reason should expand its territorial domain. Perhaps we could rephrase Gorz's categories, taking into account the critics' views, as follows: there are a number of activities where economic reason and simple accounting measures are necessary but not sufficient to encompass and express value and their usage is not seen as a threat to the very activities themselves; there are a further group of activities where economic reason and simple accounting measures are not necessary and not sufficient and are seen as a potential threat to the very heart of the activities themselves if they are used to determine value and behaviour.

The potential threat of economic reason can be perceived as a dangerous 'secularisation process' of underlying beliefs and values. Durkheim (1976) first introduced the important distinction between the 'sacred' and the 'profane' but his analysis remained rather embryonic. Eliade (1959), on the other hand, building on Durkheimian thought takes the debate into new levels of meaning both for definable religions but also the seemingly desecralised world of modern societies. There is, according to Eliade, an inevitable, quite possibly ill-defined but clear, hierarchical view about what is important and central (the 'sacred') as well as what is unimportant and peripheral (the 'secular' or the 'profane') to the concerns of individuals and organisations. Where the perceived 'secular' attempts to infiltrate and control the 'sacred' then this is a 'secularisation process' which is potentially life threatening and needs to be resisted at all costs.

Based on this logic it is possible to speculate that economic reason entering into certain activities can be perceived to be seen as a 'secularisation process' which has the potential of destroying the perceived 'sacred' core. Such a potential 'secularisation process' is perceived to be dangerous and life threatening and must be heavily resisted. What is being talked about here is

potential change of an unwanted 'colonisation' form (which will be called 'second order change' in chapter six which discusses this issue in detail) which can lead to major shifts in the 'interpretive schemes' of any organisation. These interpretive schemes provide the core 'reproductive cells' or, using religious symbolism, the 'sacred' heart, of any organisation and thus any attack on them is seen as being life threatening.

The above is couched in perceptual terms and assumes both the reality of these perceptions as well as their legitimacy all of which needs to be debated. Is economic reason really that life threatening to certain activities and organisations? Should certain activities or organisations be opened up to economic reasoning even if it results in fundamental change? These questions are clearly significant but what needs to be stressed in the present context is that these are perceptions from the perspective of the actor or organisation resisting the encroachment of economic reason. To the extent that perceptions make reality they are real and significant. Thus if the actors perceive this intrusion to be an inappropriate reduction of previously granted autonomy, which is life threatening in terms of underlying values and beliefs, then this is real for them. Likewise this perceived breaching of the self-reproductive process of such actors and organisations can only be justified if the organisation in question is 'demonstrably abusing' its societal role as we have already highlighted in chapter four.

Turning now specifically to health and education institutions, the use of religious symbolism in terms of the sacred and the secular seems particularly apt when related to these institutions due to their historical roots in the Church. Laughlin (1984, 1988, 1990) demonstrates that not only is the sacred and the secular dominant in religious organisations, such as the Church of England, but that all economic, financial and accounting processes and

concerns are clearly depicted as secular and inferior to the sacred agenda and should not interfere with the latter. It seems highly possible that, despite their distance from these roots, and following the logic of Eliade, the modern medical and education services are quite simply an admittedly blurred, but still meaningful, mirror image of the Church with a similar disdain for economic thinking playing a major part in their 'sacred' life. This is not to say, of course, that other values and concerns have not played a major part in formulating the nature of these institutions since they broke away from the Church, but simply to highlight the importance of these original roots as providing a framework of thinking aligned to this hierarchical view of the sacred and the profane.

Unlike the Church of England, however, education and health institutions are now being required by law to introduce economic thinking into their decision processes. Yet, following the above logic, such moves will inevitably be seen as a secular threat to the sacred core of these institutions. Their relevance criteria are clearly questionable - they are changes which are not 'regulative' but 'constitutive' and difficult to justify to the body corporate and thus not 'amenable to substantive justification'. They are perceived to be attacks to the interpretive schemes of these institutions which, if successful, would disrupt the self-reproductive processes of these interpretive schemes.

If this analysis is correct, the 'regulatory dilemma' with its possible forms of 'disintegration' (of the organisational social systems and the political designers) is the likely empirical outcome based on Teubner's analysis. We end, therefore, with some brief insights into these possible effects.

On the matter of the disintegration of the organisational social systems the empirical insights to date, as will be shown in chapter seven, suggests that the changes are being absorbed, at some considerable physical and material cost to

many individuals, but that long term this absorption may not be sustainable. Thus, at present, the 'sting' of the changes is minimised and 'first order' change processes (using Laughlin's (1991a) and Broadbent's (1992) models of organisation change, described in chapter six) are being adopted. The difficulty is that only time will tell as to whether such costly absorption processes can be maintained. The danger of colonisation and 'second order' change is always a possibility whenever some form of change is accepted within any institution particularly through the thinking and role of the small group. Sometimes this small group becomes colonised by the values implicit within the change (they become 'believers' rather than 'agnostics' or 'atheists' as Laughlin (1991b) categorises the different 'managers' of the changes) and may have the power to engender major change in the interpretive schemes of the entire organisation. With this colonisation comes, inevitably, a shift in the 'sacred' (core) interpretive schemes and, if there is a shift in the sacred centre, the death of the institution, as currently defined, is inevitable making the disintegration complete and absolute.

On the matter of political disintegration the indications are unclear at the moment. Certainly as the arguments in the earlier part of this chapter have shown and Laughlin, Broadbent and Shearn (1992) have indicated, the public resentments against the health changes are immense. This resentment has been focused not only in a public campaign by the powerful British Medical Association but also by the opposition parties in parliament. In addition, there is genuine public concern that the NHS is an institution 'under threat'.

There has not been so much of a public outcry about the totality of the education changes although academic comment on the implementation of the changes has emerged (cf Dixon, 1991; Murphy, 1992; Wallace, 1992; Broadbent, Laughlin, Shearn and Dandy, 1993). This perhaps reflects the

respective professional standing of education and health in UK society which may have more than a passing relationship to the greater levels of anxiety health matters engender in the thought processes of most people. However, where individual schools have been threatened by the new funding arrangements considerable local concern has been apparent.

What is apparent more generally is that health and education are at the forefront of the minds of many people and are clearly issues on the political agenda of individuals. The reforms have clearly not defeated the Conservative Government and their fourth election victory, albeit with a reduced majority, is evidence of continuation rather than disintegration. But undoubtedly health and education issues continue to be highly sensitive political issues and the legislative changes are clearly ones which are only questionably in line with the societal lifeworld.

Thus, the nature of the attempts to change the NHS and Educational societal systems remain questionable. In order to explore the effects of these changes the focus of the thesis will now change and the emphasis will be upon the micro-organisational level. In the next chapter the development of the Habermasian model will be continued in order to produce a framework upon which to explore change at the organisational level.

CHAPTER SIX.

SOME MODELS OF ORGANISATIONAL CHANGE: MOVING TO THE MICRO LEVEL.

6.1 Theoretical Perspectives: Some General Aspects.

In this chapter the attention of the thesis turns to the organisational level and the aim is to provide a framework with which to reflect on the organisations which are affected by the efforts of government to impose change. The chapter will be based on a theoretical framework suggested by Laughlin (1991a) and developed by Broadbent (1992). This framework has its roots in the Habermasian model of societal evolution.

6.1.1. An Overview of the theoretical model of change.

The concern of this model is organisational change and, in particular, it is based on processual theories of what Laughlin (1991a), following Argyris and Schon (1978), calls first and second order levels of change. The work of two authors, Levy (1986) and Laughlin (1991a), will be examined in some detail, as they provide a framework upon which to build an interest in the less tangible organisational elements: the interpretive schemes. Laughlin (1991a), synthesises and develops a model of organisations and processes of change within them, drawing from a wide range of literature, (especially the work of Bartunek 1984, Greenwood and Hinings 1988, Hinings and Greenwood 1988 and Levy 1986). In seeking to provide frameworks which can be used as a basis for developing an understanding of the processes of change, Laughlin differentiates between different elements within an organisation, as explained in chapter four, namely, the lifeworld, steering media and systems. However, in this paper he modifies the terminology to allow some correlation with terms used in the wider organisational literature with which he engages using the

terms 'interpretive schemes', 'design archetype' and 'sub-systems'. The sub-systems (the systems in the previous terminology) are seen as the more tangible elements of an organisation, the buildings, for example. The interpretive schemes (the organisational lifeworlds) are seen as the underlying sets of values and beliefs which are held by organisational members. They are given structure and coherence by the design archetype, (the organisational steering media) which comprises the structures and management systems of the organisation. The sub-systems, in an 'ideal-type'¹⁰ situation, are guided by the design archetype in ways which are commensurate with the values represented in the interpretive schemes. Following Laughlin (1991a), this chapter will give particular consideration to the interpretive schemes and the design archetype. The *extent* of change in these elements, it will be argued, is central in categorising the *type* of any change.

Interpretive schemes are formed discursively over time and comprise the beliefs and experiences that guide behaviour and action, (Laughlin 1991a). The work of Bartunek (1984) also addresses the nature of interpretive schemes in some detail. Bartunek sees the interpretive schemes of an organisation as a bundle of *many* shared meanings, values and myths. They are important in organisational terms because, in the social world, there is always a possibility that experiences may be interpreted in different ways by different people. The interpretive schemes, because they comprise a set of shared meanings, values and beliefs, provide a means by which organisational members have the possibility to achieve shared interpretations of the same events. Organisational membership, therefore, suggests knowledge if not always acceptance of the many elements which comprise the interpretive schemes.

¹⁰The use of 'ideal type' is in the Weberian sense and has no relation to issues of evaluation, but is an analytical category

The work of Levy (1986) suggests that the different elements within interpretive schemes exist at differing levels of abstraction. At the highest level of abstraction are metarules, forming the organisational paradigm which underlies and un-noticeably shapes perceptions. For example, in the National Health Service, they might relate to notions such as the importance of human life and health, in educational circles they might encompass notions of rights to maximise one's potential through the opportunity to learn. Less abstract than that are the missions and purposes of the organisation, these are seen by Levy to include statements about "what business we are in" (p17). Again in the context of the present study these might be seen as referring to the notion that the health service is there to provide health care for the general population and that schools are there to educate our children. Less abstract again is the culture or the beliefs, values and norms of the individuals in the organisation, these will comprise the symbolic elements and myths and rituals of the organisation. In the context of health and education this can be seen to relate to how we provide health care and schools, in the UK through a national service free to all at the point of use. It might also relate to the roles expected of health professionals and patients, teachers and pupils, within those services. Finally, Levy defines core processes- these are the decision processes, the structure and management of the organisation and its communication patterns. The accounting systems, the management structures and accountabilities in both services provide concrete examples of these elements.

Laughlin, in his model, incorporates Levy's ideas of the different levels of abstraction but equates the core processes with the design archetype of the organisation rather than the interpretive schemes. Figure 6.1 illustrates these relationships.

FIGURE 6.1 HERE

Whilst analytically separable, in a practical situation, recognition must be given to the 'slippery' or amorphous nature of the categories - the interpretive schemes, the design archetype and the organisational sub-systems, as well as the different levels of the interpretive schemes. Overlap between the elements is inevitable, each element melts and merges into the other, and a continuum of possibilities, ranging from the concrete to the abstract is represented. Thus there are no definite boundaries to the diverse elements, simply tendencies to be more or less related to an 'ideal type' element. They might be seen as strata of different coloured sands, slipping and sliding together, undulating and mixing in places, yet retaining their integrity in others. That Levy and Laughlin vary in the detail of their analytical categories is therefore unsurprising.

The model developed by Laughlin separates out the design archetype as a crucial link between the sub-systems and the interpretive schemes. Accounting is argued to form an important part of the design archetype. It is a key element of the organisational communication system. Hopwood (1990) suggests that accounting gives visibility to things not previously visible and allows them to become available as the basis of calculative practice and economic decision making. Thus the visibilities which are achieved by accounting within organisations supposedly provides a greater capacity for the organisation to be managed in a particular way. The central issue for the purposes of this paper is that accounting (a part of the design archetype) can also be argued to give visibilities to the less tangible elements of the interpretive schemes. The design archetype is a tangible manifestation of the values of the interpretive schemes, there to guide the sub-systems in a way commensurate with those values. The relationship of the design archetype, (in this case the accounting system), and the interpretive schemes is a close one. Remember that Levy, unlike Laughlin, sees the core processes (including the communication patterns and decision making processes with which accounting is so closely involved), as part of the

interpretive schemes. Given this closeness, then the accounting systems provide a more tangible focus for examining how the interpretive schemes develop in the context of a process of change.

Owing to the complexity of the notion of the interpretive schemes, in particular the different levels of abstraction at which they are argued to exist, recognition of the extent of any change is difficult. Levy, like Laughlin, is interested to find a conceptual framework to enable discussion of what is called second order change, i.e. that change which can be seen to alter the interpretive schemes of an organisation. Second order change is explicated using a term borrowed from biology, morphogenesis. Here the change is such as to alter the genetic coding of an organism and ensure that change passes to future generations. It can be contrasted with first order, morphostatic change, which makes only minor adjustments, and within which the interpretive schemes are not fundamentally altered. Laughlin provides four different models of change and argues that for second order change to occur there must be change in the interpretive schemes. He argues that first order change, in contrast, is that which involves changes at the level of the design archetype. Levy goes rather further and posits that second order change cannot be achieved unless the organisational elements at the highest levels of abstraction are changed. He highlights the fact that many attempts to produce change have been directed at the cultural level of organisations and questions the extent to which this might be seen as providing effective change.

The models which will be used to guide the interpretation of the empirical data (in line with the middle range approach) are those of Laughlin (1991a). These models give a more comprehensive framework for studying the processes of change, although the work of Levy (1986) provides an important vehicle for enriching Laughlin's analysis of the change produced. Laughlin's models point

to the importance of examining the interpretive schemes and design archetype of an organisation if the process and extent of any change is to be fully understood. As has been argued earlier, the elements of the design archetype provide a mirror of the elements of the interpretive schemes. If the organisation is in balance then the design archetype is there to steer the sub-systems in a direction coherent with the interpretive schemes.

6.1.2. The models of change.

Using these ideas Laughlin (1991a) proposes four basic models of change which will now be described briefly. Two of these are changes of a first order, that is to say that there are no changes to the interpretive schemes of organisations adjusting to outside disturbances, the other two are second order changes, where there is change in the interpretive schemes.

The first possibility is called *rebuttal*. Figure 6.2 illustrates this configuration. Here the outside disturbance does not change the interpretive schemes, nor the sub-systems of the organisation. Some change of the design archetype may occur in the short term. This is such that the outside disturbance is minimally accommodated but is not allowed to impinge upon the organisation in any substantive way and the balance between the interpretive schemes and the sub-systems is not disrupted at all, the sub-systems carry on as before. In the second possibility, *reorientation*, (see figure 6.3) both the design archetype and the subsystems may change but the interpretive schemes of the organisation remain intact. This allows the organisation to react to the outside disturbance by incorporating a change in the sub-systems which is still in balance with the interpretive schemes. In this second case, unlike the first, some change in the sub-systems does take place. In both cases the pathway of the change is not necessarily smooth, it can oscillate or different stages may be reached on the way to a final configuration. Both these models are ones in which, because

there is no change in the interpretive schemes, the change is one of a first order.

FIGURES 6.2 AND 6.3 HERE)

The next two possibilities are changes of a second order, because changes in the interpretive schemes ensue. The third alternative pathway is where an outside disturbance is such that it forces change on the interpretive schemes as well as the design archetype and sub-systems. This possibility is called *colonization* (see figure 6.4) and it elaborates the ideas of colonisation discussed in chapter four. The assumption is that the disturbance initially leads to changes in the design archetypes and the sub-systems which in turn force through revolutionary changes in the interpretive schemes. How this happens can only be seen in the context of particular situations (in the true spirit of middle range thinking). Again, the pathway of the change may not be smooth and there may be oscillations or different 'stopping points' on the path, but the outcome is a balanced situation in which all three elements, interpretive schemes, design archetype and sub-systems, are changed.

The final possibility is one in which there is no forced change but there is *evolution* (see figure 6.5). Here, as with colonisation, the final outcome will be changed sub-systems, changed design archetypes and changed interpretive schemes, but the assumption is that the changed interpretive schemes reach their new configuration through processes which are free from coercion - the outcome of free discursive processes undertaken by all the organisational participants.

FIGURES 6.4 AND 6.5 HERE.

6.2. Developing Laughlin's models.

Given that the approach is one of middle range thinking, the models above are not seen as inviolable, they are instead seen as there to inform and be informed by empirical research. They are, therefore, dynamic. In using these models in a case study of change in the NHS (Broadbent 1992) I developed the framework and elaborated the notion of the interpretive schemes. By looking, in this case, at the accounting system and the interpretations of it made by different members of the organisation some insights to the process and extent of any change was developed. In the context of developing Laughlin's models I will next turn to a brief outline of the case study in which that development was made.

6.2.1. Organisational Changes in the NHS: an overview of a case study.

An interest in the interpretive schemes and design archetype of an organisation, as suggested by the theoretical models, is consistent with the focus of attempts to implement change in the NHS. There have been attempts, in recent years, to change the structures and practices in the NHS to bring them more into line with what is seen to be the 'better' practices of commerce, through attempting to change the organisation's culture. Thus, the change process has been directed at part of the interpretive schemes, the culture. Efficiencies have been sought by the imposition of a model which features individual responsibility and market competitiveness. This swing has been called a swing toward 'managerialism' (Davidson 1987). It has been argued that, at a macro level, society is moving away from a 'civic' culture, based on equitable consumption, toward a 'business' culture based on profitable production. (Reich 1983, Marquand 1988). Whilst this is undoubtedly a wide generalisation it nevertheless captures some of the spirit of the changes imposed on the NHS.

Two areas of change are relevant in the context of the current study. First are general management changes, second are specific changes in the management and organisation of the catering function.

The general management of the service has been subject to considerable and constant change, particularly since 1974, see section 5.2 for more details. By 1984, following the implementation of the NHS Management Inquiry (Griffiths 1983), General Managers were appointed at Unit level (a unit being, for example, a hospital) at District and Regional level. The aim was to appoint someone with whom 'the buck stops' and was a specific attempt to use the private sector as a role model.

In respect of the catering services, the Rayner Scrutinies ('scrutinies' of various functions in an attempt to make them more efficient) suggested two sets of strategies (Steele and Delaney 1983). One set related to the introduction of technical advances such as the introduction of cook-chill systems which allowed economies in the labour costs as preparation of food could be spread over a longer period. The second specifically centred upon the use of the private sector as a role model and suggested strategies for bringing in more revenue by selling meals to patients and providing outside catering for private parties, for example. In addition to the Rayner Scrutinies, competitive tendering was introduced. Thus, the cost of catering services was to be tested by making the catering departments compete against external contractors for the contract to supply meals in the hospital.

As was noted earlier, the stated aim of many of these changes has been to introduce a new culture into the NHS, one more in line with commercial organisations. The focus of the case study undertaken was upon the interpretive schemes and the design archetype of the organisation,

encompassing the cultural dimension. It was related to, but somewhat broader than other studies in the accounting area which have related to culture, (see for example, Berry et al 1985, Bourn and Ezzamel 1986b, Capps et al 1989, Colville 1982, Czarinaawska-Joerges and Jacobsson 1989, Dent 1991, Hofstede 1981 Tomkins and Colville 1984). These previous studies all examined culture, seeing it as an important organisational element in changing situations. A change in culture, (because it is part of the interpretive schemes), is an important indicator of the extent of any change. The models of change (Laughlin 1991a) demonstrate this. Thus, it was possible to justify a central focus, in the case study, on the cultural element.

Broadbent (1992) provides a full account of the case study, but the bones of the case can be set out fairly simply. The author was invited to undertake an appraisal of the catering budget in a district health authority (named DDHA) with the ultimate aim of setting a fair budget. In the course of the project, on the suggestion of the catering manager, but with the agreement of all concerned, a new catering budget was constructed using a system which had been previously been the normal practice in the NHS and which was based on the provision of meals within centrally set ranges or norms. These had been abandoned in favour of an approach which allowed the catering managers to set their own budgets according to costed menu plans. This change was suggested in the Rayner Scrutinies (Steele and Delaney, 1983) where it was argued that the previous 'norm based' approach gave no incentive for managers to spend other than up to the norm and the new approach was one which would allow efficiencies to emerge. This clearly fell within the 'managerialist' approach which the changes were intended to engender. The fact that the general managers agreed to the construction of the budget in a 'norm-based' fashion was, therefore, surprising.

Comparison was made between this 'norm based' budget and the actual expenditure for the previous year. The catering manager interpreted the results of this comparison in such a way as to confirm his belief that his performance was appropriate. The general managers in the district decided that the numbers showed that he was overspending. There was room for debate about whether the 'norms' used were appropriate and the accuracy accounting information on which the actual expenditure was based. No such debate developed. It became clear that the accounting information was not the central issue, but that the cultures of the two groups of people, which formed the context for their interpretations of these figures, were vital in understanding their views. The case illustrated the context and the ways in which the new cultural orientation, managerialism, described earlier, had been adopted by the general managers. It was argued that any such orientation was the result of the fact that they had all had to re-apply for the posts that they currently held when the 'new' management structures had been introduced. They were remunerated by a performance related pay package and their career paths were closely related to their ability to perform in their new environment. It was argued that the general managers were moving towards the 'business' culture (Reich, 1983; Marquand, 1988), adopting some, but not all, of the elements of the new 'managerialism' (Davidson, 1987). The case also illustrated how, in this particular district, the catering manager had been insulated from the general impetus for change described earlier. No technical changes were immediately possible until the construction of a new District General Hospital was completed (which was 18 months away). The 'old fashioned' nature of the existing facilities and the fragmented nature of the existing hospitals meant that more 'private sector' type initiatives were impossible and also meant that no outside tenders were received to compete against. The catering manager, therefore, retained an earlier cultural orientation which was geared to the notion of providing a service at a given price, a 'civic' culture (Reich, 1983,

Marquand, 1988). The conclusion was reached there were different effects on the interpretive schemes of the two groups of people who were both subject to pressures to change .

6.2.2. Developing the Change Models.

In applying Laughlin's models directly to a practical situation it was possible to see that it was more complex than the models would suggest. The empirical data indicated that a more complex model of the interpretive schemes is needed and that the pathway of change in an organisation may not necessarily be uniform - different elements of the organisation may change in diverse ways and at different rates. Laughlin's models address the differential way that an organisation's interpretive schemes are affected by attempts to introduce change. They do not address the question as to whether all members of an organisation would hold the same set of interpretive schemes. This case study provides evidence that organisational members need not necessarily hold identical sets of interpretive schemes.

The case study provided evidence that there had been differential change at the cultural level amongst different organisational members. The change in the interpretive schemes adopted by members of the managers group can be seen to be rather tentative, but moving toward second order change. The detailed case shows that managers used the 'old' culture to guide the conception of the design archetype (the 'norm -based' budget), and the new one to guide their interpretation of that budget. This is not out of line with a situation described in Laughlin's analysis, developed from the work of Greenwood and Hinings (1988), suggesting the possibility of schizoid positions in the course of organisational change. In Laughlin's work it is argued that the change in the interpretive schemes or design archetype in an organisation may not necessarily

follow a linear track, but may stop at different stages or oscillate on that track. This case study provided some evidence of this occurring.

The case detailed how the catering manager held a different position, rebutting the new culture. His culture had not changed and he operated with the set of interpretive schemes which he had always adopted. There were, therefore, different cultural orientations in the interpretive schemes embraced to different extents by different organisational members.

This is, of course, not a novel discovery, there is a well known literature on the area of sub-cultures in organisations and society (Martin and Siehl 1983, Whyte 1948). However, much popular contemporary management literature (particularly that following Peters and Waterman, 1982) is concerned with the development of organisational cultures as *wholes*, considering sub-cultures as a pathology and a limitation on the excellence of the company. The papers by Laughlin and Levy, which form the basis of this analysis, do not adopt the prescriptive stance of much of the popular contemporary literature. Equally, they do not deal with the possibility and outcome of fragmentation of the cultural element of the interpretive schemes in an organisational context. Bartunek does address the issues of the differentiation and integration to which an organisations interpretive schemes are subject, in a process of change. She does not, however, attempt an analysis of the different elements of the interpretive schemes, although she does point to the possibility of conflict between groups holding different perspectives, (Bartunek, 1984, p.365.)

The existence of cultural fragmentation raises the question of whether the organisation can remain an entity when it has differing cultural elements in its interpretive schemes. Why, in these circumstances, does it not disintegrate?

The organisation which has been the focus of the case study, for example, continues despite this fragmentation. How is this possible?

The amalgamation of the theoretical models and the case study, provides a means of suggesting an answer to the questions above by extending the original analysis offered by the theoretical models. This amalgamation suggests an element of flexibility in the linkages between the different elements of the interpretive schemes and between the interpretive schemes and the design archetype. This flexibility results from the existence of different levels of abstraction in these elements. The existence of different levels of abstraction allows for the possibility that agreement of organisational members at higher levels of the interpretive schemes (e.g. the metarules) might be contrasted with disagreement at lower levels (e.g. the cultural level). Because of the agreement which exists at higher levels of the interpretive schemes, differences at the lower cultural levels do not cause the organisation to disintegrate or break up. The organisation is, instead, able to absorb some level of organisational tension. Thus, a more complex conceptualisation of the interpretive schemes of the organisation might be suggested (Figure 6.6)

FIGURE 6.6 ABOUT HERE.

