

GHOSTS IN THE BUREAUCRATIC MACHINE Resurrecting the Principles of Administration in the Oklahoma Health Department

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An Oklahoma health department scandal erupted when the acting director was arrested for taking a bribe. More revelations quickly followed, including the existence of multiple “ghost employees” on payroll but having no identifiable job functions. More than 30 employees were terminated. Many faced criminal prosecution. The Tulsa World reported that malfeasance at the agency might have contributed to as many as 1,000 deaths in state nursing homes. The state’s governor assigned a cabinet secretary to rectify the situation. In telling the story of an agency’s denigration and eventual rebirth, the authors argue that no substitute exists for institutional regard for basic administrative principles. They revisit the work of Fayol and Gulick, two pioneers within the principles of administration school. Despite long-standing criticisms, their approach seems strongly validated in light of an agency that lost its way by ignoring fundamentals and was set back on course by an administrator who valued them.

Keywords: *principles; ethics; trust; administrative reform*

An ambassador to several Latin American countries once observed that the impressions made by foreign residents of their new land are often circular. He explained that when visitors begin to establish themselves in an alien country, they cope by trying to understand their new environment as quickly as possible. As should be expected, first impressions are usually simplistic, based on surface appearances and stereotypical judgments. As visitors take up long-term residence, initial assessments fade; they realize that the culture is richer and more complex than originally thought, and their first ideas seem somewhat quaint. However, according to the ambassador, first impressions often return anew a few years later. These expatriates begin to realize that they were not so wrong after all about their new home—those first impressions possessed inherent truths, albeit ones now imbued over time with a fuller, deeper, more nuanced understanding.

The formal discipline of public administration is relatively new, having a history of little more than 100 years. The pioneers of administrative thought entered new territory that must have seemed both dazzling and bewildering. Woodrow Wilson, Frederick Taylor, Henri Fayol, Luther Gulick, and others scouted the landscape and sent back reports from the frontier. They were eager to inject rationality into organizational management, an area that had commonly degenerated into chaos, scandal, and dysfunction.

Initial Submission: July 21, 2002

Accepted: August 21, 2003

AMERICAN REVIEW OF PUBLIC ADMINISTRATION, Vol. 34 No. 1, March 2004 20-35

DOI: 10.1177/0275074003259234

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Their quest was to define—in the best scientific fashion of the day—enduring principles of administration that would guide practitioners in day-to-day management (Fayol, 1949; Gulick & Urwick, 1937). As these early explorers spent more time becoming familiar with their surroundings, they realized that their first impressions may have been a bit too simplistic. Their views were no doubt abetted by the ensuing critics, such as Herbert Simon (1947) and Dwight Waldo (1948), who are generally credited with having successfully challenged the pioneers' administrative principles model.

The question we are posing in this article is whether we have come full circle. Should modern administrative scholars and public managers revisit the principles approach from a matured perspective? While recognizing their limitations, is it possible to profit from the heady ambitions and impressive accomplishments of those early administrative thinkers? We believe the time has arrived to bring the principles model back out into the open. In fact, we will use it as an analytical device for investigating a case study: the decay and repair of an agency charged with overseeing the well-being of a state's nursing home residents and other important health programs. The recent scandal of the Oklahoma health department illustrates why public administrators must pay close attention to basic managerial principles. We argue further that although the principles have been largely abandoned by the academic side of public administration, practitioners have continued to embrace them.

PRINCIPLES OF ADMINISTRATION

Early writing about management and organizations can be traced to a number of sources, such as Adam Smith, the military strategists Antoine-Henri Jomini and Carl von Clausewitz, Niccolo Machiavelli, and even the ancient Hebrews and Greeks. However, the formal study of organization theory began with the birth of complex economic organizations in the 18th century (Shafritz & Ott, 1987, pp. 19-24). In the United States, Woodrow Wilson (1887) inaugurated the burgeoning field of public administration with his classic essay, "The Study of Administration." He set the stage by defining the appropriate parameters of the field that included, among others, a search for "principles on which to base a science of administration" (p. 504).

The quest for managerial principles intensified after Frederick Taylor (1911) promoted his theories of scientific management, which argued that a systematic analysis of work, coupled with division of labor and authority, could lead to the design of methods for improved production. Max Weber was another early 20th-century observer of the emerging organizational form. He recognized that organizations were being transformed from those founded on tradition to those based on bureaucratic characteristics, such as hierarchy of authority, division of labor, and impersonal decision making. Like Taylor, he emphasized knowledge, rules, and formal authority in relationships as the essential elements for structuring an organization.

Henri Fayol began articulating his ideas about organization and management as early as 1900. His most famous work, *General and Industrial Management*, was published in France in 1916, and the first English translation appeared in Britain in 1929 (Urwick, 1949, p. v). By the late 1930s, he was described by a well-known management theorist in the United States as being the European chiefly responsible for encouraging a more disciplined and systematic approach to the study of administration (Urwick, 1937, p. 117).

