Investigating Implementation of Federal Agency Reorganization

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ABSTRACT

This study investigates the implementation phase of reorganization. Although determination of reorganization success or failure is a rather intractable problem, this study sheds light on this issue by performing a structured study of the U.S. Government Accountability Office (GAO) reports to answer the question, **what do GAO reports say about the implementation of federal agency reorganization?** More specifically this study explores what portion of reorganization plans are implemented, what are both expected and unexpected costs, and what issues occurred during the implementation process. GAO reports on reorganization are used as a data source to gather information on a number of implementations of varying sizes. Content analysis is the tool to be used to extract data over a large number of implementations. This study provides a more nuanced view of implementation by evaluating a number of reorganization implementations as a data set. As Destler (1981a) said, "For reorganization, as for any other change, implementation is the bottom line. Without it, the whole exercise is show and symbolism" (p. 155)

Findings of this study reinforce observations on reorganization and implementation by many scholars. The results of the content analysis show the precepts of classical organization theory still influence implementation of reorganization. Economy and efficiency were found to be motivations in a large majority of reorganizations. This study also showed the primacy of personnel issues in implementation, especially when implementation resulted in a net loss of personnel. The desire to avoid layoffs combined with reduction in force procedures exacerbated uncertainty in implementation. Neither the implementation schedule nor the resulting workforce was completely under agency control in many cases. Finally, this study showed the conflict between advocates of less government and advocates of reinventing government was evidenced in reorganization implementation.

ACKNOWLEDGEMENTS

CONTENTS

LIST OF ABBREVIATIONS

AOA	Administration on Aging
CAO	Chief acquisition Officer
CFO	Chief Financial Officer
CHCO	Chief Human Capital Officer
CIO	Chief information Officer
CMO	Chief Management Officer
COO	Chief Operating Officer
DOC	Department of Commerce
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOL	Department of Labor
DOS	Department of State
DOT	Department of Transportation
EIA	Energy Information Administration
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FCA	Farm Credit Administration
FCC	Federal Communications Commission
FCIC	Federal Crop Insurance Corporation
FDA	Food and Drug Administration
HHS	Health and Human Services (Department of)

HUD   Housing and Urban Development (Department of)

IG   Inspector General

IRS   Internal Revenue Service

NASA   National Aeronautics and Space Administration

NPR   National Performance Review

NPS   National Park Service

OMB   Office of Management and Budget

RTC   Resolution Trust Corporation

SSA   Social Security Administration

USDA   U.S. Department of Agriculture

USPS   U.S. Postal Service

VA   Department of Veterans Affairs

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1: INTRODUCTION

Mann and Anagnoson (1979) characterized reorganization: "Reorganization is a perennial reform on the agenda of officials of the federal executive branch. There is hardly a president or cabinet member who does not preside over numerous reorganizations – big, small, interagency, intra-agency – during his years in Washington" (p. 7). Reorganization is a complicated process which can affect federal agency functioning for a substantial period of time. The degree to which an agency is affected may be a result of how the reorganization is implemented. The placement of a large number of Government Accountability Office (GAO) reports on the GAO website creates the opportunity to review and characterize implementation issues over a number of reorganizations found in the thirty years of this study.

Statement of the Problem

Mann and Anagnoson (1979) expressed surprise that the literature on reorganization emphasizes the motivations for reorganization, the conditions leading to approval, and the politics of gaining approval but is lacking concerning the actual results of the process. Szanton (1981b) noted there is little guidance for anyone contemplating reorganization on the alternative costs and benefits of different forms of structure, processing, or staffing. A number of authors have given reasons for this condition. Mann and Anagnoson noted one reason for this problem is once an agency is reorganized, there is a tendency of taking the new organizational structure as a given (Mann & Anagnoson, 1982b). Light (1997) also summarized the problem with respect to reform in general, "Lacking a bottom line against which to measure results, whether in the form of the kind of ersatz profit-and-loss statements required under the Chief Financial Officers Act of 1990 or in blunt statistics on customer satisfaction, fraud, waste, and abuse reduced, or public trust restored, the search for clear consequences of reform will always be difficult" (p. 13).

Part of the problem of evaluating the results of federal reorganization is the lack of scholarship on the implementation phase of federal reorganizations. To a great degree the success or failure of reorganization is due to the success or failure of implementation. It is difficult to evaluate how much agency performance is improved by reorganization, but poor implementation can degrade agency performance for a substantial period of time. The GAO itself itemized a litany of problems occurring during implementation of the Reorganization Act of 1977 (*Implementation: the missing link in planning reorganizations*, 1981). These included problems with office space, support functions, funding for new missions, and especially acquisition of key personnel. These issues affected the ability of the reorganized agencies to function for several months after reorganization. The criticality of this phase of reorganization is stated by I.M. Destler (1981a): "For reorganization, as for any other change, implementation is the bottom line. Without it, the whole exercise is show and symbolism" (p. 155).

Research Question

This study sheds light on a neglected area in the literature by performing a structured study of GAO reports to answer the question, **what do GAO reports say about the implementation of federal agency reorganization?** More specifically this study explores what portion of reorganization plans are implemented, what are both expected and unexpected costs, and what issues occurred during the implementation process.

The research question is very broad. Each of the three categorical areas mentioned above was broken down again into a set of questions which were converted into variables which could be categorized for the content analysis. Table 1.1 gives the breakdown into three sets of questions and is followed by a more detailed discussion of each one. This breakdown could be considered somewhat arbitrary as some questions could fit in more than one categorical area.

For example, the assessment of the change in personnel level could be considered both a part of the reorganization plan and a cost. An effort was made to place questions where they best fit.

During the initial research phase this researcher noticed information in GAO reports tended to affirm rather than contradict comments made by scholars on reorganization. Several questions cover the process of implementation including the authority required, evaluation of the

Table 1.1. List of Questions

1. What portion of each reorganization plan was implemented?

    1.1. What authority and other guidelines were noted in the data as applying to this reorganization?

    1.2. What portions of the reorganization plan and specified guidelines were implemented?

    1.3. How did the number of employees change as a result of reorganization?

    1.4. Has there been any change in thickening in federal agencies since Paul Light wrote his book?

2. What were both expected and unexpected costs of implementation?

    2.1 What implementation costs were incurred by this reorganization?

    2.2 Was the reorganization correlated with process changes or implementation of new technology?

3. What issues occurred during the implementation process?

    3.1 Did other issues come up during implementation which were not categorized previously?

    3.2 Were any recommendations for improvement of the implementation process given?

    3.3 How has interest in reorganization changed over the span of this study?

    3.4 Did GAO evaluate the improvement of agency effectiveness after reorganization, and if it did what did it find?

plans, implementation costs, criticisms of the process, and recommendations to improve the process. Others delve further into how data from this study reaffirms the relevance of observations made by authors over several decades.

1. What portion of each reorganization plan was implemented?

This question covers different aspects of reorganization plans. In some cases GAO would make an assessment of how much of the plan was completed. Some reports documented efforts to flatten organizations and data was collected on this aspect of reorganization also.

1.1 What authority and other guidelines were noted in the data as applying to this reorganization?

Authority required to implement reorganization was tracked. This was useful to determine at which level reorganizations were approved and whether this characteristic changed over time. Also references to statutory positions were noted. Four statutory positions specified by laws were cited by the GAO (*Organizational Transformation: Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies*, 2007). These are chief financial officer, chief information officer, chief human capital officer, and chief acquisition officer. In addition, in the above reference the GAO recommended implementation of the chief management officer/chief operations officer position. References to this position by either title were also tracked in this study.

In tracking the portions of the reorganization plan which were implemented other evaluation criteria which may not have been mentioned specifically in the plan but were specified by the GAO such as "best practices" influenced by business process re-engineering were also tracked.

1.2 What portions of the reorganization plan and specified guidelines were implemented?

A report written for Congress during or after completion of the implementation process might describe the specific parts of the plan and the degree to which they were implemented. If the reorganization was a consolidation of some functions, for example, there might be a description of personnel reductions and reduction in the number of facilities. Each report was mined for statements judging the overall progress in implementation of the reorganization plan and any comments about the affect of the reorganization on agency functions.

1.3 How did the number of employees change as a result of reorganization?

It is of interest to know whether there was a net increase in the number of employees, whether the number of employees basically remained the same, or whether there was a net decrease in the number of employees as a result of implementing reorganization. This data was useful in discussing both the difficulties and impact of implementation of major changes in personnel levels.

1.4 Has there been any change in thickening in federal agencies since Paul Light wrote his book?

Paul Light (1995) describe thickening and noted the difficulty of thinning the number of management layers. He stated that early results from the National Performance Review (NPR) implementation indicated the federal government was getting thinner but not necessarily shorter[1]. Data describing changes in organizational structure was analyzed to answer this question. Statements noting increase or decrease in management layers were tracked.

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[1] Light (1995, p. 61) referenced the NPR goal of a 272,900 employee reduction and stated, "The federal hierarchy will surely get thinner at all levels as a result" (p. 61). He went on to state, "Moreover, early implementation of the cuts suggests that government is not going to get much shorter from the cuts. The number of occupants per layer will clearly decline, but not the absolute numbers of layers itself" (p. 62). Using Light's diet analogy, it is much easier to get thinner (reduction of personnel per layer) than shorter (a reduction of management layers).

2. What were both expected and unexpected costs of implementation?

Many GAO reports gave information as to the cost of implementing reorganization.
Question 2.1 covers more direct costs of implementation, both expected and unexpected costs.
Question 2.2 notes which reorganizations were correlated with other changes. Correlation with
other changes can add indirect costs such as schedule slippage to implementation.

2.1. What implementation costs were incurred by this reorganization?

An initial review of several GAO reports uncovered statements as to personnel lost,
issues with facilities, phones, and other costs. Intangible losses more difficult to quantify
included increased confusion or reduction in morale, especially during the implementation
period. Reduced organizational effectiveness during the transition period was mentioned in
some reports. Mention of these factors in a GAO report might be evidence the costs were more
than expected when the initial reorganization plan was approved.

*2.2 Was the reorganization correlated with process changes or implementation of new
technology?*

Changes in processes, implementation of new technology, and other reforms were
tracked. These changes are important as implementation of reorganization does not necessarily
happen in a vacuum. Technology changes may, for example, enable significant agency
reductions in personnel, but may also may significantly impact implementation schedule.

3. What issues occurred during the implementation process?

For this question, the term "issues" covers many areas. GAO reports enumerated problems
and recommendations for both reorganization implementation and other agency issues.   In a few
cases the GAO documented comments about reorganization effectiveness and in other cases the
issue of lack of metrics for use in gauging any change after implementation. Under this heading
change in interest in reorganization was also discussed.

3.1. Did other issues come up during implementation which were not categorized previously?

Question 1.2 covered issues with the reorganization plan. This question covered issues which arose after implementation commenced. Implementation in federal agencies can be drawn out. Events not completely under agency control may affect it. To respond to this question both issues involving implementation and other issues affecting agency functioning but not implementation directly were tracked. Issues directly affecting implementation included budget changes and personnel issues. Other issues indirectly affecting implementation might include outside events.

3.2 Were any recommendations for improvement of the implementation process given?

Recommendations are important as they not only reflect problems with the reorganization itself, but give a window into the theoretical orientations of the auditors. They also open up areas of future research. Recommendations to improve implementation and recommendations to improve agency functioning in other ways were tracked.

3.3 How has interest in reorganization changed over the span of this study?

Radin & Chanin (2009) state that reorganization was a frequent topic at public administration events and in the literature during the middle 1970s through the early 1980s, but this interest has subsided since that time period. Charles Wise states, "The events of 9/11 kicked off one of the most active periods of reorganization in the history of the federal government" (Wise, 2006, p. 302). This lead to the question how does federal interest in reorganization correlate with academic interest?

We can use the number of GAO documents published per year as a proxy for the level of reorganization activity by the federal government. In selecting the eligible GAO documents for the study, it was stated previously that the approximately 1100 eligible hits from the database

query would be placed in a spreadsheet. As these are sorted by date it was straightforward to count the number of eligible documents per year. A graph of this data helped determine whether interest in reorganization by the federal government followed academic trends.

3.4 Did GAO evaluate the improvement of agency effectiveness after reorganization, and if it did what did it find?

Mann and Anagnoson (1979) noted the lack of generally accepted criteria for evaluating reorganization. It was expected that this is also a continuing problem for those evaluating federal agency reorganization. As part of the content analysis any statements commenting on the success or failure of the reorganization to improve agency functioning were tracked.

Importance of the Research

Although Radin and Chanin (2009) stated academic interest in reorganization has diminished since the early 1980s, the prominence of this issue in the management of the federal government has increased in recent years as noted by Wise (2006). The number of reports GAO has issued discussing reorganization suggest that interest by federal agencies in reorganization did not diminish nearly as much as in academic journals. James Garnett (1987) noted the tendency of advocates to cite proverbs: "Both former and current proverbs tend to the extremes toward particular perspectives. What is needed is more practice and research based on broader, more balanced views of reorganization, its limitations, and possibilities" (p. 42).

The importance of this research is based on the belief that organization structure does matter. Mann and Anagnoson (1982b) stated reorganization may affect organizational character, legal powers, and relations with other organizations. James Garnett (1987) believes despite battles over structure, "government reorganizing has played a vital role in making the constitutional system work" (p. 35). He used the analogy of reorganization as an oilcan in which the purpose is to lubricate constitutional machinery so organizations can function.

There are a number of reasons why research into the implementation phase of federal reorganization is important. As noted earlier, much of the research on reorganization is focused on the process of moving plans to approval. There is still a significant need to research reorganization after the approval of plans. Issues arising in implementation can affect agency functioning for years. A second reason this research is important is the source of the data. The GAO has extensive access to federal agencies and has performed a large number of studies. This important source of data has not been extensively mined for findings on implementation.

The specific characteristics of this study aid in filling a gap in the literature. Much of the literature on reorganization focuses on single cases. Much of the data for this study is longitudinal. Information from a number of reorganization implementations occurring over more than thirty years was collected. This study also gauged changing interest in reorganization and changing characteristics of implementation over time. Given the data source, this study can be rerun with the same or modified questions if desired.

This study updates some of the areas of concern scholars of organization have noted in the literature. For example, Paul Light (1995) expressed concern with the height of the administrative structure. This study sheds some light on the degree Light's concerns are emphasized in federal reorganization.

As a number of GAO evaluations were reviewed, the results of this study give a more nuanced picture of federal reorganization implementation than a study of one or two reports. It is also hoped that the review of unexpected issues arising during the reorganization implementation process will help the practitioner to avoid or mitigate some of these problems.

Reorganization Definition

Reorganization, as shown below, is a broad term which encompasses a large number of activities. The scope of federal reorganization as documented in GAO reports can vary from a small office to creation of a department. Implementation is a subset of reorganization activities. This chapter gives a brief description of the reorganization process and the specific definition of implementation used for this study.

A baseline description of the reorganization process came from *Organization (Dale, 1967)*, a book on business organization published by the American Management Association. In business, final approval of the reorganization plan comes from the organization head or possibly the chief executive officer. This single decision point makes business reorganization more straightforward than federal reorganization. Federal reorganization is controlled by both the executive branch and Congress, and the interplay between these two branches can make federal reorganization and implementation very complex.

Dale (1967) stated, "Any change in the distribution of responsibilities or decision-making power, or in the relationships between functions, may be called a reorganization; and in most companies, except very small ones, such changes are going on all the time" (p. 189).

Howard (1992) determined the need for an operational definition in order to evaluate the reorganization process at FEMA. She stated, "In order to grasp the complexities of this process, the term 'reorganization' is used in the sense of the intentional re-ordering of an entity into a more coherent administrative mechanism. It means that the public policy and program becomes defined in terms of an administrative structure" (p. 32). Mann and Anagnoson (1979) also found they had to bound the definition of reorganization for their own study: "We used a traditional definition of reorganization, in which three categories of agency changes were considered

reorganizations: (a) reassignments of tasks and regrouping of functions across agencies; (b) the transfer of major bureaus or agencies across departments; and (c) the imposition of coordinating mechanisms, such as the Water Resources Council or the Domestic Council, over disparate agency programs" (p. 8).