This figure is meant to encapsulate the complexity of the interpretive schemes of the organisation which has been illustrated by the case study. A congruence at higher levels of abstraction in the interpretive schemes nevertheless allows some fragmentation at the cultural level. The fragmentation at this level provides different orientations to the same design archetype and the possibility of organisational conflict. The coherence of the higher level metarules and missions contains the conflict and the organisation continues.

This issue of fragmentation and flexibility is resonant of the ideas of Glassman (1973) as used by Weick (1976). Glassman's basic argument is that whilst organisational systems are responsive to each other they can, nevertheless, maintain their own separate identity, thus, exhibiting loose-coupling. The extent of the coupling depends on the extent to which the activities of the two systems are shared. The existence of loose-coupling is argued to allow organisations to persist because not all systems will necessarily have to respond to environmental changes. This situation seems to be illustrated in some detail in the original case study, where the catering manager has been insulated from environmental changes. Weick (1976) notes that this can be an advantage or a disadvantage as archaic traditions may be perpetuated (p.6). Whether the culture retained by the catering manager is an outmoded position or not remains to be seen, as has been argued in chapter four there is much untried experimentation in the changes being introduced into the NHS. Weick (1976) notes that a loosely-coupled system can provide some 'cultural insurance' in times of radical change as different reactions to the change are produced, some being more advantageous than others. In the case of the NHS this fragmentation may prove to be advantageous, offering some 'cultural insurance' in the longer term

Fragmentation, whilst being useful in some situations, may not always be an advantage. In some cases, no doubt, tension between the different cultural orientations will become so great that the organisation may disintegrate. The question as to which point in time a fracture in the organisation might occur can only be found in the empirical context, for a given organisation. This points for the need for more contextual research to explore different situations of change. This is in line with the requirements of middle range thinking; without the empirical research, theoretical advances cannot be made. In fact, as will become apparent in chapters seven and eight, the theoretical models are

constantly refined in and through the empirical insights gained in the context of the research. The thesis, thus, provides an illustration of this dynamic process of development.

A further issue for clarification is the point at which change can be said to be of a second order. This is important, not only to provide a more complete theoretical analysis, but also because this is a key issue in understanding the nature of change in organisations in practical situations. Laughlin (1991a) argues that there is second order change when any of the elements in the interpretive schemes alter; Levy (1986) is more specific, demanding change of more than the culture. Thus, it is possible to debate the issue of second order change. Accepting Levy's position, cultural change can be argued to be necessary but not sufficient for second order change. The position taken in this thesis is more aligned to that taken by Laughlin, that second order change is that which alters the interpretive schemes at any level.

Consider the position illustrated by this case study. There is little evidence to suggest that the members of the organisation have had the metarules and missions of their interpretive schemes changed by the introduction of the new legislation. All organisational members still believe that health care is a central issue of importance (thus the metarules are intact) also they see the NHS as the provider of health care in the UK (the missions and purposes are intact) but they do differ as to how that care should be provided. *Thus*, if Levy's criterion that second order change requires more than change at the cultural level of an organisation's interpretive schemes, there is no second-order change within DDHA, but if Laughlin's weaker criterion of any change within the interpretive schemes is used, then some organisational members, the general managers, could be argued to have undergone a second order transformation and are engaged in trying to colonise other groups with their thinking.

The fragmentation at the cultural level complicates the issue of classification of the overall organisational change. Where fragmentation exists, can even first order change be said to occur, unless the culture of *all* organisational members is changed? As noted earlier, Laughlin (1991a) points to the possibility of a schizoid organisation where the interpretive schemes oscillate between different positions on a pathway of change. This case suggests that an organisation may also be 'schizoid' because it has a fragmentation of the interpretive schemes at the cultural level.

Consideration must be given to the stage at which the impetus for change is so great that it triggers a change from the cultural to a higher level of abstraction. The answer to this question can only be found by following, in depth, and over time, the process of change in an empirical context. Again, it should be emphasised that this is in line with the middle range approach which is being adopted. Chapter seven will move towards a consideration of these issues.

A final point which the case illustrates is that change cannot simply be evidenced by consideration of the design archetype alone. Logically a change in the interpretive schemes should lead to change in the design archetype, but change *may* take place before the design archetype is adjusted. As can be seen by reference to the detailed case study the accounting records, forming part of the design archetype, did not change. It was the attitudes of the different members of the organisation and their differing interpretations of the information which gave an indication of change. Thus, evidence of change comes from the attitude of the organisational members to the design archetype. Interpretations of the same design archetype can be very different because of the diverse cultural orientations of organisational members. The same design archetype is flexible enough to link to different cultures and this allows 'schizoid' organisations to continue without a need for change of these more

tangible elements. Given that tangible elements, such as an accounting system, cannot often be changed instantaneously, (because of practicalities such as cost or lack of staff training, for example) the existence of this flexibility is important. It allows for change of the design archetype to be phased in on a more evolutionary basis and lag behind a change in the interpretive schemes. However, the fact that the same design archetype can be interpreted in different ways emphasises that studies of organisational change will be incomplete if they do not move beyond a study of the tangible elements which comprise the design archetype. There is, therefore, a strong need for qualitative studies of change in organisations.

This development of the work of Laughlin has extended the analysis of the interpretive schemes. In particular it has provided an examination of the effects, in a process of organisational change, on the different elements which comprise the interpretive schemes. The suggestion is that organisations can exist despite tensions between different groups within them because of common commitment to the highest elements of the interpretive schemes, the metarules and the missions and beliefs.

6.3. Issues for consideration in the context of the empirical research.

The models provided by Laughlin (1991a) and developed by Broadbent (1992) highlight several issues which will be a focus for chapter seven. Firstly, they highlight the centrality of an organisation's interpretive schemes or lifeworld. They demonstrate that to understand the level of change we need to consider these elements as well as the design archetypes (steering media) and systems. Secondly, the possibility of fragmentation of the organisation is noted. Thirdly, the importance of a small group of key individuals in the organisation and how they react to the change is highlighted as centrally important in understanding the change process. For example, the managers in DDHA and the managers in

European Railways (discussed in Laughlin (1991a) and published subsequently in Dent (1991)) can be seen to be key in deciding the extent of change. Whether they become 'colonisers' seeking to implement the changes or whether they become 'absorbers' (as described in chapter seven) seeking to 'protect' the organisation from the change is a central issue. Finally, the extent to which colonisation can change the lifeworld of the organisation is highlighted. The reflections on and discussion of the empirical data that will follow in chapters seven and eight will focus on this aspect in some depth.

CHAPTER SEVEN.

EMPIRICAL WORK IN THE FIELD OF EDUCATION AND GENERAL MEDICAL PRACTICES IN THE UK.

7.1 Overview of the research projects and the methods used to collect data.

As with the research reported in chapter five, the data discussed in this chapter results from a number of research projects which fit in various ways into an overall programme which is concerned with change in the public sector. Again, this means that there is a diversity of data from the two broad areas of health and education. This is not to say that there are no common themes and the central message of the chapter is that the changes being imposed are ones which are not in tune with the lifeworlds of the organisations in question and that the ways of handling the imposed changes, whilst contextually different, have great similarities in approach.

The backbone of the programme lies within two longitudinal projects. The first, in the area of health care involves working with six general medical practices¹¹. The second one in education¹² is working with four schools. These have been supplemented by two further studies using the insights of the longitudinal work to provide a framework with which to develop more 'snapshot' insights into a wider range of sites. The first of these projects involves conducting interviews in 24 schools, the second has been concerned with re-visiting the 24 schools and visiting 36 general practices to conduct

¹¹General medical practice was chosen as a relevant site to research as the project reported in chapter 4 discovered a paucity of research in the area and the legislative changes to this sector seemed to be the most extensive since the inception of the NHS.

¹²Education was chosen because of the general interest of the research team in this particular area. Again, this interest was stimulated by an awareness of the legislative changes and the involvement of members of the research team as parents and governors of schools.

further interviews with a view to providing some comparisons between the two sectors.

The longitudinal work in both cases is located in a small number of sites in order that rich understandings can be developed. The sites were chosen to give some diversity. The four schools represent both primary and secondary sectors and more and less affluent populations of a northern city. The six general medical practices (GP practices), located in a Family Health Services Authority (FHSA) in the north) are drawn from different sizes of partnerships and different socio-economic areas. The methodological approach is that described in chapter 3, and it, therefore, involves the team in visiting the organisations in question to gather information which has been used as the raw data from which to develop critical theorems in the course of discursive processes. The basic approach involves open ended interviews with members of the organisations in question. The theoretical framework described in chapter six guides the nature and content of the interviews. Thus, interviewees were asked what they thought about the changes being introduced, in order to try to build up some initial insights into their interpretive schemes. In addition, information about the way in which the design archetypes and the systems in the organisations are organised was also gathered. Background information about the organisation and its members, such as points of interest in the history of the organisation and the physical organisation of the premises, was also collected.

As well as conducting interviews with organisational members the team have sought to immerse themselves in the organisations in question as much as is possible. This has proved to be easier with the schools than with the GP Practices. In the case of schools it has proved possible to spend days in the

classrooms with staff, attend concerts and fund-raising events, parents meeting and governors meetings. This quality of involvement is not practicable in the context of GP practices where the central activity of the consultation is not an appropriate arena in which to observe. Neither are there the 'public' activities which are part of school life. Hence, the data from the GP practices is mainly interview material.

The data is recorded by taking notes at the time of interviews and during observation of meetings, supplemented by extra notes made as soon as possible after the encounter. The data is circulated to members of the team who then meet to discuss the material and to develop critical theorems about the processes underway. The understandings developed have been taken back to the organisations in question and the 'process of enlightenment' has started in respect of the data discussed in this chapter. This stage is on-going as more information is generated in the earlier parts of the process.

The understandings generated in the two longitudinal projects have provided tighter frameworks with which to conduct more data collection in the larger number of sites. Whilst this does not signify that the findings reported are generalisable it allows some confidence that they are not simply localised to the initial sites chosen. Thus, the initial insights from the two longitudinal projects enabled us to identify those individuals likely to be centrally involved with the changes imposed by the new legislation and accompanying regulations. Open ended interviews were conducted with these people in the 24 schools and the 36 GP practices. In the schools the interviews were with the headteacher and chair of governors (representing those likely to be closely involved with the changes) and a classroom teacher (to discern their levels of involvement in the changes). In the case of GP practices interviews were with a senior partner,

the practice nurse and the practice manager. In larger practices a receptionist was also interviewed.

The discussion in this chapter is the result of this extensive data collection. This is still on-going. There is an abundance of data and the aim will be to illustrate the themes as well as explore their implications. To do this the data will be reported in two main sections, the first providing insights into education, the second into GP practices. The general themes which emerge from both sites provide the basis for developing further discussion in the following chapters.

7.2 A Summary of Recent Financial and Accountability Changes in Education: A Discussion of the Context .

As noted in chapter five, the Education Reform Act of 1988 has introduced much change into schools. It has required the delegation of financial control away from the Local Education Authorities (LEA) to governors of all schools with 200 or more pupils. This new arrangement is called Local Management of Schools (LMS). It has also introduced the National Curriculum (NC). Whilst the financial and curricular issues remain inseparable the main focus of this section of the chapter will be on the financial issues of LMS. LMS involves the introduction of a formula funding arrangement based primarily on age-weighted pupil numbers which will decide the resources allocated to each school. With the publishing of the Education (Schools) Act (1992) schools now have to publish their examination results and truancy rates and the inherent logic assumes that parents will use this information to choose where they send their child to school. As pupil numbers determine the bulk of the resources allocated then there is an indirect link between certain activities in schools and their financing. As one teacher recently said informally 'children

now come with pound notes on their foreheads'. The freedom to manage the budget at school level therefore brings with it financial constraints and the accountability of the NC.

The specific focus of this section is on a critical analysis of these new freedoms and constraints from an empirical perspective so as to provide some important insights to allow the much demanded evaluation of these proposals to ensue. The general view is that the educational value, particularly of the devolution process, is largely unproven (cf Bell, 1988; Thomas, 1988; Levacic, 1990; Wallace, 1992). Whilst the proposals in ERA were supposedly built on the pilot schemes in Cambridgeshire and Solihull these pilots were not fully evaluated (cf Levacic, 1990) and ERA's devolution model bears little resemblance to these earlier experiments (cf Burgess, 1987; Bell, 1988). Thus, despite the fact that all schools of over 200 pupils will have devolved budgets by 1993, the need for evaluation of these proposals continues to be of central importance. This data starts to provide some of the necessary insights for this evaluation to occur by looking critically at the ('intrinsic') theoretical merit of the proposed changes and their ('extrinsic') empirical worth of the changes as seen through the experience of various schools. This point will be discussed in some detail in chapter ten, but briefly, 'merit' and 'worth' analyses are increasingly being seen as vital ingredients in any form of 'softer' or more interpretive evaluation, which arguably is the most appropriate mode for looking at the changes enacted through ERA (cf Guba and Lincoln, 1981, Grimwood and Tomkins, 1986; Lincoln and Guba, 1990; Levacic, 1990).

With this in mind the chapter moves on to a presentation of vignettes of the four schools at a point where they were first coming to terms with the implementation of LMS. This is based on work published by Broadbent,

Laughlin, Shearn and Dandy, (1993) . This was an early review of the changes as they affected the schools. More changes have taken place since then. However, this early reflection allowed several themes to emerge and is significant because of this.

7.2.1. Vignettes Of The Four Schools

It is necessary, before turning in detail to the four schools, to sketch something of the background which affects them all. The schools are located in one LEA, a Northern city. They all received delegated budgets via formula funding for the first time in the financial year 1990/91.

The application of a formula based on age weighted pupil numbers inevitably means that the distribution of funds is not that which previously existed. In particular, in this authority, schools which had been supported because they served areas of great social deprivation could not now receive the level of support which they previously had. Other schools were therefore likely to benefit relatively . These categories came to be known colloquially as 'winners' and 'losers'. These labels are, however, somewhat misleading because due to the overall budgetary constraints which the council suffered, no school was particularly better off.

Another complicating factor is the notion of transitional arrangements. This system was set up to ensure that those schools which would 'lose' under formula funding would have several years in which to phase in changes. Winning schools, equally, were also to receive their increased allowances over a similar period of time, but by a change in transitional arrangements all winning schools received their full budget share in the second year of LMS.

Following the first year of delegation for the four schools (and others in the authority) the LEA changed the formula, and therefore the basis of the allocation of the delegated funds. This meant that the predictions which the headteachers had made for the resourcing base of the second year of delegation were incorrect, and problems therefore arose. The problems focus as much around suspicion of the LEA as with resourcing. The concern lies with a lack of confidence to make longer term plans.

A further layer of complication centres upon the fact that, at the time of writing, the LEA had been in the process of carrying out a review of schools in the Authority, The Schools Review, amongst other things to change the age of transfer from primary to secondary of all pupils to 11+, instead of a mixed 11 and 12 years old system. The result of this review was that all four of the schools had to plan to cope with changes in their school population, the primary schools losing their cohort of 11 to 12 year old pupils to the secondary sector. Confirmation of the changes had to await the outcomes of various appeals procedures, thus, causing planning problems. These were amplified by an intensification of the problems of the general budgetary shortfall in the Local Authority as a whole.

The content of the vignettes which follow should therefore be interpreted in the context of the above information.

7.2.1.1. Picton

Picton is a large comprehensive school with approximately 1200 pupils aged from 12 to 18. It lies within a middle class area of a large northern city. It has approximately 70 staff, including a head teacher and three deputy heads. Its clerical and administrative support comprises a Registrar, an Assistant

Registrar, three clerical/secretarial assistants and a recent and temporary appointment of a full-time clerical assistant to specifically deal with financial aspects of LMS. The capitation in 1989/90 was of the order of £40,000, the devolved budget for 1990/91 was just over £1.8 million. The school is one of the winners of the application of the formula allocation; there was a surplus in the first year of delegation, but, in the context of the overall declining budget, this was less than was hoped for. In the second year of delegation, 1991/2, there was initially some confusion over the delegated budget and disagreement about the manner in which transitional arrangements were applied. The outcome was that a surplus over the originally set standstill budget was forthcoming.

The implementation of the Schools Review mentioned earlier will lead to a need to expand the school buildings, as there will be an extra year of pupils to house. The school is already stretched for accommodation and wishes to maintain a thriving sixth form, which traditionally attracts pupils from other schools in the Authority which do not have their own sixth forms. There are important resource implications here as the funding for buildings is not controlled at school level; support from the LEA, therefore, needs to be enlisted.

Turning now to the issue of LMS; the most striking issue is its apparent lack of impact on the school as a whole. The introduction of the devolved budgets and the related financial matters have been largely absorbed by a very small group of teachers, clerical staff and governors. The involvement of the other teaching staff and many governors has been minimal. The members of the small group who are involved with LMS are, in large measure, now doing very different jobs in comparison with both those which they did previously, and

those done by the majority of their colleagues. Three themes help to illustrate this.

First is the nature of the group and the extent to which its members are comfortable in dealing with the new tasks. The small group who are carrying the financial issues are known as the 'LMS Group'. It comprises the Headteacher, one of the Deputies, and to some extent the Chair of Governors. Working with them is the registrar and the new clerical assistant taken on to deal specifically with these issues. A senior teacher, moved sideways from a head of department role, was given major responsibilities for buildings and land but due to personal problems was less centrally involved than the others. This responsibility has now been taken by the Deputy involved with LMS. The group has absorbed all the workload which LMS has involved. The strain and stress on the members of this group has been enormous.

The introduction of competitive tendering within other areas of service provision by the Local Authority (such as works, recreation and cleansing) meant that the schools inherited contracts previously negotiated with these organisations. Headteachers of schools with delegated budgets have not been happy simply to accept the prices and standards of performance represented in the contracts they have inherited and have therefore renegotiated terms with the service departments. They have also organised themselves into pressure groups to review the delivery of these services, and the processes for rendering and approving charges. Members of the 'LMS Group' at Picton have been involved in all these activities. These new activities inevitably are outside the remit that teachers might have expected when they entered the profession, and their lack of experience in such matters has generated much stress.

This stress has been increased for the teacher members especially, as they have experienced great role conflict in adopting the new managerial role. At Picton the Head has described himself as speaking a "different language" from the rest of the staff, and claimed that more of his time is spent talking to cleaners, caretakers and contractors, than to the teaching staff. The other two members of teaching staff involved in the team are in a similar situation; they are effectively isolated from talking of these LMS issues to their colleagues who have no experience and, currently, no interest in such issues.

The second issue relates to the workings of the LMS group in relation to the governors. The LMS group are anxious to find some more 'management types' to expand the team which are managing the increasingly complex contractual and budget problems, but this is difficult even at the governor level. Recent co-options have been geared to this need. Observation at governors meetings shows that governors are not active in addressing financial issues directly. In particular the internal financial issues are not seen as ones which they can address. Instead they seem happier to address the issue of external funding issues, - how to get more money from the Local Authority. In relation to the recent moves at their school to extend the capacity of the physical space, governors have been interested and involved. For many this issue was one to which they could relate; lack of physical space would mean that the children who had traditionally attended the school might now have to attend other schools. The governors seemed happy to input into this debate, and were happy to lobby the LEA. They did not, however, seek to question the staff on the internal organisation of the school, and whether this should be changed to help alleviate the problems.

There has been one exception to this 'hands off' approach and this was when the governors had to become involved in the issue of the headteacher's salary; this could not be decided by the LMS group, and the governing body as a whole took the responsibility. It should be noted that a related decision to use some of the additional money in the 1991/92 budget share over that needed to keep pace with inflation to offer additional increments for the deputy heads, higher allowances to some heads of departments and additional allowances for other responsibility areas in the school, was based on advice from the headteacher. This is in line with the normal approach, to support but not to initiate decisions on internal issues.

The third issue is the lack of impact of LMS on the school more generally. The most obvious lack of impact is on the budgeting process itself. Budgets are incremental and have been built on historic precedence. Departments bid for funds from the senior management team. Whatever funding is agreed is incorporated into the budgets by the deputy responsible for the day to day control of LMS. Essentially, the logic previously used to distribute capitation moneys to departments remains in existence. No fundamentally new systems have been implemented.

On a broader level, the school structures were initially modified to include a 'working group' which would have some interest in the LMS issue. This was one of a number of such working and curricular groups which would feed ideas into a steering committee, who, in turn, would feed policy recommendations to the senior management team. It met twice, amid confusion about its role, and concentrated on trying to 'educate' its members about the nature of LMS. Attempts were also made to involve the general staff in such an 'educational' exercise. Two sessions were held but, in both, staff again were unsure of why

this was taking place and were highly suspicious. From December 1989 no further attempts have been made to involve the mainstream teaching staff in LMS. However, there has been a further review of internal structures, which was intended to bring resource issues more clearly into line with educational matters. This has not yet been implemented, and is currently 'gathering dust'. To date, therefore, LMS is peripheral to the major activities and concerns of the teachers and the school members more generally.

7.2.1.2. Topgate.

Topgate also lies in a middle class area of the city. It is a middle school of some 380-390 pupils of the age group 8 - 12 years old. It opened in the Autumn of 1974 as a new purpose built school. The present headteacher was appointed in 1976. In addition to the head there are 14 full-time-equivalent teaching staff, a deputy head, a general assistant and a school secretary. The current Chair of Governors is a parent of a pupil, although an LEA appointee. The previous chair of governors, who resigned in July 1990, was a parent governor. Most of the governors are parents of pupils, or ex-pupils of the school or have other direct links with it, being teacher or staff representatives. The governing body as a whole is very supportive of the headteacher and the school. The budget of this school in 1991/92 was of the order of £412,000, a huge increase over the previous amount which had to be controlled at school level, the capitation allowance of around £9000. In the first year of delegation this school benefited from the introduction of the formula method of funding, and it has been able to introduce modest increases in its staffing levels, amounting to 0.3 of a teachers time. This freed the Deputy to "become a

proper Deputy" (in the words of the headteacher) and, in the first year allowed her to shed a half-time classteacher responsibility, leaving her free to teach across the school and "know all the children in the school" (in her own words).

The change of formula in the second year of delegation meant that the expected level of resourcing was not achieved and changes in the organisation of the school were introduced to enable more pupils to be accepted to the school to generate sufficient resources to fund the existing staffing levels. The deputy headteacher has again taken a class responsibility, and the head is also doing more teaching than previously.

The implementation of the Schools Review will mean that the school will lose the 11 - 12 year olds, gaining an extra year of younger children. This means new teaching resources are needed and that staff development needs to be undertaken; these have resource implications with which the school are currently contending.

The way in which financial issues are being dealt with is very similar to that at Picton. Although the school is very different, there is a similar encapsulation of the financial aspects of LMS within a small group of people. The headteacher is very clear that this is his policy, commenting to his staff on one occasion (when they were invited to attend a course on LMS familiarisation), "There's no real need for you to go, I keep you informed of what you need to know at staff meetings. In these times when there is so much that is new, division of labour is a good thing, and its better that you stick to the curricular matters." At the end of the academic year, when discussing overall progress of the LMS initiative he commented, "I act as a buffer, a filter to protect the rest

of the staff from the huge number of issues, many of which are not important and would only upset them if they had to contend with them."

In this context, the head has taken the lead in all the contract negotiations and is active in monitoring their performance via liaison with the agents appointed by the Direct Service Organisations who are the contractors. He has also initiated an energy audit and has pursued the process of obtaining quotations for larger scale investments such as carpeting.

In the context of the Schools Review and the possible changing school population, a working party was set up to deal with the reorganisation required. In calling for volunteers to be on the working party the headteacher suggested that the experience would be good for any member of staff with ultimate ambitions to become a head or deputy. It is interesting to note that despite the central involvement of the head in financial issues, LMS has never been promoted amongst the staff in such a way.

Hence, financial issues in the school are largely dealt with by the head. There is some involvement of the deputy, and the secretary is involved in the recording aspects. The governing body has formed a sub-committee to deal with financial affairs. This comprises the head, his deputy, the chair of governors and four other governors. Attendance at the meetings is very good considering that they are held at 4pm on a working day, and the governors are all working people. Their input is mainly supportive to the head and the ideas for spending emerge from him and not the governors. So far the main governors meetings have not been closely involved in the financial decision making, and have ratified decisions made by this sub-committee with little comment.

The headteacher in this school has made no attempts to extend the involvement of the staff in financial affairs. Some extension of the finance committee has taken place to include a new member who is closely involved in local politics, and who is the one person who has been observed to be keen to be involved in the financial issues. The benefit which accrues from this is not technical, but provides some insights into the overall policies and financial situation of the Local Authority, and this is seen as useful.

Internal school structures have not been developed further to deal with LMS, the existing system of year group meetings and a weekly staff meeting being seen as sufficient to deal with any financial matters. The development has been on the governing body level, and a very sophisticated sub-committee structure (5 sub-committees, and an overall programme which has at least one meeting of either the whole body or one of the sub-committees every week of the school year) has developed to deal with school management. This has kept the finance function isolated along with premises matters (in the finance and premises sub-committee), as the committee is delegated to make decisions as necessary.