Luther Gulick's ideas about the administrative reform and the structure of public sector organizations have been influential for the past 75 years. Unfortunately, students of public

administration may know him best as the originator of the familiar mnemonic POSDCORB, which stands for the seven major duties of executive management: planning, organizing, staffing, directing, coordinating, reporting, and budgeting. As Hammond (1990) argues, POSDCORB was but a very minor part of perhaps the seminal essay on the principles of administration (p. 152). And even that great work, "Notes on the Theory of Organization" (Gulick, 1937a), was but one part of the multifaceted career of a man who has often been called the dean of U.S. public administration (Van Riper, 1998, p. 187).

Fayol and Gulick are best known, however, because they were among the first theorists to speculate about all the elements necessary for the effective administrative arrangement of an organization; that is, they attempted a rational and comprehensive approach to organizational theory. Their views are especially distinctive because they emphasized the roles of the manager or the administrator rather than the worker (Lane & Wamsley, 1998; Vasu, Stewart, & Garson, 1998, p. 33).

The ideas of Fayol, Gulick, and others, which have often been labeled the classic theories or administrative management school, were developed alongside the emergence of city governments at the turn of the century. The dominant characteristics of the municipal model were centralization and functionality. Duties such as revenue collection, recruitment and advancement of personnel, procurement, and fiscal management were directed by a dominant central administration (White, 1933, pp. 177-178). Departments were managed by officials who were appointed by and reported to the mayor (Fox, 1977, pp. 16, 82-85). As Van Riper (1998) notes, this was the state of organizational development on which the classic theorists made their contributions; they did so by providing "more precise statements and emphases and instrumentation" (pp. 198-199). In other words, they furnished a set of basic organizational principles.

What did Fayol and Gulick mean by the word *principles*? For the most part, they used it to convey the idea that organizations are composed of common structures and processes, the arrangement of which can be improved to better obtain organizational goals. A generic example is their leading assertion that labor in an organization is invariably divided among workers (structure), which is best carried out if such division is coordinated based on some standard or method (process). Of course, many nuances surround the concept of principles. For instance, among the three members appointed in 1937 by President Franklin Delano Roosevelt to recommend executive branch reforms, none defined principles in quite the same way (Karl, 1963, p. 219). Yet all three—Louis Brownlow, Charles Merriam, and Luther Gulick—agreed on the final recommendations, which Van Riper (1998) says went "right down the line of classical organization theory" (p. 210). In Table 1, we briefly describe many of the principles set down by Fayol and Gulick.

A helpful analogy for understanding administrative principles would be a comparison with the postulates of Euclidean geometry. In the broadest sense, postulates are a collection of simple assertions regarded as being especially useful; they serve as starting points for further investigation, inference, and deduction. Such an analogy, however, should not be over-extended. Mathematics is based on logic, not observation; and its practical reality is objective and exact, not laden with values. Similarly, the meaning Fayol and Gulick assigned to administrative principles must not be stretched too far. As Henry (1995) argues, the principles were not intended to be "immutable facts of nature, but were simply helpful touchpoints in conveying an understanding of how organizations worked" (p. 26). It is instructive to note that Fayol (1949) chose to use the word *principle* as a matter of personal preference, not because of its precision. He writes that he is not making fine distinctions between principles and

TABLE 1: Examples of Administrative Principles

<i>Principle</i>	<i>Description</i>
Division of labor	To gain efficiencies in work processes and outcomes, labor must be subdivided, which will enhance development of specialized skills and facilitate adaptation to changing technologies and materials.
Hierarchy	Because division of labor is necessary, management must coordinate the overall organizational system through a structured chain of command.
Unity of command	A worker should receive orders from only one supervisor.
Span of control	The number of people and of activities a single person can supervise must be limited by consideration for variables, such as time, energy, function, and knowledge.
Authority-responsibility	Those in authority must accept being accountable for their actions.
Order	In a timely manner, work to be performed must be appropriately matched with sufficient human resources, equipment, and supplies.
Unity of direction	A system of authority must be established so that a plan of work and purpose can be communicated and coordinated.
Remuneration-equity	Workers should be paid fairly and treated with impartiality, kindness, and justice.
Interest subordination	The welfare of the organization should supersede individual interests.

SOURCE: Fayol (1949); Gulick and Urwick (1937).

related terms, such as conditions, laws, or rules. On the contrary, he expresses concern that his choice of terminology not convey any notion of rigidity or absolutism (p. 19).