In order to bound this study, we stayed close to Howard's and Mann's and Anagnoson's definitions and review reorganizations in which structure, function, and lines of authority change and did not consider coordinating mechanisms. This is not to downplay the importance of coordination in organizational change. Allen Schick (1981) said, "If reorganization were appraised solely in terms of the transformation of structure – the regrouping of agencies and programs – the record would be disappointing. But much more organizational change occurs than might be discerned from an examination of the structure and location of federal agencies. Perhaps the most prevalent changes are those that seek to improve the coordination of organizationally separated activities" (p. 85). The decision to focus on implementation led to the decision that a narrow definition of reorganization was more applicable. Creation of a coordination mechanism does not make a large impact in terms of Destler's (1981a) implementation elements of personnel, budget, and office space.

Reorganization Process

Dale (1967) defined the mechanics and timing of the business reorganization process. He gave the textbook definition of reorganization without complications. First the group designated to plan and execute the reorganization is formed. This group will define the organization as it currently exists, develop the future or ideal organization, and adapt it to fit current constraints. Organization charts and the new organization manual are then developed. The organization charts will contain such information as the principal jobs, the reporting chain and communication

11

channels. The number of management levels will be defined along with the organizational

blocks. The organization manual will contain such items as job descriptions and organization

objectives and policies. Once they are complete, the new organization is announced and the

short term plan implemented. Continuously through the process steps are taken to gain

acceptance of the organizational changes.

Depending on the size of the changes, developing and implementing the reorganization

may be a full time job during the process for a number of people. The people involved may be

members of the organization or outside consultants. In any case they should have sharp minds,

good memories, and good interviewing skills. (Dale, 1967). The reorganization team should not

be expected to resolve major disagreements. If the reorganization is large or there are constraints

such as space issues, implementation of the reorganization may be done in phases.

Destler (1981a) described four resources the implementation process must handle for

federal reorganization. These include allocation of personnel, budget, space, and legal authority

to perform assigned tasks. Destler described the importance of obtaining the key personnel who

are committed to the new organization prior to startup. He also recognized one of the more

intractable issues is allocation of space. There may be long lead times and the new organization

may have personnel scattered over several locations. There is also the issue of moving personnel

currently occupying the assigned space prior to re-occupying it.

Selection of Reorganization Implementations for the Study

The reorganizations chosen for this study had implementations which qualified in two

dimensions. They have a duration (starting time and ending time) and they document the

number of employees directly affected. Starting time, for example, could be an announcement

by an organization official or date specified in legislation. For implementations evaluated after

completion, the completion date was used. Since most GAO implementation evaluations are performed prior to completion, an estimated completion date for implementation documented by the GAO was used for others.

During the initial scan of reports it became evident that the most discussed cost of implementation was personnel. There was scattered discussion of authority, office space, or budget, but almost all reports mentioned employees affected. Reorganization size is based on the number of employees affected. Affected employees were hired, laid off, moved, or had duties changed because of reorganization.

Organization of the Dissertation

This dissertation is divided into six chapters.   Chapter 1 introduced the problem and gave the research question. The research question was broken down into three more specific questions investigating how much of reorganization plans is completed, what are the expected and unexpected costs, and what issues occur during the implementation process.   Chapter 2 gives a brief history of federal reorganization. This chapter documents how the executive perceptions of the goals of reorganization have changed in different administrations. Chapter 3 provides a review of the literature on reorganization and implementation. In Chapter 4 the research methodology is discussed along with its limitations. This chapter describes how reports were scanned and relevant text categorized for each implementation.

Chapter 5 describes the results of the content analysis for each of the questions in Table 1.1. This chapter also shows how implementations were categorized by size. This factor was used to determine whether the results of certain categories are correlated to implementation size. Upon completion of the analysis of the categorical data it was found the findings made more

sense if they were grouped into the four themes based on the findings described in Chapter 6.

These four themes are shown in Table 1.2.

Table 1.2. Four Themes

Mechanics of Implementing Reorganization

Strength of Classical Organization Theory

Primacy of Personnel Issues

Conflicting Visions

The first theme covers the findings about the mechanics of implementation. These include findings about cost, personnel, and issues which arise during the implementation process. Of Destler's four resources, personnel received more coverage in GAO reports than the other three by far. The second theme covers the endurance of classical organization theory in reorganization. The high point of this theory may have been issuance of the Hoover Commission report (United States. Commission on Organization of the Executive Branch of the Government. & Hoover, 1949) in 1949, but the resilience of this theory is impressive. The last theme covers conflicting visions of what reorganization should achieve brought about by differing views of the role of government.

It was expected that the answers to the three questions on the portion of reorganizations implemented, costs, and issues would be covered under the mechanics of reorganization. It was only after the review of the results of the content analysis that other themes appeared. From the review of results on authority and other guidelines the strength of classical themes appeared. A review of the data on costs of implementation and issues arising during implementation showed much of this data was concerned with personnel. The dominance of personnel costs and issues

in implementation of reorganization led to the conclusion this was a major theme. The continued use of privatization as a guideline even after the Reagan administration led to the conclusion that what the federal government should do and how it should do it were not resolved issues. This led to the conclusion that conflicting visions over these issues was a major theme.

Results from Chapter 5 were merged with scholarship applicable to each question to create the findings found in Chapter 6. These findings were evaluated with respect to assessments made previously by scholars on reorganization and add some nuance to previous work. These findings were then merged to create conclusions based on the four themes in Table 1.2. These conclusions are presented in Chapter 6 followed by recommendations for future research.

CHAPTER 2: A BRIEF HISTORY OF EXECUTIVE REORGANIZATION

Introduction

The twentieth century story of executive reorganization is the story of the ascendency of presidential initiative. Prior to this reform of the federal administration was primarily a congressional province (Arnold, 1998). Arnold documented the history of reorganization planning in his book, *Making the Managerial Presidency*. Although this study is not focused on the planning process, it is important to know something about presidential reorganization goals and how they changed with incoming administrations. When presidents changed, and especially when the presidency changed political parties, so did the reorganization literature favored by the administration. It is impossible to evaluate the success of implementation without understanding the objectives to be achieved by the process. Ron Moe emphasized the difficulty of determining these objectives. He stated, "All reports on governmental organization and management have their basis in some theory about the nature of government and about the management of that government. Occasionally this theory, with its underlying assumptions, is articulated by the report writers. More often than not, however, there is little theoretical discussion with the theory being simply assumed within the recommendations" (1994, p. 111). Moe noted as a result of lack of discussion of theory different groups can agree on recommendations but consider them means to different ends. GAO as an arm of Congress encapsulates these conflicts in its reports.

This chapter gives a brief history of federal reorganization with an emphasis on the organization theory on which reorganization commission recommendations were based. Descriptions of implementation issues were noted. The historical period covered is roughly the historical period of modern reorganization commissions: 1905 through 2010. Peri Arnold divides these commissions into three periods (1995b). The first period (1905 – 1949) from the

Keep Commission through the first Hoover Commission covers the use of reorganization to consolidate presidential power. The second period (1964 – 1972) is characterized by the use of reorganization to execute policy. The third period starting with President Carter (1976) is characterized by use of reorganization to improve the public's access to federal government.

Arnold's first historical period concluded with the first Hoover Commission. Arnold characterized this as "last, pure example of reorganization as a justification of presidential power in an organizationally expanded state" (1995b). This commission is also considered the culmination of the classical period as espoused by Gulick (Garvey, 1995; Seidman, 1998). Even though there were critics prior to the start of the Hoover Commission, the classical emphasis on economy and efficiency was dominant.

The second period (1964 – 1972) is characterized by the use of reorganization to execute policy. The third period starting with President Carter (1976) is characterized by use of reorganization to improve the public's access to federal government. The third historical period (1976 and later) covers most of the span of this study (1971 through 2010). Three of the presidents during this period, Presidents Carter, Reagan, and Clinton, had substantially different objectives for reorganization. President Carter made reorganization a campaign theme (Arnold, 1998). He had substantial success with reorganization as Governor of Georgia and carried this into the presidential campaign. According to Arnold, President Carter's goal for reorganization was not efficiency but to make the federal bureaucracy more accessible to citizens. Arnold's evaluation of the period was that President Carter had some success with a modest number of reorganizations, but nowhere near the promised impact. Arnold characterized these reorganizations as ad-hoc and not following any overriding theory (1998, p. 330).

Presidents Reagan and Clinton both had strong overriding views as to the purpose of reorganization. Both views were substantially different from both each other and the classical view of reorganization. President Reagan strongly encouraged privatization as espoused by Emanuel Savas (1987)[2] and President Clinton strongly encouraged entrepreneurial government as espoused by David Osborne and Ted Gaebler (1992)[3]. As shown in Figure 4.1, Chapter 4, the number of reports per year issued by the GAO on reorganization increased in later Carter and earlier Reagan years and greatly increased during the period of Clinton's and Gore's National Performance Review.

The history of reorganization and implementation during the Reagan and Clinton administrations was given added emphasis in this chapter. The Reagan emphasis on privatization as the theory behind reorganization was a sharp departure from previous administrations during the period of this study. The emphasis on entrepreneurial government and the citizen as a customer during the NPR era was also a break with the past. The Clinton administration would be highlighted in a study on implementation of reorganization if for no other reason than the magnitude of the effort. One of the main objectives of the NPR was to

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[2] Reagan created two commissions during his administration: the President's Private Sector Survey on Cost Control on June 30, 1982 (President's Private Sector Survey on Cost & Privatization Task, 1983), informally known as the Grace Commission, and the President's Commission on Privatization on September 2, 1987 (United States. President's Commission on Privatization. & Linowes, 1988). Savas was cited by the first and was an advisor to the second. Both found potential for improved efficiency with privatization.

[3] Osborne and Gaebler spend a substantial amount of text defining and describing entrepreneurial government. In the entrepreneurial model, public institutions "constantly use their resources in new ways to heighten both their efficiency and their effectiveness" (p. xix). Osborne and Gaebler refer to Mayor William Hudnut, who noted characteristics of entrepreneurial government are it privatizes, works with business, is market oriented, rewards merit, and uses business sense (p. 18). Entrepreneurial government turns government functions into revenue earning operations. Public agencies are incentivized by being allowed to retain a portion of savings (p. 210). Entrepreneurial agencies are measured by outcomes rather than inputs (p. 139).

downsize the bureaucracy by 252000 jobs, a figure later raised to 272,900 (Kettl & DiIulio, 1995, p. 172).

The four themes in this study of implementation listed in Table 1.2 are weaved throughout this chapter. The strength of classical organization is shown both through its high water period and in how it affected later reorganization efforts.

Starting with President Reagan and continuing with President Clinton we see the conflict between two different concepts of the role of government. Both the Reagan and Clinton Administrations also showed the primacy of personnel issues in implementation, especially when the government is downsizing. Finally, events during the Reagan Administration illustrate the challenges of the mechanics of implementation. The Amtrak privatization effort showed this is not a simple process and the description of reduction in force (RIF) in the federal government shows both the complexity and risks involved when executing a RIF.

Keep Commission

On June 1, 1905 President Theodore Roosevelt created the Commission on Department Methods, informally known as Keep Commission named after its chairman (Arnold, 1998). The commission made improvements in accounting, records, personnel, and paperwork processes (Moe, 1978).

Although created by the President, its reforms reflected an older tradition of congressional reforms. This commission dealt with administrative reforms, but did not change authority relations within the executive branch. Arnold assessed the impact of the commission: "It is the starting point of presidentially dominated executive reorganization but itself contributed little to the ability of presidents to act managerially" (1998, p. 26). Even this modest effort met

19

resistance. In 1909 Congress passed legislation prohibiting use of federal funds to support presidential commissions unless funds were specifically appropriated for that purpose.

Committee on Economy and Efficiency

President Taft and Congress were concerned with increasing expenditures. At the time there was no mechanism to balance expected revenues with expenditure estimates (Arnold, 1998). President Taft was interested in a commission to address issues of organization but wished it to be presidentially controlled. After an appropriation by Congress, Taft created his commission appointing Frederick Cleveland as the head. Taft noted that there had been no study of federal agencies as one administrative mechanism. Cleveland compared the federal apparatus with Taylor's conception of a factory and determined the fundamental problem was lack of centralized authority.

In 1911 Taft expanded his studies, creating the Committee on Economy and Efficiency with Cleveland as the chair (Arnold, 1998). The commission members were guided by the precepts of the municipal reform movement and believed in a strong executive. Arnold attributed to Cleveland the credit for the innovative new model of the executive agencies. Rather than a group of agencies tied together by congressional statutes and appropriations, the agencies were ordered in a bureaucracy. The committee recommended that the federal agencies be organized by purpose and that the president be given the centralized control and planning functions using the vehicle of a centralized budget.

This commission also illustrated the issues with presidential commissions and the need for strong presidential support as it encountered resistance from both federal agencies and Congress. Arnold noted that under the concept of a strong executive, the traditional ties of agencies to Congress becomes a pathology (1998, p. 34).

The commission's successes were not immediate, but the model of a strong executive was implemented to some degree in the war powers given President Wilson. The committee's recommendations constituted the concept of the 20th century Presidency.

Brownlow Committee

The Brownlow Committee, which issued its report in 1937, was a response to a substantial increase in the number of entities reporting to the President created both during World War I and the great depression. In the report is the observation that the federal government had grown to its current state without any design. There is also criticism of the creation of independent agencies as "a new and headless 'fourth branch' of the Government" ("President's Committee on Administrative Management, Administrative Management in the Government of the United States, January 8, 1937 (Washington DC: U.S. Government Printing Office, 1937)," 2009).

The Brownlow Committee was pioneering in a number of ways. Mansfield (1969) considered it the first effort of this kind to consider reorganization as a presidential problem and also the first to foster an academic literature. Paul Light (1995) took the 1937 Brownlow Committee report and the work of Luther Gulick, a Brownlow Committee member, as the beginning of the modern era of federal government thickening.

The Brownlow Committee recommended that the President be given department reorganization authority to redistribute duties as needed ("President's Committee on Administrative Management, Administrative Management in the Government of the United States, January 8, 1937 (Washington DC: U.S. Government Printing Office, 1937)," 2009). It also recommended staff to perform the functions of budgeting, personnel, and planning. The

committee also recommended an independent audit of the budget and simplification of the executive structure.

The Brownlow Committee's recommendations were rejected, although the Reorganization Act of 1939 eventually did provide the president with more authority over the Executive Branch (Arnold, 2007). Many of the precepts of the Brownlow Committee were taken up by the Hoover Commission. The Hoover Commission also advocated managerial depoliticization while strengthening the role of the executive (Arnold, 1998). The Hoover Commission was much more successful initially. The Brownlow Commission challenged views held at the time of congressionally dominated government. By Hoover much of this had changed. The Hoover Commission was also blessed by the backing of a Democratic President and chaired by a Republican former-president with a great deal of prestige.

First Hoover Commission

Garvey considered the first Hoover Commission the culmination of the "first" or classical public administration series of presidential commissions including the 1909 Keep commission, President Taft's 1912 commission, the 1937 Brownlow Committee and the 1949 Hoover Commission [93] (Garvey, 1995). Garvey noted all four commissions built on the progressive legacy. Peri Arnold (1998) summarized the role the first Hoover Commission played in public administration stating, "Thus Hoover personifies the abstract role that managerial depoliticization plays within the development of reorganization planning in the 20th century. At one and the same time, reorganization planning aimed at strengthening the presidency while presenting the issue of enhanced presidential capacity as merely managerial and irrelevant to politics. Herbert Hoover and his commission of 1947-1949 present perhaps the most successful application of that logic within reorganization planning's history" (pp. 158,159).