There was only one situation when financial issues were taken out of their isolation, and that was when the headteacher's and deputy's salaries were considered. For this decision the finance and premises sub-committee met with the staffing sub-committee. The members of the committee (with the head and deputy who serve on the committees leaving the meeting) had to discuss whether they wished to grant salary enhancements to these two members of staff. They were provided with basic salary information and also the views of the head and deputy, who saw the issue as divisive. The sub-committee decided that some enhancement should be given, in the context of there being

an overall staff review and the budget being able to carry the increase. The head and deputy were not happy at the outcome. The issue was seen as sufficiently important to be taken to the main governors meeting and the resolution from the sub-committee stated that ratification should be given by the main governing body. Another long discussion ensued, and the governors were unhappy at having to make decisions about these salaries; they felt it difficult to make a decision without the head's advice, yet acknowledged that they had to take the responsibility. In particular the rumour that the budget would be less next year was a problem. One governor carried the argument with the comment '...we as employers must deal in a correct manner with our employees, and staff should not bear the brunt of the cuts.' It was, therefore, agreed that some enhancement of the two salaries should be given.

This episode gives some indication of the difficulty that the governors have in engaging with what are seen as internal school issues. The governors seem much more comfortable with an external liaison role. The segregation of financial issues can be done when the head takes the central role. In this case where the head had to be excluded the task became one which was shared as no other individual would take the burden.

In summary then the experience at Topgate is very similar to that at Picton. In the main LMS has been contained and few people have been involved with financial issues. This school was previously very systematically organised and has managed the introduction of financial issues in a professional way. New systems have had to be extended rather than developed from scratch. Generally members of staff and governors have felt little need to become too concerned in the financial issues. This can be seen to be related to a general

reluctance to engage with financial issues and a reliance on the headteacher as the 'overall expert'.

7.2.1.3. Fieldhouse.

Fieldhouse School, a comprehensive school for children in the age range 11 - 16 years old, lies at the East of the city, isolated by the motorway which runs through the centre of its catchment area. Access problems have been caused, and pupils who might live only a mile from the school, on a direct line, have to travel much further to negotiate the motorway. Even though there are school buses, many parents have chosen to send their children to more convenient schools where there is spare capacity. There is also some competition from a school in a neighbouring LEA only one and a half miles down the road. Thus whilst the school population is now stable, the school which once had a population of 800 pupils now has only 270. There is a proposal from the Boundary Commissioners that the area cut off from the main city by the motorway should move to the neighbouring authority. This causes further uncertainty in the school, as it feels that the outcome of such a move would be its closure. Thus the school can be seen to be fighting for its survival¹³.

The area in which the school lies is one characterised by great social deprivation. About 55% of the pupils are from ethnic minority groups, mainly from the Indian sub-continent. Before LMS the school had a staff of 30 teachers, and it received special support for language teaching, in the form of 6 teachers funded by Section 11 moneys¹⁴. Not infrequently the school will receive new pupils who have no English language at all: also the pupils may be taken, by their parents, on extended visits of up to 12 months to visit relations

¹³Indeed, a year after the time of this overview the school was listed for closure.

¹⁴These are funds supplied directly from central government to support special educational needs. In this case the funding was to support the needs arising from the existence of a large ethnic community.

abroad. Attendance overall is poor and parents may well take children out of school for expeditions to, for example, buy clothes.

Whilst the results achieved by pupils of the school in public examinations are below average, it is nevertheless the view of staff that, given their intake, these results are good. There is some pride in the fact that there are only two children with Statements of Special Educational Need. These were ones who brought their Statements from their primary school, and the school policy is to avoid this procedure which is seen as providing a possible stigma for the child.

The long term survival of the school is much more precarious than any of the others we are studying for a number of reasons, including boundary and demographic changes but the introduction of LMS has had a further impact. In financial terms there is much less money available and the ability of the school to provide previous level of educational resourcing is in question. Under formula funding the school loses much of the special protection that the LEA was previously able to grant. In real terms the outcome is that the school needed to shed three teachers to make the books balance.

This was done by a process of 'natural wastage' and voluntary redeployment. As one of those leaving was a deputy head, the headteacher suggested that the organisation of the school be adjusted to incorporate only one deputy rather than two. This tactic produced savings at the administrative level, thereby giving some protection to the main core of the school, (i.e. the teaching). Protection of the core teaching values of the school was difficult. Much criticism came from teaching staff at the decision to move one member of staff to teach a subject in which he had trained but had not subsequently taught. The head did this to ensure that no compulsory redeployment was necessary.

A post dealing with careers was also lost in the changes, and the head argued that 'all staff can deal with careers'. Again this promoted discussion, but the aim was to provide some protection of the mainstream teaching of subject areas and prevent compulsory redundancies.

The headteacher in post at the implementation of LMS also left in December 1990 and was replaced by an acting head, one of the heads of department. The head was allowed to leave inside the normal notice period, and this was seen as a benefit in budgetary terms, as he was on a protected (and therefore higher) salary. The appointment of the acting head was confirmed in November 1991; an internal appointment has been made to replace the head of department, but no other appointment has been made and effectively another teacher has been lost.

The thrust of all the changes aimed to protect the mainstream teaching of the school as well as the posts of the staff who wished to remain at the school. The status quo was maintained as much as possible, as this was perceived to provide the best educational experience for those particular pupils. The impingement of the resourcing problem did not force a total reappraisal of the mode of educational provision, it simply led to the abandonment of some less central activities and a marginal reorganisation of some teaching loads.

Despite the very serious financial situation, the team dealing with LMS issues is once again very small. Formally the group is named the Finance and Personnel Committee, and comprises members of the governing body, from the staff, parents and co-optees. The Headteacher is centrally involved, and has worked with the Chair of Governors to steer through some reorganisation of the staff, which has allowed the redeployment of existing staff to posts vacated

by resignations. Whilst the group notionally contains other members, the head working in consort with the Chair of Governors has the real power.

Despite the fact that the financial situation is a cause for concern throughout the school, there is little evidence of attempts to involve the staff as a whole in the issues of LMS. The teacher governors do seem to have presented the views of 'the staff'. This, of course, is their function, but there is little evidence of involving the wider staff on a practical level, and their concern centres around the curricular and staffing issues. To this end there is a call from staff to separate the Finance and Personnel Committee into two different committees in order that finance should not be seen to be the determining factor all the time.

On the governor level there is little involvement of the wider body, and some evidence that those closely involved are less than enthusiastic about their position. The chair of governors, after 9 months of LMS, resigned his post in October 1990. The new chair is an industrialist, already on the governing body, but now taking a more central role.

In sum the coping mechanisms have been very similar to those in the other schools. Only a few members of the community have been involved and little attempt has been made to extend the circle. There is clear evidence that the 'classroom teachers' in this school shun the impingement of the financial on the curricular and educational issues which they value centrally. The structures which have developed have produced a sub-committee of the governing body to deal with the financial issues, and no attempt has been made to develop the issues further. Despite the fact that there are two new incumbents in the role of head and chair of governors the LMS group is still small and self-contained,

suggesting that this configuration bears some relation to the nature of the task rather than the personalities involved.

The same pattern of the implementation of changes which have been designed to protect the main core of the educational process can be discerned in this school as in the previous two.

7.2.1.4. Queen Mary

Queen Mary is a Nursery First School of approximately 153 first school and 80 nursery pupils, the latter attending part-time. The number of nursery pupils has been increased in response to the effects of the LMS Initiative. The school is another which lost resources as a result of changing funding to the formula basis. It lies within a poor urban area, at the edge of a large council estate, and at the junction of several busy roads. There are no green fields around, and the playground is mainly tarmac, although efforts have been made to put down special surfaces and provide play equipment to make the environment more interesting. The site is one which is shared with the Middle School and several Local Authority Offices which are not directly concerned with education. This creates problems for the Headteacher in controlling expenditure, as the 'services' to the site are shared and costs apportioned to the different units on site may not reflect their own usage. This means that there are fewer elements over which the headteacher has direct control. This problem will be alleviated somewhat if the schools review is implemented as the nursery first and middle schools will be amalgamated to form a nursery through junior school. The amalgamation process will, however, bring its own problems; one year of pupils will be lost from the school because of the earlier transfer age. This has

resource implications. Also, only one headteacher will be needed, and the two currently in post are aware of this position¹⁵.

In relation to LMS, the resources which the headteacher now controls are of the order of £245,000, a huge increase on the £4000 which used to be available as the capitation allowance. Quantitative increases of this nature have qualitatively altered the nature of the financial control function at school level. The Headteacher anticipated that the changes in overall funding created by the formula would mean that the school would have a shortfall in resources compared with the previous situation. Thus he arranged that when one of the caretakers retired, (before delegation) a part-time post rather than a full-time one was created. Also, a child-care assistant was given help to gain early retirement. Despite these efforts, on delegation of the budget there was still a resource short-fall. This was translated into a need to declare one teacher and two 'dinner-ladies' surplus to requirement.

This decision was led through the governors meeting, which formally made the decision, by the head teacher and the chair of governors. The size of the reduction in funding meant that it was inevitable that a teaching job would be lost. As 80% of expenditure is on salaries then savings must affect them. In arriving at this decision the head teacher worked through all elements of expenditure, such as power, cleaning costs and consumables (paper and pencils). Having calculated the bare minimum needed for these he then examined the staffing which could be afforded and the way in which teaching could be organised with this number of staff. This was then examined to see if it was educationally viable and the decision was made that it was.

¹⁵The amalgamation was subsequently confirmed and the head of the nursery first school was appointed to the headship of the junior school. The other headteacher was redeployed elsewhere.

Given that staff have had to be redeployed from the school, some hard decisions have had to be taken. The processes involved are complex, but the school has managed them efficiently in a bureaucratic sense, in that those involved have seen them being applied 'fairly'. Some physical restructuring of the school has been necessary, and in the first year of delegation three classrooms have been joined together to create a more open plan space. In the second year of delegation a second open-plan teaching area has been formed at the request of the teaching staff; they find that the way in which classes can be organised in this type of environment is educationally superior. The end result of all the changes has been seen by the staff who teach in the school as the provision of a better educational atmosphere, despite the loss of the teacher. Thus the situation which has arisen from the financial stringency has been justified in educational rather than economic terms.

In the second year of delegation the resources which the school received were rather greater than was expected and some extra expenditure has been possible. In view of the fear that 'next year will be worse' the expenditure has been on non-recurring items such as carpets and furniture. This has also been seen as a boost to the educational environment. The quieter atmosphere in the class because of the soft furnishings is seen as particularly important.

Despite the size and gravity of the resourcing problem, those involved in LMS are few in number. The main 'players' in the LMS team are the head and the chair of governors. The deputy head is involved very peripherally, as is the one member of staff who is on the governing body, and the school secretary is closely involved in the record keeping. Alongside the managing and recording of resource usage, the headteacher has been the only person actively involved

in the negotiation of contracts for the school. In monitoring their implementation he has had some help from the caretaker.

Structures in the school have changed very little following the introduction of LMS. The governing body has not sub-divided to form a finance committee and no extra committees have been formed at school level. There was an initial increase in the number of governors' meetings, from one a term to one a month (in term time), in order to try to involve the whole governing body in the new responsibilities attached to the delegation to school level. This was a result of a positive decision taken by the head and the chair of governors, who decided that there were insufficient people on the governing body to make a sub-committee structure sensible. As the second year of delegation has progressed there have been fewer meetings, and these are called as necessary.

The tactic of involving the governing body as a whole might be seen as an attempt to try to extend the size of the 'LMS group'. To some extent it has been successful, as a core of the governing body has attended regularly. However, some members have dropped out completely, and of those attending some have not contributed much to the decision making process. Thus the decisions are made mainly by the headteacher and the chair of governors; these decisions are discussed at the governing board, and can be modified there, but this body is not the main source of financial decisions.

The situation overall is very much the same as in the other schools; LMS is dealt with by a small group who absorb the stress and strain of the financial issues. During the last year the headteacher had a protracted spell of illness, and spent some time in hospital. He retained control of the financial affairs of the school throughout this period, including his stay in hospital, using a lap-top

computer to maintain the records. His deputy liaised with him, delivering invoices and documentation to his bedside, but did not have any further involvement with finances. The arrangement was that she should not worry about the financial matters. The absorbing role of the headteacher is graphically illustrated by this example.

The other respect in which this school is similar to the others is in the way in which educational issues remained the most important items. The headteacher put it this way, '...I now have confidence with the financial issues, but I have to get back to the curriculum. I cannot do what is best educationally if I have no control of the finance, but I have to have a grasp of the curriculum to know what needs doing. I have spent so much time with the finance I am in danger of being out of touch with the curriculum.'

7.2.2. Discussion

Two main issues will be addressed in this discussion. First, consideration will be given to the general point which is emerging: that in all the schools LMS is being retained and absorbed by a small group of people, seeking to protect the rest of the school from its impingement. Second, in the context of the perceptions of LMS held by the members of the group, the longer term implications of the initiative for the whole school community will be discussed. It will be argued that the absorption of the LMS initiative within a small group is inevitable and is likely to persist, because it is the result of the decoupling of input finances and the educational activities and outputs

7.2.2.1. The Absorption of the LMS Initiative.

The first and most central issue is that, in all the schools in the study, the LMS initiative has been retained and dealt with by a small group of people, whom

we have called the 'LMS group'. Whilst the exact composition has been fluid, it comprises a small group of senior members of staff, aided by some form of clerical assistance. Their aim has been to try to keep the impact of the initiative away from the other staff. This group has in some cases included a member of the governing body. This point will be returned to later, as, similarly, very few members of the governing body seem willing to involve themselves in financial issues.

The aim of the 'LMS groups' has been to manage the devolved financial responsibilities with the minimum impact on the schools themselves, and in doing so they have acted as absorbing bodies, absorbing the change within the small group and absorbing the stress and strain of the initiative as well. Thus the change which has been generated in the school as a whole is marginal. It is change of a 'first order' nature as discussed in chapter six. This is to say that the value systems of the schools as a whole have not, as yet, been disturbed by the LMS initiative. In the schools with which we are engaged, educational values have remained the key issue. This can best be explained by reference to concrete examples. Thus, there have been no attempts, so far, to try to cost out different educational experiences and use the criterion of cost as the main decision variable. Whilst all the schools have faced financial restraints of one sort or another, there have been no attempts to work out the best course of action starting from a financial base. No school has said 'If we did x it would be cheaper than z , let us do z and save money,' they have said 'We have a problem with resources. What is the best way of providing the education that our pupils need within that resource base?' To take a further example, in the context of the debate about the changes resulting from the re-organisation suggested in the Schools Review, no school has argued that financial consequences should block new structures. The educational consequences have

been the key issue, and the financial consequences relating to them have been used as further ammunition for debate and not main issues.

The central concern of the head is to facilitate the situation where the main focus of the school is on educational issues. They value the different activities provided by the classroom teachers, seeing them as educationally essential, and do not seek to look at them through a financial looking glass. They do not wish the classroom teachers to become 'bogged down' with other issues such as finance, because they value the educational core and wish to facilitate and promote it. It can be stressed again, therefore, that the changes are of a 'first order' and have not changed the core values of the schools.

The desire to protect the school stems from the very different nature of the tasks which LMS introduces and which are not seen as primarily 'educational'. These contextual factors create a qualitatively different workload, consisting of the negotiation of contracts and increased administration, dealt with in a situation of constrained resources. The vignettes give us evidence that in each of the four schools these factors have affected the workload of particularly the headteachers.

Consider, first, the way in which headteachers became involved in *contract* matters. Negotiating and monitoring contracts has proved to be a substantial task and has in all cases taken substantial chunks of time. Thus, the head at Picton is typical when he complains that he speaks 'a different language' and that he spends his time with ancillary staff. It seems that there is some commonality about the way in which this task has been approached. In all the four schools this task is one which has fallen to the headteacher. The responsibility of its execution has been such that the headteachers of schools in

the authority which had delegated budgets formed a self-help group to discuss the issues, and to ensure that they were not taken advantage of by a 'divide and rule' type situation in which the larger contractors imposed their own terms on individual schools. This necessitated much time in meetings on the part of the heads, and therefore 'time out' of school. There was then a further stage of meeting with representatives of the contractors and negotiating directly with them. Also the task of checking the contracts needed to be completed, and quite important discrepancies were found, for example, between the areas of the schools quoted in cleaning and maintenance contracts and the actual areas which existed. The possibility of achieving 'savings' (or at least reductions in quoted prices) existed, and the task therefore had a high priority. Few such opportunities were perceived to be available. Thus, at a high cost in the first year of delegation the headteachers became negotiators, all being successful at achieving lower prices for some contracts. In the second year of operation no new contracts needed to be negotiated and, thus, time was released. The headteachers have moved on to negotiate other contracts, such as the provision of carpets at Topgate, and the skills to approach the negotiating task have been mastered and are not seen as daunting. Time, however, is still used up in undertaking these tasks.

The data also shows how the *cash restrained* nature of the situation has impacted on the schools. In this case, however, the effects on the schools have been very different. Formula funding has led to a re-distribution of the resources available, and in the process some schools have had severe constraints whilst others have been less constrained. In this situation two schools had modest increases in their resources in the first year of operation of LMS, but in the second year of delegation one of them found that their resource base was cut back below that which had been predicted. This was

due to the reworking of the 'formula' and the overall restraint on the budget. In contrast one of the schools which was a 'loser' in the first year found that the budgetary situation was eased in the second year of delegation. This was the result of the formula change and the decisions made in the first year to change staffing levels. Thus, by the end of the second year of delegation, three of the four schools had been in a position to make 'hard' decisions about the manner in which resource restraints could be managed. In all cases these changes were claimed to have been made in such a manner that the mainstream teaching was protected. As the vignettes show, in the two primary sector schools, changes have been undertaken in the way in which the educational process is organised. These have been quite major. In both cases extra pupils have been recruited to help contain the situation, and the extra money they have brought has been an essential part of the solution. In both cases the changes have been ones which have impacted on the way in which teaching has been organised, and in both cases the introduction of more team based teaching has been the solution. In both cases the changes have been justified as educationally the most desirable, with other solutions to the problems being discussed, albeit briefly.

In all cases the freedom of manoeuvre of the decision makers was restrained by limited resources. In all cases the principal decision makers were the headteachers. In all cases the solutions which were reached had financial elements within them, in three cases out of four the increasing of the pupil numbers being an important part of the plan. In all cases the justification which was offered for the decision made was an *educational* one.

The third contextual issue was the mismatch between the *devolution of responsibilities and tasks and the lack of an increase in personnel to manage the process*. That is to say that the schools were expected to do more, but

were given no specific resources to deal with the extra work. The budget given was supposed to allow for the school to make such choices, but, as was demonstrated, many schools suffered a reduction in funding and the ones which gained did not receive substantial increases. The data shows that in all the schools, therefore, the increase in clerical loading was immense. In all cases, whilst some additional clerical support has been afforded, the bulk of this workload fell on the existing clerical staff, and either the headteacher or a senior teacher. In the two primary schools the headteacher was the responsible person, in the secondary schools there was a delegation down to deputy level. Thus, very senior personnel were tied up with the process of checking invoices, reconciling school and LEA records, and inputting data to the computer system. This raises the question as to whether the highly trained headteachers and deputies should be spending their time on such jobs. This question will be raised again later; suffice it to say at this stage that the contextual factors which we suggested to be significant are well illustrated by the data gathered in the course of the fieldwork we have carried out.

Despite the differences in the nature of the four schools, their different sizes, the differences in the marginal changes wreaked by LMS funding, and the different pupil groups served, the contextual factors have impacted upon them in a very similar way. There has been a huge increase in activity associated with contracts, the schools have all suffered from either cash reductions in real terms or less than expected increases in the case of winners, and all have had to deal with an increased administrative workload. The outcome has, then, been as suggested; attempts have been made to isolate the issues from the mainstream activities of the school as a whole.

The inability of the LMS Initiative to impinge further into the schools is mirrored by its inability to seize the imagination of all but a few of the governing body. The experience in the schools we are involved with is that just as the initiative is held by a small number of school staff, so, in the governing body, only a few members seek any involvement with financial issues. This is an important point, as the idea of LMS incorporates the notion that the schools will benefit from the involvement of members of the wider community. Management skills are ones associated by the government with those who work in arenas outside public service, and the government wants this sector to be more 'business-like'. One might expect that what is desired by legislators is more involvement from members of the wider community. The governing bodies includes members of this community, be they parents, LEA nominations or co-opted members, and any could have business skills. Their lack of involvement on the financial agenda set by LMS suggests that the change to a 'business type' approach to financial issues, desired by those who engineered this configuration of the governing body, might not easily be achieved.

The usual stance of members of the governing body is that they do not have the knowledge required to make financial decisions and that the headteacher has. This indicates, perhaps, that governing bodies have more confidence in the ability of head teachers to run their schools than the state has. It also suggests that governors see that educational management requires particular skills and knowledge of education and the schools in question. Their own role may well be perceived in rather different terms. Thus, governors have been active in areas where they perceive themselves to have expertise, commenting on issues such as school meals or uniform, but not seeking to enter financial debates, or to address curricular issues. They have seen their role as one of

forging communications and pressurising external bodies like the LEA; put simply they seem to be comfortable with a lobbying role. The changes might therefore be suggested not only to have been of a 'first order', but also not to have impacted in quite the way in which the legislators planned. The fact that the involvement of the governors is geared more towards an input into the external relationships, than to the internal workings of the school, is an important issue. The government's intention seems to have been that there should be an external input into the management of schools, and that this would be provided by the governors. It is significant to recognise that this is not happening. Even so, there have been changes, what they are and their possible implications will be considered below in section 7.2.4, drawing on data from the 24 schools.

7.2.2.2. Perceptions of the Changes.

In considering the changes which have taken place, the key area to consider is the 'LMS group', as it is the centre of implementation. In schools, particularly secondary schools, there has always been a separation of the senior teachers from the others; teams of senior teachers have 'run the school' whilst the classroom teachers were more centrally concerned with the individual classes and pupils. However, the situation at the moment is such that this senior team is now heavily focused on a task which can be perceived as essentially different from the 'educational' or curricular issues with which classroom teachers are engaged. This is a rational reaction to the situation, and, as has been explained in detail above, is aimed to ensure that the school is protected from the intrusion of the financial issues of LMS to allow the remainder of the staff to get on with their central agenda. However, this tactic can have its dangers.

First, is the danger that in dealing with these issues on a day to day basis the absorbing group may become so engaged with LMS financial issues that they will become 'colonised' and second order change will result in that group. This group might then embrace financial issues before educational ones, seeking perhaps to economise on teaching staff whilst at the same time upgrading the administrative accommodation for example. This may then lead to the situation where the school is fragmented, creating a 'schizoid' organisation (Laughlin 1991a, Greenwood and Hinings 1988), an 'us and them' situation, in which conflict between the senior team and the classroom teachers is engendered, rather like the situation described in DDHA in chapter six. Alternatively the colonised group may attempt to colonise the school as a whole.

Secondly there is the possibility that even if second order change does not occur in the absorbing group, the perception of classroom teachers will be such that the senior team is seen to have changed in this way. This could happen even if the work that the senior teachers do is firmly rooted in educational goals. Classroom teachers do not understand the work of LMS; they see it as a paper pushing exercise and not directly of concern to the educational process. In the four schools there was some evidence that the heads were feeling more isolated from the staff and the pupils than before the introduction of LMS. Similarly, there was a feeling amongst the staff that, whilst they appreciated the efforts of the headteachers protecting them from LMS, they did not understand quite what it was all about, or whether it was worthwhile. Whilst it is rational to try to isolate the LMS-type work, it should be recognised that the tactic does have its drawbacks, and that there is a danger of a fragmentation of the culture of the school (as described in chapter six).

Whether either of these scenarios will occur is uncertain but it is possible to classify at this stage the attitudes of headteachers to the changes. All four head teachers have been under great pressure from the workload which has been imposed upon them, from the point of view of its size, its unfamiliarity and its additional responsibility. Yet not one of the headteachers would wish to return to the pre-LMS situation. Their desire to continue with LMS is not contingent on the fact that some schools have benefited relatively, whilst others have lost. The reason for this is that headteachers enjoy the control which LMS undoubtedly gives to them. Even if the school is losing, the decision as to how that should impact on the school is perceived to rest with the head, and whilst the nature of the costs incurred by the schools constrains the choices which are available, the heads feel to be in greater control.

Thus LMS brings a perceived new freedom to headteachers, yet that freedom is restricted by new obligations and threats. The headteachers concerned see the benefits of LMS outweighing the restrictions *at the moment*. Three restrictions give cause for concern. The central restriction, the potential and questionable linkage of input finances and output performance, is one which can be illustrated through a consideration of the other two possible changes (i.e. the provision of a School Development Plan and the publishing of more information on examination performance and truancy rates to provide accountabilities).

Consider the requirement to provide a School Development Plan (SDP hereafter). As yet this has not been sufficiently clarified to make final comment. However, two of the headteachers instinctively drew up rudimentary development plans as a means of exploring the possibilities available to them in the context of their budgets. The school development plan

is perceived to be the arena in which the educational and financial issues are bought together. The LMS Initiative at the moment allows for this linkage to be only loosely coupled and to be determined at the school level. In this situation the SDP is seen as a useful internal document. As long as requirements are not imposed which would make the SDP a document geared to providing accountability to external users then it is perceived to provide few problems for the future. The fear is that the linkage between financial inputs and educational outputs will, in the future, be defined by the legislators, and that the SDP will be used to provide accountability for that pre-determined coupling.