Neither theorist claimed that administrative principles could be scientifically verified, at least not in the same sense as the natural or physical sciences. Fayol and Gulick simply made expert observations, then proceeded to organize and synthesize them. Fayol (1949) modestly described his contribution as “starting general discussion” (p. 16). He expected others would subsequently become engaged, develop theoretical expressions, and disseminate the new knowledge (pp. 14-16). His orientation was thus to distill general principles from experience (p. 16). Gulick, on the other hand, emphasized formulating generalizations based on investigation and analysis (Karl, 1963, p. 219). His concluding essay in *Papers on the Science of Administration* is an insightful examination of the problems and prospects associated with pursuing a more sophisticated approach to administrative research (Gulick, 1937b, chap. 11). It was essentially a call for developing a discipline, which included assemblage and analysis of quantifiable data, production of a set of standard terms, and the building up and distribution of a body of literature (p. 194).

CRITICISMS OF THE PRINCIPLES APPROACH

The principles paradigm can be further elaborated by defending it against the arguments of its critics. Indeed, there has been a barrage of objections. Modern textbooks of public administration tend to view the principles as rather old-fashioned artifacts in the evolution of management theory (e.g., Garvey, 1997, pp. 84, 494; Gordon & Milakovich, 2001, chaps. 5-8; Nigro & Nigro, 1989, pp. 109-113; Simmons & Dvorin, 1977, pp. 482-488). Leading detractors such as Waldo (1948, chap. 10) and Simon (1947) have protested against what

they view as the principles' scientific pretensions and ambiguity, their rigidity, their disregard for the role of decision making, and their inordinate focus on efficiency.

The principles' critics have far too often passed judgment on straw men rather than recognize the nuances of the Fayol-Gulick perspectives. As Pursley and Snortland (1980) observe, "Most critics have taken the principles of the administrative management school at their more dogmatic and mechanical extremes and proceeded to tear them apart" (p. 160). Using exaggeration and overstatement to pillory classic theory is particularly unfair when one considers Fayol and Gulick were well aware of the limitations of their proposals. Fayol (1949), for example, expressed how administrative devices must be used with the sense of an artist who understands the varying flexibility and adaptability of different materials. He wrote, "Compounded of tact and experience, proportion is one of the foremost attributes of the manager" (p. 19). According to Gulick (1937a), searching for a single administrative principle is a fool's errand. "An organization is a living and dynamic entity. . . . A principle of organization at one stage may not be appropriate at all during a succeeding stage" (pp. 31-32).

The criticism that the principles are too unclear and too ambiguous to be accorded the mantle of science misses their intent. The modest goal of a principle is to help a manager take an action or make a decision in a way more likely to achieve success than would have been possible without taking that principle into account. It helps to compensate for the limitations of human capacity and serves as a vehicle for teaching new managers what experienced managers already know. As Hammond (1990) argues, the administrative principles should be treated as heuristics, "as rules of thumb"—approximate rather than exact design rules—which give us guidance on how to think about and make tradeoffs when we lack exact methods" (p. 168).

Simon bases his well-known argument that the principles are little more than "proverbs of administration" on their failure to account for the role of decision making in the administrative process. He argued that decisions, rather than principles, should be the units of analysis in administrative theory. Yet this is another example of critics assigning a role to the principles beyond the practical purpose intended for them. As Altshuler notes,

The difference between Simon and Gulick . . . was not that the former could tell a proverbial principle from a scientific one. It was rather that the latter considered some proverbs very useful—as checklists of factors worth considering, as handy scores around which to organize one's thoughts, and as the closest brief approximations of wisdom available in many circumstances. (as quoted in Hammond, 1990, p. 145)

The Fayol-Gulick approach has also been faulted for its rigidity. For example, McKinney and Howard (1979) assert that its "total preoccupation is finding that one best or right way to manage an organization" (p. 125). The soundness of this argument is undermined when one reads Fayol (1984) emphasizing adaptability and responsiveness. He writes,

There should be nothing rigid or absolute in management affairs. . . . Principles that are established should be viewed as flexible, capable of adaptation to every need. It is the manager's job to know how to make use of them, which is a difficult art requiring intelligence, experience, decisiveness, and, most important, a sense of proportion. (p. 61)

Gulick's response to the rigidity claim can be ascertained by recalling his assertion that the fundamental nature of an organization is dynamism. An organization is like "an organism which has its own life" (1937a, p. 43). It is made up of different cycles, stages,

strengths, and weaknesses; no “single universal plan” can fit all the parts (p. 32). These are not the views of theorists whose organizational thinking resists change.

Another criticism is that the Fayol-Gulick approach is driven primarily by an unbridled concern for efficiency. There is no doubt that improving efficiency was a driving force in their thinking, as was enhancing economy and effectiveness. Management at the turn of the 20th century abounded with waste and third-rate performance. Van Riper (1998) tells us that the management of business, government, and military organizations of the era was “simply incredibly bad” (p. 201). Reformers such as Gulick understood that the antidote for rampant inefficiency would not emerge solely from moral or political reform. They knew that it must be assisted by the intervention of science, which meant applying objective reasoning to dependable data. As the development of budgeting had shown, a rational technique could impose a certain degree of order on unruly government. Reformers believed the same could result from another set of emerging techniques, even if most of them were yet being fashioned from common sense and experience. These became the principles of administration.