Seidman (1998) cited the first Hoover Commission as one of the great advocates of classic organization theory stating, "The commission's report on 'General Management of the Executive Branch' represents the most categorical formulation of the orthodox or classic organization doctrine derived largely from business administration and identified with the scientific management movement during the early decades of this century and the writings of Gulick, Urwick, Fayol, and Mooney" (p. 4).

Although the classic organization doctrine dates back to the early part of the twentieth century with roots back into Taylor, this lens is still current and is still used by Congress as a rationale for reorganization. Seidman (1998) described the importance of the Hoover commission to reorganization as the precepts of the Hoover Commission are encoded in the Reorganization Act ("Reorganization Act of 1949," 1949). This act requires the President to review federal agency structure and determine when changes are necessary to improve functioning. The classic rationales for reorganization of efficiency, economy, effectiveness, and removal of redundancy are encoded in this law.

The first Hoover Commission was guided by the principles of classical organization theory and it made recommendations to restructure the federal government based on this theory. The commission noted these principles of limiting expenditures, eliminating overlap and duplication, and consolidating similar functions were enumerated in the act creating the Commission (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949, p. vii). In fact the Commission stated, "This concern of Congress for economy and efficiency reflects the overwhelming interest of every thoughtful citizen and taxpayer in the land" (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949, p. viii).

23

The Commission was also guided by the desire to strengthen the office of the presidency by strengthening the administrative authority of the president and of his departmental secretaries (Moe, 1982). This was to be done on two fronts. First recommendations were made to clarify lines of authority as in Mooney's view of industrial corporations. Second recommendations were made to substantially increase the President's staff.

The desire to clarify lines of authority was shown in the recommendations given in the Commission report *general management of the executive branch* (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949). One has the feeling that the theory of Gulick and others was taken almost verbatim. Below are some of the recommendations. Of special interest is Recommendation No. 12, which contains the famous "cheek-by-jowl" analogy.

Recommendation No. 12

The numerous agencies of the executive branch must be grouped into departments as nearly as possible by major purposes in order to give a coherent mission to each Department. By placing related functions cheek-by-jowl the overlaps can be eliminated, and, of even greater importance, coordinated policies can be developed.

Recommendation No. 14

Under the President, the heads of department must hold full responsibility for the conduct of their departments. There must be a clear line of authority reaching down through every step of the organization and no subordinate should have authority independent from that of his superior.

Recommendation No. 18

Each department head should receive from the Congress administrative authority to organize his department and to place him in control of its administration.

Citation for quotations: (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949, pp. 34,37)

The progressives' desire to implement a professional administrative corps is shown in the following recommendation:

Recommendation No. 19

We recommend that, to lay the foundation of authority and discipline, the staff officials and, as a rule, bureau chiefs should be appointed by the department heads, and that proper consideration be given to the promotion of career employees (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949, pp. 38, 39).

The comments about Presidential staff in the Hoover Commission report general management of the executive branch also reflect the view advocated by L. Urwick. The introduction of the report states, "The wise exercise of authority is impossible without the aids which staff institutions can provide to assemble facts and recommendations upon which judgment may be made and to supervise and report upon the execution of decisions" (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949, p. 1). The report continued in the third finding to state that presidential staff is inadequate for the tasks of the current federal government and recommendations are made to improve the staff.

A significant reason for the success of the Hoover Commission was the enthusiastic support of President Truman. Arnold noted the surprise victory of Truman in 1948 created a reality in which the success of the Hoover Commission was dependent on the support of a Democratic president (1998). As a result the language and viewpoint of the recommendations was moderated.

Second Hoover Commission

In 1952 Dwight Eisenhower was elected President, the first Republican in twenty years (Arnold, 1998). Four days after his inauguration he issued an executive order formalizing his

unofficial committee, calling it the President's Advisory Committee for Government

Organization (PACGO). Later in 1953 Congress passed a bill creating the second Hoover

Commission. As Republicans controlled Congress, the second commission was specifically

given the mandate to reduce the size of the federal government. The second Hoover commission

was also involved with policy. Arnold ascribed the Eisenhower administration's acquiescence to

this facet of the commission as a strategy of sidetracking the commission from organizational

issues (Arnold, 1998, p. 169).

The Commission did have some success in getting its less controversial recommendations

adopted. Other recommendations impinged on congressional prerogatives and were not warmly

received. Arnold considered the intersection of PACGO and the second Hoover Commission a

"crossroads" (1998, p. 227) . The second Hoover Commission was the last of the

congressionally mandated commissions. After second Hoover, the initiative for federal

reorganization shifted to the president.

Johnson Administration: Reorganization to Execute Policy

By the Johnson administration, reorganization moved from the task of creating the

managerial presidency to becoming a tool of the established managerial presidency (Arnold,

1998). The early years of the Johnson administration epitomized Arnold's second stage of

executive reorganization, which was concerned with the formulation and execution of

presidential policy (Arnold, 1995a).   The problem during the Johnson administration was the

number of Great Society programs strained the capability of the federal government to

administer them. As many of the Great Society programs consisted of grants, administration of

these programs became a problem of coordination among several layers of government.

Two departments were created during the Johnson administration: the Department of Housing and Urban Development in 1965 and the Department of Transportation in 1966 (Emmerich, 1971). In later years of the Johnson administration reorganization took a back seat to the issues of Vietnam.

Carter Administration: Reorganization as a Campaign Theme

Peri Arnold (1998) stated, "No candidate before Carter had made executive reorganization a major campaign theme" (p. 303). As governor of Georgia, President Carter had great success reorganizing the state government. In assessing his success, Peri Arnold noted that Carter's main goal of executive reorganization was not efficiency, but to make government more accessible for the people. President Carter's success in Georgia was a major campaign theme in his run for the White House.

The prominence of reorganization during the Carter administration, including the creation of two new departments and the reorganization of the federal government personnel structure, gave scholars of reorganization a great deal of material for analysis. During the years 1977 through 1980 ten reorganization plans were submitted (Arnold, 1998). Reorganization Plan No. 1 of 1977 reorganized the Executive Office of the President, reducing the number of components. Reorganization Plan No. 2 of 1978 abolished the Civil Service Commission and divided the functions between the newly created Office of Personnel Management and the Merit System Protection Board. Reorganization Plan No. 3 of 1978 created the Federal Emergency Management Agency (FEMA). The National Governors Association had asked President Carter to streamline the disaster relief process (*The Federal Emergency Management Agency*, 2010).

FEMA was created by the consolidation of several disaster focused agencies including some from the Departments of Commerce, Housing and Urban Development, and Defense.

Included were responsibilities for fire prevention, weather preparedness, and civil defense. Along with the programs came political appointees, which maintained connections to congressional committees (P. S. Roberts, 2006). This reinforced Seidman's (1998) comments about the relationship of administrative arrangements to the distribution of power between the executive and legislative branches of the federal government.

There is criticism, however, suggesting that reorganization was not an unqualified success for the Carter Administration. John Dempsey evaluated the Carter reorganization efforts at midterm. His assessment of Civil Service reform is that it could be one of the most important accomplishments of the Carter Administration. At the time the article was written six plans had been submitted. Dempsey's assessment was: "Though five of these plans have been approved and approval is likely for the sixth, their results can hardly be seen as major reorganization accomplishments" (1979, p. 75). Peri Arnold (1998) criticized the Carter reorganization program as "activity without purpose" and continued: "For Carter, reorganization planning was politics without governance – efficiency in search of popularity" (p. 336). Arnold later re-interpreted reorganization efforts starting with Carter as an effort to gain popular support for an isolated presidency.

Reagan Administration: Privatization as Reorganization

The 1980 election of Ronald Reagan (Reagan era) brought in an administration with a significantly different view on the role of government. The Reagan Administration was more favorable than previous administrations toward privatization and new public management.

The Reagan administration did have some success with privatization. Bills to reduce and simplify taxes were passed. These were intended to reduce the level of federal involvement with the private sector. Conrail was privatized in 1987. Efforts to reduce federal land holdings by

public sales failed, however (Arnold, 1998). Peri Arnold's assessment of efforts during the Reagan administration was the administration was not focused on organizational change but to control government by placement of ideologically compatible upper level managers and political appointees.

Savas (1987) defined privatization as a process where arrangements for production are changed from those with higher government involvement to those with less. Privatization is a form of reorganization which requires substantial implementation efforts in some cases. The process of changing a government function such as is done when programs are converted to block grants leaves the agency holding the function with both excess structure and excess personnel. Changing the structure may be straightforward; reducing personnel is not.

Privatization reappeared in the Clinton Administration, though with different goals (Arnold, 1998), to paraphrase Osborne and Gaebler (1992), a structure tasked with "steering" would be substantially smaller and with fewer managerial levels than a structure tasked with "rowing".

This section starts with the President's Commission on Privatization. E.S. Savas, one of the consultants to the Commission will be discussed in Chapter 3. This is followed with a section on use of reduction in force (RIF), the last resort to remove personnel when attrition and incentives are not adequate. Next is a section on Conrail, which was both nationalized and privatized. The Chadha decision is discussed ("INS v. Chadha," 1983) as it effectively ended the legislative veto. Finally the British Next Steps program is discussed. It was admired by the Reagan Administration and reappeared in the Clinton Administration, which endorsed performance based organizations (PBO).

President's Commission on Privatization

The case for privatization was summed up in the report issued by the President's

Commission on Privatization, which stated in the preface "The American people have often

complained of the intrusiveness of federal programs, of inadequate performance, and of

excessive expenditures. In light of these public concerns, government should consider turning to

the creative talents and ingenuity in the private sector to provide, wherever possible and

appropriate, better answers to present and future challenges" (United States. President's

Commission on Privatization. & Linowes, 1988, p. xi). The trend in the United States followed

trends in other countries. Linowes listed efforts ongoing in several countries during this period;

he considered Great Britain under Prime Minister Thatches as a leader in privatization (United

States. President's Commission on Privatization. & Linowes, 1988). Cohn (1997) stated about

President Reagan and Prime Minister Thatcher, "They were religious believers in the benefits of

free markets and the evils of state provision" (p. 589).[4]

RIF as an Implementation Tool

The omnibus budget adopted in 1981 reduced domestic programs and shifted funds to the

states (Shaughnessy, 1986). One outcome of a reduced budget was a reduction of the federal

workforce, especially for non-defense agencies. Given attrition alone would not reduce the

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[4]   Although President Reagan had some success implementing new public management
objectives, Prime Minister Thatcher went much further. To implement this philosophy Prime
Minister Thatcher instituted the Next Steps program in February 1988.   The British Next Steps
initiative separated service functions from policy functions. Under New Public Management
precepts, formulation of goals is the function of political leadership. Service delivery functions
are handled by a professional bureaucracy, which operates under the rules of economic
rationality. Cohn (1997) stated, "At the lowest common denominator, the NPM essentially
involves reasserting the Wilsonian division of administration from politics with a vengeance."
Although Next Steps ideas were most at home in the Reagan Administration, they reappeared in
the Clinton Administration as part of the National Performance Review.

federal workforce enough to meet new budget targets, reduction in force was also used. The

U.S. Merit Systems Protection Board performed a study on this RIF (*Reduction in Force in the*

Federal Government, 1981: What Happened and Opportunities for Improvement, 1983), giving

us a window into its implementation. The MSPB study noted this was the first major cutback in

federal personnel since the end of the Vietnam war.

Cynthia Shaughnessy (1986) was the project manager for the study and a member of the

Merit Protection Systems Review and Studies Research Team also wrote about this RIF. The

actual number of employees directly affected was small as shown in Table 2.1. Even then note

that twice as many people were reassigned or downgraded than actually went out the door.

The 1981 RIF disproportionately affected women and minorities. The average length of

service was lower for minorities and the percentage of minorities who were veterans was lower.

The area of veteran's preference was especially damaging to women as 70% of men had

veteran's preference compared to only 8% of women (*Reduction in Force in the Federal*

Government, 1981: What Happened and Opportunities for Improvement, 1983, p. 29).

Table 2.1. Full-Time Permanent Employees Directly Affected by the 1981 RIF

Action	Number
Separation	6134
Reassignment	3414
Downgrade	3046
Total	**12594**

Source: Table3 (*Reduction in Force in the Federal Government, 1981: What Happened and Opportunities for Improvement*, 1983, p. 24)

The indirect effects of the RIF affected substantially more employees.

Morale

64% in RIF affected agencies and 30% of employees in non-RIF affected agencies responded to the survey that their general morale became worse or much worse (*Reduction in Force in the Federal Government, 1981: What Happened and Opportunities for Improvement*, 1983, p. 76). Shaughnessy (1986) believed uncertainty about the scope and timing of the budget cuts exacerbated the situation, and newspaper stories exaggerated the situation.

Communication

Agencies failed to adequately inform employees on RIF procedures.   A substantial number of senior personnel officials and employees also stated supervisors did not have enough information. Shaughnessy (1986) considered this a serious shortcoming as supervisors are in the best position to respond to rumors.

Effectiveness

Only 40% of personnelists in RIF-affected agencies considered the agency outplacement program to be effective.

Equity

Less than 40% of employees felt job descriptions were accurate. These are critical as they determine how each employee is affected by a RIF.

The GAO report (*Concerns Over Labor's Ability To Implement the Job Training Partnership Act*, 1985) on the Employment and Training Administration (ETA) RIF, which took effect on May 25, 1984, gave insight into the issues of using a RIF to trim the federal work force. Issues brought forth in the RIF included reduced employee morale and expertise. Organizational issues included loss of efficiency and program delays.

The Job Training Partnership Act gave a major role in job training programs to the states, leaving ETA more employees than required. ETA had 2,229 employees at the end of FY 1983 but was down to 1,993 employees by the end of FY 1984 with further drops proposed in the future (*Concerns Over Labor's Ability To Implement the Job Training Partnership Act*, 1985, pp. Encl. I - 1).

Table 3.4 below is a summary of RIF actions. This illustrates the breadth of scope of a RIF. Only 48 employees were forcibly separated and 52 employees declining downgrades were separated. However, 218 employees accepted downgrades. In procedures such as this, a large number of personnel are affected before those on the bottom are actually separated. Effects of the RIF were reduced as of the 121 retirements, 61 were early retirements authorized by OPM.

Table 2.2. Totals for RIF Actions

Action	Employees
Retirements	121
RIF Separations	48
Separations due to declinations	52
Downgrades	218
Reassignments to other organizations	288

Notes:
1   Enclosure 4 listed data by headquarters, regions, and totals. Only totals are listed in this summary.
2   Declinations are personnel who refused downgrades.

33

Reference: (*Concerns Over Labor's Ability To Implement the Job Training Partnership Act*, 1985, pp. Enclosure IV, p. 4)

GAO investigated the downgrades. Of the 218 downgrades, 149 were for one or two grade levels, 13 were for 3 grade levels, 33 were for 4 or 5 grade levels, 17 were for over 5 grade levels, and 6 refused the downgrade (*Concerns Over Labor's Ability To Implement the Job Training Partnership Act*, 1985, p. 5).

GAO queried ETA officials about the effects of the RIF on the work force. GAO's review of two offices within ETA showed the potential for staff imbalance after conducting a RIF. GAO (*Concerns Over Labor's Ability To Implement the Job Training Partnership Act*, 1985, p. 9) compared staffing records from December 31, 1983, before the RIF, with those on December 30, 1984 after the RIF. The Office of Strategic Planning and Policy Development dropped from 70 to 46 employees of which 19 were new to the organization. Of the 46 employees on the rolls after the RIF 14 were eligible for retirement within five years. The Office of Job Training Programs went from 156 to 126 employees of which 27 were new. Of the 126 employees, 56 were eligible for retirement within five years.   The result of the RIF process left a substantial number of employees not trained for their current jobs (*Concerns Over Labor's Ability To Implement the Job Training Partnership Act*, 1985, p. 10). Conversely, a number of employees with strong technical skills left the organization. Long term affects were less clear as the organizational mission changed concurrently with the RIF.