The other specific restriction to freedom is the construction of accountability relationships. At the moment these are focused on the parents, encouraging them to recognise their financial power as the choice of where to send their child; this has financial consequences for the schools (see the Parents Charter, (DES,1991) page 14). This seems to be based on the belief that 'consumer' choice will force the schools to provide a 'better' education, and those which do not will not receive enough pupils to bring in the resources needed to maintain the school. These accountabilities are seen as potentially damaging because of their myopic nature. The possibility of league tables is also seen as particularly worrying in this respect. Thus, there is a fear that financial consequences may result from parental choice made on information which is incomplete. What the governors and teachers can instinctively see is that collection of statistics and figures is constitutive as well as reflective of behaviour. Just as accounting researchers have found, when looking at the way in which financial budgetary targets have shaped behaviour (see, for example, early studies of this type: Hofstede, 1967; Lowe and Shaw, 1968) quantitative targets are likely to shape behaviour in unintended ways.

Moreover, there is a fear that although the financial consequences of the information provided is at the moment mediated by the parents, who may have some contextual knowledge of the school, it may in the future become the basis of direct and unmediated financial consequences. The fear is that, for example, schools with high truancy rates will suffer funding cuts through the application and adaptation of the funding formula. Again, the fear is that externally imposed linkages between financial inputs and educational outputs may evolve.

This fear may well be completely justified because of the fact that the implementation of LMS as it stands does not completely reflect the FMI model; the linkage between inputs and outputs needs to be defined clearly for this to be the case. It is logical, therefore, that if the 'FMI-bandwagon keeps rolling', then that linkage will be made. The issue here is a belief that it is not possible to measure educational outputs in terms of easily collectable quantitative measures.

This then provides a link to the final and most important question: does LMS enhance the educational experience of pupils in our schools? This is a complex question to which no easy answers are available. Performance Indicators are considered a possibility and indeed the Parents Charter lays some down. However, as suggested above there is a fear that a complex social process such as education cannot be easily measured by quantitative measures. At the very least they require careful construction (see Gray and Jesson, 1990 for a discussion of the issue in more detail), and a more qualitative approach may be the only way to generate useful data.

An evaluation of the role of LMS in enhancing our children's education may only be possible through consideration of the impact it has on the organisation of the educational process. In this respect, it appears that the LMS Initiative allows headteachers and governing bodies more control over the process of education in their schools (subject to the constraint of the National Curriculum and the contextual and administrative issues discussed at length above). However, the expertise of senior members of the school is being diverted away from the core activities of education and curriculum. These outcomes seem to be in tension with each other, and the final educational impact remains to be seen.

7.2.2.3. Summary

In summary, at this early stage in the research programme, three main issues seemed to be relevant to understanding the changes imposed by ERA and therefore worthy of further consideration. These are, first, existence of what is called an 'absorbing group', second, the lack of involvement of the governing body and, third, the protection of the values of the school. Sections 7.2.3 and section 7.2.4. will examine the first two issues. Chapter eight will develop the notion of the 'absorbing group' and explore the issue of values in some detail.

7.2.3. Absorbing LMS: The Coping Mechanism Of A Small Group

Following the insights developed above, the issue of the nature of the absorbing process was explored in the context of the project which visited 24 schools. It is to further insights, developed in this second project, that the chapter now turns. In doing this some elaboration of the theoretical framework described in chapter six is first necessary. As indicated in chapter three, this is inevitable in 'middle range thinking' where theory and empirics work in a dynamic, interactive and developmental way.

7.2.3.1. Overview of the nature of absorption.

The concept of 'absorption' has a connotation of being something which needs to be 'soaked up' rather than being seen as an enabling force. This is intentional and is used deliberately since it fairly reflects current attitudes towards the nature of the work created by LMS by *many* of those involved in it. For some, however, the concept of LMS has been seen as enabling, it creates the possibility of their detachment from the educational milieu; these teachers are a minority and recognise their different outlook. Despite the general antipathy to the work created by LMS few, if any, headteachers would want to return to the days when Local Education Authorities had control over school budgets. It is recognised that there can be some benefit in having control over resources as a means to drive educational priorities. This does not mean that the tasks involved and the implicit economic thinking are readily accepted within schools. By default, and also by design in certain circumstances, a small group emerges, which, in effect, 'does LMS' to allow the 'real work' of the school to go on unhindered.

7.2.3.2. The Design and Nature of Absorbing Groups to Avoid Organisational Alienation and Anxiety

A central consideration in this discussion is the nature of the design archetype, a key element of which is related to organisational, structural arrangements which specify the functional role of specialist groups in organisations. A reasonable thesis is that the first action any organisation will take to manage anticipated or unanticipated environmental disturbances is to look to its organisational arrangements and, if necessary, assign or employ a sub-group of its participants to 'handle' the 'opportunity' or 'problem'.

The organisation's perception of the 'opportunity' or 'problem' arising from the environmental disturbance has a distinct effect on the perceived functional role and design of any newly created organisational group and hence on the resulting changing nature of the design archetype. Where an 'opportunity' is perceived the resulting group will be closely aligned to other functionally specialist groups. Where the environmental disturbances are perceived to be a 'problem' then the group will inevitably be somewhat functionally distinct from other groups being set up primarily to protect the workings of these latter groups. Theoretically these protective groupings can be understood as 'basic assumption groups' or 'specialised work groups' using terms from psychoanalytic models of organisational life (cf. Bion, 1968; De Board, 1978; Kets de Vries and Miller, 1984).

Before exploring these theoretical frameworks for looking at small groups it is important to point out that, as discussed earlier in the chapter, to schools, LMS is more of a 'problem' than an 'opportunity'. (Broadbent, Laughlin Shearn and Dandy, 1993; Broadbent, forthcoming). As one head put the matter succinctly 'LMS is a brilliant idea but it should be adequately resourced' or as another suggested 'LMS provides us with the flexibility to

move things around but you can only bring change in minimal amounts'. More dramatically another headteacher suggested 'LMS makes us a lot poorer - we can now choose what not to spend our money on'. Put simply the opportunistic elements of LMS in the way of freedoms to spend are not only tempered; they are overrun with the constraints of inadequate and year on year reductions in resourcing, making the whole thing distinctly problematic.

However, LMS is more than just an unwelcome 'problem'; it is something which is perceived to have the potential to undermine the very basis of the education process, an issue which will be developed in detail in chapter eight. Some initial points are, however, useful at this point. The theoretical conflictual value and possible 'secularisation process' of the economic and accounting logic of LMS and FMI more generally in the education process has already been highlighted in chapter five. Using a rather different frame of reference a similar picture is portrayed using the Hegelian/Marxian concept of 'alienation'. This change in language and literature, although not a change in conceptual meaning, also allows an introduction of Marx's theoretical propositions concerning the potential alienating power of money. Baxter (1982) in his comprehensive analysis of alienation builds his understanding around the role of definable 'authentic work' which should not be 'surrendered' (alienated) to some alternative alien force which he calls the 'other'. The 'other' to Marx is, of course, the capitalist class who have the economic power to buy 'work' from the labouring masses. Marx's argument is that it is because the capitalist is using money to purchase labour that the dangers of 'commodification' of work become acute. With commodification comes the potential abuse of authentic work and the seemingly inevitable surrender or alienation of the labouring masses to 'low trust' (Fox, 1974) definable and measurable forms of activities. Whilst Marx's analysis clearly has all sorts of simplifying and questionable elements, the latent fear of the

power of money to undermine and redefine authentic work is very real indeed in the 'caring professions' (as Gorz (1989) refers to professions devoted to teaching, medical and social work) but also arguably in other more main stream manufacturing work as the labour process literature so clearly demonstrates. The latent fear of alienation and secularisation of authentic work and the power of money to achieve this is very real indeed. That this is not just a theoretical argument nor one which is tied specifically to 19th Century British life from which Marx draws his insights and inspiration is illustrated by our study of LMS. Thus, for instance, a not untypical remark by a teacher, made to the researchers, is '...my fear is that the purse is overriding the educational, that we have to look to the purse to provide a standard of teaching'. Likewise another headteacher, expressing similar anxieties, this time providing a possible way to harness the financial 'problem', stated '...my worry is that with finance you become blinkered, see everything from a financial perspective, forgetting about the relevance for the kids and seeing pound notes instead. The budget has to be firmly placed in an educational context. It would be dangerous to have a bursary model'. What is clear from these two quotes is that finance is anxiety inducing. It is seen as a potential force to undermine what is deemed to be authentic work yet, as the latter quote suggests, it also has the potential to be managed to enable this work to proceed. However, even here, the important point is that it needs to be managed or it could overwhelm. This indeed is a latent anxiety which requires managing.

Central to Bion's (1968) model of group and organisational behaviour is the existence of latent anxieties which can come to the surface and affect the real work of the organisation unless kept at bay. Bion called these anxieties 'basic assumptions' (being assumed by all) of which he isolated three as central: the need to be protected from unwanted intrusions (a 'fight/flight' assumption);

the need for leadership (a 'dependency' assumption) and a need for continuity through ensuring 'reproduction' of central values and concerns (a 'pairing' assumption). Bion's model suggests that these anxieties need to be 'managed' in such a way that they do not impinge on the 'real work', either by dominating the agenda of concerns or being allowed to become the agenda of the organisation or group.

Bion suggested that the way to keep these anxieties at bay is through the creation of 'specialised work groups' to handle the anxieties on behalf of the whole group. De Board (1978) summarises the role of the 'specialised work group' along with providing some interesting societal examples as follows:

'In effect these are sub-groups 'budded off' from the main group, whose main task is to deal with the basic assumptions on behalf of the main group, thereby allowing the work group function of the main group to proceed effectively. If society at large is taken as the main group, then various parts of it can be seen to be operating as specialised work groups. The Army can be seen as a specialised work group concerned with fight/flight. The Church is primarily concerned with dependency, and the aristocracy with pairing, that is, hoping for the birth of a genetically pure leader, presumably the monarchy.' (De Board (1978) p. 43)

The difficulty with creating these functional groupings to Bion is that they can end up thinking that they are not just coping with anxieties but actually doing work which is arguably more important than the 'real (authentic) work' of the main group! De Board (1978) makes this plain in a continuation of the above quote in the following way:

'However, they are continually in danger of actually doing something, working as a work group rather than a basic assumption group. To avoid this they must translate action into basic assumption mentality. Thus the Church will say, Non Nobis, Domine (not unto us O Lord but unto thee be the glory) after a successful piece of work; the Army will encourage the belief that anything can be done by force, providing it is never used; and the aristocracy will insist that they (and the monarchy) are essentially democratic!' (De Board (1978) p.43)

The danger remains, however, that such modesty will not remain and the basic assumption group could overrun and redefine the real work of the main group.

This psychoanalytic model provides a powerful complement to the organisational change model (described in chapter six) interpreted in the context of schools. The emergence of the small group in schools can be deemed to be a 'specialised work group' set up within the design archetype to handle the fight/flight anxieties engendered through LMS. This is in marked contrast to other specialisations within schools who have been set up to allow the real (authentic) education work to be undertaken (as will be discussed in chapter eight). LMS is something which is seen as an intrusion from which the real education process needs to be protected. Handling the fight/flight anxiety is the function of this group. The emergence of this group involves movements and changes to one of the important organisation's structural elements in the design archetype of any school which is central to the organisational change process. The real question remains as to whether the LMS group, as a 'specialised work group' is engendering change of a 'reorientation' or 'colonisation' nature. If fulfils its anxiety reducing role then

first order 'reorientation' change is the outcome. However, if it starts to define the real work agenda of the school it is likely to be on a pathway which has distinct colonising potential.

This conceptualisation provides a way of looking at the empirics which follow. It also provides the basis for a critique of what is happening. Perhaps at this stage a few points which the modelling highlights could be noted. Firstly, this conceptualisation caricatures LMS as a potential problem and threat which needs to be fought against or from which flight is necessary. Secondly, the model posits a heavy resistance to change and a certain regressive nature in schools as well as other organisations. Thirdly, it suggests that it may well be important to study ways of providing the means of buffering environmental, regulatory disturbances. Finally, it seems to highlight the perceived value accorded to the status quo and the encouragement of resistance. All these are important challenges and questions to the models. Consideration of the empirical data will allow some reflection on these challenges.

7.2.3.3. The Absorbing Group: Nature, Diversity And Organisational Dynamics

This section of the chapter is concerned with looking specifically at the different specialist groups in schools who are, in effect, 'doing LMS'. These are, in this thesis, called 'absorbing groups'. The insights for this are drawn from interviews with headteachers, classroom teachers and chairs of governors of the 24 schools, conducted during the first 10 months of 1991. These schools range in pupil numbers from 180 to 1500 as summarised in Table 7.1. Of these 10 are nursery first, primary or middle schools (marked as P1 to P10 in Table 7.1 listed in order of number of pupils). The remaining 14 schools are all secondary (marked as S11 to S24 in Table 1 again numerically

sorted into increasing numbers of pupils). The 24 schools are in a range of socio-economic locations and drawn from three different local authorities. Whilst there are major differences between these local authorities, their funding formulas and the schools interactions with these authorities, we have come to the conclusion none of this variety was directly of significance in understanding the workings of the small group. This is not meant to belittle these differences, just to say they are not significant in the context of 'doing LMS'. Size and the primary/secondary split, however, was of importance along with, as we will see below, the role and nature of the headteacher. Concentration on these differences, therefore, will dominate the discussions below. None of the 24 schools had more than two full years experience of handling LMS. In the following each of the 24 schools will be referred to in terms of the character label P1, S11 etc.

[TABLE 7.1 HERE]

What 'doing LMS' meant to the majority of the schools was basically trying to 'manage the budget' in what could be described as a 'housekeeping' approach to the issue. LMS, to all interviewees, equalled budget management, yet it was the commonality of approach dominated by a concern for preserving the status quo which was particularly interesting. The descriptor 'housekeeping' is intended to reflect this careful preservation of established forms of behaviour (more information on this interpretation of budgeting in these schools will be provided in chapter eight). Thus, to those interviewed the freedoms to have responsibility for deciding on budget allocation became nothing more than a difficult juggling act on how to spread inadequate resources across unsatisfiable historically determined demands. As one head put the matter succinctly it is '..silly talking about freedom to shift funds - there isn't enough in the blasted budget to manage, its so tightly budgeted you can't move

anything' (P6). Or as the head of S22 put the same view 'LMS makes us a lot poorer - we can now choose what not to spend our money on'. Even those more favourable to LMS could not see any real opportunity for movement in the budget allocation process: 'LMS provides us with the flexibility to move things around but you can only bring change in minimal amounts' (Head of S21) or 'LMS is a brilliant idea but it should be adequately resourced' (Head of P9). Managing a perceived highly restrictive budget and its transference to school level means that 'doing LMS' involves a complex, time consuming paper chasing, housekeeping exercise with distinct anxiety generating aspects. With new responsibilities for managing staff salaries, contracts for services etc. with inadequate resources the emphasis shifts from seeming freedoms to a considerable and overwhelming workload. For as one head put the issue: 'LMS costs schools a lot of money in terms of cost of office staff and administration, not to mention extra time.. If we were to cost the time it would be astronomical' (S22). This was echoed on many occasions by all headteachers who probably would share the disillusionment of the head from S16 when he said: 'When LMS came on the horizon they thought of it as a new power base, but that has died down - I think they quickly realised the work involved'. Put simply LMS, to most, involves 'more evening meetings.. more work' (Head of P9). Its anxiety generating qualities are nicely summarised by the chair of governors in S18 who talked of the 'sleepless nights deciding who won't get enough'. In only one case was there a mention of an alternative approach to budgeting (which attempted a 'zero' base approach, where every expenditure is deemed negotiable) but soon ran into problems in trying to apply this logic in any meaningful way. In the majority of cases expenditure was perceived to be 'fixed' and the income inadequate to cover such demands despite the best efforts of some headteachers to expand the income available. In sum 'doing LMS' equalled budget management and was seen as a complex balancing act which, coupled with the inevitable

inexperience of handling these new responsibilities, resulted in a difficult, potentially anxiety-inducing administrative burden to the small group set aside to manage these tasks.

If we turn now to the specific nature and design of the small group taking responsibility for 'doing LMS' the key place to begin is with understanding the nature of the headteacher. Contrary to the expectations (anticipated in the framing of the initiative) that governors would be centrally involved with LMS, and as will be discussed later in section 7.2.4, none were active in 'doing LMS'. A typical view was expressed by the chair of governors in S17 when he pointed out 'it is the head who runs the school. He has a difficult role to maintain - I see my role to support him'. A rather more dramatic picture was portrayed by the chair of S15 when he described the headteacher as: '..the custodian of the system. His job is chief executive of S15 plc'. In many cases governors were seen as 'rubber stampers' of budgets, sometimes called together to ratify the head's need to 'move some money about' (Chair of Governors of P4). Even for the one school from the sample where the governors were exercising their legitimate rights to be involved in deciding staff appointments, and generating some tension in the process for both staff and the head, the chair of governors was at pains to point out that '..we need to be cautious not to interfere in the running of the school .. the head is the executive. He does the day to day to running like a director'. Our thesis is, therefore, that to understand the nature and design of the absorbing small group it is first necessary to appreciate the type of headteacher involved. This focus emerged from the empirical work with which the team were engaged, but is also echoed in the work of others researching LMS (Burgess et al 1992) and more general management issues in schools (Torrington and Weightman 1989). The importance of the headteacher in all aspects of school life and

thus, not surprisingly, in managing a major disturbance of the magnitude of LMS, is immense.

Table 7.2 and Figure 7.1 summarise the different types of headteachers which became apparent in the 24 schools. These categories are not definitive but emerged from the discourse based methodological approach adopted. It became possible, in these discussions, to classify all 24 heads into three broad bands with a number of subdivisions making a total of eight classifiable types. Table 7.2 highlights the eight categories of headteacher which emerged during discussions and the schools under each. Figure 7.1, on the other hand, provides a brief diagrammatic description of the nature of the eight types. In this figure the various categories can be related to two continuums which appeared to be particularly important in relation to the head's attitude to her/his role. The first of these is the level of the head's involvement with LMS ranging from 'distant' to 'full' and the second is the general orientation of the head ranging from 'people oriented' to 'task oriented'. The positioning on the axes is relative and the matrix is meant as a heuristic device to enable comparisons of the groupings rather than absolute descriptions.

[TABLE 7.2 AND FIGURE 7.1 HERE]

The Headteachers, then, are always key members of the small group handling LMS (albeit their level of involvement and dominance varies) but they are never the only members. Apart from the headteachers a number of other key individuals make up the absorbing group who are 'doing LMS'. Table 7.3 summarises the key members who appeared from the interviews to constitute the 'core' of the LMS group. The idea of 'core' members is to register the important point that 'doing LMS' often is complex, involving others on occasions (most notably the senior management team (SMT) and the governors - particularly the chairs) but these additional members are always

only brought in on occasions. Chairs of governors, and the governors more generally, are clearly very involved in agreeing the overall budget yet they are rarely, if ever, part of the day to day management team 'doing LMS'. The 'core' members in all circumstances are those depicted in Table 7.3.

[TABLE 7.3 HERE]

Two points need to be made concerning patterning in 'core' membership of the small groups depicted in Table 7.3. Firstly, that the absorbing group for all primary schools is dominated by the headteacher assisted by secretaries many of whom were appointed soon after LMS was implemented. A typical comment on the changing role of secretarial assistance is encapsulated in the comment made by the head of P1 who made plain 'my old secretary was frightened by the enormity of the task, so she left. Our new one has commercial experience.. she is almost over qualified. We're very lucky to have her. We're also totally dependent on her'. Despite this clearly necessary assistance and its undoubted importance it is still the headteacher who has had to carry the burden in primary schools. Secondly, in the majority of the secondary schools, deputy head-teachers are necessarily drawn into the group albeit with different levels of involvement, with a greater preponderance of bursars, registrars or office managers, as distinct from secretaries, playing a major role.

Whilst Table 7.3 provides an overview of the 'core' membership of the small group 'doing LMS' and Table 7.2 and Figure 7.1 provides some insight into the underlying orientation of the headteachers, there is still a need to delve deeper into both the workings and thinking of the small groups and some of the contextual dynamics, strains and stresses which the adopted management process engenders. In the following, for ease of explanation and because of

the centrality of the headteacher in the design of all small groups, we will explore these dynamics through the eight typifications of headteachers encapsulated above.

The Absorber-Soaker Sinkers

Consider first the 'absorbers', this group have a dominant involvement with LMS but vary on their different orientation to people or tasks. The 'absorber soaker sinker' type of headteacher who is also, in effect, the small absorbing group, is under considerable personal pressure as well as the unintended cause of institutional difficulties. This group are fully involved with LMS and are oriented to people rather than tasks. LMS is seen as another task. The overall role of the 'soaker sinker' is nicely encapsulated in the comments of the head of P1 when he said: 'I've tried to insulate my staff and children from any harm resulting from LMS'. However, the cost of this on the individual heads is extreme, despite the assistance of capable secretaries, some of whom are equally under pressure ('its even getting to her now..it's much more than she envisaged' (teacher of P4 describing the new 'experienced' secretary)). As the head of P1 indicated: 'I get more panic attacks with LMS about - now I wake up early - get physical symptoms'. The head of P5 was rather more direct: 'LMS is too much for me'. To her there was a constant 'fear that auditors will come and find out you've done it wrong and you'll be rushed to jail'. The pressure was such that she had decided to retire early: 'but if it wasn't for LMS I would not go'. The costs of doing LMS through an absorbing head were not just personal but also had institutional ramifications. As a teacher in P1 indicated: 'the head is not available as he used to be... we now hardly see him..he used to have his door open; now its shut..he's really bogged down with it'. He went on though to suggest that 'it doesn't create tensions because we're an understanding staff and he's open...he'd prefer more teaching, we know that'. The teachers in P5 and P6, whilst making similar points, also

showed some of the further ramifications of the heads' involvement in moping up LMS: 'we felt she was bogged down..had now only limited contact with children which put a lot of pressure on us.. we couldn't send kids to the head.. we lost our figurehead' (P5); 'she had a really good relationship with us but is losing track of us now..LMS has taken the headteacher away...all feel that the general togetherness is being spoilt..she can't be around as much (P6)'. The lack of availability was also not unconnected with, although not completely determining of, the growing fear and anxiety of the teacher in P6 where she said '..in our school there is a trembling fear of who will be axed..never had this in a school before. I feel unhappy and frightened'. In sum the 'absorber soaker sinker' headteacher, and consequent small group, is a disturbing management handling process both for the individuals as well as, by default, the ongoing working relationships with other staff. Despite the 'people oriented' concern of these heads (e.g. 'I'm a 100% relationship man' (head of P1)) the handling of LMS through this very personal form of absorption has considerable costs on the important educational concerns, intended to be protected.

The Absorber Informer Involver.

Closely related to this soaker-sinker group are the 'absorber informer involvers'. The 'absorber informer involver' type of headteacher is one who is desperate to share the LMS workload but finds the desire and the actuality difficult to reconcile, bringing its own tensions and problems both personally and institutionally. They are fully involved with LMS, are people oriented and wish to shield their staff from the 'intrusion' of LMS, yet realise they need to have help. The cry of these headteachers is nicely summarised by the heads of P9 and P10 when they point out that the: 'head can't do it all' (P9); 'I didn't want to be the only one who knew. I feel it has got to be shared' (P10). Yet some of the underlying anxieties in fulfilling this need and the dangers of

failing were clearly portrayed by the headteachers in P8 and S22: 'my nightmare is that I'll become more and more isolated' (S8); 'we are setting up systems but fear keeling over. We can't maintain this pace much longer - there's a finite limit, we either drop dead or we give up' (S22). Clearly the move into delegated responsibility is very time consuming and costly yet all claimed to be learning fast how to involve others. But this involvement was not without its problems. There was clearly a problem in the primary sector as to who could be involved (e.g. 'she hasn't anybody to off-load LMS to' (teacher at P8). For those struggling to find others to involve in the task the inevitable cry of non-availability of the head was clearly heard. Thus the teacher in P8 made plain: 'the head is caring, tries to shield us but keep us informed.. but we don't see as much of her because her time is taken up with financial management'. Attempts by other heads to try to involve colleagues in management tasks creates tensions in certain quarters as to expectations. Thus the teacher in P9, dragged into a training session on LMS, went along with the view that 'we thought we might have to do an accountant's job'. Thus the 'absorber informer involver' is trying to involve others in the tasks of 'doing LMS', yet the desperation to delegate brings its own set of tensions and problems both to the heads and the schools involved, which are maybe particularly acute in primary schools due to the lack of personnel available to share the load.

These two groups of headteachers are under differing levels of pressure, and the strategies they adopt are potentially dangerous for themselves and the morale of the school as well. The loss of leadership in the 'soaker-sinker' schools, resulting from the overload of the headteacher is a particular matter of concern. Equally the desperation to pass on tasks in schools with 'informer-involver' could simply mean that the role conflict is passed to more members of staff, resulting in a growing level of resentment. In many small

schools there is no possibility of finding colleagues with the spare capacity to assist and thus the overload on the head can be as intolerable as in the soaker-sinker schools.

The Absorber Autocrat.