Thus, it was in this context of widespread disorganization that administrative reformers put forth their prescriptions for correction and repair. As Rainey (1997) argues, their “emphasis on basic organizational principles appears not only well justified but absolutely necessary” (p. 35). Emphasis on efficiency, however, did not represent a narrow, one-track fixation. As the Great Depression was challenging the government’s ability to respond to a national crisis, Gulick (1937a) stressed that agencies first concern themselves with American “political life and leadership” (p. 44). Does this reflect an administrative theorist obsessively focused on efficiency, or one like Alexander Hamilton (1778), who writes in *The Federalist* No. 72, “The administration of government, in its largest sense, comprehends all the operation of the body politic”?

In the following sections, we will describe the scandal at the Oklahoma State Department of Health (OSDH). It provides a context within which not only to assess the collapse of an important government agency but also to understand something about its resurrection. Through personal interviews, numerous press accounts, and public and private documents, we were able to reconstruct much of the OSDH story. We found the principles approach—as originally articulated, not as characterized in later literature—to be useful in helping to explain the rise of corruption and mismanagement within the OSDH. Administrative principles also seem to best characterize many of the approaches used in reforming the corrupted agency.

OKLAHOMA HEALTH DEPARTMENT

The OSDH exercises authority over numerous and wide-ranging programs that are spread throughout the state. They include immunizing children, controlling outbreaks of contagious diseases, maintaining vital statistics, preventing tobacco use, promoting health education, providing older-persons services, serving rural health communities, offering dental services, administering nutritional programs, overseeing health care delivery, encouraging prenatal care and children’s health, preventing injuries, planning for the state’s health future, delivering primary care, protecting consumers, and licensing a variety of professional occupations and trades. The health department operates on a budget of almost a quarter of a billion dollars and employs more than 2,500 public servants. Despite the importance of the work, this large agency was rocked by an event, the impact of which would quickly ripple not only through Oklahoma’s public administration community but across the state as well.

On May 2, 2000, agents at the FBI concluded a nearly 4-year investigation into irregularities in the state's oversight of nursing homes. They arrested Brent VanMeter, a deputy commissioner of the OSDH. He was charged and ultimately convicted of soliciting a bribe from an Oklahoma nursing home operator. The FBI had secretly recorded a conversation in which VanMeter requested a 2% kickback for falsifying a document that the operator needed to qualify for approximately \$50,000 in federal benefits. Unfortunately, this story represented only a fraction of the corruption that was occurring in the OSDH. Many more revelations emerged in the weeks and months that followed. In less than 1 year, both men would be serving prison terms and more than 30 of the agency's employees would be fired or forced to resign. Ultimately, federal or state charges were filed against at least 16 people (Clay, 2003).

The state's health commissioner, Jerry Nida, had been out on extended medical leave and had de facto (although not officially) delegated management of the agency to VanMeter. On May 3, 2000, the governor appointed Jerry Regier, a member of his cabinet and head of the state's juvenile affairs agency, to serve as the OSDH's acting director. Regier's charge was to take over responsibility for administering the agency. At this point, the OSDH was in turmoil, with almost daily revelations being reported about apparent corruption having taken place among its top management.

Regier came to the job with solid public administration credentials. He held an MPA from Harvard and had administered juvenile affairs agencies at both the federal and the state levels of government. He quickly demonstrated that he was not going to tolerate business as usual. On May 16, 2000, nursing homes throughout the state received wake-up calls in the form of numerous surprise inspection visits. Regier even led one himself. "He found no administrator on duty, inadequate staff, residents in wheelchair restraints for long periods, and unclean floors" (Killackey, 2000).

The depravity of what he witnessed prompted Regier to quickly issue a harsh warning to all statewide nursing home operators:

I believe that it is unconscionable for owners of nursing homes to allow their facilities to be operating with no administrator on duty and insufficient staff coverage. The lack of supervision in nursing homes will not be tolerated and the Health Department will aggressively survey and fine violators. (Killackey, 2000)

The numerous irregularities and problems discovered through the unannounced visits added credence to frequent allegations that nursing home operators had been routinely alerted prior to inspections, which were intended to take place unannounced. The scandal, which had stunned the people of Oklahoma, had already grown ugly. A public administrator had been entrusted with the responsibility to enforce standards designed to protect one of the most vulnerable segments of the population—senior citizens in need of almost continuous direct-care services. Yet an official had broken that trust in pursuit of personal profit. But the worst was not over.