Morale was a particular issue with this RIF. Both public interest groups and ETA officials expressed concerns about morale (*Concerns Over Labor's Ability To Implement the Job Training Partnership Act*, 1985, p. 8). Employees expressed feelings that ETA lacked commitment to its employees. Employees also expressed fear about further RIFs and

downgrades. It was noted in the GAO report that the budget proposal for FY 1986 would require

further reductions.

It is difficult to compare motivations of employees at the time of the ETA RIF with

potential motivations of current employees as most employees in 1984 were under the Civil

Service retirement system and most employees now are under FERS.

Shaughnessy listed the MSPB study recommendations for improving the RIF process.

These are summarized below (Shaughnessy, 1986).

- Use attrition, personnel freezes and furloughs to downsize before resorting to RIF.

- Revise procedures to insure RIF information is provided to all affected supervisors and
  employees.

- Review job descriptions to insure accuracy.

- Compliance to rules and regulations should be reviewed during and after a RIF. Reviews
  should be publicized to improve perceived fairness.

- Outplacement programs should be improved.

Shaughnessy' recommendations appear to be close to McGregor's (1960) Theory Y

assumptions. She stresses the need of management to gain commitment of employees by being

open and fair in execution of the RIF and use it only as a last resort. McGregor stated

managerial influence depends on the ability of employees to achieve their goals. Only be

emphasizing employee needs can management make the best of what is ultimately an unpleasant

situation.

Conrail as an Example of Both Nationalization and Privatization

Ang and Boyer stated, "Conrail, nationalised in 1976 and privatised in 1987, was the

most significant nationalisation and privatisation by the US government in recent years" (2007,

35

p. 193). This one major example of privatization during the Reagan administration illustrated the difficulties in complete privatizing a function and showed why lesser privatization techniques on Savas' (1987) scale such as use of contracts and block grants are more widely used.

In the late 1960s and early 1970s, partly as a result of increase in costs and significant regulation, a number of northeast railroads entered bankruptcy. Current regulation and the state of the railroads made business investment too risky. In 1976 six railroads were nationalized to create Conrail. If these railroads were allowed to cease operations, it would have had a large impact on the northeast economy. Deregulation acts passed in 1980 and 1981 allowed railroads in general, but especially Conrail, the flexibility to compete in the current market. As a result, after five years of losses, in 1981 Conrail made money (Ang & Boyer, 2007, p. 209). On March 26, 1987 Conrail became a private corporation.

The process of reorganizing the six bankrupt railroads into a federal government entity was a relatively simple operation. The Regional Railroad Reorganization Act of 1973 created the United States Railway Association (USRA), an independent agency. The board of directors consisted of a chairman, three government members and seven non-government members. One advantage of this arrangement was it freed employees from pay and seniority regulations. More importantly, the Act allowed the merger of the six railroads and guaranteed fair compensation from the federal government for the taking of private property (Beshers, 1989). Conrail limped along, but under pressure of never ending subsidies, Congress acted. The success of the reorganization was insured by the Northeast Rail Services Act of 1981 (NERSA). Local commuter authorities took over commuter services and buyouts were offered, allowing Conrail to restructure its labor force. By the time of the World Bank Report (1989) Conrail had gone

from approximately 91,000 employees down to 31,000 and from operating 19,000 miles of track to 13,300.

On March 26, 1987 Conrail was reorganized from being a government entity under the United States Railway Association to being a private corporation by execution of an IPO. The privatization process was significantly more complicated than the nationalization process. The first criterion for complete privatization, as opposed to some form of contracting for services but retaining ownership, was the requirement that Conrail be a going concern. The federal government wanted to insure at the end of the process that Conrail would be viable and not require another government bailout (Ang & Boyer, 2007). Even when this criterion was met, the sale was challenging. The federal government has an obligation to avoid favoritism. Initially an auction was held but failed to achieve a satisfactory conclusion. Finally an IPO was held in which the federal government sold 85% of the shares; the remaining 15% was held by an employee stock option plan (Ang & Boyer, 2007, p. 211). The offering was made by 148 underwriters to avoid any suggestion of favoritism.

The United States Railway Association was abolished effective April 1, 1987 by the Omnibus Budget Reconciliation Act of 1986 ("Bill Summary & Status 99th Congress (1985 - 1986) H.R.5300 CRS Summary,"). An analysis performed for the World Bank calculated the federal government invested $7.8 billion in saving the northeast railroads and received $1.8 billion from the Conrail IPO (Beshers, 1989, p. 11).

The Affect of Chadha ("INS v. Chadha," 1983) on Reorganization Authority

Whether President Reagan was focused on organizational change or not, his authority to reorganize the executive branch was substantially altered during his first term. In 1983 the Supreme Court struck down the legislative veto ("INS v. Chadha," 1983), creating consternation

in the federal government. In testimony given by Harry R. Van Cleve of the GAO (*H.R. 6225*, 1984), it was noted that this decision potentially affected some 200 statutes already in effect. GAO continued noting the legislative veto had been part of Presidential restructure authority since the beginning of the Roosevelt administration. Charts in the GAO report above showed the scope of the potentially invalid federal reorganization plans. A number of agencies were created by reorganization plans. Reorganization plans also vested powers in the agency head and transferred authority between agencies. The immediate problem was solved in 1984 with the passage of legislation ("An Act To prevent disruption of the structure and functioning of the Government by ratifying all reorganization plans as a matter of law.," 1984) ratifying previously approved reorganization plans.

Congress was unable to resolve the loss of the legislative veto, so after Chadha executive reorganization authority lapsed (Light, 1997). After Chadha, reorganizations requiring new authority were implemented under authority created by specific legislation and not by general reorganization authority given to the President.

Clinton Administration: NPR as Reorganization

Peri Arnold (1998) commented on the fact that Clinton won in 1992 by piecing together a plurality in a three way race, in which Ross Perot ran on the issue of governmental reform. Upon election Clinton was concerned with creating a governance approach which would attract Perot supporters. On March 3, 1993 President Clinton announced the NPR with the twin goals of increased efficiency and less cost (National Performance Review (U.S.) & Gore, 1993).

During the late 1970s there was recognition in the United States that globalization had increased and American competitiveness had slipped as other players, especially Japan, grew in importance. A response to this is what Shafritz and Ott called the "organizational culture reform

movements" (1996, p. 485). The origins of this movement are attributed to W. Edwards

Deming's trip to Japan in 1950. In a bit of irony, Deming's ideas on statistical quality control

were accepted by the Japanese but ignored for a substantial period of time by the Americans.

In addition to Deming's ideas on the human aspects of quality control, Shafritz and Ott

(1996) list Japanese management techniques, the work on corporate excellence by Peters and

Waterman, learning organizations, business process reengineering as described by Hammer and

Champy, and the reinventing government movement as described by Osborne and Gaebler as

examples of the culture reform movements.

The theory behind the Clinton Administration's National Performance Review was

heavily dependent on ideas from Osborne and Gaebler (Kettl, National Performance Review

(U.S.), & Brookings Institution., 1994). Kettl also stated, "Terms like d*ownsizing*,

reengineering, and *continuous improvement* have dominated the NPR as, in fact, they have

driven private-sector reforms" (1995b, p. 37). This creates challenges to scholars in assessing

NPR. Kettl continued noting that the concepts listed above are both complex and at certain times

conflicting. These three theoretical bases for NPR are shown with authors in Table 2.3 below.

Of special interest to the study of reorganization are the business process reengineering and

reinventing government movements which recommended structural as well as cultural changes.

Although the NPR was a reform movement, a substantial part of it was also a government

reorganization movement. Osborne and Gaebler (1992) characterized the reinvented agency as

one which was decentralized, flatter, more flexible, and with more budgetary freedom.

Table 2.3. Theory Behind the NPR

Downsizing	–	Savas
Reengineering	–	Hammer and Champy
Continuous Improvement	–	Deming (TQM), Maslow and other motivation theorists

Reference: (Kettl, 1995b, pp. 37-45)

The building block for this new organization is the team. Table 2.4 shows Osborne and Gaebler's characterization of old hierarchical agencies with the new reinvented agencies.

Table 2.4. Comparison of Classical and Reinvented Organizations

Classical Organization	Reinvented Organization
Narrow span of control	Wide span of control
Centralized	Decentralized
Hierarchical	Flat
Rigid	Flexible
Line item budget	Mission oriented budget

Reference: (Osborne & Gaebler, 1992)

Computer technology was credited for enabling this new kind of organization by allowing managers to access larger amounts of information and to greatly improve communication. Another prerequisite for building this kind of organization was a no-layoff policy. Job security encourages workers accept and even encourage innovation. It also allows greater flexibility in implementation as workers are more willing to accept different jobs. Osborne and Gaebler stated this no-layoff policy was the "best way to secure union cooperation" (1992, p. 264). As discussed later, this goal came into significant conflict with other NPR goals.

Implementation of the NPR

Kettl (Kettl, et al., 1994) noted the NPR was not executed exactly as envisioned. He observed that Congress immediately grabbed onto cost savings and actually increased size of the personnel reduction. In the haste to achieve these reductions, they were executed ahead of the effort to redesign the organization to function with fewer employees.

NPR goals also conflicted with other political goals. A portion of the savings from downsizing and other aspects of NPR was to be used for technology investments and training needed to reengineer organizations. President Clinton used much of the savings to fund the

Omnibus Crime Control Act of 1994, the purpose of which was to put more policemen on the street (Thompson, 2000).

The goal of saving also conflicted with the goal of decentralization. Carolyn Ban (1998) noticed that even though several agencies desired to decentralize personnel functions, they responded to significant cuts by centralizing the function. Implementation of the NPR was inhibited by several personnel issues. Ban (1998) interviewed a number of personnelists in her research and found even though the NPR "threw out" the federal personnel manual it was still in use as President Clinton's effort to reform Title 5 failed to get approval.

Riccucci and Thompson (2008) summarized the efforts of the Clinton Administration to gain some managerial discretion over personnel. In 1993 President Clinton issued Executive Order 12871 creating the National Partnership Council which mandated heads of federal agencies work with unions. Among other things, this executive order increased the scope of collective bargaining. Legislation passed did give some relief from Title 5 provisions for the Federal Aviation Agency and the Internal Revenue Service (Riccucci & Thompson, 2008). Implications for reorganization implementation were that President Clinton's need for union support meant voluntary measures to change the federal workforce would take precedence over using reduction in force.

Use of voluntary separation has a number of advantages. However it results in side effects during implementation. Voluntary separation takes more time. There is a certain period for acceptance and also a window in which the employee can decide when to leave. In some cases if there is discussion of incentives, employees will postpone retirement decisions in order to be eligible for incentives.

An example showing the impact on implementation of voluntary separation incentives is the study of a 1978 FEMA reorganization (*Improvements Being Made in Flood Fighting Capabilities in the Jackson, Mississippi, Area*, 1979). The President announced the reorganization in a message to Congress in June 1978. In discussions with GAO, FEMA officials stated that cost savings would not be realized until FY 1982 at the earliest. One reason given was the use of attrition to reduce personnel levels. Attrition on a large scale takes time. Unless controlled, the mix of people leaving is not what is desired. You can end up with the wrong proportion of employees at various sites and also with the wrong experience level and skill set. Incentives encourage the most senior personnel to leave as they are the ones most able to retire.

Buyouts as an Implementation Tool

Kettl (1995b) stated most early savings from the NPR came from downsizing federal agencies. He noted the initial target was a reduction of 252,000 later raised to 272,000 federal employees (p. 17). Both voluntary and involuntary processes were used to reduce federal rolls. Besides attrition and relocation the Clinton Administration used separation incentives on a large scale. Buyouts were used by both DOD and non-DOD agencies, though for different windows (Table 2.5).

Table 2.5. Separation Incentive Authority

Agency	Authority	Eligibility Window
DOD	P.L. 203-484	January 1993 - September 30, 1997
	P.L. 103-337	Extended window through September 30, 1999
Non-DOD	P.L. 103-226	March 30, 1994 - March 31, 1995
	P.L. 104-208	October 1, 1996 - December 30, 1997
Ref. Federal Downsizing: Effective Buyout Practices and Their Use in FY 1997, p. 1.		

As buyouts did not always completely achieve desired goals, involuntary separations were also used. In order to better understand issues arising out of the implementation of the NPR it is helpful to review how separation incentives (commonly called "buyouts") and reduction in force (RIF) are supposed to work. GAO reviewed use of buyouts by federal agencies at the request of Congress and described 13 practices associated with their effective use. Highlights of these thirteen practices include (*Federal Downsizing: Effective Buyout Practices and Their Use in FY 1997*, 1997, pp. 6-9):

1. Determine how use of buyouts will help implement agency restructuring.
2. Determine how productivity levels will be maintained with fewer employees.
3. Target buyouts at specific positions in order retain mission critical employees and separate surplus ones.
4. Give priority to employees not eligible for regular retirement.
5. Limit buyouts to the shortest period possible.

Evaluating NPR

Thompson (2000) concisely characterized the difficulty of evaluating the NPR: "Assessing the NPR is in many ways problematic; the scope of the reform is broad, the rhetorical element is substantial, the underlying 'theory' is elusive (p. 508)." Qiao and Thai (2002, p. 102) noted that even though themes such as decentralization of authority, deregulation, reduction of bureaucracy, and privatization were included in NPR, the end goals were different. Liberals desired a more effective government and conservatives just wanted a smaller one. Peri Arnold reinforced this point. He stated that after their 1994 victory, the Republicans promised smaller, not better. Arnold continued noting that President Clinton responded to this change. Prior to the election, the NPR focused on improving administration and cost savings. After the election President Clinton was forced to compensate by stating he would review substance of regulatory policy as well as execution (Arnold, 1998). Cohn (1997) characterized President Clinton's

dilemma. Conservative forces wish to keep government functions based on market economics and have a smaller government role in society, whereas forces of the center and left were trying to salvage the federal government's role even though there were fewer resources available.

Kettl (Kettl, et al., 1994) also characterized the difficulty of evaluating the effects of the NPR, stating, "In almost all cases, putting hard numbers on savings actually produced, beyond the downsizing of the federal work force, turned out to require extraordinary feats of budgetary analysis" (p. 9). The issues evaluating NPR reflect the issues evaluating the effects of reorganization generally and implementation in particular. It is interesting to note the issues evaluating NPR are similar to the issues evaluating reorganization during the previous major reorganization period, the Carter administration. Mann and Anagnoson (1979) and Szanton (1981d) could have reflected the same concerns ten years later.

This complicated review of GAO reports to some degree. Implementation of change in federal agencies showed both the desire for "better" and also for "less". Osborne and Gaebler (1992) noted that precepts for reinventing government also include privatization as "one arrow in government's quiver" (p. 45). They also note the issues involved when changing from government provided service to other forms, reducing the need for current government employees.

Introduction of Performance-Based Organizations

In 1996 Vice President Gore announced a plan to convert a number of federal organizations into performance-based organizations (PBOs) (A. Roberts, 1997). The GAO reported in 1997 on the proposal to turn the Saint Lawrence Seaway Development Corporation into a performance-based organization (PBO). In testimony before Congress (*PERFORMANCE-BASED ORGANIZATIONS: Lessons From the British Next Steps Initiative*, 1997)the GAO

noted that performance-based organizations are modeled after British Next Steps agencies. The NPR was given credit for piloting the use of PBOs by the federal government (Breul & Kamensky, 2008).