The next group of absorbers are headteachers who are fully involved with LMS, but who are moving towards a task orientation in their working. The 'absorber autocrat' headteacher and consequent small group, on the other hand, has not changed with LMS - this new development is just another area over which his or her dominance is exercised. It follows that these heads have an orientation towards tasks and are fully involved with LMS. Thus the female head of P2 could unashamedly say 'I do the whole budgeting. I prefer it that way. I look at every meticulous detail..know exactly what is going on'. Similar views were expressed by the head of S18 when he said: 'I'm an old fashioned head. My job is internal organisation. In the end I take responsibility for the decision. It's my job'. On budgeting he was unabashed in his ability to 'get into the mainframe and manipulate the budget' again because he was in charge and it was his responsibility to manage budgets, as with everything else in the school. The teachers in the schools seemed to be used to this autocratic rule and despite seeing a continuing 'gulf between the head/SMT and the teaching staff' (teacher in S18) saw little problem in this. Arguably this is because such a benign Victorian parental figure possibly can provide a conducive and supportive working atmosphere. Equally the autocratic heads were not seemingly under pressure. The addition of LMS to the workload of their autocratic rule was accepted and managed very largely because as the head of P2 suggested, 'I'm very organised'. Where tensions were apparent was in relation to the governors in S18 trying to exercise their legitimate rights to be involved in making appointments. As the head of S18 indignantly pointed out: 'the Chair of Governors does not believe that the

head has power to appoint..I feel quite bitter about that'. A persistent Chair of Governors, who had appealed to County Hall about the Head's behaviour, reiterated his view that it is 'the governors who have the power of selection. It's their responsibility. We will appoint, he (the head) can recommend only'. Yet in the same breath he made plain that 'we need to be cautious not to interfere in the running of the school.. the head is the executive'.

Clearly autocratic rule works at some constrained level providing the ruler is not challenged. Whether this is an optimal way to manage a school with or without LMS is clearly debatable. The additional power which LMS provides for an autocratic headteacher might tip the balance into a form of control which could be dangerous. Whether this is the case remains to be seen.

The Absorber Wheeler Dealer.

The 'absorber wheeler dealer' type head (and again, because of the heads' dominance, the small group managing LMS) is equally confident about handling LMS but uses this involvement to exercise a latent marketing spirit which is potentially disturbing for teaching staff. As such they can be seen to have similar orientations to the absorber autocrats, but are more task oriented. Many of these heads opted to become an early pilot school for LMS because they 'have no problems with the concept' (head of P7). They see their job as, in the main, getting the 'best of the money that is about' (head of P3). Rather more dramatically the head of P7 could proudly say in his constant comments to his staff 'my job is to fiddle it for you'. LMS is not a worry to these headteachers, since as the head of P3 pointed out: 'I never worry about money because we can always generate it. I've always been in the business of buying and selling things. It runs in the family. I'm in the business of selling education but I market in a sensitive manner'. Such wheeling and dealing is either accepted by staff or a cause of confusion, even fear. Thus the teacher in

P3, having described the head as 'free spirit - a wheeler dealer', was very supportive of him as being 'one of the best heads to work for. He always works for the kids' yet added this cautionary note to say the 'staff don't always support him'. Equally the chair of governors in P4 ruefully reflected on the unconventional manner of the head's behaviour when he reflected on the way the governors were called in to meet only when the 'head wanted to move some money about'. The head of P7 was also aware that his wheeling and dealing ways were seen as '..very strange' to his staff since 'it was not part of their thinking'. The chair of governors in P7 also was aware of some of these generated tensions both from his perspective ('communications with the head are not as good as they used to be. The old head was constantly in touch') and from the viewpoint of staff ('only one will speak up for staff, the rest are frightened of him'). Thus the 'wheeler dealer' type has little problems with managing the workload of LMS yet has the potential to cause tensions and problems with both staff and governors. It depends on the extremes of his (and it usually does seem to be male!) wheeling and dealing as to the degree of potential disruption that is possible.

The Managerial Entrepreneur.

Even more task oriented is the 'managerial entrepreneurial' type who is clearly invariably sharing responsibility with others to manage LMS but is also engaged in other entrepreneurial financial activities which generate a range of difficulties, in which LMS is implicated, from the perspective of the school. The headteacher of S11 was clear in his view of his role: 'my aim is to make money'; 'I am not a headteacher. I spend insufficient time around the school. I don't know in depth what is going on '. This was reinforced by the teacher interviewed in S11 when he said that the 'head doesn't teach at all. He doesn't know the children. Staff feel that the financial side takes higher priority than the needs of the pupils'. The head's primary concern is with getting the school

into the public eye and obtaining finance through this PR exercise. To do this he devotes a great deal of his energy to managing an extra curricula study centre. The logic for this endeavour and some of the tensions for staff are nicely encapsulated in the supportive comments by the Chair of Governors when he said 'the unit is great - I'd hate to see it go. However, staff would like to see the unit close down..it takes money away from the school. But advertising the school in this way will bring in more children'. With regard to LMS a female deputy 'does all the donkey work' (head of S11) but the head is key in the overall decision making and control. According to the teacher interviewed 'staff have a lot of confidence in her..she has a lot of support'. Yet they are also aware of her limited powers. This dominance of the head in budget control, his commitment to the study centre and his staff's lack of trust in him, all roll together in the minds of the latter to create antagonism around the function and control of the budget. As a teacher indicated: 'there is no display of the budget, we're kept in the dark. There's quite a lot of controversy and ill feeling.. people are not aware of the amount of money coming in...people want to know where the money goes. They are concerned that it is not going where it ought to go i.e. it might be going to the study centre instead of special needs'. In sum this is a potentially very explosive school.

Unlike any of the other schools in the sample the 'managerial entrepreneurial' head is clearly an outlier. Despite this, there are similarities between the wheeler dealers and the entrepreneurs. Devolved financial responsibility to such schools and the handling process of the small absorbing group looks potentially dangerous for all concerned. These headteachers have a very different perspective on life, promoting suspicion amongst other staff. The possibility of a colonisation of the values of the school, promoting second order change is greater in these schools than any others. LMS has not directly created any of these headteachers, but has allowed them to flourish. The fact

that these headteachers are in control of the budget suggests they have the resource base to generate changes in the schools, which could be quite dramatic. To date the perceived maverick behaviour of these headteachers is tolerated by their colleagues as it is marginalised from the remainder of school life. Whether this tension can be maintained without the headteachers wanting the schools, as a totality, to reflect their rediscovered values remains to be seen.

The Managerial Educational Headteacher.

Retaining the task orientation of the last three groups, but having a more distant relationship with LMS are the 'managerial educational' heads. The 'managerial educational' headteacher involves others (primarily deputies) in sharing the overall responsibility for 'doing LMS' whilst at the same time developing a range of educationally-led management structures only very partially related to LMS. A typical view of the heads in this group was expressed by the headteacher in S14 when she indicated 'I am fortunate that the Deputy takes the sweat and worry of LMS off me. I can now manage more effectively'. She continued 'we are managers with education in our soul'. Such managerial endeavours are distinct from 'doing LMS' and distinct from being in the classroom. In fact the head of S14 was 'happier being outside the classroom'. Reflecting on the management arrangements the teacher in S14 summarised the situation as follows: 'we are structured. We know where we are going. Head is very professional..organised. If people see management produce the goods they'll respond. Head sees the strength of the school in the senior heads of department. They see themselves as managers and administrators'. This management arrangement is largely seen as distinct from LMS which is managed by the deputy: 'he sorts it all..he has to ..(jokingly).. he's the best paid bursar in England..but I don't see him as an accountant type. We don't appreciate all the ramifications of his job..we know he puts a hell of

a lot of work in' (teacher in S14). Whilst in this school the division between LMS and the managerial strategies of the head is clear, in another, where there are genuine uncertainties as to the merit of such structural changes, LMS is caught in the cross fire of concern. As one of the teachers in S23 indicated 'the faculty structure is supposed to be in place but there is antipathy from staff. It is perceived as careerism. It splits staff. They doubt colleagues' motives. It is wrong to set up a system that rewards those who administer more than teachers. Part of the problem is the career structure - have to give up teaching in order to administer'. Rolling LMS into the discussion this staff member made plain his concern about the 'potential division between classroom teachers and management staff. Thus the management of LMS in these schools is duly shared between the head and (usually) deputy and, in effect, separated off from other managerial changes instituted by the headteacher. Yet because these additional changes are 'managerial' rather than pastoral or curriculum-led there is a tendency on the part of staff to see these as either some extension of LMS or closely linked to LMS.

The managerial emphasis of these headteachers moves educational activity towards a task orientation, and this may be resented by members of the school who seek to retain an orientation towards people and relationships (See chapter eight and Broadbent, forthcoming, for a discussion of these issues). These headteachers were moving along this pathway before LMS and the extent to which LMS has enabled or impinged upon the process is not great. However, budget devolution has the potential to provide financial impetus for the developments, which may well have the possibility to produce change of a second order.

The Managerial Pastoral Headteacher.

The 'managerial pastoral' headteacher, on the other hand, has a tendency to be as distant as possible from LMS concerns - delegating as much as possible to other staff members - so as to keep him or her self free to fulfil the perceived original role of headteacher as 'pastoral' involved in the care of staff and children. They are, therefore, closely aligned to the 'people orientation'. Thus a typical view of these heads was: 'I thought of doing the budget myself but not for long. It would take me away from virtually all other responsibilities' (head of S20). In this same school a senior teacher renamed 'systems manager' became the key individual in the small group 'doing LMS'. As the head of S20 indicated: 'he said he'd do it provided he could get on with it and not have any interference'. This 'systems manager' seemed to have many of the same anxieties as other headteachers playing a major role in LMS. As he pointed out 'it could suck me into being a financial administrator' yet he was also aware of its potential for educational purposes but became frustrated that other senior staff 'did not want to know about money'. Presumably driven by this frustration, but also wanting to exercise greater control, this systems manager was about to leave to become a headteacher in a neighbouring school. On asking about his replacement and questioning the role of the head the researchers were told by the bursar, amid some mirth, that the head 'is not as much involved as he would like to be with LMS.. which creates a big dilemma with the deputy moving'. Undoubtedly 'dumping' 'doing LMS' onto another staff member, allowing the head to be somewhat distant from the issues, is an interesting possible handling process. Whether this is tenable as a long term handling strategy either for the individual taking on the loading or for the school is clearly debatable.

This strategy is one which places LMS on the periphery of activities. It may be admirable on one level, as it leaves the head free to fulfil the role s/he

perceives is appropriate. However, if LMS is here to stay it is potentially undermining of the position of the head who may be expected by others to have some control over the resources of the school. It also means that there is a possibility that resources are decoupled from the educational agenda and cannot be used to further it.

The Informer-Involver.

The 'informer-involver' type heads are described by a position rather nearer to the centre of the two continua than any of the other groups, although they are inclined to an orientation to people and a rather more distant involvement with LMS. The 'informer involver' type heads are dominant in the small group yet, as distinct from the '*absorber* informer involver' types, have managed to involve others in the management tasks to a degree acceptable to them. This puts less pressure on them individually and results in less tensions from an institutional viewpoint. The overarching impression of this group of heads is that they are balanced in their involvement with the LMS workload: fully involved yet involving others. Thus the head of S15, reflecting on his own role, suggested it involved 'some delegation but with a task of oversight and the need to have fingers in all pies'. Or as the head of S24 suggested: 'I can delegate the running of LMS but not the managing - LMS gives the head infinitely more responsibility'. The carefully managed absorbing strategy and success of this group of heads is nicely summarised in the comments of the headteacher of S21 when he pointed out: 'morale in this school is high - it's a key job for me to protect my colleagues. There is no point in passing on a lot of aggravation and anxieties. It sounds patronising but I don't mean that. My job is to identify and choose structures to cope with that'. Yet it would be wrong not to say that this group of heads are tension free. As the head of S21 put his concerns: 'I didn't come into teaching to do accounting. I work an incredible number of hours. My amount of teaching has decreased. I also

spend less time on curriculum matters. But the paperwork is tremendous. I need to strike a balance between remaining a sane rational human being and becoming a machine'. Or as the head of S17, having reflected that: 'LMS didn't cause me more stress, only more work, especially paper work', wistfully pointed out: 'there are times when I would like to stand back and think about education'. Equally, despite the best intentions of all these heads not to change the relationship with staff, subtle shifts can be noted. Thus, as the teacher in S15 pointed out: 'I'm sad that this increased pressure doesn't give him (the head) the opportunity to use his skills - his qualities are interpersonal, communicating. He's too office bound, looks too much at figures. Staff notice he talks cost more'. In sum, the 'informer involver' type of head, who dominates the small group 'doing LMS', seems to be a reasonably content absorber, involving others where appropriate and only causing some strain both individually and institutionally.

Of all the strategies this one seems to be the near optimal one. 'Doing LMS' is not perceived as a great opportunity but as a rather delicate balancing act with a lot of bureaucracy and housekeeping involved. The concern seems to be for some sort of sharing of this task, alongside attempts to keep everyone informed of the resourcing issues. This tactic seems to be the least anxiety inducing alternative and one which is accepted by the teaching staff in schools.

Overview.

This completes the survey of the different types of small group set aside to 'do LMS'. The way LMS is currently being handled in schools, using the theoretical lens described in the first section, is engendering change of a 'first order' variety. As predicted at the outset, in none of the 24 schools was there fundamental change in the interpretive schemes. In all cases a small group

has emerged to manage LMS on behalf of the school to allow the 'real (authentic) work' to go on unhindered. What is apparent, however, is the wide variety in the nature and design of these small groups, despite their common concern to protect staff from involving themselves in the financial burdens of LMS. These different designs and their functioning raise a range of potential and actual problems for both the individuals and schools, only some of which are apparent at the moment. Some of these designs, as has been demonstrated above, may have colonising potential and, thus, have the possibility of engendering 'second-order' change.

The implications of these issues will be developed further; in particular, in chapter ten the thesis will move to consider an approach to undertaking an evaluation of the effects of these changes, such as the engendering of 'absorbing groups'. But first, continuing an exploration of the effects of the attempts to introduce change in schools, it is important to consider the nature of the changing relationship between the governing bodies and the schools. It is to this I now turn.

7.2.4. The Role of the Governing Body.

The second of the issues highlighted by the early work was the lack of involvement of the governing body. The 1988 Education Reform Act (ERA) gave school governors significant power through the mechanism of Local Management of Schools (LMS). The intention of this and other legislation (the 1986 (No.2) Education Act) was to move responsibility and power for the direction of a school towards governors. In theory they would represent the interests of the consumers of education - pupils, parents and the community more generally - better than LEAs and teachers alone. For this reason they have been given responsibility within a legislative framework which includes the National Curriculum, finance and staffing. The thesis now

turns to an illustration of the response of governing bodies to the responsibilities which have been imposed on them. This discussion uses the same interview based data as was used in section 7.2.3. In each school the head, the chair of governors and a teacher, usually a head of department or deputy, was interviewed. Twenty one of the schools provided data that was suitable for this discussion. Different identifying labels are used for the schools to the ones which were used in the previous section. The inability to link the two is not a problem for the various points being made.

7.2.4.1. Curriculum, the Budget and Staffing

As noted above the implementation of ERA gives specific areas of responsibility to governing bodies and, in this section of the paper, we shall examine the extent to which they have been actively involved in these areas.

Curriculum.

It appears from our sample that governors invariably delegate curriculum matters, even though they do have responsibility for oversight of the curriculum under the 1986 (No 2) Education Act, and can change the LEAs policies on the curriculum as they think fit. In only two cases had there been interventions, one about how guidance was taught in a secondary school, and the other on whether table tennis or French should be taught in a primary school. The split of curriculum responsibilities between governors and schools seems to be working in a way which most parties feel is appropriate, in most cases. It seems that governors like to be informed about the curriculum in broad terms, and many governors are or have been parents, which encourages and enables this. The governors do not see themselves as educationalists and feel that they do not have the expertise to become closely involved with decisions in this domain. Rather curiously one teacher actually wanted governors to be more involved in real debates about education.

However, as far as the core values of the educational process are concerned, nothing has changed as a result of governors' new powers. This message is repeated over and over again by teachers interviewed. The National Curriculum is clearly likely to have an impact, but the governors do not. Heads and teachers have worked hard to retain their professional autonomy in curriculum matters, and have succeeded.

Finance.

One of the main thrusts of ERA, as pointed out in chapter five and throughout this section, is the Local Management of Schools (LMS) Initiative in which responsibility for financial matters is devolved to the level of the school. Chapter eight will discuss the way in which schools have responded to this task in some detail, showing how the key issue in 'doing LMS' is producing the budget. The concern of the current chapter, however, is how the governing body exercise their responsibility vis a vis the budget.

The extent to which the governors in the schools in the sample simply receive a budget from the head for approval is not entirely clear, but the actual process of budget formulation is invariably delegated to the head or by the head to a deputy head or other teacher. In only one case was there some involvement when a local businessman on the governors was described as being helpful in producing the budget. There is little evidence of debate in the governing body about issues such as the balance between, for example, the number of staff employed and the provision of books and other teaching materials. There is only one example of the governors over-riding the head on a budget decision, this to involve keeping an extra teacher on the staff. Perhaps when they do show any involvement in budgeting and finance, the main role of the governing bodies is that of loosely monitoring and being used as a sounding board by the head on selected issues.

Personnel.

Personnel is one area where the governors do like to become involved. They have by law to be involved in head and deputy appointments, but all other appointments can be delegated to a governors' sub-committee or just the head and other staff of the school. In practice, in our sample, delegation to the school seems rare; governors like to become involved in appointments at all levels. On another personnel issue, governors do seem, even within our limited survey, to have become involved in dismissal for incompetence. It should be remembered none the less that governors were often involved informally in personnel issues long before the 1988 Act. What they have now had to take on board are discipline and grievance procedures and codes of conduct, which were previously the responsibility of the LEA.

7.2.4.2. Headteacher and Governor Relationships

The above shows that the governors' new found responsibilities are not being exercised to any substantial degree. The empirical work which was undertaken suggested that one of the keys to understanding the way in which governing bodies exercised their responsibilities and may exercise them in the future could be appreciated by understanding the relationship between the head and the chair of governors. It is this issue which will now be explored and illustrated. We were particularly interested in the division of responsibility between the head and governors for those issues that are formally governors matters, but which can be delegated. Governors can choose to handle these matters themselves or allow the head to deal with them on a day to day basis. We examined the extent to which this division of responsibility is agreed, simply accepted or contested, and the roles that the head and governors have assumed in relation to each other. The schools seem to fall into three major groupings with a number of sub-groups in each. As we shall see in the discussion section that follows there is a certain

progression in the groupings in terms of potential for change: the first being least likely to see the governors exercising their responsibility, the third having the greatest potential (although not a current actuality) for change to ensue.

7.2.4.2.1. Heads take the Major Role

In this, the largest group, it seems that the head is essentially in charge of the school with the governors having little impact on its direction. Within the group there seem to be three subgroups.

Head has Major Role with Governors' Approval

In the first group the head takes the lead with the governors' approval. A very clear example of this type of school is ASR. According to the chair the head has 'delegation of the entire budget', and as the head says 'the governors give us full control over our spending; the teaching allocation budget and the curriculum budget are decided by the school'. The governors trust the way the senior management team manage the school, but the school 'worked hard to build that trust'. The school has a catchment area in which houses are mainly owner occupied, and the governors meetings are well attended, but the governing body are happy to delegate everything to the head. As she says, she has no need to manipulate the governors because they have complete trust in her.

At BH Middle, the chair has to 'depend on the head to run the school', so he 'does not interfere' with the head's decisions. The head makes all the strategic decisions because 'they wanted to delegate it all' to him, and their role is now 'more of a watchdog'.

At CA Infants, the head does 'the whole of the budgeting' since she 'prefers it that way' and 'knows exactly what is going on'. She has, she says, an

extremely good relationship with the governing body because they 'rely on me and trust me'. However, she is concerned that someday they 'will realise their power and flex their muscles'. The chair commented that the head had taken 'major responsibility' and that 'the finance committee monitors' even though 'it's not what we're told should happen'. She clearly realises the possibility of greater involvement in these decisions, but chooses not to exercise it. She sees the 'relationship between the head and the governors as one in which 'we [the governors] are happy with what she [the head] does'.

Head takes major Role by Default

In this second sub-group, the head takes the lead because, put rather bluntly, the governors seem to have little idea of what governance is about or how they could be involved. The delegation of their responsibilities does not even seem to be a conscious decision as was the case with the first sub-group. An example is DW Primary, which is on a very deprived council estate. The head 'worries about the competence of the governors' and feels that they have a 'lack of role understanding and commitment, despite attempts to educate them'. They are, he said, 'nice people, but have no idea of governorship' and are 'lost in education'. But 'at least I don't get any interference from them; that's probably a good point' she notes. The chair said that he 'didn't understand his new role'. He 'tries to involve the parent governors, get them to speak' and 'is happy for the head to take on LMS'. The teacher simply observed that the chair 'cannot cope with it at all'.

At EE Middle School, in an 'excellent' catchment area, the head points out that 'the majority of governors are only now realising their legal responsibilities'. However, 'the governors meet less than other governing bodies', and so presumably do not become involved. Curriculum issues are left to the school, and the chair points out that the head simply provides the

budget. The teacher and the head both commented on the 'fully supportive' governing body, which would appear to have very little impact on the running of the school.

The chair of governors at FR is a sales manager who was recently elected to this post. He talks of badly attended meetings of the governing body, difficulties in recruiting members, and a lack of parental involvement. When appointing staff he relies on the head to make recommendations. The head points to a governing body which is 'incredibly supportive' and 'non interventionist', and which trusts the school 'to get on with it'. A teacher points out that the governing body, 'does not have the expertise to deal with financial decisions', and is 'dependent on advice' from the head.

Head has Major Role by out-manoeuving Governors

In the third sub-group the head clearly wants to be in charge and does so by locking out or even 'out-manoeuving' the governors when significant decisions have to be made. The governors may have an influence in some areas, but are limited by the head's actions. Some might describe this as the manipulation of the governors. What is of interest in these cases is the difference in perceptions between the participants about what is happening.

The head of GWM, a small school in a very deprived area, delegates much of the top level work of the school to the deputies. The chair feels that she can advise the head 'quite a lot, being part of the community', but regrets that she 'cannot get the parent governors in; they're not committed or bothered'. This chair feels that she is able to influence the school, but the view of the teacher interviewed was that 'the chair is around, but doesn't have a clue, and is easily influenced by the head'.

At HP Primary, the head finds that the governing body has 'no commitment; they are the kind of people who just turn up and sit there', and are 'scared of LMS'. He does find that 'the parent governors are very good, but only on marginal issues like uniform'. The chair finds that communications with the head are not as good as she would like, and that he sees himself in charge with her rubber stamping. She finds that she has 'constantly got to pull him up' about making decisions without referring to the governing body, and that he can be manipulative, so that 'when appointing staff we made ourselves awkward, asked questions, challenged'. However, in contrast to the view of the chair of the governing body, a teacher at the school likes this head and is of the opinion that he can cope with the job. She thinks that there is 'a nice board of governors; we are quite happy with them. They do what we want them to do .. respect us as experts'. It seems that this head runs the school with little challenge from the governors.

At IH High, the head observes that 'the local party agrees the chair of governors', though the governing body 'has always been supportive of the school'. The governing body 'gets more excited over cleaners than the curriculum'. However the teacher interviewed pointed out that the school 'got what it wanted; the head saw to that'. Even more graphically he said that the governors were 'in the head's pocket', and that 'he does what he wants to', but that they 'would be dangerous if they knew what they could do'. As it is 'most of it is rubber stamping', since 'the chair likes the representative aspect of it all'. The teacher even thought that the governors 'should have a higher profile, like appearing at school events', but did not mention a greater involvement in education.

At JW Middle the chair described herself as very involved; she goes into the classroom and says that 'all the kids know me by my first name'. She 'insists

that any vacancies with allowances are advertised in school first', and as far as the other governors are concerned she 'has not yet been challenged by them on any decision'. She clearly likes to delegate to the head, since he produces a 'very simple budget sheet' for the governors, and they are 'quite happy to delegate the curriculum to the teachers'. The head he finds that the governors are 'OK, not a lot of expertise' and that the chair is 'very well meaning'. The governors 'are generally supportive and leave it to us'. But more deviously he lets them 'think they are well informed' and 'feeds little unimportant things to them' so they feel he is 'open about everything'. The teacher interviewed regards the head as 'absolutely competent as a financier' and a very good manager. On the governing body 'decisions tend to be made on political grounds', but the head is a 'master at manipulating the governors'; 'he's got them eating out of his hand'. However, the teacher does see the head and chair working well together; 'he made a positive decision to keep her as chair', perhaps because she has 'useful knowledge of committee work' and 'lots of contacts'.

At KC Junior the head gives his governors 'only minimal opportunity to make decisions'. 'It amounts to £15,000 which I didn't put in the budget', and 'it's the surplus that the governors can discuss (re-decoration, telephone system, more special needs teaching)'. 'They haven't the ability to take decisions', so 'they take my advice'. However he did say that he 'communicated openly with governors', and that 'too many colleagues do an injustice to governors by not telling them what goes on'. The chair is a parent governor as well as an infant teacher in another school. On financial decision making she finds that they are on 'delicate ground'. The head 'expected that he would have the budget and would make the decisions', but she felt that 'the major items of expenditure should go before the finance committee'. As far as curriculum is

concerned she wanted governors involved, and did not want to be rubber stamping, but had not pressed the point.