On June 2, 2000, Acting Director Regier announced he had discovered that at least nine "ghost employees" were on the OSDH's payroll. They had no apparent supervisors, no assigned job duties, and there was scant evidence of any work having been performed. Three were identified as former legislators. The state's editorial writers opined,

We view with wonder, approaching awe, the recent revelations emerging from the Oklahoma Department of Health. They've gone from allegations of bribery and giving advance warning about inspections to an investigation into payroll irregularities and what acting director Jerry Regier called "ghost employment." . . . Mr. Regier cited employees who hadn't turned in time

cards for up to a decade and who had no apparent duties or supervision. They were pulling in between \$20,000 and \$50,000 a year. Where was the auditor when all this was going on? Where was the governor? Is it such common practice in the state to have employees unassigned to a supervisor that it caused no raised eyebrow among the folks who are supposed to oversee state agencies? We can understand how a bribery scheme might develop without becoming obvious to a busy supervisor with a wide area to cover. . . . We can almost understand how, in a large enough organization a few sinecures could be smuggled in with most folks believing that X is out on the road or working in another office. But without a supervisor and without a time card? In most organizations that would be caught at the first pay period or, if the comptroller was involved in the scheme, at the first audit. That any could get away with it for a decade is beyond belief. ("State Editorial Writers," 2000)

Catastrophe is usually followed by attempts at restoration (Dimond, 2002; Harte, 1997; Ronen, 2002; Williams, 1998, p. 124). There are a number of approaches available to use for organizational improvement. Regier, as a contingent administrator, was able to pick and choose among the various methods that seemed appropriate for the situation he confronted. However, at the footing of his executive skills was a recognition that administrative principles are foundational elements of an effective and efficient organization. As we have described, this belief is traditionally referred to as the principles approach to administration. The OSDH scandal provides a context within which a public official is dispatched to clean up an agency gone appallingly awry. We found that many of his managerial initiatives and techniques are readily identifiable as reflecting the basic principles of administration. Furthermore, the principles approach appears to be a very useful instrument for diagnosing managerial weaknesses within the OSDH that ultimately led to the emerging scandals.

VIOLATING THE UNITY OF COMMAND PRINCIPLE

One of the most frequently cited principles in the classic literature of administration is the unity of command. In Fayol's (1949) view, it asserts that optimizing organizational performance requires that "an employee should receive orders from one superior only"; and its importance is "at least equal to any other principle whatsoever" (p. 24). Similarly, Gulick (1937a) claims, "The significance of this principle in the process of co-ordination and organization must not be lost sight of" (p. 9).

Both Fayol and Gulick warn of the formidable cost of violating unified authority relationships. Gulick (1937a) writes, "The rigid adherence to the principle of unity of command may have its absurdities; these are, however, unimportant in comparison with the certainty of confusion, inefficiency and irresponsibility which arise from the violation of the principle" (p. 9). Fayol (1984) goes even further, painting a nightmarish picture for an agency that fails to adhere to this principle: "formal authority is undermined, discipline may be put in jeopardy, order disturbed, and stability threatened," and "should the cause persist, the disorder increases, . . . the department ails," and "continues to wither away" (p. 66). The case of the OSDH exemplifies the accuracy in the cautions and consequences expressed by Fayol and Gulick. A combination of administrative neglect, systemic problems in agency oversight, and illegitimate managerial and political opportunism coalesced to create the perfect storm. The result was an almost complete meltdown of an agency charged with one of the most critical missions in the state of Oklahoma.

Violation of the unity of command principle occurred at two identifiable points. One was the fragmentation of political oversight; the other was a power vacuum created by a neglectful and often absent administrator. First, the fragmentation of political oversight is a direct

result of Oklahoma's progressive heritage. The formal power of the Oklahoma governor is among the weakest in the nation (Morgan, England, & Humphreys, 1991, p. 106). Oklahoma's executive branch is based on pluralist values. Executive power is widely dispersed in an attempt to tamp down on potential political corruption. As one of the more recent blue-ribbon commissions concluded, this arrangement is not without difficulties:

The fundamental problem is that no one is in charge. Although voters elect a chief executive every four years and expect that executive to carry out an agenda, the Governor has little power to do so. . . . Many critical state operations are controlled by boards and commissions without direct responsibility to the Governor, making it difficult to manage related functions and impossible to determine accountability for results. (Governor's Commission on Government Performance, 1995, p. 14)

Although both the legislature and the governor share oversight of the OSDH, direct responsibility is vested with the Oklahoma State Board of Health. All nine members of the board are appointed by the governor, confirmed by the state senate, and serve staggered 9-year terms. Once appointed, the governor has no removal power. The appointment process is intended to distance the board of health from undue political influence, but it also impairs political responsiveness. As Regier observes, "They're glad they were appointed, but there's certainly no sense they work for the governor" (personal communication, March 7, 2001).

The board of health is assigned by statute to have full authority in managing the overall direction of the OSDH. The powers of the board of health are considerable. The OSDH commissioner of health is appointed by and serves at the pleasure of the board. Besides the commissioner, the board of health may also establish other positions and even additional divisions within the OSDH. The state legislature, of course, retains the power of the purse so it is assumed that the board works with state representatives as necessary.