PBOs have some of the characteristics of Osborne's and Gaebler's (1992) ideal. They are granted the power to deviate from some government requirements such as personnel and procurement processes in return for accountability for results (*PERFORMANCE-BASED ORGANIZATIONS: Lessons From the British Next Steps Initiative*, 1997, p. 3) . Focus is supposed to shift from compliance with process to achieving results. PBOs are led by a chief operating officer who works under a contract and is evaluated annually based on agency performance. This is tied to the GPRA reform, which requires agencies establish measures of performance.

Roberts (1997) listed ten candidates for PBO status. Although a number were proposed, only a few were actually approved. A November 2007 GAO report (*PERFORMANCE-BASED ORGANIZATIONS: Lessons From the British Next Steps Initiative*, 1997) listed three performance-based organizations. They are Federal Student Aid (Ed.), Patent and Trademark Office (Comm.), and the Air Traffic Organization (FAA).

Addition of Statutory Offices

Along with advocacy for performance based organizations, a second trend with origins in business during the Clinton and early Bush administrations was the addition of certain statutory positions. These are shown in Table 2.6. The position of COO/CMO has also been added to this table. Although not legislated on a government wide basis, a number of GAO reports discuss the feasibility of creating this office.

Although the purpose of creating a Chief Operations Officer may be to institute

performance incentives, reports discuss the institution of the COO/CMO for another reason.

GAO observed that during the first two years DHS has been operating, the Department has had

two Secretaries and three Deputy Secretaries. GAO goes on to say during the period of 1990

Table 2.6. Statutory Officers

Title	Authority
Chief Financial Officer (CFO)	Chief Financial Officers Act of 1990 (Pub. L. No. 101-576)
Chief information Officer (CIO)	Paperwork Reduction Act of 1995 (Pub. L. No. 104-13); Clinger-Cohen Act of 1996 (Pub. L. No. 104-106), as renamed pursuant to Pub. L. No. 104-208(Sept. 30, 1996)
Chief human capital Officer (CHCO)	Chief Human Capital Officers Act of 2002 (Pub. L. No. 107-296, Title XIII)
Chief acquisition Officer (CAO)	Services Acquisition Reform Act of 2003 (Pub. L. No. 108-136, Title XIV)
Chief Operating Officer/Chief Management Officer (COO/CMO)	
Inspector General (IG)	Inspector General Act of 1978 (Pub. L. No. 95-452, 92 Stat. 1101) (Oct. 12, 1978)

Refs: (*Organizational Transformation: Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies*, 2007, pp. 48,49) (*Inspectors General: Reporting on Independence, Effectiveness, and Expertise*, 2011, p. 2)

through 2001 the average tenure for political leadership was slightly less than three years

(*Homeland Security: Overview of Department of Homeland Security Management Challenges*,

2005, p. 7). This compared unfavorably to the five to seven year timeframe for organizational

transformations. Creating a COO/CMO with a five to seven year contract gives an organization

leadership and continuity during political change.

The COO/CMO position is characterized as a position without policy duties. In an

evaluation of DOD, GAO criticized the appointment of the Deputy Secretary of Defense as COO

as a "continuation of the status quo" (*Organizational Transformation: Implementing Chief

Operating Officer/Chief Management Officer Positions in Federal Agencies*, 2007, p. 8). The

concern was an officer in the COO position as collateral duty would not be able to maintain the focus required.

Creation of the Department of Homeland Security

The security concerns after 9/11 motivated new perspectives on reorganization. Kettl (2004a) characterized the new circumstances. The mission of homeland security added to existing missions agencies were already coping with and did not replace any of the previous missions. In the case of some agencies, such as the Coast Guard, this meant stretching existing resources to cover substantial new tasks. The complexity of this new mission was described by Wise and Nader (2002). They noted the scope of the new mission is unprecedented and presents the problem of coordinating a vast set governmental organizations on the national, state, and local levels. Donald Kettl summarized the conclusions of congressional investigations occurring after September 11, stating that although a substantial amount of data was available prior to the event that agencies had not cooperated with each other to create a "coherent picture" from the data (Kettl, 2004b). Kettl noted these events brought forth the need for better coordination extended to state and local agencies (Kettl, 2004a).

An alternative picture was painted by Cuéllar (2013). Creating DHS by merging twenty-two agencies gave the president the opportunity to appoint political appointees to oversee these agencies. These appointees could prioritize homeland security over legacy missions. Budget neutrality guaranteed that more spent on homeland security would mean less available for legacy missions. In this way the president could de-emphasize missions he was philosophically opposed to.

Cuéllar (2013) documents one interesting contrast. The creation of the Federal Security Agency (FSA) eventually forced changes in related congressional committees. Congress did not

reorganize oversight after the creation of DHS leading to the problem where in the early part of

2004 DHS officials testified before congressional committees almost twenty times per month (p.

159).

Creating a Department of Homeland Security (DHS) surfaced issues characteristic of the

implementation of any large reorganization. Existing agencies merged into the new DHS were

scattered over a large number of locations. A large number of agencies were involved in the

reorganization. And creating unity required integration of different technology used by separate

organizations.

Donald Kettl (2004a) brought forth the idea of evaluating the governmental response to

unplanned events as analogous to a cardiac stress test. As a stress test shows a cardiologist how

the heart responds, significant unplanned events show how the government responds. Hurricane

Katrina also provided a stress test showing weaknesses in the integration of DHS. Kettl noted

the response of Arlington County to September 11 was considered highly successful. He listed a

few of the elements of this success including an integrated command structure, solid plans

including agreements with other municipalities, and constant drills.

<div align="center">**Summary**</div>

This chapter covered a brief history of executive reorganization and noted at certain

points in time with the change of administrations there is a substantial change in goals. The

power of classical theory as formulated by Gulick and his associates and promoted by Hoover

was described (Seidman, 1998). With the creation of the Department of Homeland Security we

are returning in some ways to that theory. Kettl (2004a) stated, "For the homeland truly to be

secure, federalism will need to accommodate a tightly knit administrative structure that produces

high levels of reliable services" (p. 90). The next chapter covers some of the literature used to

help understand the implications of the events described in this chapter.

CHAPTER 3: LITERATURE REVIEW

Introduction

Peter Szanton (1981c) characterized the state of organization literature as of 1940. He noted the established position of classical theory, which was extracted from business organization literature. Szanton characterized this literature as describing the hierarchical nature of government organizations, the autonomous character of government activities, and the desire and necessity of separating policy and administration. He then characterized the current situation (as of 1981): "Questioned by scholars, ignored by practitioners, and exploded by events, these principles and assumptions now lie in ruins" (p. 21). As argued further in this study, this is probably an overstatement. There is no doubt, however, that there are now multiple viewpoints in organizational literature. This chapter gives a brief literature review of some of these perspectives and how they are useful in helping to understand the findings of this study.

Chapter Organization

This chapter is organized by first describing "schools" and groups of theorists where authors held similar viewpoints. Individual authors are then discussed, followed by a section of miscellaneous authors from which smaller excerpts were used. Authors are listed chronological order based on publication date of their initial work used in this study. In some cases the year in text references refers to later additions. For example, the fifth edition of Harold Seidman's *Politics, Position, and Power* published in 1998 was used. The date next to Harold Seidman (1970) is the initial publication date of this work.

It was found to be useful to organize the chapter by first considering schools and groups of scholars. In the literature closely allied scholars are considered in this way. For example, when Seidman first discussed classic organization doctrine (1998, p. 4), he noted this was a

reference to the precepts were derived from the writings of Gulick, Urwick, Mooney, and Fayol as found in Gulick and Urwick's classic text (1987). Advocates of the same theory also often cite each other's work. Individual scholars were placed in chronological order as authors of the same period often discuss current events in government at the time of their writing and criticize other authors of the same or earlier periods.

This chapter is organized more or less chronologically because authors refer to both their predecessors and their theories. It is important to keep in mind, however, that as the four themes are weaved through the history of executive reorganization, they are also weaved through the literature on reorganization and implementation. For example, Destler (1981a) gave two broad definitions of implementation, the mechanics of implementation – the steps involved in the implementation process– and the necessary allied behavioral changes. He then discussed the elements (authority, budget, personnel, office space) involved in implementation. Authors such as Donaldson (1999) described the pressures on agencies to implement the changes they do. Emphasizing the primacy of personnel, authors such as McGregor (1960) described the changes in management vision important to achieving behavioral changes noted as required by Destler.

Gulick (1987) and his associates describe the fundamentals of classical organization theory and authors such as Seidman (1998) gave criticism of this theory. Other authors described how motivations for executive reorganization changed and what the implications of these changes were. While describing the limitations of the theory, Seidman admitted its staying power. More recently, authors such as Savas (1987) and Osborne and Gaebler (1992) gave different visions of both the use of privatization and what the goals should be.

Schools and Groups of Theorists Addressing Reorganization

Certain scholars whose work is in close proximity to other scholars are addressed together in the literature by school. Probably the most widely referenced school in the literature is the Classical Organization school.

Classical Organization School

Classical organization theory was derived substantially from business administration and is identified with scientific management and is epitomized by the writings of Henri Fayol, Luther Gulick, James Mooney, and Lyndall Urwick (Seidman, 1998). Zardet and Voyant consider Frederick Winslow Taylor (1911), Henri Fayol (1916) and Max Weber (1922), the "founders of the Classical Organization Theory School" (2003, p. 56). Seidman (1998) begrudged the strength of classical organizational theory when he noted that even though some consider the publication of Gulick's and Urwick's volume in 1937 a high point for classical theory, "someone apparently stopped the clock" (p. 10). This section briefly covers classical organization theory as described in Gulick's and Urwick's 1937 volume, *Papers on the Science of Administration*, reprinted in 1987 (L. Gulick & Urwick). The recommendations of the first Hoover Commission are then discussed as the commission's recommendations embodied classical theory as applied to federal agencies.

James D. Mooney (1987) was a vice president in General Motors Corporation and described classical organization theory in general and especially as applied to industrial organizations. He summarized his philosophy in the statement, "Authority, represented in leadership, and operating through delegation of duties, has only one aim and purpose within the organization, namely the co-ordination of functions. And the efficiency of such coordination is the measure of the efficiency of the organization itself" (Mooney, 1987, p. 94).

Mooney defined two kinds of coordination, perpendicular and horizontal. Perpendicular coordination consists of the process in which authority is projected throughout the organization. Delegation is the specific process in which authority and responsibility for specific jobs is distributed throughout the organization. Horizontal coordination is performed by the distribution of knowledge. Mooney stated "In all forms of organization, what I have called horizontal co-ordination is the principle that *indoctrinates* every member of the group in the common purpose, and thus insures the highest collective efficiency and intelligence in the pursuit of the objective" (96).

The difference between the two types of coordination is the difference between line and staff. The purpose of the line (scalar chain) is the delegation of authority and responsibility from the head throughout the organization. Staff performs in an advisory capacity, giving advice and information to the line management. Urwick's comments on the duties of staff are especially useful in understanding Brownlow and Hoover Commission recommendations. Urwick (1987) noted, "Co-ordination depends in large measure on personal relations, reinforcing detailed and definite provisions for securing correlation at every point where it is necessary for effective effort" (p. 64). The heads of large organizations do not have the time to work out details from decisions they have made. Members of the staff of the head of the organization are responsible for that task.

Urwick described the function of staff in a military organization. First staff is responsible for the details of a decision. Staff prepares instructions and insures they are capable of being executed. Second, staff insures instructions are carried out and insures obstructions to execution are dealt with. In this way staff helps with the issue of span of control. Urwick noted that a British division commander directly supervises six subordinates, which Urwick considered "a

53

large number". Urwick continued, "But 99 per cent of their work is correlated by the staff" (1987, p. 76).

An essential element of efficiency is to develop an exact functional definition of each job. Vague job definition leads to friction and lack of coordinated effort. "True co-ordination in the formal sense can only be effectuated through functional definition, and such co-ordination must begin at the top" (Mooney, 1987, p. 93). This functional definition goes from the top to the bottom of the organization. Mooney states that even though this process may appear highly formalistic, the results justify this process.

In designing the organization each job can be categorized in four different ways. The job can be categorized by major purpose, process, persons or items dealt with, and place where the employee serves (L. H. Gulick, 1987). Each method of unit organization has specific advantages and disadvantages as shown in Figure 1.1.

Gulick also noted the difficulties with this categorization. When a worker differs on one of these categories, there must be a selection which gives precedence to one characteristic. Gulick (1987) also lamented on the lack of research in this area: "Unfortunately we must rest our discussion primarily on limited observation and common sense, because little scientific research has been carried on in this field of administration" (p. 21). Gulick (1987) continued, discussing coordination mechanisms, but stated they must not violate the principle of unity of command.

Meier (1980) summarized classical organization theory as it applied to public agencies in four principles:

> Group programs and agencies by function
> Eliminate overlapping jurisdictions
> All agencies should be headed by a single administrator
> All agencies should be in a scalar chain to the elected chief executive.

A number of advantages and disadvantages to each method of aggregating work units have implications specifically to government organizations (L. H. Gulick, 1987). Organization by purpose allows the public to easier understand organizational objectives. On the other hand it is nearly impossible to subdivide all federal government work into a few major purposes. More importantly, an organization based on purpose which contains all required support services can have an independent attitude and be resistant to democratic control.

Organization by process also has limitations. An organization based on this organizing method may be more interested in the process, which may require advanced technical skills, than in the mission. Gulick (1987) gave as an example public housing. An agency building public housing would require skills from architecture, engineering, and enforcement among others. This problem may not be of interest to skilled workers interested mainly in their own profession.

An organization based on serving specific clientele or processing specific material such as the Veterans' Administration or Forest Service are subject to capture by interest groups. An organization functionally divided by place served is subject to political pressure and has equity issues in that citizens are treated differently based on where they live.

Applying orthodox organizational theory to public agencies can be more complicated than applying them to private entities. Conant (1986) studied the 1982 reorganization of the New Jersey state government. Because of issues with the increasing state budget, this reorganization emphasized the classical values of economy and efficiency. Conant described the difficulties involved in evaluating improvement. The reorganization was initially advertised as saving $102 million. When the Governor and the chair of the short term study commission had to tell the legislature the money was not really available for expenditures, they introduced the

Figure 3.1. Gulick's Aggregation of Work Units

Major Purpose
  Advantages
        Whole job under a single director
        Objectives recognized and understood by public
        Purpose understood by all in the organization
  Disadvantages
        Difficulty in cleanly dividing all work
        Loss of efficiency – harder to take advantage of technology
        Subordinate parts of work will be suppressed
        Over-centralization
        Organization can fall into attitude of independence

Process Used
  Advantages
        Guarantees maximum utilization of skills
        Economy – allows maximum use of labor saving machinery
        Coordination – all engaged in same process are brought together
        Approach allows centralized coordination, control., budgeting
        Career service
  Disadvantages
        Difficulty in aggregating all work by process alone
        May hinder major purpose – employees are interested in the process
        Coordination requirements increased

 Clientele Served or Material Used
   Advantages
        Coordination easier for clientele
        Increasing skill from experience in handling the same material
        Elimination of duplicate travel
   Disadvantages
        Loss of efficiency of specialization
        Difficult to apply principles of division without conflict and duplication

 Place of Service
   Advantages
        Ease of coordination and control
        Easeier to adapt programs to local conditions
   Disadvantages
        Narrow or short sighted management
        Difficulty in taking advantage of specialization

Reference: (L. H. Gulick, 1987, pp. 15-30)

term cost avoidance. Cost avoidance was defined as the difference between the reduced FY 1984 budget and what would have been spent without the commission.

Conant stated two other measures were also used to evaluate the reorganization. Budgetary totals and departmental inventories were also used. Using budgetary totals was difficult because state mandates changed from year to year. Departmental inventories included recommended structural changes, actual structural changes, and personnel reductions. Conant felt departmental inventories best represented the short term results of the reorganization. Conant also noted the problem of evaluating the reorganization as each political party interpreted the results differently. March and Olsen (1983) characterized this problem (discussed later in this chapter) when they noted the ambiguity of both problems and solutions and the difficulties this creates in evaluating the impact of reorganization.