At LKW Primary, the head said that 'staff feel cross about governor's involvement in the school', although he admits that they do 'have the right to question'. He finds 'tension with people used to management who come in and try and run us', so for him 'it's a matter of finding things they can have an input into', such as 'suggesting a lower water temperature'. But he seems to be happy because 'nobody finds things to talk about because the school runs well'. The chair is the head of Business Studies and Economics in a secondary school and 'subconsciously leans towards the professionals'. She says there is 'some tension on the governing body: one representative from industry does not understand that education is not black and white'. However, on the whole the 'relationship [between head and chair] is good' even though the head 'does have his blind spots'. There was a problem with a reading scheme on which the head had to give way. But the chair finds the 'governing body's role is to negotiate between parents and school' The teacher governor interviewed thought that some of the governing body had gone 'power crazy'. They wanted to 'control the curriculum': they wanted to 'teach French rather than table tennis' and to 'do away with the fourth form games room'. He reported that the head said 'we've got to pull ourselves in and keep that lot out', and fully supports the head. The teacher responsible for preparing the budget reported that 'the head handles them well', and 'leaves them very few options'. They are 'fortunate that the governing body goes along with what we say'.

At MM Primary, the head hardly mentioned the governors during his interview. The chair, an LEA nominee of considerable governing experience, 'fights for the school' and is closely involved. As a governing body it is their

'legal responsibility to check the curriculum', so he 'goes in and checks'. His 'function is not to rubber stamp', and he is 'gradually getting his own way' on matters such as staff being 'more flexible in their teaching'. He thinks that 'the chair and vice chair should meet with deputies', that he will 'have his say when it comes to appointments', but is happy 'to delegate budget management to the head. He 'would use his authority if he felt the head's decision was wrong. He ordered the head to close the school when a roof leaked ('I'm the chair and I'm telling you to close the school') and 'instructed the head to involve staff in the curriculum'. The teacher regards the head as 'a very talented man', and that they are 'quite lucky with the chair - he loves the school'. He sees the chair as 'very involved and will want to show his power at times'. However the chair is 'more tolerant and understanding because the head is brilliant at handling him'. The head 'engineers the decisions to be made', and although the governors 'feel they want to make a contribution', they 'nit pick and home in on trivia'.

7.2.4.2.2. Responsibility Shared between Head and Chair of Governors on an Implicitly Agreed Basis

In this category, responsibility is shared between head and chair, and the basis is one of implicit agreement about how this should be done. Governors are usually competent and knowledgeable about what is a proper role for them. There is no evidence of friction; rather there is co-operation at various levels. The group falls into two sub-groups. In the first there is a very positive relationship between the head and chair based on mutual trust and respect, and considerable openness. The responsibility boundaries are clear but also fluid. The relationship is one of mutual support, and each of the partners to it nurtures the strengths of the other whilst allowing for their weaknesses. In the second group the governors have a strong input into the school, and at the same time are largely clear about the boundaries of their involvement; but

they are also very aware of their monitoring role and ultimate responsibility for the school.

Responsibility Shared between Head and Governors - Nurturing Relationship

At NHS Secondary, the head and chair have worked together for many years, and as a teacher governor says there is 'excellent co-operation' between them. The head talks about a relationship with the governing body of 'trust and openness, on a professional basis', and feels that she is 'lucky to have a professional body with people who are committed and take an active role'. The chair, a university academic with many years of experience of governing and committee work, talks about their 'extremely good working relationship', and their 'clear definition of roles, and ability to take into account each others strengths and weaknesses'. It is clear that the boundaries of these responsibilities are fluid, each moving to the appropriate position to support the other as the situation in question demands.

At ONB Comprehensive, the governors generally are not actively involved, but this is compensated for to some extent by the qualities of the chair. It is a small school in a 'rough community', and the head describes herself as very stressed. She thinks that the governors are totally out of their depth, but that they are 'fortunate with the chair of governors', since 'if it weren't for her we would be desperate'. She has 'ready access to her' and 'can talk to her'. Otherwise the only governor who is helpful is co-opted, the managing director of a small company, who is 'helpful in drawing up the budget'. The parent-governors are described as 'first class, interested in kids being safe in school and in proper teaching', but presumably not effective in the way the head would like. The chair, who teaches elsewhere, sees the function of the governors as being 'to relieve the pressure on the head'. She recognises her support for the head since she 'can off load' on her, and the governors can take

the blame. The relationship is one of mutual support, again, each taking responsibilities as the situation requires.

Responsibility Shared between Head and Governors - Governors Emphasise Monitoring Role

At PH the chair is a barrister and the governing body contains an accountant, a personnel manager, bank manager, sales manager, and, as the headteacher said, housewives. Before the governing body was reconstituted in 1988 the chairman had been a political nominee and the governing body's actions had conformed very much to LEA guidelines. But, according to the new chairman, in 1988 the parents got together and elected the chairman they wanted, and it appears that the complexion and effectiveness of the governing body have changed considerably as a result. The head refers to 'a powerful governing body, comfortable with LMS, and confident in his managerial capacity', though he is determined to keep them out of the internal management of the school. He gives the impression that he is having a bit of a battle to keep the governors in their place, but is succeeding. The chair says that his 'role is encouraging and supporting what is already going on', but he imagines that 'if there were a different situation there would be a different story'; he would see his job to 'go in and sort things out'. Another role is 'to take on the LEA if the chance arises'. The teacher, not a governor, referred to the great leadership qualities of the head, but made little reference to the governors.

At QTH Comprehensive, the chairman is a senior civil servant and some of the other governors are accountants, lawyers and other professionals. The headteacher says that he is 'in charge of the budget, decides on the distribution', and 'runs the school loosely and openly'. There is considerable delegation to sub-committees. He describes the governors as very helpful,

and 'very laid back; always have been'. Every governor is or has been a parent at the school, perhaps connected with its small town location. The head notes that 'the new status has not gone to their heads, and it had better not. Their job is oversight; I'm in charge of planning and the management side'. The chairman reports a cohesive governing body whose job is 'to make sure that the school is properly run and not to run it'. The 'relationship between the head is very good - we're committed to the same philosophy'. The teacher interviewed reports that the governors are 'highly supportive' and that 'they have always been involved in appointments'. He notes that 'there could be a conflict situation', but it has not occurred because the relationship is good. Although there is no evidence that the governors have ever flexed their muscles the composition of the body and general comments made suggest that should the need arise they would.

7.2.4.2.3. Conflict, and Areas of Responsibility Contested

In this group there are signs that the relationship between head and governors is not smooth. There is tension, though the extent varies. The stress of being a headteacher is apparent for a number of them, some of that stress being induced by the governors themselves. In some cases the head may still have responsibility for most aspects of the direction of the school, but the governors have significant disagreements with the head on some matters. The extent of disagreement between schools varies. Although these matters are invariably resolved, it seems that the two parties are jockeying for control of some aspects of school activity.

At RHH the stresses are not great. The chairman is an industrial manager and the governing body includes an accountant, personnel managers, trade union representatives and other industrialists. As the headteacher says, the governing body is 'jam packed with experts'. But the head says that 'the

governors have confidence in his ability to run the school' and 'will act on the recommendation of the head'. However he says that 'the staff feel threatened - the governors are seen to interfere with school life'. The chairman visits the school three times each week, and talks about a committed governing body in which everyone turns up. On occasion the body has used its power. Under the previous head when one subject was not taught in the way the governors wished, so they had it changed. The chair clearly gives the impression of a controlling governing body, and there have been other times when the head and governors have not agreed, for instance over an exclusion. The teacher interviewed, also a governor, feels that the governors trust the head, are well meaning and very committed. What he misses is real debate on education: he commented that a discussion 'about smoking created stronger feelings than any educational debate so far', although the chair does appear to want to involve the governors more in discussing education.

At SFW Comprehensive, there are five sub-committees with what the head describes as 'vast delegated powers'. The head says that he 'disagrees with them at times, but it's up to them'. For instance 'staffing and finance committees decided we could afford present staffing levels and did not need to cut back even though I disagreed, so we have one more member of staff now' than can be afforded. He says that 'governors always use their power', and although the 'head and governors disagree at times', they 'always work it out'. The school is unusual in that the chair, a co-opted governor, used to be a deputy head in the school, and took very early retirement because of a serious accident. He therefore 'knows the school and the system', and usually pops in for 10 minutes each day 'because his wife works there'. He says that he has 'good relationships with staff, but there was some resistance to his appointment because of his well known strong political views'. He is clear of his power: 'I would say that I can manoeuvre things in the school' is his

comment. He has 'some knowledge of finance' and 'a basic understanding of capitation' so that he 'can use figures to manipulate and persuade'. He comments that the governing body is cohesive, and that although the board 'has some Tories, they share the same views and concerns'. He is 'confident that the school isn't hiding anything', and that 'because we have some power we can make a mark'.

At TA Comprehensive, the head seems to suffer considerable tension in his relationship with governors. He has a 'tremendous problem with governor's commitment to the school; many of the appointments are political'. Most are on other governing bodies, and the 'co-opted governors were recruited en bloc'. Attendance at meetings is poor. The governing body 'make him feel vulnerable', but he is 'concerned that the impetus has to come from him' when he feels 'they should be pushing him'. On curriculum issues, when he 'submits documentation to them, he is asked to point out their responsibilities'. As long as there is 'no deviation from LEA policy then there is no problem' which means that the governing body chooses not to use the discretion on curriculum issues it has. There is controversy about outside speakers, and 'objections to representatives from the armed forces, police, British Coal, and Tory or Liberal candidates'. He now has to 'seek the chair's approval before they invite any guest speakers in'. The governors' meetings 'cause him a tremendous amount of stress' and he experiences 'palpitations and hot and cold sweats'. He says that it is 'like playing Rugby; he knows he will get hurt', and that he is 'under tremendous pressure to keep governors' confidence in him'.

At UK Secondary School, there is a very tense relationship between the headteacher and the chair of governors. The chair and vice chair has been to the LEA offices 'because of dissatisfaction in the school' because the head 'was not leading properly'. The chair feels that 'the deputies are not confident'

in the head. The chair says that the head 'has been put in his place' over questions about appointments. The deputies wrote saying that they wanted to be involved in appointments, and the chair 'looked at the rules' and would be 'happy provided that they don't vote'. These he said are 'the rules' and they 'cannot bend them'. The chair feels that he has 'a head who does not communicate', that he 'doesn't have a filing system' because it is 'all in his head'. He says 'the head appears committed', but 'doubts his sincerity'. However the chair does point out that the governors 'must be cautious not to interfere with the running of the school'. The head sees his jobs as 'internal organisation', 'to motivate' and 'to keep governors and parents off teachers' backs'. He finds that 'fortunately the governors are not politically biased' and that 'differences can be ironed out'. He notes that he is not permitted to make appointments, which he feels 'quite bitter about'. The head says that 'the chair says that the governors will accept advice, but cannot delegate the authority to appoint'. He finds that the chair 'thinks he knows it all'. Over a particular appointment all of the committee but the chair agreed on a particular candidates, so the chair 'created a fuss'. The head notes that 'they obviously have different interpretations of the role of the chair'. However, the head does appear to have control of the budget: he gives 'a presentation to the finance sub-committee and then to the full governing body. Governors chip in with bits and pieces and then they agree it'. The teacher governor interviewed noted that there was a management gap in the school between the senior management team and the teaching staff, but agrees in general with what the head is doing. He finds that the governing body is 'political, dominated by labour', and that 'a nucleus of eight governors are involved'. He says that the chair 'is considerably criticised by governors' and that 'he runs meetings autocratically'. The staff 'see governors as an utter waste of time', that 'they won't let go', but 'have not touched the curriculum at all'.

7.2.4.3. Discussion of the Role of Governors

As was indicated earlier, the intention of the recent legislation was to move the responsibility and power for the direction of a school towards the governing body. We have noted that the governors, despite having responsibility for curricular, financial and staffing matters have been reluctant to become closely involved. Their main interest seems to focus around personnel issues. The extent to which they accept responsibility is diverse. A main conclusion is that governing bodies have, in the main, not accepted responsibility in a practical way and that it is the headteacher who has, de facto, an increasing level of responsibility and power.

We have grouped the 21 schools in our sample in three broad categories. Naturally schools do not necessarily always fit neatly into one category, but this categorisation does give a useful way of looking at headteacher governor relationships. In the first category the head has clearly taken over the responsibilities and opportunities offered by LMS, and the governors have very little impact on the direction of the school, either because that is their wish, or because of their inability to take on the role of governors, or because the head has organised it that way. In the second group there is a very positive relationship between head and governors, though in one case it is only the chair. The relationship is based on mutual trust and respect, and an awareness of what are currently appropriate boundaries of responsibility. In two of the cases the governors see their current role as one of monitoring, taking action in support of the schools as they think fit. In the third category there are disputes of varying degrees about the boundaries of governors' and heads' responsibilities, power and actions. At worst the relationship between head and governors is very uncomfortable for the former. Perhaps in only

three of the schools in the sample has the general relationship between schools and their governors taken as a whole the potential to be what the legislation might have intended. In about a half of the schools the governors have very little impact. In the remaining cases, where there are varying degrees of conflict, there is only a limited suggestion in one case that the head might not have been as effective as a reasonable governing body might require. In the others it is not clear that the governors methods are doing anything useful; in fact the extra stress they place on the headteacher can hardly be of help to him or the school.

The school curriculum is now so constrained by the National Curriculum that it is not surprising that, together with the worry about interfering in the work of professionals, governors do not want to become involved in debates in that area.

Governors have long been involved in personnel matters in many schools, and continue to be so. Headteachers often like to have governors on appointing panels, perhaps to safeguard their position in the case of appointments that turn out to be unsatisfactory or internal promotions that create staff-room disapproval. However, we also noted that governors had been significantly involved in the contract termination of a teacher whose performance was not satisfactory. Whether the LEA would have taken such a move before the Education Reform Act gave that responsibility to governors is not clear, but the governors were clear that they took a significant role in the process.

The rise of governing bodies has been a slow one. Starting with the 1944 Education Act their composition and roles have steadily been developed. During the developments of the 1970's which led to the Taylor Report it was suggested (Bacon 1978) that although headteachers were initially worried

about the intrusion of lay people into what they saw as their professional territory, in practice the governors actually enhanced and strengthened the head's position. Even without formal responsibility and authority, governors have always had the potential to influence the conduct of a school. Yet when Packwood (1984) examined a sample of schools he found that, although governors might mediate between the school and its community, they made sure that they were briefed about matters in the school and perhaps offer some observations, and that they would support the school in its various activities. However, they were unlikely to take on a significant 'accountable' role which could involve forms of direction and formal monitoring of the school. The evidence was clear that invariably it was the headteacher who controlled the school and the governors' contribution was largely determined by what the head was prepared to allow.

Using the results of this research, what can now be said about the relationship between governing bodies and schools in the early 1990's? A teacher in one of the LEAs studied, but not in one of the schools surveyed, summarised his view succinctly by saying that all that LMS has done is make headteachers more powerful. From our observations indicated above this is certainly true. The legislation was intended to make the school as a whole, headteacher and governors jointly, more powerful. In a small number of the cases the governors have increased their influence in the school in limited ways, and have made life for the headteacher a little uncomfortable at times, though that certainly happened before LMS. But for most schools the governors' role seems to be very limited, sometimes being no more than 'supportive' and 'advisory'.

In broad terms then the conclusions about the relationship between heads and governing bodies found by Bacon and Packwood seem still relevant, and what

changes are taking place are moving at a relatively slow pace. It is important to stress, in conclusion, that the above analysis has no implied or actual criticism of what is currently happening. This is a separate and separable evaluation question which must be faced (see the discussion in chapter 10). It could well be that the intention of the government concerning schools was and is wrong to try to change the role of governors. Our empirical work suggests a continuation of the situation which was in existence prior to the legislation, rather than a change in the role definition assumed by the governors. Hence, again, we have evidence that the changes being implemented are, as yet, only of a first order.

7.2.4.4. Empirical research in schools: a summary.

The empirical research in schools discussed so far illustrates that the changes which are being implemented are ones which are being rejected by members of the school community. The response to the imposed change has been a form of re-orientation. The design archetype and systems in schools have adjusted to 'absorb' the changes and protect the interpretive schemes of the organisation. This has been done by the formation of an 'absorbing group' who have handled LMS in such a way that the main task of education has continued untouched by LMS issues.

The absorbing process takes many forms and has many implications which will be developed in more detail in the rest of the thesis, at this stage I would wish to highlight one point, this relates to the role of governors. It can be seen that the roles governors have adopted are diverse and that few of them, as yet, have wished to intervene in the running of schools on a day-to-day basis. This represents a failure for the legislation in many ways as there is, arguably, an intention to involve the governing body in the management process. The predominant model is for the headteacher to retain control of the

school. However, there are many different approaches to the role and how these will develop remains an open question, whether governing bodies will allow headteachers to retain this central role is, similarly, unresolved. An interim conclusion is that whilst some governors would wish to adopt a more dominant control of the school and are challenging the heads status the most successful role for governors and headteachers is that of a mutually supportive and nurturing type.

In the next section of the chapter two themes resonant of those which have been illustrated in the context of education will be pursued: first, the extent to which, in GP practices there has also been an 'absorption' of the legislative changes and second the nature of the absorbing process. This work is based on data from the longitudinal project working with six GP practices in one Northern Family Health Services Authority (FHSA) area. The project commenced in 1992 and is on-going. It is to this data that we now turn.

7.3. GP Practices: an overview.

General Practice has had a tendency over the years of being regarded as a somewhat secondary branch of medicine both by other medics as well in relation to the attention of Government regulations. However, more recently General Practice has been the focus, admittedly along with other branches of medicine, of some wide ranging Government changes which have a strong financial and accountability concern. At best this has made GPs somewhat concerned that they have been put under the spotlight, judging by the antagonistic ways these changes have been received by them. Despite this recent attention the secondary nature of General Practice has a long history (Laughlin, Broadbent and Shearn, 1992). It can be traced back to the days when its antecedents - the apothecaries - were struggling for recognition as valid and equal professional partners to the powerful physicians and surgeons (cf Stevens, 1966; Parry and Parry, 1976; Bowling, 1981). In a similar manner Government regulation of General Practice has oscillated over the years in terms of its interest and concern. Thus, for instance, at the birth of the National Health Service (NHS hereafter) - through the National Health Service Act of 1946 - where hospital doctors and physicians were given centre stage it had again that sense of being a secondary element in the medical jigsaw. Equally it was totally ignored in the Griffiths Report of 1983 which can be seen to be the precursor to the immense wave of managerial, financial and accountability changes which have been hitting the NHS in the last few years and which were discussed in chapter five. However, recently, and certainly since the publication of the two White Papers ('Promoting Better Health' (1987) and 'Working for Patients' (1989)) and the passing of the National Health Service and Community Care Act of 1990, General Practice, whilst maybe not sharing centre stage, has been the increasing attention of Government regulations. This renewed interest, however, as indicated above, has caused more resentment, trouble and despair amongst GPs than possibly at

any stage in the far from smooth history of the development of General Practice.

This overview is intended to explore both the nature of some of these changes, as they refer to General Practice. This contextual analysis is intended to provide an important focus for understanding the conflict.

7.3.1. A Summary of Recent Financial and Accountability Changes: An Overview of the Context.

The two White Papers ('Promoting Better Health' (1987) and 'Working for Patients' (1989), accompanying Working Papers and the National Health Service and Community Care Act of 1990 and the changes to the GP Contract together provide a bewildering array of changes of a, primarily, financial, accounting and accountability nature for the NHS. No part of the NHS is exempt from the changes envisaged although in the following only the proposals relating to General Practice will be discussed, the focus being mainly on the GP Contract. There are five major changes: four of a required nature and one voluntary.

The four required changes involve an alteration to the GP Contract, the imposition of indicative drug amounts, the strengthening and rearrangement of the managerial functions of the Family Practitioner Committees (FPCs) into the new Family Health Service Authorities (FHSAs) and medical audit.

Fundholding is the voluntary change. The financial responsibility for normal practice costs, the purchasing power for some secondary care and a cash-limited drug budget was initially offered to practices with 11,000 patients. This has been reduced now to those with only 9,000 patients with a further reduction to those with 7,000 patients from 1992. This voluntary change is

clearly the flagship of the Reforms from the Government's viewpoint. It is also one which many practices have grasped with seeming relish and enthusiasm in marked contrast to the attitudes to many of the other changes. Motives for this are complex, however, fundholding is still treated with some considerable suspicion by the majority of practices. The official line of the British Medical Association (BMA hereafter), despite their willingness in late 1991 to hold a conference with fundholders, is to remain somewhat distant from, yet, of necessity, involved with, this initiative. The announcement in December 1991 that a new National Association of Fundholding Practices was to be formed distinct from the BMA suggests a perceived continuing distance by the BMA and an unwillingness on the part of what many believe to be the 'GPs Union' to officially and institutionally support the initiative.

In the following we will concentrate on the required rather than the voluntary changes giving rather less emphasis to medical audit. The reason for this focus is because it is around the revised Contract, indicative drug amounts and the new FHSA where resentments are most apparent - with the Contract clearly being at the forefront.

To say that these resentments are universal would be difficult to substantiate without a wide-ranging survey of attitudes and clearly there are likely to be differences of emphasis. Yet there is enough evidence from the introduction of the changes both in terms of massive political battles, threats of resignation by GPs, difficult and fraught BMA/Government negotiations and a High Court injunction by a group of GPs to suggest that this did reflect attitudes at the outset. However, whilst the dust may have settled on this public demonstration of resentment, discussions with GPs by the authors suggests that it still lingers on in private and quickly comes to the surface. Even the seemingly attractive allowances coming from the Contract, which have clearly benefited practices

in different ways, has not blunted some continuing and deep seated concerns about these perceived unnecessary changes. This bubbled to the surface again in the public sphere when the so called 'overpayment' of GPs coming from the first year of the Contract was announced. Clearly there are different levels of resentment between GPs - like all independent contractors there is likely to be considerable variety - yet it is a general characteristic which, to the authors, reflects past and current attitudes centred around primarily the Contract but also indicative drug amounts and the new FHSAs.

It is to these three required changes we turn in the following with the addition of a brief discussion on medical audit.

7.3.1.1. The Revised GP Contract

GPs both before and after the formulation of the NHS in 1948 have been deemed to be independent contractors. The financial arrangements between these independent GPs and the NHS has, from the outset, been via a Contract. Consequently the GP Contract is the foundation stone in terms of work relationships between the two parties.

The ideas for the revision to the GP Contract are traceable to the White Paper 'Promoting Better Health' (1987), yet the contents of the actual Contract are markedly different to those suggested in the White Paper. In general the revised GP Contract specifies in considerable detail '...the services GPs are expected to provide' (The 1990 Contract (1989) p.7). In this regard the Contract gives a particular emphasis to preventative medicine making plain that '...health promotion and disease prevention fall within the definition of General Medical Services' which, more specifically, '...includes the provision of advice and care through opportunistic screening and regular check-ups' (The 1990 Contract (1989) p.7). The Contract also substantially changes the way

doctors are remunerated with a reducing proportion tied to capitation payments (a shift from approximately 60% to 47% of a 'normal' GPs earnings) with the remainder tightly related to the expected services that the GPs should perform. It also requires GPs to 'increase the flow of health care information to FPCs so that they are better able to monitor and encourage the development of good quality services to meet the local needs of patients' (The 1990 Contract (1989) p.7). In sum it creates a tighter definition of professional practice and increases the levels of accountability with definable financial and other sanctions and rewards for 'good practice'. There have been some revisions to the revised contract (in July 1993) which have not fundamentally altered the philosophy imposed. The discussion in the chapter is focused mainly around the first contract revision given that this was the point of fundamental change. This Contract, despite unprecedented medical opposition, including threats of mass resignation from the NHS, has been operating from April 1990 onwards. It did not require changes in the law to make it operational, being seen as a revision to, rather than a fundamental change in, the working arrangements of GPs. However, such was the antagonism of GPs that a High Court injunction was taken out to challenge the view that it was only a revision. This injunction failed but it again indicates something of the strength of feeling amongst GPs.

Before looking in more detail at the nature of this 'revised' Contract it is important to provide some insights into the contents of the previous Contract. This dates back to the initiative of the British Medical Association contained in the 'Charter for the Family Doctor Service' of 1965 which came out of a period of immense despair and frustration for GPs (for more details see the following section). The resulting 1966 Contract, was somewhat colourfully defined by Scott and Maynard (1991) as a "John Wayne Contract" where "a GP's got to do what a GP's got to do"; this is possibly a little flippant but at

least it provides the flavour of what was agreed. The 1966 Contract did not provide clear specifications of tasks to be undertaken or accountability expectations. Its remuneration arrangements, whilst specifying that approximately 60% of GPs 'normal' earnings would be made up of capitation fees, defined the remainder more in the way of block grants (e.g. basic practice allowances, supplementary practice allowances etc.) with additional payments on an item for service basis for cervical cytology, vaccinations, immunisations, maternity, emergency work and night visits. The overarching concern of the original Contract was to raise the morale of GPs and allow them to get on with the work they defined as important and be suitably rewarded for their endeavours. Whether the 1990 Contract is a 'revision' of this original Contract, given its clear and unambiguous intention to direct, through financial rewards, GPs behaviour, is clearly a debatable point....