In the years preceding the scandal, a misperception among the members of the board of health about their proper role complicated an already cumbersome command structure. Prior to his appointment as acting director of the OSDH, Regier served as the governor's cabinet secretary over health and human services. It was through Regier that the governor attempted to influence the management of the OSDH. According to Regier, he and the governor were already concerned about the management of the OSDH, although they did not suspect outright corruption.

In January 2000, four months before the scandal broke, Regier met with members of the board of health. He expressed his dissatisfaction with the management of the agency and encouraged the board to assume a more active leadership role. He was surprised to discover that most of the board members did not realize they had much power in setting the OSDH's priorities, nor in determining how the budget was spent. They believed that the legislature and the OSDH commissioner and deputy commissioners were the ones in charge of the financial management of the agency. As medical professionals, they saw their role mostly in terms of providing guidance on health matters.

Two months later, Regier officially addressed the board. He pointed out that almost one third of the department's budget was not line itemized by the legislature and that as the state's health experts, they had both the power and the responsibility to set many of the spending priorities. A legislative aide in attendance rose to confirm Regier's assertion. According to Regier, not everyone agreed. "When I presented this, there was a voice at the end of the table stating that the board doesn't have the power over the finances. I looked and it was

Mr. VanMeter” (personal communication, March 7, 2001). VanMeter went on to say that the authorizing statutes did not give the board that power. Regier responded, “I think you’re absolutely wrong, and if that’s true, get nine plumbers around this table and quit wasting these doctors’ time” (personal communication, March 7, 2001). According to Regier, the top managers within the OSDH were so beholden to the legislature that they successfully convinced the board of health that the legislature called all the shots. In other words, the board of health had not recognized the considerable authority it had always possessed.

The board of health did not fully exercise its powers, the authority of the legislature was indirect, and the ability of the governor to influence agency management was remote. In this climate of dissipated command, the agency’s chief executive officer, the commissioner of health, would normally be expected to take advantage of the situation and increase the power of his office. However, Jerry Nida, the commissioner of health who was on medical leave when the scandal broke, did not exercise a positive, assured style of leadership. According to an independent, external report on the OSDH’s management problems, Nida was a weak and ineffective leader for the agency:

Through interviews and communication with management and staff employees within the Health Department, a picture emerged of a Commissioner who had relinquished a substantial amount of his leadership responsibility to Deputy Commissioner VanMeter. Management and staff personnel also advised that former Deputy Commissioner Roger Pirrong, through the real or perceived influence of Senator Gene Stipe, wielded a substantial amount of power over the Health Department until his retirement in April, 2000. Management and staff employees advised Dr. Nida was intimidated by Mr. Pirrong and his close association and friendship with Senator Stipe. The interviews revealed Mr. Pirrong’s intimidation of Dr. Nida negatively impacted on the Chief Executive’s ability to effectively manage and direct his Deputy Commissioners, as well as other management and staff personnel under him. (Fidelis Group, 2000)

This power vacuum is the second identifiable point at which the unity of command principle was violated. It allowed Nida’s deputy commissioners to engage in a variety of nefarious activities. Pirrong, for example, “was absent from work more than 50 percent of the time during his last three years of employment at the Health Department” (Fidelis Group, 2000). Yet he continued to receive his full salary of more than \$80,000 per year, plus benefits. The scheme involved the falsification of time sheets by Pirrong’s chief assistant, which were later signed by Nida as the direct supervisor. Nida’s other deputy commissioner, VanMeter, was equally busy soliciting bribes from nursing home operators in return for alerting them in advance of inspections. When he was arrested, VanMeter had just returned from gambling at the racetrack during office hours (Clay & Ellis, 2001). As described above, Acting Director Regier would later reveal that he discovered numerous ghost employees who were placed on state payroll despite having no assigned supervisor or responsibilities. Many of these ghost employees would be accused by the states’ newspapers of having connections to legislators (“Many Employees,” 2000).

The lack of clarity in the leadership structure of the OSDH nurtured a work environment with little or no accountability. Certain managers who did not feel bound by their own set of ethics took advantage of the situation by setting up self-serving fiefdoms. They protected their entrepreneurial adventures by creating a climate of fear. They would play their multiple masters off each other and then profit from the disarray. Regier would later express surprise at how many employees knew what was happening but did not report the corrupt activities because they were afraid of being terminated (Ervin, 2000). It took intervention by the fed-

eral government and the appointment of an energetic administrator who took firm control to halt the cycle of corruption.

VIOLATING THE AUTHORITY-RESPONSIBILITY PRINCIPLE

The citizenry by necessity must invest an extraordinary level of trust in its public servants. Power misused by a public servant often has the potential to inflict harm. The damage may be spread among many, which often can occur with the misuse of tax monies, or it may be felt deeply by relatively few, such as when vulnerable segments of the population no longer receive full government protection. Such betrayals can scar communities and individuals for years. Fayol (1984) captures this complexity in his principle, outlining a continuum between authority and responsibility, which he says are two sides of the same coin. "Responsibility is the corollary of authority, its natural consequence and essential counterpart, and wherever authority is exercised, responsibility is also present" (p. 63).