Human Relations School

The human relations school had its origins in the Hawthorne experiments and the writings of Elton Mayo (Dobuzinskis, 1997). On these origins the school was built by such authors as Barnard, Drucker, Maslow, and McGregor. Roethlisberger and Dickson were students of Mayo (O'Connor, 1999). This school emphasizes communitarian values such as intrinsic motivation and participative management over economic values (Fox, 1996). This school speaks to Destler's discussion on two definitions of implementation (Destler, 1981a). Destler stated the first definition focused on the mechanics of implementation – authority, funding, personnel, and space. Destler then stated, "The second, more ambitious definition is linked to purpose; implementation here is tied to actual behavioral change, achieving the alterations in governmental process or outcome (e.g., efficiency, shifted priorities, improved coordination) that were the reorganization's goal" (p. 165). Destler noted the criticality of understanding the

57

implications of this school. Once the executive leaves the arena of high level decisions into the detailed level of implementation decisions, lower level bureaucrats then have the information advantage. Their cooperation to at least a fair degree is required.

The influence of the human relations school carries on in later public administration movements. Fox noted "continuous improvement" as one of the bases of the Gore report. He said, "Continuous improvement is the latest incarnation of the human relations school of public management, theories y and z and most recently TQM" (1996, p. 259). Organizational learning literature was also strongly influenced by this school (Moynihan, 2005).

One of the major writers to attack the assumptions on human behavior implicit in the "orthodox theology" was Douglas McGregor in *The Human Side of Enterprise (1960)*. McGregor noted that for success management relies in a significant degree on the ability of managers to predict and control employee behavior. He continued stating that few managers are satisfied in their ability to do that. McGregor asserted the proposition: "The success of any form of social influence or control depends ultimately upon altering the ability of others to achieve their goals or satisfy their needs" (1960, p. 20). McGregor continued, "The dependence may be quite small or very great, it may be unilateral or mutual, but if there is no dependence there is no opportunity to control. Unless I perceive that you can somehow affect my ability to satisfy my needs, you cannot influence my behavior" (1960, p. 20).

McGregor (1960) considered a failure of organization and management literature at the time he wrote is this literature took authority as absolute rather than relative and dependent on employee degree of independence. Historically, according to McGregor, at the turn of the century the threat of discharge was substantial. This threat was reinforced by blacklists and inadequate worker representation. By the end of the 1930s this had changed substantially with

58

the advent of labor laws and increase in the power of unions. Currently there is a fair degree of interdependence between management and workers.

The significance of this discussion on authority and dependence was identified by McGregor: "Behind every managerial decision or action are assumptions about human nature and human behavior" (1960, p. 33). McGregor described two different set of assumptions about human behavior: Theory X and Theory Y. Theory X is based on three major assumptions paraphrased below (1960, pp. 33,34):

1. Humans dislike work and will avoid it if possible.

2. Because of this characteristic employees must be coerced in order to have them work toward organizational goals.

3. The average employee desires security, lacks ambition and a sense of responsibility, and prefers to be directed.

McGregor agreed that Theory X explains some behavior in industry, but recent studies especially have shown there is a substantial amount of behavior which does not support this view. McGregor's damning comment about classical organizational theory is (1960, p. 35):

> Theory X is not a straw man for purposes of demolition, but is in fact a theory which materially influences managerial strategy in a wide sector of American industry today. Moreover the principles of organization which comprise the bulk of the literature on management *could only have been derived from assumptions such as those of Theory X.*

Theory Y is based on a different set of assumptions paraphrased below (McGregor, 1960, pp. 47,48):

1. Employees do not inherently dislike work. Under conditions which management can control work can either be a source of satisfaction or punishment.

2. Coercive means are not the only way to achieve organizational objectives. Employees will be self motivated in achieving objectives to which they are committed.

3. This commitment is associated with the rewards received associated with achieving these objectives.

59

4. Employees can learn under proper conditions to seek and accept responsibility.

5. Imagination and creativity are widely distributed.

6. Under modern industrial conditions human intelligence is only partly utilized.

These assumptions, unlike Theory X, imply a dynamic workforce. They imply the potential for growth and stress the need for adaptation rather than absolute authority. Whereas Theory X places responsibility for performance on the workers, Theory Y places responsibility on management.

Assuming the behavioral assumptions of Theory X has consequences for implementation of federal reorganization. Under Theory X organizational requirements are given priority and decisions on transfers and relocations are made unilaterally without consultation with employees. McGregor gave an example of a manager who liked the small town he was living in. The manager did not desire the promotion and objected but was transferred anyway. In reviews of implementations of federal reorganizations the GAO notes in many cases substantial numbers of employees reject the transfer and look for other jobs leaving the organization with lost skills. These issues evidence themselves especially when a reduction in force is being implemented. McGregor's description of a much more complicated relationship between management and employees also has implications when considering how reorganization and implementation affect the informal organization.

Structural Contingency Theory

Referring to Kuhn's theory of paradigm shifts, Donaldson stated, "The study of organizational structure witnessed a paradigm change when the classical management school was overthrown by the new paradigm of contingency theory, as seen below" (1999, p. 52). Under Structural Contingency Theory optimal organizational structure varies contingent on such

factors as size and mission (Donaldson, 1999). These factors are named contingency factors. Unlike classical theory, there is no single organizational form which fits all organizations: organizations adapt to their environments. Donaldson noted that structural contingency theory grew as a synthesis of ideas from the classical management school and the human relations school.

An example of a contingency factor is task uncertainty (Donaldson, 1999). Tasks with low uncertainty are best performed by an organization with centralized hierarchy. As tasks become more uncertain, structures facilitating participation and communication should be introduced overlaying the formal structure. The formal structure must give up some control in order to encourage innovation.

Structural Contingency Theory uses an expanded definition of organizational structure. This definition includes the attributes of formal organization such as reporting relationships specified by an organization chart, reporting relationships, rules of behavior, decision making and communication patterns (Donaldson, 1999, p. 51). The definition also includes all the relationships and behaviors specified by the unofficial informal organization.

Of special interest in the study of reorganization and implementation is the contingency theory process of adaptation. Donaldson called this the "structural adaptation to regain fit (SARFIT) theory" (1999, p. 59). An organization changes contingencies thereby over time moving from fit to misfit. The organization, recognizing declining performance, then changes its structure to regain fit and restore performance. This process can take a substantial amount of time.

Neo-Institutionalism

Dimaggio and Powell (1991) attributed the birth of new institutionalism to two papers published by John Meyer in 1977 (Meyer, 1977; Meyer & Rowan, 1977). They noted that the roots of this school are in the work of the "old institutionalism" as defined by Philip Selznick and Selznick's associates (1991, p. 12), but the new varies substantially from the old. Both the old and new institutionalism view constraints on organizational rationality and both also evaluate relationships between organizations and the environment they exist in. Whereas the old institutionalism focuses on political forces subverting the organization's rational purpose, the new institutionalism focuses on interorganizational and cultural factors. The old and new institutionalisms also differ in consideration of environment. The old focuses on the relationship between the organization and its community; the new focuses on larger industrial sectors and professions. Major scholars in this school include Paul DiMaggio, John Meyer, Walter Powell, Brian Rowen, Richard Scott, and Lynne Zucker.

DiMaggio and Powell in a seminal article described institutional isomorphism. They define isomorphism as "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (1983, p. 149). DiMaggio and Powell continued describing three change mechanisms for institutional isomorphic change. Coercive force occurs when there is pressure from other organizations. An organization may feel government pressure to conform in the form of laws and regulations. Organizations dependent on other organizations may also receive pressure from the other organizations to conform. Mimetic pressure may be put on organizations operating in an uncertain environment or with technologies the organization is unsure of. In this case organization may mimic other organizations operating in the same environment which are perceived to be more successful. An

organization may feel normative pressure. This may come from a workforce which is highly

professional and which feels obligated to conform to professional norms.

An organization may change structure even though there may be no increase in

efficiency. DiMaggio and Powell (1983, p. 152) gave the example of a public television station

changing structure even though organization management was skeptical the change would

increase organizational efficiency. The change was made to give a message to the station's

sponsors that it was more business oriented. Scott (2001) noted that ecologists believe

isomorphism is a result of competitive pressures whereas institutionalists believe it is a result of

social fitness.

Scott (2001) explained the significance of isomorphism in explaining features of

organizations. Organizations must not only cope with competitive pressures but also have a

structure which complies with normative and regulative demands. The latter demands explain

why organizations in the same area are similar. The former explains the existence of informal

structures in organizations.   Buffering is the process in which an organization will create formal

units to respond to normative or regulative pressures but allow other parts of the organization to

operate independently of these pressures.

In *Rediscovering Institutions*, March and Olsen expressed a desire to "explore some ways

in which the institutions of politics, particularly administrative institutions, provide order and

influence change in politics" (1989, p. 16). They describe the existence of a second rhetoric

which they call the "rhetoric of realpolitik" (1989, p. 74). This second rhetoric coexists with the

rhetoric of "orthodox administrative theory". Whereas the orthodox administrative perspective

focuses on administrative control, realpolitik focuses on political control (March & Olsen, 1989,

pp. 76,77). Under realpolitik, reorganization efforts are directed by a political struggle in which

the president, portions of congress, and organized interests in society all participate. The orthodox administrative perspective gives official reasons for reorganization; realpolitik gives unofficial reasons for reorganization. March and Olsen (1983) stated, "The canons of administrative thought and the canons of political realism are interdependent elements of contemporary faith, and both secure expression in reorganization" (p. 284).

March and Olsen (1983) used a "garbage can" analogy for the reorganization process. They noted the people involved and solutions are based on the current contextual situation. Part of this is due to the fact that major political leaders have a short attention span and will be diverted by other events. They continued the analogy, stating "The garbage-can character of reorganizations is accentuated by the ambiguities of problems and solutions" (p. 287). The differing interpretations of problems and issues among participants affect implementation and evaluation as there is no coherent viewpoint. As reorganization may have long term social and educational impacts, there may not be interest in studying the immediate results of a reorganization effort.

Scholars Who Addressed Reorganization

Scholars are addressed generally in chronological order by the date of their first work referenced in this study. They write from a wide variety of viewpoints and experiences, and many had active roles in presidential reorganization efforts. Herbert Emmerich (1971) was an advocate for the Brownlow and first Hoover Commissions. Harold Seidman (1998) originally published in 1970, but his 1998 edition was late enough to contain substantial criticisms of the NPR. Dean Mann, Theodore Anagnoson (1979), Peter Szanton, and I.M. Destler (Szanton, 1981a) wrote about reorganization in the Carter administration. Szanton and Destler had active roles. Steven Savas (United States. President's Commission on Privatization. & Linowes, 1988)

wrote during the Reagan administration and was a consultant to the President's Commission on Privatization. David Osborne and Ted Gaebler (1992) were the theorists behind the NPR. Other writers analyzed events which occurred in a number of administrations.

Herbert Emmerich (1950)

Herbert Emmerich (1950) defined reorganization in terms of executive authority: "Reorganization, I submit, takes place whenever there is a change in the size, distribution, and nature of the executive functions, or their staffing and financing, and particularly when these changes measurably affect the ability of the head of the executive branch - the President - to supervise and direct the manner in which the functions are exercised" (p. 3). Herbert Emmerich's writing could be associated with the Classical Organization school. Instead of classical precepts, however, his specific focus was executive reorganization. He stated he generally agreed with the doctrines of the Brownlow Committee and first Hoover commission (Emmerich, 1971).

Emmerich (1971) in his writing specifically applied classical theory to the role of the President. He states, "The real tests of effective reorganization are: (1) Is administration made constantly more responsive to the general interest of the country and better able to meet its ever changing responsibilities and needs? (2) Is the ability of the President to make far-seeing recommendations for the general welfare of the country strengthened? (3) Is his ability enhanced to see that the 'laws are faithfully executed' and that programs sanctioned by Congress are vigorously and fairly pursued" (p. 11)? In this statement is implied the role of the President versus Congress. Congress creates programs; the President insures they are "faithfully executed". Emmerich (1971) noted these principles were held by the first Hoover Commission: "The first commission was essentially concerned with providing the President and department

heads with the authority, structure, and methods needed for effective administrative management accompanied by political accountability. Its recommendations reflected the necessity for clear-cut authority, control, and assignment of functions in the executive branch" (p. 109).

Harold Seidman (1970)

Perhaps the broadest definition of reorganization was given by Harold Seidman (1998). After equating reorganization to a Washington religion he said, "Reorganization is deemed synonymous with reform and reform with progress" (p. 3). Harold Seidman was a leading exponent of the view that reorganization had significant political implications. His book *Politics, Position, and Power* was published initially in 1970 and has gone through several editions. Seidman (1998) stated, "The questions that new urgently confront us are as old as the republic itself. How can we maintain a government structure and administrative system that reconcile liberty with justice and institutional and personal freedom with the general welfare" (p. 21)? He was concerned current arrangements fall short in implementing this goal. Seidman was concerned that any structural or administrative changes balance competing interests so they are not immune from public control and to insure less well of segments of society are not excluded from participation and governmental benefits.

Harold Seidman was a critic of classical organization theory. Harold Seidman stated, "Since World War II, public administration theologians have become increasingly disenchanted with the orthodox dogmas" (1998, p. 6). These criticisms come from a number of viewpoints. Some argue the misplaced emphasis on economy and efficiency and others note orthodox theory explanations for organizational change are incomplete. Seidman (1998) and Wilson (2000) both noted orthodox theory does not take into account the reality of the constitutional separation of authority for administration between the executive and congressional branches and issues of

66

democratic accountability. This fundamental difference between business and the federal government complicates all aspects of implementation. One way this difference shows up is in dual reporting requirements. Congress bypassed hierarchical principles in the Inspector General Act of 1978 by requiring IGs to report both through the executive hierarchy and directly to Congress (Seidman, 1998, p. 45).

Seidman was also critical of the Hoover Commission, stating Hoover's principle of aggregating related functions to eliminate overlap is unworkable when major programs must be combined to ameliorate major social issues. Seidman (1998) summarized the issue: "Straight lines of authority and accountability cannot be established in a nonheirarchical system" (p. 22). He believed a major reason for this is the federal government reliance on nonfederal institutions including non-profits and contractors.

Seidman (1998) added behavioral scientists to the critics of classical theory stating they contradict the orthodox theory assumptions about human behavior in organizations. Scott (2001) described institutional theory as an extension of thought which describes how social and cultural forces affect organizations. Seidman (1998), however, begrudged the strength of classical organizational theory when he noted that even though some consider the publication of Gulick's and Urwick's volume in 1937 a high point for classical theory, "someone apparently stopped the clock" (p. 10).

One reason for Seidman's criticism of classical theory is it ignores the source of congressional power. Seidman noted that to understand federal agency structure, which may seem illogical at times, one only has to look at congressional structure. Organizational changes which affect committee relationships can be problematic. Organizational changes which fall under the jurisdiction of more than one committee can be very difficult to execute. Structure and

reorganization of structure directly affect committee jurisdictions and therefore the power of committee members. He noted the institutionalization of the committee structure and the degree of independence each congressional committee has. Committees are long standing structures which now have significant staff. Alliances develop between staffs of committees, executive bureaucracies, and interest groups (Seidman, 1998, p. 30). These alliances can support parochial interests. Staff on the Agricultural Committee, for example, will support agricultural interests even if these interests are not aligned with national interests. As organizational changes affect committee relationships, there will continue to be strong interest in Congress in reorganization.

Seidman enumerated several questions which should be answered in order to evaluate new programs or changes in existing programs. He noted a president's decisions on the means to achieve his goals will affect outcomes. Means do not include organizational changes alone but an interaction of program design, type and jurisdiction of affected institutions and system chosen to manage the program. Seidman (1998) believed decisions should not be made only based on classical doctrine but must answer questions about the constituency involved with a program including political strength, goals related to a program, and relations with congressional committees.