The contents of the Contract include a mixture of definable requirements and optional elements with only some of the former, but all of the latter, having clear financial inducements. The requirements involve registration medicals, offers of home visits for patients aged 75 and over, offers of 3 year health checks for non-attenders, the need for practice leaflets, the necessity for producing annual reports for the FHSA and making plain GPs availability. Of these only registration medicals generates an additional fee. The optional elements, which all, in different ways, have financial rewards attached, includes targets for child immunisations and cervical cytology and the encouragement for GPs to run various clinics, undertake minor operations, do their own night visits and attend postgraduate training programmes.

The required elements of the Contract included ensuring preventive medicine is undertaken by GPs and making their actions and activities more open and consequently accountable. The preventive medical provisions requires all GPs,

or one of their suitably qualified ancillary staff, to undertake a "health promotion" consultation with all new registrations, to offer to all patients 75 or over the opportunity of an annual home visit and consultation (which is intended to include an assessment of health and social standing) and finally, to offer to all those who have not been to see their GP in three years the possibility of a health check. The accountability requirements relate to making plain the availability of GPs, ensuring a minimum 26 hour patient contact time is adhered to, producing a practice leaflet (which makes plain to patients details of services offered and personnel available and their consultation times) as well as producing an annual report for FHSAs with all manner of details about the actions and activities of the practice over the previous year.

The optional elements of the Contract are a mixture of preventive and specialist suggestions which have subtle and not so subtle accountability elements and expectations contained within their nature. Childhood immunisations and cervical cytology have target ranges of 'high' (90% and 80% of the relevant parts of the list sizes for immunisations and cervical cytology) and 'low' nature (70% and 50% of respective list sizes) with larger financial rewards given to achieving the high target with a zero reward given if any GP falls below the lower band. Rewards are also offered for running specialist clinics (for ten patients or more, for different types of health promotion (well person, hypertension, asthma, diabetes etc.)), child surveillance for the under-5s, and minor surgery. (The further revision of the contract has affected these arrangement and now health promotion work is reimbursed on the basis of the standing of the services provided classified into three 'bandings'. Those offering the most comprehensive service receive the highest payment. Health Promotion clinics are no longer paid for on an incremental basis, although clinics for asthma and diabetes still generate some financial reward.) Finally, returning to the elements put in situ by the first

revision of the contract and remaining unchanged, further financial rewards are offered to all those GPs who undertake night visits for their own patients and ensure that they are regular attenders at postgraduate training workshops and conferences. Whilst these are 'optional' the very attachment of a financial reward to undertaking these actions, coupled with a heightened accountability concern which underpins the Contract, suggests not only a declaration of value by the designers of the Contract but also a visibility as to when these are not being performed by a GP. Whether, therefore, these options really are options seems somewhat questionable.

This set of so called 'optional' services provides strange messages concerning 'value' given finance as the measuring rod. It says, in effect, full immunisations of 69% of children on a GPs list are valueless whereas 70% of these same children, each clinic and night visit, for instance, are valued.

7.3.1.2. Indicative Drug Amounts

Indicative Drug Amounts are traceable to the White Paper 'Working For Patients' (1989 pp.57-59) and developed further in Working Paper No 4 (1989). Concern for prescribing costs, one of the most important items of expenditure in primary care, dates back to at least 1982, when the report of an informal working group on effective prescribing was published. This was followed eventually by the limiting of certain drugs allowed to be prescribed in the NHS in 1984, and later still in the White Paper 'Promoting Better Health' where it was announced that the Prescription Pricing Authority had developed a new prescribing information system (now known as PACT - Prescribing Analyses and Cost) to be available for doctors to 'self-audit' past prescribing behaviour. The White Paper ('Working for Patients' (1989)), however, extended this concern considerably, recommending the setting of definable drug budgets at Regional and FHSA levels and, indicative (i.e. supposedly not

'technically' binding) 'amounts' for non-fund holding GPs whilst setting actual cash-limited budgets for fund-holding GPs. The White Paper made plain that the FHSA should monitor these indicative amounts rather than, as previously, through the self-audit by GPs and/or, as pre-April 1991, by a questioning visit of the Regional Medical Officer. The requirement for setting indicative drug amounts became law in the National Health Service and Community Care Act 1990 (section 35). Despite the assurances of the Secretary for State, and the acceptance of these assurances by the British Medical Association (BMA hereafter), that the amounts are only indicative and that no patient will be prevented from receiving the drugs he or she requires, there seems to be a continuing, considerable concern in some quarters about the Government's intentions. Such fears are reinforced by the way the whole package is presented, coupled with the clear and unqualified statement that 'the objective of the new arrangements is to place downward pressure on expenditure on drugs in order to eliminate waste' (Working Paper No.4 (1989) p.3).

The involvement of FHSAs in monitoring drug expenditure was piloted during 1989/90 in six FHSA areas (Barnsley, Leeds, Northumberland, Shropshire, Surrey and Trafford) using the PACT information. From April 1990 all FHSAs have received this detailed information and have been undertaking their monitoring function during 1990/91. From April 1991 indicative drug amounts/budgets, which reflect historic prescribing, have been allocated to each doctor and consequently each practice with even more detailed PACT information being made available both to GPs and FHSAs. At the time of writing it is still unclear about the nature of the sanctions or rewards for under or over achievement of the indicative 'amount'. Sanctions and rewards for the fund-holders are a little clearer although even here there are some continuing uncertainties on the rights and duties of the practice.

7.3.1.3. Family Health Service Authorities

The above reforms all involve a new and significant role for the former FPCs. In general the new FHSAs take on a new managerial role involved with monitoring and enforcement of the changes to GPs and their practices. Thus it was not surprising to see a major part of the White Paper on 'Working for Patients' and a separate Working Paper (No 8) devoted to major managerial and accountability changes for FHSAs. These changes involved a reduced, more managerially oriented membership, new executive staff, increasing responsibilities and new accountabilities to Regions (rather than the Department of Health) and a change of name (from Family Practitioner Committees). All these changes became legally required in the National Health Service and Community Care Act 1990 (sections 12 and 13).

In sum the FHSAs are to 'strengthen the contractual relationship' and to encourage the 'provision of good quality services' from GPs and help to ensure that 'there is greater value for money in the general medical services' (all quotes from The 1990 Contract (1989) p.7). This is in marked contrast to the more humble FPCs who were very clearly only the paymasters and administrators of the GPs for the last few decades.

7.3.1.4. Medical Audit

Finally, the White Paper also introduced one further accountability change in the form of 'Medical Audit' (Working Paper No.6 (1989)). Although the intention was that this would be primarily a peer review of medical practice by the medical profession itself, the view of many doctors and of the BMA was that the proposals had the potential of being more concerned with management issues. In this connection the BMA, commenting on Working Paper No.6, maintained that '...the working paper sees audit as a process of management review rather than peer review of clinical care' (BMA/GMSC

(1989) p.69). This was reinforced by the expectation contained in the revised GP Contract related to the annual report which was seen as forming a '...useful input into the medical audit arrangements' (The 1990 Contract (1989) p.7). The actual situation, however, seems to be that these fears have not been realised. Whilst the FHSAs are intended to play an important part, the Medical Audit Advisory Groups around the country have seemingly managed to keep them at arms length in the audit process and developed schemas which will only involve peer review. This audit process was on course for operation by April 1992 as the White Paper intended. Although it may well be a little early to say but this does seem an area where the initiative has been taken back into the profession's hands. Whether this recapturing of the initiative in this area will have ramifications for the other changes remains to be seen.

7.3.1.5. Some Concluding Thoughts on the Contextual Overview.

The above, therefore, provides a picture of a very determined Government trying to initiate changes in the way the GPs should operate. It is requiring them to pay greater attention to preventive medicine and to be accountable for actions and activities undertaken, tying the reward structure clearly to this process. It has also developed the role of the paymaster (the original FPC symbolically renamed and now the FHSA) to 'monitor and encourage the development' (The 1990 Contract (1989) p.7).

In sum what the Government is trying to do is institute a 'hierarchical' (Laughlin, 1990; Roberts, 1991) form of accountability with a new 'principal' (the FHSA) (who is, in turn, an agent in a nesting of other principal/agent relationships (the Regional Health Authority and ultimately the Government)) of newly defined 'agents' (the GPs) who are being obliged to perform certain functions in return for definable rewards and is requiring accountability information on actions and activities undertaken. This is in marked contrast to

the very different relationship which existed between FPCs and GPs prior to these changes. These relationships were not even the more 'socialising' forms of accountability (Laughlin, 1990; Roberts, 1991) envisaged as the opposite of the hierarchical form. Rather they were more of a 'reversed' and limited hierarchy where the FPCs were seen by GPs as simply administrative servants (agents?) to serve the interests and concerns of the medical practitioners (principals?). Such a role reversal is clearly conflict ridden. It is also not guaranteed to succeed. Some empirical insights into the effects of this attempt to induce change will be explored next.

7.3.2. Initial Experiences And Effects In Six GP Practices

In the light of the previous contextual overview, this section explores the initial experiences and effects that have come from the four major financial and administrative changes, medical audit, indicative drug 'amounts' the managerial impact of the FHSA and the new GP Contract, highlighted above as seen through observations gathered from six GP Practices. Portraying the complex web of experiences over two years in six different locations, whilst honouring anonymity, maintaining the richness of the data yet marshalling it according to a theoretical perspective, is inevitably complicated. To aid this process and to try to hold these diverse and conflicting requirements in balance the discussion is divided into four interconnected sub-sections. The first provides some background details concerning the six GP Practices. The second sub-section highlights the way three, of the four, changes are, to date, far from fully operational in this particular FHSA. Put simply this section indicates how the FHSA and other medical professionals are, to date, only exercising very partial control over the behaviour of the six Practices. This leaves the Contract as being the major influencing factor. The third sub-section starts to explore some of the considerably unfavourable attitudes the GPs have toward the Contract. Finally, the fourth sub-section indicates how these six GP

Practices have managed to take on board the requirements of the Contract without it seriously affecting the behaviour of GPs themselves. This involves, in effect, a delegation of less palatable tasks to nurses and practice managers who consequently emerge as key members of the practice team.

7.3.2.1 The Six GP Practices: Background Details

Some initial characteristics in terms of patient numbers, doctors etc. of the six GP Practices are summarised in Table 7.4. The six Practices can be clustered into three pairings (small, medium and large) based on the total list sizes. Reference to the Practices in the following will refer to these clusterings rather than the particular practice to retain some level of anonymity. Thus any quotes from a Doctor, Practice Manager or Nurse will be referred to as D, PM or N with letters S, M or L to highlight whether these practice team members are from the small, medium or large clusters (i.e. Practices numbered 1/2, 3/4 or 5/6 in Table 7.4).

[TABLE 7.4 ABOUT HERE]

The composition of staffing in the six GP Practices needs a brief comment or two. There has been a change in the composition of the GPs in some of the practices. Most change in GPs has occurred in the large practices with not only the senior partner changing in both cases but departures and arrivals of other doctors as well. One of the small practices was without a second partner for some considerable period during the last two years, which created difficulties with the start-up of the new GP Contract. Five out of the six practices have female partners. There is only one senior partner, in one of the smaller practices, who is a woman. All six GP Practices have nurses, some of whom have only been taken on in the last few years following the introduction of the new Contract. All have practice managers, many of whom, except in the

large practices, have been promoted from being receptionists. All the nurses and practice managers are female.

The socio-economic location of each practice varies quite considerably. Practice 1 is located in a reasonably affluent area with a high level of elderly residents. The latter is reflected in the high proportion of over 75s on the patient list as Table 7.4 highlights. This Practice operates from a new building completed in the last few years. Practice 2 is located in a working class/mixed area again with a high elderly residential population. It works from rented accommodation although the Practice is about to build new premises. Practice 3 is in the most deprived area relative to the other practices in the sample. The catchment area includes a lot of council housing with a high proportion of elderly patients. The Practice works from a large detached house which has been modified as purpose designed practice premises. Practice 4 is located in quite a mixed socio-economic location with a fair proportion of owner occupied property, some of which was originally council owned. It works from a purpose-built, spacious well-equipped building which has only very recently been completed. Practice 5 is in a working class area with a high proportion of council tenants. It operates from purpose-built premises completed some five to ten years ago. Practice 6 is situated in a very mixed community drawn from a wide range of different social classes. Overall the practice population has a tendency to being owner occupiers and in employment. It works from two large buildings - the main one of which is newly built and is large, extremely modern and very well equipped.

7.3.2.2. Undeveloped Control Systems

Some of the initial experiences and effects on these GP Practices are connected with the embryonic and evolving nature of the new control systems being imposed on practices in general in this FHSA. Medical audit is not fully

operational at the moment. More especially the FHSA, in which the six Practices are located, is not, to date, exercising excessive managerial control either with regard to the Contract or Indicative Drug Amounts.

Medical audit in the FHSA in which the Practices are located is not, to date, fully operational. The design is clear. This involves a peer review of medical practice by the medical practitioners themselves with the managerial emphasis left very much in the background. It has only from April 1993 that it has started to be fully operational. This is in contrast with other FHSAs which are rather more advanced in their medical audit plans. As a result few comments on medical audit were forthcoming from the doctors. What was apparent, however, was a growing split between the doctors in terms of those who welcomed the potential of professional support and those who were more suspicious of such intrusion even from fellow professionals. A reason given for this suspicion, by a GP in one of the large practices, was because medical audit was already successfully operating in the thinking and actions of the GPs in practices such as his own.

Possibly more important than medical audit, the shift in the managerial emphasis of the FHSA is also not fully operational although this does not mean that very real suspicions are not being aroused by this change. It is probably fair to say that to date the FHSA in which the Practices are located has purposefully not exercised any 'strong arm tactics'. In fact the feeling is, from the perspective of the Practices, that the particular FHSA could have been much more intrusive than it has been to date. As one doctor put the matter: 'the FHSA has been breathing down our neck to a growing degree but with a friendly touch' (DS). Yet there is a lingering fear that this is changing or could potentially change. A not uncommon view is that the FHSA is perceived

to date to be '..currently too bogged down with administrative forms but will soon start to look at the behaviour of doctors' (DS).

These anxieties seemed to be coming to the fore when matters concerning the annual report, one of the compulsory requirements of the new GP Contract, were raised. Most practices did not find the production of the report difficult or inappropriate but the practice managers did find the production process costly in terms of time and energy. What they did find a concern was the purpose to which the report might be put. They found the silence in terms of feedback from the FHSA worrying, feeding the imagination about some secret evaluation that might be occurring. Trying to blow the doubts away one Practice Manager contacted the FHSA to find out what they were doing with the annual report. She was told that they 'read it with great interest' but were not forthcoming with any other purpose satisfied through the information. This reply, however, did little to relieve anxiety about the feeling that 'big brother' was watching them and the annual report was providing information which might be used against them even though there was little evidence to support this supposition. However, another Practice Manager seemed rather surer that major changes were on the horizon and saw the 'new people' at the FHSA, who had little experience or history of working for the original FPC, increasingly 'picking and poking' into practice affairs. Undoubtedly this was always the intended role for the FHSA, from the perspective of the Reforms. However, whether this will transpire, making the fears of many a reality, remains to be seen.

An extension of this perception concerning the lack of FHSA 'bite', accompanied by mounting suspicion, was also apparent in relation to indicative drug amounts (IDA) and budgets for one of the practices which is fundholding. To date these have made little impression on prescribing

behaviour in the six GP Practices. Most of the 'amounts' have been fixed on past prescribing behaviour with a continuing uncertainty as to what repercussions would be forthcoming for failure to be within the level anticipated. The 'budget' for the one fundholding practice was pitched at such a level as to allow some considerable slack over and above current prescribing behaviour. In this Practice the 'budget' was monitored but any change in prescribing was considered inappropriate because a review of prescribing behaviour had already been undertaken prior to going fundholding; the partners were satisfied that they were already exercising professional constraint and saw little reason for further change - a point clearly honoured by the FHSA in the formation of their drug budget. A similar response was apparent in all the other Practices. The most positive response towards IDAs came from one of the doctors in the other large Practice where he pointed out that the IDA 'stimulates us to think a little bit about prescribing' (DL) but that their prescribing behaviour was 'carrying on as normal' since they 'do not see any point in trying too hard to change established patterns' (DL). Against this, however, he was at pains to point out that they were not a Practice 'who just write prescriptions' (DL). An interesting perspective on this and one which demonstrates a real lingering fear involved in making prescribing 'visible' through IDAs became apparent in one of the small practices. This particular Practice prided itself on being a highly responsible prescriber and had taken pains to exert controls prior to any administrative intrusion such as the IDA; this had resulted in prescribing costs well below the average both of the local ward and the FHSA as a whole. However, to the concern of the practice team, the first IDA was fixed at a level well below this heavily reduced amount. The doctors maintained that such an 'amount' was bound to be exceeded and felt penalised for being efficient. In addition they were worried about both the symbolism and result of their inevitable overshoot. As one of the doctor's anxiously pointed out - 'why set it if it is not going to be used as a control

device?' (DS). The actual overspend passed by without repercussion but the lingering doubts remain now in the second year which will also lead to an overspend due to the questionable levels at which the 'amount' has been pitched. The reaction now is to 'carry on as normal' and ignore any potential repercussions until they actually occur. As a result the monthly report from the Prescription Pricing Authority is 'simply filed away' (PMS) rather than being carefully considered as a report for exercising control. Whether this can and will continue either for this Practice or any others (whether fundholding or non-fundholding) clearly remains to be seen.

7.3.2.3. Attitudes of GPs to the Contract

Despite the FHSA's lack of heavy handed control over GP practices, to date, anxieties are aroused about this potential. However, at the moment, GPs still have a relative freedom to define how they choose to manage the new Contract. It is this sense of 'managing' which is at the heart of the experiences and effects on the six Practices. Even the most positive of doctors spoken to found it difficult to approach the Contract with enthusiasm - it was something which had to be 'managed' to ensure an adequate level of income. At the far extreme of the limited sample of doctors was one in a medium Practice where he made plain that to him 'the Contract is a complete irrelevance' (DM). However, he continued that '...we have got this ruddy Contract and we are going to make it work for us' (DM). Or as another doctor put the same point, it was important to 'play the Contract to get the most out of it' (DL). Whilst this may be a somewhat extreme and outspoken view it represents a general tendency within these GPs to be distant and somewhat aggressive about the Contract and yet they want to 'manage' it to bring financial benefits to the practices. Before looking at what is involved in this management process it is important to highlight why GPs seem to be so dismissive of the requirements in the new Contract. It is important to clarify this since it sets the context for

why many of the requirements have been divested onto other members of the practice team (notably nurses and practice managers) rather than being undertaken by the GPs themselves.

Weaving through the comments of the GPs are the three themes that Morrell (1991) highlights in his devastating critique of the Contract, although none of the GPs ever drew the researchers' attention to this specific work. Morrell's critique has three elements. Firstly, certain problems in general practice (particularly the lack of concern for preventative medicine and the failure of some GPs to provide 'value for money') were and are recognised by GPs and could have been solved without the intrusion of a heavy handed Government. Secondly, many of the requirements in the Contract are of dubious medical value and ignore the extensive research in primary health care. This particularly, but not exclusively, applies to preventative care. Thirdly, the Contract had created a bureaucratic nightmare the satisfaction of which created negligible value to patient care. Each of these concerns was reinforced and developed by the comments of the GPs interviewed.

On the matter of professional self regulation the feeling was that a good GP was doing all the essence of the Contract (or certainly those parts which bore some resemblance to medically appropriate behaviour) without being told to do so. Thus a GP in one of the medium sized practices, who was unabashed in his support for the 'educative role' (DM) of GPs, and hence supportive of a greater emphasis on preventative care, which he admitted was not necessarily a universal view of even his fellow partners, could say: 'the Contract has not bothered us - we were doing all that was required and more'. A more sceptical view, from a doctor who was far from supportive of the Contract ('a huge irrelevance - it mostly serves as an impediment to good modern medicine' (DM)) was at pains to point out 'that a good doctor will do preventative work

during a consultation' (DM). This quote is also making an important medical point about where preventative work should occur (i.e. 'during a consultation'). This will be picked up below, but the important point for the current debate is that he was arguing that most professionally competent doctors do preventative work without being told to do so. On the matter of 'value for money' whilst few of the doctors had much to say on this issue the debates and concerns about indicative prescribing indicates how self-control on prescribing has worked in the past without outside direction and would continue to work in the future. Overall the views of the GPs are nicely summarised in the attitudes of a doctor in one of the larger practices where he indicated that there was 'no need for such outside direction' (DL). More suspiciously the Contract, to many, indicates a complete 'mistrust in professionalism' (DM). This is not to suggest that there are not things wrong with the attitudes and behaviour of some doctors, in the minds of the doctors interviewed, but their argument was that these could be solved through peer pressure rather than through a Contract which was seen as an ineffective instrument for change ('the best doctors will continue just as they have as will the worst' (DM)).

On the dubious medical value of the Contract a lot of comments centred on specific elements of the requirements. Notable concern was expressed over the need to offer health checks to those patients who had not consulted their doctor in three years. This was seen as of 'no use' (DS) and a 'total waste of time' (DS). Others had basically 'done nothing' in this area on the grounds of it being a pointless exercise and with seeming confidence that 'they (being the Department of Health) are likely to drop this requirement' (DM) in the foreseeable future - which indeed they have. The offer of a home visit to the over 75s was also seen as of dubious value ('have done an over 75s visit one day and the patient has died the day after' (DL)). The point graphically

portrayed in this quote is that a routine visit rarely picks up anything medically significant such as, in this case, early signs of a cardiac arrest. Most doctors were of the view that they knew the old people to visit who formed part of their 'chronic' visiting list. Those they were concerned about but had not had the opportunity to see might not respond to an offer of a home visit, but would be contacted anyway without such a general requirement. Registration medicals were also seen as very time consuming but with little medical value. This was particularly the case with registration medicals on the transfer between doctors in the same Practice. There was, however, seen to be some considerable financial advantage in this requirement. As one practice manager put the issue succinctly: 'not much is picked up through registration medicals; they are very time consuming but they keep up the income' (PML).

Most medical concern, however, was devoted to the financial inducement to introduce clinics. Most doctors felt that only in certain areas was it sensible to run clinics to handle particular ailments. Medically related clinics (e.g. asthma, diabetes, hypertension) were seen as of real value to the doctors. However, even here there was a sense that such matters could be dealt with, as with other preventative medicine, through the normal channel of the surgery consultation. This was argued most cogently by one of the doctors in a medium sized practice. His view was that the most effective form of prevention occurred when the patients came to a consultation with a medical need. They were the most receptive to receive advice and assistance at that time. It was therefore at this moment that most effective health promotion advice could be given since it would be listened to, particularly if it was clearly tied to the original ailment. He admitted that such an attitude, even within his Practice and certainly from the Government's viewpoint, was seen as somewhat 'stuffy and conservative' (DM) yet he was convinced of its medical value. He was convinced, however, that such attitudes were not unique -

which is clearly borne out by the evidence collected from other doctors in the limited sample of this study - and were supportable from medical research. The need to conduct preventative work in the doctor's surgery consultation was also argued from the perspective of the patients, particularly busy patients, who, having come to the doctor with a particular problem, would prefer that difficulty be dealt with at the consultation rather than be told to return sometime later to attend a specialist clinic. At a more personal level some doctors felt that running clinics was 'boring' and 'repetitive' and there was a sense that they pushed primary care doctors into a much more limited definition of their role. Despite these underlying caveats clinics to date have had quite significant financial benefits and have grown in considerable number ever since the Contract came into being. As one doctor put the issue 'it is boring running clinics but we have got to run them to make money' (DS), or as another suggested 'we would do asthma and chiropody clinics but run the rest totally to make money' (DM). Harking back to the central thrust of the doctors' concern this same doctor continued '..a good doctor will do preventative work during a consultation' (DM). Another large Practice experiencing major financial difficulties indicated that the 'financial strains of the Practice meant that they had to play the 'clinic game'' (DL). It would be wrong, however, to read this as a totally money oriented decision. Several doctors were not prepared to do clinics just to make money. The overall medical view was nicely summarised by a doctor in one of the large practices where he pointed out that apart from the medically-related clinics (particularly asthma, diabetes, hypertension) all the others were in the 'grey area of medicine' (DL) which could be seen as 'not doing patients any harm but may not be doing them any good' (DL). Given this ambivalence the very fact that they made money suggested a reason for running them.

There was one further deep seated concern expressed by at least three of the doctors from separate practices. This was the perceived medical danger involved in what was described as the 'consumer rights problem' which is implicit within the Contract as well as other reforms. This was most cogently expressed by a doctor in one of the large practices. According to this GP the 'I want it and I want it now' (DL) problem is potentially damaging from a medical viewpoint. Put simply, as he pointed out, a 'demand-led service doesn't make people better medically' (DL). As he continued 'time is a great healer in medicine' (DL). But this is something which is inevitably unacceptable to those wanting a cure 'now if not sooner'. This attitude puts pressure on GPs to offer what they consider less than optimal treatment in the drive to derive short term benefit for the patient following his or her wish for an immediate cure as is his or her apparent and encouraged 'right'. He was also concerned about false expectations being created through preventative care in the context of these expanding 'rights'. His particular concern was unreasonable expectations being given to those wishing to have, for instance, an over 75s home visit. There was an implicit assumption in the nature of the visit of raising expectations about the social and pastoral care which could be offered to such people yet a clear awareness on the part of the medics that the resource base to satisfy such increased expectations was unavailable. Behind this concern was a latent anxiety of this doctor as well as others about a shift to a demand-led service, and an awareness that this is behind most of the reforms in the health service as well as in other areas of the public sector. This development is again traceable to FMI but has found specific expression in and through the many nuances of John Major's (the Prime Minister of the UK at the time of writing) specific initiative called the 'Citizens Charter' which gives renewed rights to the 'customers' of different public sector services.