Fayol's (1984) prescription for management to prevent the abuse of authority is by both demanding ethical behavior among employees and inculcating a common mission and a set of goals for organizational members (p. 64). Gulick also wrote about the motivating power of ethical ideas and a sense of purpose, asserting that they could serve as the foundation for organizational coordination (1937a, pp. 38-39). Jerry Nida, the commissioner of health at the time of the scandal, was considered by many to be a good physician and even a good man. Nevertheless, as an administrator, there were at least two ways in which he failed to follow through on the principle of authority and responsibility. First, he engineered the falsification of timekeeping documentation for his senior staff. The success of this endeavor required the participation of other professional and clerical personnel. Not only did he not demand ethical behavior on the part of his employees, he encouraged unethical behavior for a few and set a poor example for all. Second, Nida's laissez-faire management style failed to instill a common culture in the health department. Instead of coalescing around a mission statement that was articulated well and often, the department deteriorated into separate and self-serving fiefdoms.

VIOLATING THE PRINCIPLE OF ORDER

The OSDH was also in violation of Fayol's (1949) principle of order (pp. 36-38), or in modern parlance, "people and materials should be in the right place at the right time" (Robbins & Coulter, 1996, p. 44). As for materials, Fayol emphasizes orderliness to avoid loss and enhance efficient work. In the case of personnel, he is addressing the human resources concern of matching an accurate job description with appropriate employee knowledge, skills, and abilities. Although Fayol (1949) recognized that it can never be fully achieved, the ideal of each employee occupying "the post wherein he can render most service" is the goal (p. 37). However, this was rejected at the highest levels of the OSDH. In fact, efforts toward achieving such a standard were sometimes practiced in reverse. Inspectors who performed their jobs in accordance with professional and regulatory standards—that is, without regard for office politics or personal gain—could find themselves transferred to other locations or reassigned to other work. For other employees, several of whom were administrators of the OSDH, qualifications were irrelevant because they were employed for patronage purposes and collected paychecks without working. This pattern of ignoring the principle of

order—in this case, spurning personnel-selection criteria and work-assignment standards—may have cost hundreds of lives. In a review of nursing home records for the decade of the 1990s, *Tulsa World* reported that as many as 1,000 residents' deaths from such causes as bed-sores and malnutrition may have been preventable (Branstetter & Schafer, 2001).

VIOLATING THE UNITY OF DIRECTION PRINCIPLE

Both Fayol and Gulick discussed the importance of integrating the elements of the overall work effort. Fayol (1949) described unity of direction as “the condition essential to unity of action, coordination of strength and focusing of effort” (p. 25). Gulick (1937a), who referred to it as the principle of “coordinating the work,” pronounced it to be an inescapable imperative. Whether achieved through structural arrangement, dominating idea, or a combination of both, it is the major purpose of organization (pp. 6-11, 33). In the case of the OSDH scandal, the need to provide unity of direction was perhaps Regier's foremost concern. Reflecting on his earliest days as the agency's acting director, he said,

Immediately I saw that there was chaos in the Health Department. From a management standpoint I began to look at reorganizing and making sure people understood what their responsibilities were. I went through a process of sitting down and conducting a sort of management review. The top executive staff came in and told me what they did, what their programs were, what their people did, and so forth. The review led to proposing a reorganization. (personal communication, March 7, 2001)

Underlying these efforts was Regier's recognition that the OSDH was rudderless. He thus began his tenure by communicating, through a variety of different means, that change was under way. This was accompanied by actions to support his pledge. An independent, external review of the OSDH described 40 initiatives undertaken by Regier in his first 4 months. Each initiative constituted an administrative action in support of one or more of the fundamental principles proclaimed by Fayol and Gulick. As a whole, however, they served to reestablish an organizational direction for the agency, something that had been left behind through neglect, incompetence, and criminal behavior.

VIOLATING OTHER PRINCIPLES

There are several other principles on which we could elaborate. For example, both Fayol's (1949) principles of remuneration (workers should be paid fairly) and equity (workers should be treated kindly and fairly) were violated when select “workers” within the health department were paid for little or no work—the so-called ghost employees. Another obvious example is the violation of the principle of discipline, which states that employees must respect and obey organizational rules (p. 22). These violations occurred with the numerous instances of corruption that were allowed to take place under the lax leadership and oversight of the health commissioner, the board of health, and arguably the governor and the legislature. Finally, the managers who personally profited by taking bribes and the ghost employees who received paychecks for little or no work violated Fayol's principle of subordination of individual interest to the general interest.