Seidman (1998) also questioned the organization structure including whether the proposed home of a program will stifle it and whether organizational structure and processes will insure accountability. He is especially concerned about whether arrangements are designed to limit access to and provide benefits for a restricted clientele or whether the program and arrangements serve a broader national purpose.

Seidman listed a number of impediments to federal reorganization achieving the goals he enumerated. He criticized the Carter administration for assuming reorganization itself met a

purpose rather than as a part of achieving policy and program goals. Seidman also criticized

third party arrangements, noting they are politically expedient allowing the federal government

to take credit for having taken actions without having responsibility for program administration.

He was especially critical of government sponsored enterprises, stating, "Intermingling public

and private purposes in a profit making corporation almost inevitably means subordination of

public responsibilities to corporate goals. We run the danger of creating a system in which we

privatize profits and socialize losses" (1998, p. 213). Seidman (1998) also noted the courts have

narrowed latitude for administrative discretion and that, along with use of more formalized

procedures has increased organizational rigidity. This has an adverse affect on accountability.

Seidman (1998) noted for many groups change of organizational form and processes is

aimed at achieving the "four freedoms: freedom from financial control by the Congress, freedom

from independent audit by the comptroller general, freedom from budget review by the

president, and freedom to use federal funds" (p. 23).

Dean Mann and Theodore Anagnoson (1979)

Mann and Anagnoson, and Szanton and Destler to follow, wrote during or just after the

Carter Administration when reorganization was a major political objective. Mann and

Anagnoson (1982a) noted the wide scope of reorganization in the federal government. They

stated that on one hand an organization may be transferred in its entirety with minimal impact on

policy or procedure. They continued, "On the other hand, reorganizations occasionally are root

and branch in character. They involve redefinitions of agency mission, realignments of agency

activities from a focus on area or clientele to a focus on a given functional activity. It may mean

a shift from emphasis on one professional specialty to another, thus diminishing the utility of

69

some professional skills and thus some people within the bureaucracy while increasing the utility of others" (pp. 406-407).

This presents a bit of a quandary for the study of implementation. Mann and Anagnoson give an example of a foreign aid agency being moved every two years "within or outside or somewhere in-between the State Department and the White House (1982a)." This kind of reorganization may have great symbolic impact but almost no implementation. On a specified date hierarchy wiring may change but there would be little impact on employees, office arrangements, or budget.

Mann and Anagnoson (1979) gave criteria for evaluating past reorganizations. They stated, "Specifically, what difference did reorganizations make in the internal workings of the federal bureaucracy, in the relationships among agencies and their political environments, and in the policy outputs of federal programs" (p. 7)? Mann and Anagnoson (1982a) noted that indicators of change such as lines of authority, budget, people, leadership can be used as proxies for evaluating an agency's or a mission's level of support.

Mann and Anagnoson also suggested studying the functional relationships of an agency with its environment. They suggested the hypothesis that reorganizations which move whole agencies on paper are easier to implement than ones which alter these functional relationships. They went on to state, "a realistic assessment of reorganizations suggests that they are seldom are isolated events" (Mann & Anagnoson, 1982b, p. 408). Evaluation of reorganization must include evaluation of personnel changes, new or modified legislation, changes in budget, and changes of mission. Changes in organization structure may be an opportunity for the executive to change other aspects of an organization and its relationships.

Mann and Anagnoson (1979) gave examples as to why implementation is difficult to accomplish. They stated, "For clientele groups, the general perception seems to be that reorganizations disrupt working level coordinating relationships that groups interested in the agency have built up over the long term" (p. 37). A review of the transfer of the water quality control program from HEW to the Department of the Interior showed this. Arguments for the transfer included clarification of functions, more favorable leadership, and savings by consolidating research. Opponents gave as arguments that the transfer would fragment the health functions from the environmental functions, cause further delays after the previous reorganization, and the program would be disadvantaged by other clientele groups.

"It may be assumed that short-term advantages of reorganization may be predicted and accomplished simply by the specific terms of the reorganization, but that the long-term gains in terms of policy and certainty in terms of the usual explanations of reorganization---improved efficiency and effectiveness---are much more problematical" (Mann & Anagnoson, 1982b, p. 405). Mann and Anagnoson went further and stated that even if in the near term the desired formal relationships are set by the plan and implementation, in the long term these results may by "swept aside" by other forces such as informal relationships and changes in law which do not alter the formal structure.

Peter Szanton (1981)

Szanton described an organization as consisting of three elements: structure, resources, and processes (1981c). He continued noting each of these elements may be altered separately. Structure may be given the most attention when considering reorganization, but it is the most difficult to alter.

Szanton (1981c) gave a number of motivations for reorganization. These include showing decisiveness by "shaking up" the organization, streamlining the organization, cost reduction, symbolizing administration priorities, improving effectiveness, and better policy integration (p. 2). Of these six, Szanton believes the latter three may justify an attempt to reorganize; the first three do not. He notes these motivations are not mutually exclusive, although one or two may dominate.

Szanton (1981d) asked the question, "But if decisions about organization are political decisions, how can they be judged good or bad? By what standards can some be objectively 'better' than others" (p. 29). Szanton gave three criteria: supporting administration policy goals, improving efficiency, and greater effectiveness. He continued, noting the difficulty of justifying some of these standards. Szanton justified the first by stating that it is legitimate by virtue of the administration winning the election. Of the two criteria of efficiency and effectiveness, Szanton stated that the first is easier to justify. He stated that an organizational form which improves services or an agency's public interface without increased cost or which provides the same level for less cost is better.

Szanton (1981d) explained effectiveness is more difficult than efficiency to evaluate because it involves dealings outside the agency. He noted critics state that effectiveness criteria tend to increase the power of the executive branch relative to Congress or the judicial system, but Szanton argues that the current balance of power is so well distributed that paralysis occurs and difficult decisions involving sacrifice cannot be made.

I.M. Destler (1981)

I.M. Destler (1981a) was one of the few authors to write directly on the implementation phase of reorganization. He described the four resources available for use in implementing

reorganization: authority, budget, personnel, and office space. By the time a reorganization was announced by an agency official, issues relating to authority usually had been solved. Destler showed how use of the budget could be used to shape authority in an organization and advance certain agency priorities.

Although Destler discussed personnel in general, he strongly emphasized the need to place the right person in charge of implementation early in the process. The longer the delays in appointing key personnel, the higher the probability that several uncoordinated decisions will be made which will have to be undone at a later date. Destler also discussed space in both practical and symbolic terms. Building new facilities is a long term process. In the interim reorganized groups are likely to reside in several facilities making coordination more difficult. Destler also alluded to space as a symbol of the priority the agency has. Destler gave as an example the movement of the Department of Energy into a large facility as symbolic of the priority the new department had to the Carter administration (1981a, p. 163).

Destler (1981a) stated there are two ways to define implementation. The first process definition is couched in the formal steps of gaining authorization, allocating money, allocating or obtaining personnel, and acquiring office space. The second broader definition is tied to actual change of behavior. Executives must use a combination of threats and inducements to encourage changes of behavior. The first definition of implementation emphasizing formal structural change is compatible with classical theory. The second definition is understandable to those theorists as in the Human Relations school who understand there is more to federal reorganization than just authority and efficiency.

E.S. Savas (1987)

Officials implementing privatization initiatives must deal with a number of issues depending on the degree of privatization. Peters described the process of implementing reforms which reduce government structure as "cutback management" (1992, p. 202). He described the process as reducing programs and numbers of personnel without creating excessive disruption.

E.S. Savas, a consultant to the President's Commission on Privatization, gave a succinct case for privatization. An estimate of his influence may be the close similarity between the title of his book (Savas, 1987) and the commission's report (United States. President's Commission on Privatization. & Linowes, 1988). Savas (1987) noted privatization is dynamic and defined it as a process where arrangements for production are changed from those with higher government involvement to those with less. He gave government provision of a service as highest government involvement and then described contract, franchise, grants, and vouchers as arrangements with lessening degrees of government involvement. At the far end of the spectrum are arrangements with no government involvement whatsoever. Voluntary action by philanthropic groups is an example of this.

Savas (1987) stated, "The three fundamental criteria of service performance are efficiency, effectiveness, and equity" (p. 96). Savas believed competition is the determinant of economy and efficiency. Government entities that provide service directly, by contrast, tend to act as monopolies, with all the inefficiencies inherent in monopolies (Savas, 1987). Government service is also prone to inefficiencies because the size of the producer is generally dependent on the size of the consumer. Savas gave the example of a school system (1987, p. 97). If the optimal size for school systems is one that serves 50,000 people, school systems that serve much smaller or much larger jurisdictions are bound to be less efficient. Another problem with the

government providing the service directly is the pressure on the government to subsidize the service and spread the cost over non-users as well as users.

One reason contracting out receives such visibility is it can be neutral as far as government responsibilities (United States. President's Commission on Privatization. & Linowes, 1988). The same functions are being performed, just by fewer government employees. Privatization advocates note that even if the goal of less government responsibility is not achieved, as for example in the sale of Conrail, greater efficiencies can be achieved. Whether or not these efficiencies are achieved, contracting can reduce the size of government and therefore its intrusiveness.

Managers have the problem of minimizing the impact to organizations and personnel while in the midst of implementing change. Savas' writing does briefly acknowledge the difficulties in implementing reorganizations which reduce the number of government employees. E.S. Savas said (1987, p. 258), "The thorniest problem in contracting an existing activity is what to do with the redundant government employees." Savas recommended processes such as hiring freezes, personnel transfers, and retraining. He continued, noting the government can require the contract winner to offer jobs first to displaced government employees. In some cases these strategies are not available. Block grants transfer administrative responsibility to states. Attrition and transfer will have some effect, but there is no contract to absorb excess employees. If other strategies for reforming the workforce prove insufficient agencies may resort to reduction in force in order to meet targets.

James Wilson (1989)

Wilson (2000) described the difference between the British parliamentary system and the U.S. constitutional system. Under the British system only the prime minister has the authority to

supervise the bureaucracy. The Constitution requires the president insure laws are executed but gives Congress authority to create these laws. Wilson continues stating the president believes federal agencies are accountable to him but congress as creator of these agencies believes they should be responsive to it. As a result whereas the British prime minister may have a small number of political appointments, the president and congress each have their own staffs to control the bureaucracy. The bureaucracy is caught in the middle between conflicting desires. Wilson observed the increase in staffs has led from informal to formal dealings between branches and the bureaucracy. The result can be paralysis.

As a result of the rivalry between the president and congress, Wilson noted that when one branch of government acquires a new managerial technique, it will be adopted by other branches. He gave the example that once OMB started changing managerial practices, congress had GAO review them. Wilson states, "The president brings to this struggle four main weapons: choosing people, altering procedures, reorganizing agencies, and coordinating activities" (2000, p. 260). Wilson noted that under the Roosevelt administration although changes were described as improving efficiency or improving management the underlying goal was to improve the president's position to control the bureaucracy with respect to congress.

Wilson (2000) stated that given the difficulty of changing bureaucratic procedures and difficulty in controlling agency management, presidents resort to reorganization as a way to effect change. Wilson assessed the success of this tactic: "Reorganizations make a difference if they alter in an important way how resources flow to programs, how career rewards are distributed to people, or how tasks get defined. Occasionally these things happen. More often they do not" (2000, p. 265). Wilson also commented that congress has the final say in any reorganization which requires legislation.

Wilson's assessment has implications for reorganization in general and implementation specifically. The rivalry between the executive branch and congress makes it difficult to determine success or failure of reorganization if each evaluator has different and sometimes conflicting goals. This rivalry also means that the implementation process for significant reorganizations will be overseen by both presidential and congressional staff. This is borne out by the number of GAO reports. Implementation is made more difficult by the requirement for formal justifications and responses to the review process. In some cases there is also substantial interfacing with congressional committees to obtain funds required for implementation.

Charles Wise (1989)

Charles Wise (1989) has researched issues involved in reorganization of the Federal Aviation Administration (FAA). He noted reorganization proposals for the FAA fell into three categories: private corporation, government corporation, or independent agency. Acknowledging the strong influence of the privatization movement, he stated, "In fact, the reopening of the government organization issue stimulated by the privatization movement is accompanied by ferment over the appropriate grounds for assigning public functions" (p. 19). Wise noted the difficulty of setting reorganization evaluation criteria. Instead of having evaluation criteria agreed to by relevant parties, one could only find competing criteria. These can be grouped into three areas: public interest or sovereignty criteria, economic criteria, or management criteria.

David Osborne and Ted Gaebler (1992)

Osborne and Gaebler (1992) stated the answer to the problem described above is emerging in a new kind of public institution: "They are lean, decentralized, and innovative. They are flexible, adaptable, quick to learn new ways when conditions change. They use

77

competition, customer service, and other nonbureaucratic mechanisms to get things done as creatively and effectively as possible. And they are our future" (p. 2). In the ensuing chapters Osborne and Gaebler described organizational characteristics of these new institutions.

Both the NPR and Osborne and Gaebler defined the problem with the bureaucracy. The NPR defined it as "The root Problem: Industrial-era Bureaucracies in an Information Age" (National Performance Review (U.S.) & Gore, 1993, p. 3). The report went on to characterize these bureaucracies as hierarchical with vertical chains of command and a fixation with standard procedures. Osborne and Gaebler (1992) stated, "Our thesis is simple: The kind of governments that developed during the industrial era, with their sluggish, centralized bureaucracies, their preoccupation with rules and regulations, and their hierarchical chains of command, no longer work very well" (pp. 11,12).

Osborne and Gaebler listed many reforms required to create more flexible institutions including changes in organizational form, motivation, and budgeting. Especially appropriate to this study are changes to organizational form, authority, and personnel. The preference is to divide larger structures into smaller units with clear mission statements. Osborne and Gaebler (1992) gave as an example of a mission helping poor people. Currently services are divided by function. In order to get services a poor person must apply to Medicaid for health care, a welfare department for money, and a variety of training programs for jobs. In line with their decentralized approach, Osborne and Gaebler recommend decentralized institutions with flattened hierarchy and authority devolved down to this level.

In order "steer" the organization, Osborne and Gaebler (1992) stated measurable performance objectives are needed based on desired outcomes. Rewards should be based on these objectives. Costs are controlled by introducing competition; charter schools are an

example of competition within the education system. Osborne and Gaebler noted there are a wide variety of alternatives to government providing the service ("doing") starting with more traditional methods such as contracting and going through more innovative methods such as providing vouchers or quasi-public institutions into highly innovative methods such as using voluntary associations.

Paul Light (1995)

Paul Light (1995) was concerned about trends in federal organizational structure during recent administrations expanding both the width and especially the height of the bureaucracy. He characterized these changes as "thickening" and stated, "The true cost of thickening appears to be in the diffusion of accountability that comes in nearly infinite numbers of decision points throughout government" (p. 64). Light described the difficulty of measuring organizational height. At the time he published his book he considered the only reliable method to determine the true distance in the chain of command was to take a number of front line jobs and evaluate the decision chain all the way up through the hierarchy.

Light (1995) described the history of thickening from Brownlow forward. He attributed the rising of the federal hierarchy to Gulick's three principles of coordination: unity of command, need for help (staff), and limited span of control. Light made his case against thickening stating it results in diffusion of accountability: "Almost by definition, thickening increases the number of actors in any decision, thereby raising the costs of both creating and implementing presidential policy" (p. 64).   Light listed seven costs associated with thickening: information distortion, administrative inertia, disunity in the command structure, gap between authority and responsibility, obstacles to innovation, obstacles to employee involvement, and conflicts between strategies to increase entry-level employment and strategies to retain senior

79

leaders. Szanton (1981c), in his earlier work reinforced this viewpoint. Noting the rising of

complex issues such as energy policy may require sacrifices he stated, "No political system

readily accepts costs. A system where authority is very widely diffused may reject them

entirely" (p. 7).