Morell's final concern, about the extensive bureaucracy, was also apparent in the comments of the doctors yet in this case this was not such a predominant concern. The reason quite simply is that they have displaced the administrative burden of managing the Contract. This is borne out by the observations from the six Practices. It is also borne out by a recently completed workload study of GPs pre and post the introduction of the Contract. As Hannay, Usherwood and Platts (1992a, 1992b) indicate in their study a marked change in the administrative workload of doctors was not apparent. However, what they did note was the emergence, as others have done, of practice managers who basically have taken the brunt of the administration involved. Whilst the doctors in the sample were unequivocal in their dismissal of the extra administrative tasks involved, it was not they who were having to spend time filling in forms. This demonstrates clearly the way the new GP Contract has been managed through delegation. It is to the different elements in this we now turn.

7.3.2.4. Managing the Contract: Delegation and Delegated Powers to Practice Managers and Nurses

Given the underlying resentments of GPs, the lack of directive power of FHSAs and the inevitable need to somehow 'manage' the Contract to maintain income levels, the brunt of the Contract has not fallen on GPs but on practice managers and nurses. As the doctor in one of the smaller practices perceptively pointed out 'I can't manage the Contract without the Practice Manager and Nurse' (DS). Or as another doctor put the issue more dramatically when asked whether the Contract had made any difference to his behaviour, he pointed out 'the Contract hasn't changed what I do at all. Out there, with the nurses and clerical/reception staff, it is all change for them but I've just ignored it all' (DM). Put simply, it is probably fair to say from the way the Contract is working, that it is, in reality, not a GP Contract but a practice

manager and nurse one! The dynamics involved in this delegated management change and some of the different views of these emergent actors are explored briefly below.

The emergence of the practice manager to manage the new Contract has been clear, yet, based on the experiences of the six Practices, the role is far from uniform or stable to date. Of the six interviewed there seem to be two major types of practice managers. The first group could be referred to as the more housekeeping 'administrators' and the second as the 'managers' although this should be seen more as a continuum rather than discrete categories. Interestingly of the six Practice Managers three are more 'administrators' and three are more like 'managers'. The 'administrators' are involved in completing all the forms, claiming the expenditure from the FHSA and generally 'taking the tedium off the doctors' shoulders' (PMS). The pressure on the 'administrators' is to 'ensure that the records are accurate' (PMM) and in the early days of the Contract there was much anxiety about 'filling in the forms incorrectly leading to loss of income to the Practice' (PMS). The result of this role definition, given the immense bureaucracy that has followed the Contract, is that, as one Practice Manager indicated, it is difficult to 'clear my desk now' (PMS). The 'managers', on the other hand, not only take on the administrative workload but also take over the financial anxieties of the practice, again with the intention of relieving the doctors of this worry. This financial worry to the 'administrators' is beyond their perceived job brief yet for the 'managers' it is taken to be their responsibility and worry. The strain and stress of this managerial role varied with the three Practice Managers over the period. All at different times were very concerned about taking this responsibility. Much of this anxiety was focused on maintaining income levels which they saw at times as their sole responsibility. As one Practice Manager, who echoed the concerns of the other 'managers' at some point in time, indicated 'I am tearing

my hair out since I can't see any way to make more money' (PML). Yet despite this responsibility at one level they were not prepared to make decisions on money making activities without the full backing of the doctors. Thus, as one Practice Manager indicated: 'I push doctors all the time to think of new clinics and money making ventures but the final decision is left with them' (PML). The other 'managers' were also clearly subservient to the doctors' final decision and would not dream of exercising independent action. Put simply they were happy to 'play second fiddle' (PML) to the doctors. Coupled with this was a concern by all of these 'managers' to shed some of this anxiety onto the doctors. Thus there was a realisation that, as one Practice Manager put the matter, they 'have shielded the doctors for too long' (PML) and there was a desire to share this responsibility. To some this was being achieved but for others the anxieties were still being left primarily with the 'managers'. Despite these difficulties, and maybe even because of them, all practice managers (both 'administrators' and 'managers') seemed to be enjoying their new found responsibilities and role.

The Contract has changed the role of practice managers quite considerably as has that of nurses. As with the practice managers there was a sense of both struggle yet immense and growing satisfaction amongst the nurses interviewed. The key factor in the level of satisfaction of nurses was the attitude of and the relationship with the GPs. As one of the nurses pointed out, the practice nurse population seems to be divided into two: 'if you get support from your GPs the job is rewarding but it can be very difficult if the nurses are 'used' by the doctors' (NS). 'Used' in this sense is when the 'GP treats the nurse as money makers' (NL). In only one case out of the six did a nurse fit the latter category talking of feeling 'isolated' and 'used' and being required to conduct 'conveyor belt nursing'. In general the nurses felt there was 'more freedom' (NM) and 'independence' (NS). There was a sense that 'a new career

path' (NS) was opening and 'a side of nursing had emerged which was going to blossom' (NS). Most of the nurses were under no illusion about the doctors' view on many of the clinics (and by implication other delegated contractual responsibilities) with which the nurses spent much of their time ('we realise clinics are a waste of time to many of the doctors' (NS)) yet there was a sense that a new approach to medicine was being created through the tasks allotted to these nurses. The view of many was that patients found the nurse more approachable and less pressurised in terms of time. They could give them more time, providing an ear for their problems which they might not have unburdened onto a doctor. Many of the nurses found themselves offering a 'rounded' counselling and medical service to the patients in and through all the activities with which they were involved. The overarching concern was to 'try to think about the whole person' (NS) whether in new registration medicals, over 75s visits or clinics. They also managed in some cases to mould the activities of functionally defined clinics to this 'rounded' counselling role. Thus, where the 'protocol' of the clinic was not tightly defined, either by the FHSA or by the doctors, the nurses tended to derive a new role in patient care through this vehicle which the nurses enjoyed performing and which they maintained was appreciated and desired by patients. Those who had a limited independence which they are exercising to the full were well aware, however, of their subservience to the doctors. It was clearly recognised that the doctors were the employers and it was they who had the final word on what the nurses could and could not do. There was a sense that they were always looking over their shoulder to see whether they were moving beyond acceptable bounds of behaviour. The threat of a revised 'protocol' for activities was a constant reminder of their dependence rather than independence.

The management of the Contract through delegation and distance from the GPs, therefore, has created important new roles for these, primarily female,

members of the practice team. It is they who are managing the parts of the Contract which GPs do not wish to perform yet need to be undertaken to fulfil obligations and maintain income levels. The stability of this arrangement either in terms of the nature of the Contract, the control exercised by the FHSA, or the expectations of practice managers or nurses can only be surmised at the moment. It is to a reflective commentary both on these possibilities as well in the context of an organisational and professional change process that we now turn.

7.3.3. An Initial Commentary on the Observations

What is clear from the Reforms is that the Government is keen to exert a new controlling influence over the behaviour of GPs, requiring them to perform certain defined tasks and opening them up to new forms of accountability aligned to these requirements. The intention is to define quite closely what tasks GPs should perform with an expanding and significant position being given to health promotion and disease prevention. Put bluntly, as the new GP Contract indicates in its unequivocal way: '...health promotion and disease prevention fall within the definition of medical services' (The 1990 Contract p.7). The other side of the requirement is to make GPs much more accountable for what they are doing. Again as the Contract points out, with an eye to the new role of FHSAs, even though referring to them in the form of their old title, GPs are required to 'increase the flow of health care information to FPCs so that they are better able to monitor and encourage the development of good quality services to meet the local needs of patients' (The 1990 Contract p.7).

The state (as Laughlin, Broadbent and Shearn (1992) show) has previously been an enabler and protector of the move to professional autonomy for GPs and the new Contract is a break in that tradition, defining what GPs should be

doing. Despite the obvious resentment of the GPs, the Government has been determined to break the historical mould and have made the FHSA the key to ensuring compliance. It is against this intended background that the observations above need to be set. Of central importance is that, to date, the FHSA in which the six GP Practices are located has not acted in a way which has been strongly directional with regard to medical audit, the GP Contract, or Indicative Drug Amounts (IDAs). Contrary to the original intentions this FHSA has taken a very 'softly softly' approach although there are signs of concern, from the perspective of the Practices, that this is unlikely to continue. There are clear anxieties about the ramifications of this shift if it should occur. However, to date, either by default or design, the FHSA is far from trying to exercise excessive directional powers.

This has allowed the GPs considerable freedom, to date, to 'manage' the Reforms as they deem appropriate. Since medical audit is only starting to be fully operational and because IDAs seem incapable of being used as an effective control device for behaviour on prescribing then most of the 'managing' has been devoted to the new GP Contract. With both the considerable medical resentments and concerns about the Contract (particularly related to disease prevention and health promotion and where and how it can be exercised) as well as the continuing freedom enjoyed by the GPs it is not surprising, in some ways, to note the delegation of many of the required, yet unwanted, tasks to other members of the practice team - most notably the practice managers and nurses.

These members of the practice team have emerged from relative obscurity over the last few years and have, wherever possible, exercised their role in the way they deem appropriate. It is they who, in large measure, are picking up the bits of the Contract which the GPs either do not want to do or see little

value in doing (even though being required to undertake them either contractually or to maintain income levels). Wherever possible, and where freedom from the formal direction of the GPs is allowed, most nurses and practice managers have exercised their delegated tasks in a way they find best expresses their values and beliefs. Thus practice managers, for instance, seem to be exercising a definable 'housekeeping' role in the way they perform their allotted tasks, an issue which will be developed in chapter eight. This is certainly the case with the 'administrator' types, but is also apparent with the 'managers' as well. Also of interest is the way the nurses in the sample often talked of their more counselling, holistic approach to medical care, which is in marked contrast to the rather piecemeal medical tasks which were delegated to them. Thus specific clinics, new registration medicals, over 75 visits, vaccinations, cervical smears etc., which are all highly specific medical tasks, many of which had been delegated to the nurses, were performed within a much more holistic framework. It was as though they too were not convinced of the value of all these activities but found their own mechanisms for coping with having to perform these requirements. In effect they did what they were required to do but fulfilled, wherever possible, alternative purposes perceived more valuable through the requirements.

There is a certain pattern in the reactions of GPs, practice managers and nurses to the Contract. None seem to be totally convinced about the value of the Reforms and have found different ways to cope with the requirements. The GPs have, in effect, delegated the unwanted elements to the practice managers and nurses. The practice managers and nurses, however, do not have the opportunity to delegate these tasks further but, wherever possible, have found ways to perform these requirements in ways which clearly express their own perceptions on what is valuable. This applies particularly to the nurses. Where

this freedom is possible these other members of the practice team have found great fulfilment in and through their role.

The key difference is that the practice managers and nurses are not as free as the GPs to decide how best to manage unwanted tasks and requirements. As was clear from the discussions with practice managers and nurses all were clearly aware of their status relative to the GPs. They fully realised, and were entirely compliant with, the fact that their freedoms were curtailed according to either formal controls such as protocols or informal constraints and ultimately that they were employees of the GPs. The GPs, on the other hand, have, to date, no such behavioural norms. Thanks to the support of the State they have considered themselves autonomous professionals directed by their own professional norms. Whilst the perceived 'benevolent' State has turned 'malevolent' this is not seen as justified or justifiable. To have their old administrative assistant - the FPC - as the source of new managerial control is seen as, in the main, inappropriate and worthy to be fought against. To date, as we have already indicated, this fight is not necessary since the FHSA in which the six GP Practices are located is not exercising an excessively intrusive role. Time alone will tell whether the fight is necessary as the FHSA becomes more proactive, and, if the battle commences, who will win. No such battle lines are apparent with the nurses and practice managers - both groups know their place. Whether this will continue over time, as these emergent members of the practice team become more confident of their role, remains to be seen. Again time alone will tell what will happen.

An interesting spur to some form of reaction on the part of the nurses may arise with the new health promotion and disease prevention requirements. The new preventative package makes plain that all GP practices will be assessed according to three bands, with the highest position being awarded to practices

which have comprehensive records of lifestyles of all patients between the ages of 15-74 and demonstrate that programmes to improve the health of their patients (e.g. by reducing the number of coronary cases) are in place. Payments will be removed from many of the clinics apart from those devoted to asthma and diabetes. The upheaval to GP practices, to accommodate these changes, is likely to be immense. A substantial reduction in the number of clinics is likely since as is clear, from the comments of GPs, that many of these are only run to make money. If, as seems likely, this reduction occurs there will undoubtedly be a knock-on effect on the roles of nurses and how they will react remains to be seen. Whether they will stand up to the GPs and suggest that, despite the removal of the financial incentive, these clinics provide a valuable avenue for the holistic care the nurses wish to provide remains to be seen.

7.3.3.1. A Theoretical Reflection

What is clear from the above is that major changes were intended through these Reforms. To date, however, whilst there undoubtedly has been change in the workings of GP practices it seems that the actual 'pathway' followed for the various reforms has not gone as smoothly as planned and has not generated the levels of change intended.

The first issue to highlight is that the change which has been implemented is change of a first order, being changes to the design archetypes and systems of the organisation and not of the interpretive schemes.

A not unreasonable starting position for this discovery is to suggest that it is the values of GPs which dominate and determine the core interpretive schemes of GP practices. It is the GPs themselves who have always dominated in the practice team. It is they who continue to dominate and determine the ethos of

the practice despite the emergence of the new key players of nurses and practice managers in the last few years. Yet, as the evidence from the previous section makes plain, these actors are far from equals and certainly even further from being superiors (see below for some thoughts on the gender aspects of this). They are as employees under the authority and direction of the GPs. It is, in sum, the values of GPs that constitute the interpretive schemes of GP practices.

Effects on GPs are prevented through delegation of unwanted tasks to practice managers and nurses leaving the GPs to continue undisturbed through the intrusion. To the extent that these emergent members of the practice team neither have the power nor the inclination, to date, to challenge the GPs then the values of GP practices (which equals the values of the GPs involved) have not changed. This suggests only first order change has occurred. This is not to say, however, that there has not been change in the organisation of GP practices. The emergence of the practice managers and nurses is clear evidence of change but change of a first order in the design archetype and tangible systems level rather than in the interpretive schemes. Whether this can continue over time is uncertain. The possibility of the 'absorbing group' turning into a 'colonising' force remains real once important delegated responsibility is given to key actors in the situation. Only time will tell whether the practice managers and nurses have this desire or potential to attempt such a coup.

This model also helps us to delve a little deeper into the values of GPs, what they are and why they are perceived to be potentially under attack from the Reforms. To suggest the values are uniform or certain is a little simplistic although recent work on the images and role of GPs (cf Mechanic, 1970; McCormick, 1979; Armstrong, 1979; Huntington, 1983; Calnan, 1988; Bucks,

Williams, Whitfield and Routh, 1990) suggests some pattern emerging. What is apparent is that, by and large, GPs see their 'mission' to offer what Armstrong (1979) refers to as 'biographical medicine' or Macwhinney (1989 p.64) calls the 'biopsychosocial' model of medical care. Coming from particularly the work of Balint (1964) this increasingly predominant approach to primary medical care was 'not to be directed to the silent interior of the body but to the patients biography and environment' (Armstrong (1979) p.5). Biographical medicine 'transposed symptoms from their status as relatively weak indicators of underlying pathology to part of the medical problem itself and thereby transformed the patient from a passive receptacle of organic pathology to the centre of the medical problematic' (Armstrong (1979) p.5). It is this more holistic approach to medicine which combines both medical and social in a dynamic mix which has allowed the GP to become distinguishable from the medical 'plumber' image, or the more technical descriptor of the 'biomedical' (Macwhinney (1989) p.64) approach of hospital doctors. This is not to say that GPs working from a 'biomedical' approach do not now exist, although they are increasingly seen as the more 'traditional', as distinct from 'modern' (Bucks et al (1990) p.543), practitioner. It also does not suggest that there is not immense variety within those who practise 'biographical' or 'biopsychosocial' medicine.

What binds this group together, however, is the approach which mixes social and medical care in a holistic manner. This has a natural leaning towards some form of health promotion and disease prevention but always in the context of the care of the whole person. The degree of involvement with health promotion and disease prevention is dependent on many factors but will invariably be set in the context of other medical problems when patients seek a consultation with the doctor. Thus, as Bucks et al (1990) indicated, by way of conclusion, after their comprehensive study of the role of GPs: 'we could

hypothesise that GPs who are in favour of prevention would be more inclined to communicate preventative information to their patients during the consultation' (Bucks et al (1990) p.546).

Based on this analysis we can start to see why, from the GPs viewpoint, they are so resentful of the changes. The changes in the Contract require GPs to conduct medicine which is not deemed to be 'biopsychosocial'. The requirements are a partial return to a more 'biomedical' type medical care of a perceived spurious preventative nature. It requires attending to 'bits' as 'bits' rather than 'bits' in the context of 'wholes'. It also specifies the 'bits' that need attention in a programmable manner defined according to 'health' rather than 'illness' criterion. For GPs to move to this definition of their role is perceived to be belittling of their hard won professional role and, in effect and admittedly implicitly, a return to their more modest apothecaries position. It is for this reason that they have delegated such tasks to nurses.

Nurses are equally 'biopsychosocial' in their desired role but of a more liberal medical nature. The interviews with the nurses suggest their overwhelming desire to also treat the whole person even though they have been delegated the unwanted 'bits'-related medical and quasi-medical tasks from the GPs. Unlike the GPs, however, they are more tolerant of a much more liberal, social role for themselves. They do not see that all preventative work must be sparked through other medical needs. In this sense they are redefining what is acceptable medical practice and expanding the work into new and more overtly social domains. Yet, because of their clear subservient position in relation to GPs, the possibility of this featuring as a new underlying interpretive scheme of GP practices is dependent on many factors, not least of which is the need to treat nurses as equal partners, which despite all the talk of

'nurse practitioners' looks still a long way off (cf Robinson, 1990; The Georgian Research Society, 1991).

Another way of looking at the values of GPs and their delegation of unwanted tasks to other members in the practice team and one which provides a more critical edge to these reactions is in terms of protection of a professional knowledge base. As Armstrong (1993 p.1) points out drawing on some recent literature on the sociology of the professions (particularly Torstendahl, 1990; Collins, 1990; Larson, 1990) 'professional organisation needs to be understood in relation to its knowledge base'. It is the control of the knowledge base which is increasingly being seen as the heart of what it is to be an autonomous profession. This control of knowledge which, in the context of medicine, involves a definition of what illness is and how it is to be treated is the key to securing 'occupational imperialism' (Larkin, 1983 p.4-5). The heights of achieving such imperialism is in the sanction to allow this knowledge to be defined and administered in and through the consultation between doctor and patient ('professional diagnosis' as Abbot (1988 p.35ff) refers to this important moment since '...diagnosis involves the reconstruction of problems so that they lie within the remit of professional practice' (Armstrong (1993) p.3)). The protection and expansion of this time and the prevention of intrusion into it of low status and perceived unnecessary tasks is central to professional development. The latter point concerning prevention of intrusion is very important and links in with the literature on delegation of task. Again as Armstrong (1993 p.3) perceptively points out it is '...well-established that paramedical occupations have served as a dumping-ground for low-status tasks delegated from surgery and general medical practice'. Similarly as he continues '...In turn, the paramedical professions have attempted to annex higher status functions and delegate their own 'dirty work' to medical auxiliaries' (Armstrong (1993) p.3).

This occupational imperialism and delegation of tasks is not simply the result of an employer-employee relationship between the doctors and both practice nurses and practice managers, it is also the outcome of the impact of gender on the relationships between the parties. This will be discussed in some detail in chapter eight, but some issues will be highlighted here.

Consider, first, the relationships of doctors and nurses. Put simply, doctors have, historically, been men and nurses have been women. Whilst this is a gross simplification of the situation, this fact has, nevertheless, had a great impact on forming the relationships between the two groups. There is a significant literature exploring this doctor - nurse relationship and the emergence of nursing as a profession. Studies include, for example, Abel-Smith (1960), Chua and Clegg (1990), Dingwall, Rafferty and Webster (1988) and that of Witz (1992) all providing accounts of the emergence of the profession of nursing as subordinate to that of medicine. Witz, in particular, provides a compelling account of the extent to which patriarchal forces are implicated in this subordination of the nursing profession.

There is no such literature concerning the relationships between doctors and practice managers. However, the fact that practice managers have, historically, been women provides the basis for the same gender relationships as exist between doctors and nurses. The existence of these relationships not only means that the values of the GP dominate, with all this means for 'occupational imperialism', but that the unwanted effects of the legislation are being 'dumped' on women members of the practice team.

The introduction of the ideas of 'occupational imperialism' raises the important critical agenda as to whether this should continue. Should doctors continue to be allowed to determine the nature of illness and how it is diagnosed? Should

they continue to be allowed to delegate unwanted tasks to nurses and practice managers with all the gender implications this involves? What are the long term implications of this for the roles of nurses and practice managers? These are important questions for the future of General Medical Practice which clearly are only partially being addressed at the moment (viz the discussion around nurse education in Project 2000 (cf. UKCC, 1990).

Such questions open up the possibility for more fundamental changes in the values of GPs which the current crude instruments for change are unlikely to ever bring out into the open. The current changes seem bound to only ever generate first order change unless a rather more effective change agent can be discovered. The candidates as change agents look likely to be the practice managers, nurses and the FHSAs or all three although, to date, these parties do not seem to either have the power or will to open up the more fundamental questioning about 'occupational imperialism'. The practice managers and nurses are employees of GPs which makes their position complicated to attempt such fundamental challenges. The FHSAs are the obvious candidates for this challenge and in many ways were set up precisely to engender such change. However, there are few signs to suggest that even if FHSAs tried harder to generate second order change they would be successful since, in the final analysis, they only have the contractual instrument as a vehicle for achieving this mission. Yet medical professionals seem to be very adept at avoiding change which conflicts with deep seated professional values. They are able to outmanoeuvre most attempted coups - particularly ones which are reliant on bureaucratic processes. The real way forward probably involves a careful recounting of what is happening, as we have tried to do in this section, which can then lead into a more reflective critical discourse, between all parties, around the theoretical and empirical implications of these observations

for professional values and behaviour. The above is but an initial, tentative beginning at this endeavour.

7.4. Education and General Practice: Some Comments, Comparisons and Issues to Explore.

At this stage a pause for reflection on the data, the theoretical framework and their interaction is in order. As explained in chapter three a 'middle range' approach forms the basis of the analysis which is explicated in chapter six, where a theoretical framework has been presented as a basis to enter the fieldwork and to feed into the discursive processes. The theoretical framework alerted the research team to the importance of understanding the interpretive schemes in order to understand the processes of change. In both the locations in which the team are working there is evidence that the changes being imposed are ones which are resented by those who have to implement them. This has led to a strategy to minimise the impact of the changes which we have called an 'absorbing process' and which can be seen as a re-orientation type change (to use the terminology of Laughlin, 1991a, described in chapter six). The absorption process has worked in different ways in the two locations.

In the schools there has been the formation of an 'absorbing group' to deal with the unwanted intrusion of LMS. This group has included key educational members of the schools, the headteachers in particular and has led to the engagement of professional educationalists in tasks which are seen as

peripheral to the core activities of the school. Whilst protecting the rest of the school from the impingement of LMS it raises the possibility that there may be a fragmentation of the interpretive schemes (or lifeworld) of the school (as described in chapter six) if there is a colonisation of the interpretive schemes of the 'absorbing group' by the values which are represented by LMS .

In GP practices the absorbing group has not included the key professionals, the GPs themselves. The unwanted tasks have instead been delegated to other members of the practice team and this has been seen as a result of the manifestation of a particular element of the interpretive schemes, the values of professionalisation in medical practice. This in turn has led to opportunities for practice nurses and practice managers to develop their own roles and seek to develop their own niches in the practice team. This also has potential for creating tension through fragmentation of the interpretive schemes of general practice coming from the practice nurses and practice managers asserting their own interpretive schemes rather than accepting those of the GP.

The models of change have, therefore provided a robust framework for developing understandings but as has been illustrated above they cannot provide anything but a framework to be 'fleshed out' by the empirical data. In exploring the organisations and attempting to tease out understandings of their interpretive schemes rich and unexpected insights were developed. What has become clear is that way in which the imposed changes are addressed is informed by values which are held by members of the organisations in question. A particularly important issue is the extent to which the changes are informed by values which are incompatible with those currently represented in the existing interpretive schemes of the organisations. This chapter has highlighted some of the processes by which organisations have reacted to the outside disturbances caused by imposed change. Chapter eight will go on to a

more detailed consideration of the absorbing group in the context of the values represented in the interpretive schemes of organisational members. The chapter will be concerned to explore the values which inform the changes imposed as well as the values held by members of the organisations in question. It will then move on to consider the implications arising from these tensions.