These principles do not have discrete boundaries. They overlap in numerous ways, but they do provide some meaningful guidance for practicing managers. As Frederickson (1997)

notes, “Administrators think in terms of ‘principles and practices’” (p. 72). The case of the OSDH dramatically illustrates the consequences for an agency, the management of which ignores these principles.

MORE MODERN VERSIONS OF ADMINISTRATIVE PRINCIPLES

The Fayol-Gulick approach to administration proposed a set of principles that were arguably in embryonic form. Fundamental to any science is understanding and recording the basics. This was perhaps their most significant contribution to the effort to delineate principles, and the result appears to be that they instigated a management tradition that exists to this day. As Shafritz and Russell (2003) maintain,

Next time you see a best-seller offering a new management system, remember that while the author may never acknowledge it, he or she is an intellectual disciple of [the principles approach]—because the authors of these best- and would-be best-sellers all premise their works on the belief that management is a skill that can be taught. (p. 178)

Ensuing scholars and theorists have unquestionably extended our understanding of organizations quite beyond the Fayol-Gulick foundation; but they have not replaced it, nor have they successfully assigned it to the dustbin of administrative history. Borrowing from Mark Twain’s reaction on hearing reports of his death, we would assert that rumors of the demise of the Fayol-Gulick principles have been greatly exaggerated. Garnett (1987) makes a similar observation when he states that the principles approach “still permeates government administration in the United States today. Hierarchy, specialization, grouping by function, unity of command, and other orthodox precepts so shape organizational life . . . that practitioners and scholars have difficulty thinking in different terms” (p. 41).

The principles may not be embraced by most scholars who write about administrative organization, but the continuing influence of Fayol and Gulick exists nevertheless. Peters and Waterman’s (1982) eight attributes of management excellence, Deming’s (1982) 14 points, Zemke and Schaaf’s (1989) five operating principles of distinctive service, Osborne and Gaebler’s (1992) 10 principles of reinvention, the four key principles motivating the National Performance Review (Gore, 1993), and even the recent International City/County Management Association’s Practices for Effective Local Government Management (Streib, Slotkin, & Rivera, 2001) all seem to incorporate the principles approach to management.

Why does the relevance of administrative principles persevere? Straussman (1990) argues that “they seem plausible, striking of basic common sense. . . . They can be applied in real settings unlike other, more abstract concepts and theories” (p. 71). In other words, administrators find them useful, which is a potent assertion and one that a few researchers in the field of administrative studies continue to examine (Donaldson, 1985; Garnett, 1987; Goodin & Wilenski, 1984; Graham & Hays, 1986; Hammond, 1990). More recent research has investigated whether the principle of span of control affects organizational performance (Meier & Bohte, 2000). Likewise, H. George Frederickson, one of the most prominent scholars in modern public administration, appears to be promoting an updated version of the Fayol-Gulick approach in his 1997 book *The Spirit of Public Administration* by offering a set of eight new principles. Recent techniques of modeling (Rauch, 2002) may provide insight into the principles that would be the most practical in a social universe characterized by what Herbert Simon (1947) termed bounded rationality.

CONCLUSION

Our view is that there is no substitute for applying the administrative principles described by Fayol and Gulick. The role of principles in organizations can be likened to that of physical needs in mental health. This analogy borrows from Maslow's idea that achieving an individual's potential requires satisfying a series of human needs, which can be understood as steps on a ladder (Sicker, 1998). The first and most basic step is to satiate physical needs, such as getting air, water, and food; fulfilling higher order needs is contingent on first satisfying the more fundamental ones. Extending this analogy to administration, we suggest that organizations also have a hierarchy of needs, and the most elementary of them is satisfied by the principles approach to workplace design. Denhardt (1993) makes a similar comparison when he describes the contributions of classical theorists as shaping the "lower and middle parts . . . of organizational structure" (p. 35). Likewise, Van Riper (1998) argues that the principles are among the "first things" one needs to know about administration (p. 224).

Subsequent conceptual frameworks—such as those offered by the human relations school, decision-making theories, contingency concepts, and others—have provided important additional steps on the ladder, which, taken together, can lead to organizational excellence. Of course, strict adherence to administrative principles does not guarantee against occasional organizational breakdowns. Structural reform, for example, cannot always prevent calamity caused by human failure centered in individual workers (Bozeman, 2000, pp. 42-43). On balance, however, we believe that a consistent recognition and application of administrative principles including both external and internal controls (Cooper, 1998, pp. 136-163) can prevent most failures and even mitigate them when they do occur.

The Fayol-Gulick approach should be retrieved from its relegation to a backwater, dead-ended branch of administrative attention and investigation. As the Oklahoma case strikingly demonstrates, there exists great utility in employing administrative principles and great danger in violating them. Not a small measure of credit obviously belongs to Secretary Regier's skills in applying the principles, and of course, substantial recognition must also be forwarded to the legacies of Henri Fayol and Luther Gulick, whose writings continue to be relevant and whose principles continue to be worthy of serious application, research, and scholarship.

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