Light (1995) stated Gulick's principles encouraging thickening may not be currently

valid. Advances in technology allow one to process substantially more information than thought

possible in Gulick's time. He continued: "The question, therefore, is how thickening endures.

The simple answer is that it has enormous momentum behind it" (p. 170). Light noted a

reduction in layers would be a reduction in status for those who hold these positions. Light

expressed concern the changes brought about by NPR personnel reductions may not be

permanent. He noted under NPR, the number of personnel per layer will decline, but not

necessarily the number of layers. Light is concerned that, like a fad diet, it will be difficult to

keep these numbers down.

Other Scholars Who Addressed Reorganization

This section consolidates added comments on reorganization by various authors.

Mansfield commented on motivations for reorganization. Other authors gave added depth to the

theme of conflicting visions on the goals of reorganization and their affect on implementation.

Any long term reorganization has the potential of being affected by a changing political

landscape. The 1980 election of President Reagan was one example. The Republican victory in

the 1994 election which forced President Clinton to modify NPR objectives was a second. Prior

to the 1994 election the NPR focused on how the government should work. After the election

under "Rego II" executive agencies also reviewed what they were doing. This was an effort to

counter Republican efforts to reduce the size of government (Thompson & Ingraham, 1996).

Thompson and Ingraham continued stating this additional stress brought about more bureaucratic maneuvering.

Mansfield (1969) also lists a number of motivations for reorganization (1969). It may be motivated by a major policy shift, belief that better results will be achieved by either a) joining or b) separating agencies, service to a common clientele, or a desire to upgrade or downgrade agency mission status. Mansfield also mentions personal preferences of a favored official, technological innovation, and a desire to either help or hinder an agency's mission. As Mansfield noted (1969) orthodox motivations for reorganization are encoded in the Reorganization Act of 1949 ("Reorganization Act of 1949," 1949), which lists six reasons to reorganize: better execution of laws and more effective agency management, reduce expenditures, increase efficiency, better coordination, consolidate agencies having similar functions, and to eliminate duplication.

Rich (1986) stated about the Reagan administration, "Although reductions-in-force (RIFs) have always been a part of the history of the federal service, the current administration has brought an ideological dimension to the process. Consequently, the process has been upgraded to a policy status" (p. 3).

Breul and Kaminsky (2008) compared reform efforts in the Clinton and Bush administrations. Both presidents gave long term commitment to reform. Each administration had a small core team responsible for the implementation effort. In both cases there were periodic progress reports to keep participants focused on implementation.

Breul and Kaminsky (2008) have been involved in presidential reform efforts including the NPR. They have three precepts for successful reform:

1. Be aware of what you promise. Campaign statements can come back to haunt you.
2. Start early. Major initiatives can take years.

81

3. Most importantly, for success there must be high level support. If top level management does not expend effort (interest and time), the effort will become a paperwork exercise.

The last precept may be the most important; it is also the most difficult. Destler (1981a, p. 166) detailed the fundamental conflict when it comes to organizational reforms. Serious reform takes time to build support and make evolutionary change, so the rewards for organizational reform lay outside the usual tenure of an executive. Breul and Kaminsky (2008) also emphasized the need to have well defined goals. Otherwise the reform can "quickly lose focus at the hands of competing agendas of lower-level staff."

In an assessment of executive reorganization, Breul and Kaminsky (2008) stated, "No recent president has been able to garner much interest or support from Congress for his management initiatives." They stated the strategy of the NPR was to sidestep this problem by picking recommendations which the executive could implement and which preferably required no actions of Congress. Vice President Gore told told NPR leadership that he didn't want to move boxes, he wanted to fix what is inside the boxes (Breul & Kamensky, 2008). This strategy limited reorganizations to those which did not require congressional approval.

Destler defined implementation in two ways (1981a, p. 155). The first includes the aspects of formal reorganization: legislation, funding, personnel, and office space. The second more inclusive definition of implementation includes steps required to induce behavioral change to achieve the changes in processes, priorities, or outcomes desired by the reorganization. This chapter has skimmed literature focused on structural changes, literature focused on changes in human behavior, and literature considering the proper goals of reorganization and implementation in federal agencies. The literature in this section forms a theoretical basis in which to evaluate the results of the content analysis.

We have discussed literature on organization and reorganization, giving the perspective of various schools and authors. As noted previously, during the review of the findings of the analysis four major themes emerged (Table 1.2). Portions of each of the questions listed in Table 1.1 supported one or more of these themes. The results for the three questions were initially summarized as expected under the theme "Mechanics of Implementing Reorganization". When reviewing the results it became apparent that portions of the answers to the three questions could also be merged into three unexpected crosscutting themes: "Strength of Classical Organizational Theory", "Primacy of Personnel Issues", and "Conflicting Visions" as shown in Table 5.1.

The following four sections, one for each specific theme, correlate the theme with the applicable portion of each scholar's work. Each section based on one theme is further subdivided by giving the portion of each question applicable to that theme. At the end of these four sections Tables 3.1 through 3.5 highlight the correlation between themes and scholars.

Mechanics of Implementing Reorganization

By far the largest theme is the mechanics of implementing reorganization. This overarching theme covered the findings on the portions of the reorganization plan completed during implementation, any issues with the plan, both expected and unexpected costs, issues and recommendations, and impact of the reorganization.

Authority and Other Guidelines

This section covers portions of the literature for reorganization authority, statutory offices and the guidelines of justice and mission change.

Reorganization Authority

Destler (1981a) discussed the need for having appropriate reorganization authority in place prior to commencement of implementation. He alluded to the process of acquiring

authority and the distribution of internal orders. More importantly for students of reorganization, Destler described of the tradeoffs involved in choosing the source of authority. Passage of law gave more status to the reorganization at the cost of restricting freedom as to how to reorganize. Destler also discussed the issue of setting up legal authority so critical personnel are in place prior to startup of a new agency.

Although Destler alluded to the desire of Congress to specify administrative arrangements, Harold Seidman (1998) was the primary reference for this area of authority. Rather than discussing authority as just one issue in the reorganization process, Seidman considered authority as a reflection of the struggle between Congress and the executive branch. He noted the NPR reinvention strategy was to institute reforms which did not require participation by Congress. He also made the comment that in order to understand executive branch organization, you need to understand the organization of Congress.   Seidman also discussed the dangers of congressional tendencies to cater to special interests when reorganizing federal agencies, as opposed to more general national interests.

Statutory Offices

The first of the statutory offices studied for their effect on reorganization was the post of Inspector General. This position was created at HUD in 1978 and expanded to other agencies later. Starting in 1990, however, several new posts (CFO, etc.) were created. Paul Light (1993) is one of the authorities on statutory offices, having studied and written about government Inspectors General. Although Light's major interest is the affect of the inspector general on various approaches to government accountability, of special interest to this study is the structure of the office as implemented in agency reorganization. Implementation of the office of IG showed the tension between Congress and the executive branch. The IG is required to report to

both Congress and the President. The IG has wide latitude given by statute in organizing and staffing the office. Paul Light described the significance of the IG in the war on waste when he said, "At the risk of metaphor overload, inspectors general (IGs) and the media are the foot soldiers in the war, and Congress, not the president, is the field general". Light also described the effect of other statutory officers such as the CFO on his tides of reform.

Justice

Justice as a guideline for reorganization was discussed by Harold Seidman (1998). As noted in the previous section, Harold Seidman was concerned with the effect of different organizational structures on competing interests, the need for public control, and the desire to insure benefits are shared equitably. One prime example of reorganization using justice as a criterion was the reorganization of the IRS. IRS reorganized to be more responsive to taxpayers, and incentives were changed to reduce heavy handedness in collection of delinquent taxes (AIMD-00-254).

Reorganization Plan and Guidelines

Five questions were grouped under this heading. When was the latest evaluation performed by the GAO on the reorganization implementation? Did the GAO assess implementation progress? Were comments made about plan completeness? Did the GAO make other observations about the plan? And finally, was there an assessment on the portion of the reorganization plan which was completed?

Latest Evaluation, Implementation Progress, Plan Completeness

As the scholars relating to these three categories were the same for each category, these categories are treated in this section as a group. Destler defined the problem: "Enormous

attention is devoted to analyzing and deciding what changes should be made. The problem of getting from here to there is addressed only belatedly" (1981a, p. 155).

Chapter 1 introduced the reorganization process as described by Ernest Dale (1967). The straightforward business reorganization process is the point from which the complexities of federal government reorganization processes are measured. I.M. Destler analyzed implementation with respect to the four resources involved: authority, budget, personnel, and space. Destler not only described the steps required but also gave examples of consequences in implementation when issues with each of these resources are not fully addressed. For example, Destler described the need for the timely appointment of personnel to leadership positions, and the negative consequences of not having these personnel in place.

Destler's comment about implementation being the reorganization "missing link" was used by the GAO in the title of its report on implementation (*Implementation: the missing link in planning reorganizations*, 1981). It was also used as a preface for the recommendations that implementation planning objectives be included in the reorganization plan and that high level inter-agency task forces be created to obtain commitments from all agencies affected by reorganization. The GAO assessed several reorganizations implemented under the authority of the Reorganization Act of 1977 ("Reorganization act of 1977," 1977). The GAO found a myriad of implementation problems, reinforcing Destler's admonitions against delays in appointing leaders and staff, insufficient funding, and insufficient space.

Other Plan Observations

The category Plan Completeness was created to capture GAO's assessment as to whether the plan had deficiencies and whether the plan was revised. Szanton (1981c) noted reorganization has many motivations. Seidman (1998) stated that structural arrangements and

choices in process have political implications. This category was created to capture comments included in GAO reports about the reorganization plan other than progress and completeness captured above.

Completion Assessment

The question of whether any assessment was made as to how much of the reorganization plan was implemented is a parallel to the question as to whether any assessment was made as to the impact of the reorganization (impact assessment). Mann and Anagnoson addressed both issues when the noted that "the implementation process involves substantial compromise in the scope of reorganization efforts" (1979, p. 8). Mann and Anagnoson summarized the state of reorganization studies at the time and gave several insights into the process of evaluating reorganization.

Destler gave reasons why assessments of either completeness or impact were not performed. Other than his comment that sometimes appearances can be more rewarding than actual results, Destler discusses implementation terrain and why implementers can be at a disadvantage.

Thickening

 Paul Light's book *Thickening Government: Federal Hierarchy and the Diffusion of Accountability* (1995) is the reference for thickening in federal agencies. As noted in the previous section, "Scholars Who Addressed Reorganization", Light went into detail on the causes of thickening, the affect of thickening on governmental capacity and accountability, and the difficulty of reducing layers in the federal hierarchy. Osborne and Gaebler (1992) also recommended a reduction in hierarchical layers, giving special criticism to "middle managers".

Technology is the enabler allowing a much larger span of control. Al Gore (National

Performance Review (U.S.) & Gore, 1993), Paul Light (1995), and Osborne and Gaebler all referred to the power of information technology. Osborne and Gaebler (1992) stated, "With today's computerized systems, managers also have so much information at their fingertips that they can supervise fare more people than they once could. Their span of control is broader" (p. 265).

Of special interest to this study is Light's disagreement with classical theorists such as Gulick (1987) over the conflict between span of control and efficiency, and Light's assessment that this issue was resolved in favor of span of control. Part of this study was to find evidence this concern for thickening existed in GAO assessments of reorganization implementation.

Expected and Unexpected Costs of Implementation

The definition of reorganization implied expected personnel costs, for to count as a reorganization for this study a certain number of personnel must be hired, moved, laid off, or had a substantial change of duties. This study also reviewed unexpected personnel costs as well as expected and unexpected costs in budget, office space, and effectiveness. Destler (1981a) described many of these costs when he discussed the resources of budget, personnel, and office space. Dale also mentioned these when he defined the process of planning and implementing reorganization.

Both Osborne and Gaebler (1992) and Savas (1987) spent a brief amount of space in their books tackling the problem of dealing with excess personnel once a function was contracted out. Osborne and Gaebler discussed costs, especially as to the process of government reinvention. They emphasized the need to mitigate costs to personnel when it was necessary to find other work. For example, they recommend a no layoff policy as threats of layoffs tend to inhibit innovation.

88

Correlations with Technology and Process Changes

Kettl (1995b) described how reengineering as advocated by Hammer and Champy was one of the theories driving NPR. Technology was an enabler, but it was the combination of technology and radical process changes which created quantum changes in efficiency. Osborne and Gaebler (1992) noted that the change to an information society is part of what is driving change in federal agencies. Destler (1981a) wrote of both the need and difficulty in creating changed patterns of behavior in personnel. It was the GAO reports themselves which gave ample description of how tying implementations directly or indirectly to major technology or process changes increases budget and schedule risk.

More recent theory gave new lenses in order to understand how changes in technology and process force structural change. Structural contingency theory as explained by scholars such as Donaldson (1999) was helpful in understanding the affect of technology on federal agencies. Technology is one of the contingency factors and this theory helped explain how the implementation of new technology motivated federal agencies to reorganize to regain performance. Institutional isomorphism (DiMaggio & Powell, 1983) helped explain how coercive and normative pressures motivate federal agencies to reorganize to counter views that they are resistant to change.

Issues and Recommendations

As in other areas of implementation, Destler (1981a) and Dale (1967) are the major authors used to cover issues and recommendations once implementation has commenced. Other authors, such as Szanton (1981c) may have covered issues and recommendations during the planning process, but material is thin on issues and recommendations once the reorganization plan has been approved.

89

Savas (1987) and Osborne and Gaebler (1992) did perform some work covering issues and recommendations relating specifically to privatization and other strategies to introduce competition in service delivery.

In many reports GAO addressed issues and gave recommendations both for the implementation being studied and for other agency problems. As noted before, reorganizations do not occur in a vacuum and issues with implementation interplay with other issues the organization may need to address.

Impact Evaluation

Several authors describe issues in the process of evaluating the impact of reorganization. Mann and Anagnoson (1979) discuss the lack of literature evaluating reorganizations after completion. They cite the lack of evidence that either efficiency or control were improved by major reorganizations. They state the general premise that once completed the new organization is taken as a given.

March and Olsen (1983) wrote on the politics of reorganization. They discussed the complexities of reorganization using a "garbage can" analogy and note that multiple solutions and issues are thrown in the can. As an offshoot of the political discussion they also described many of the issues involved in measuring impact. The ambiguities of both problems and solutions makes it difficult to determine reorganization objectives in order to measure how well they were met. March and Olsen state whether or not any specific reorganization is successful, the effort can create benefits for the administration by emphasizing leadership. They also noted the tendency in some cases to revise reorganization goals after the fact.

Savas (1987) and Osborne and Gaebler (1992) discussed the impact of reorganizing agencies by using competition and contracting to provide services as opposed to providing them directly. Although they talked about quality of service, comparisons tended to be in dollars.

Strength of Classical Organization Theory

As the findings on authority and accountability, centralization and decentralization, and especially economy and efficiency were reviewed an overriding theme emerged. It was noticed that despite the critics, classical organization theory as epitomized by the work of Gulick, his associates, and the first Hoover Commission was alive and well.

Authority and Accountability

Gulick (1987) and Mooney (1987) described the role of authority and accountability in classical organization theory. Mooney described how authority through the delegation of duties is used to coordinate functions in the organization. Gulick described where authority resides in centralized and decentralized organizations.

Herbert Hoover (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949) showed how these principles were applied through commission recommendations to clarify lines of authority from the chief executive on down. Implicit in these recommendations is discouragement in the use of independent commissions. Hoover also showed by grouping functions and clarifying lines of authority that redundancies could be removed.

Seidman (1998) described a view of authority and accountability that differed significantly from the classical theorists. He described how these are affected by the conflicts between Congress and the executive branch. Seidman noted that organizational form is related to the structure of congressional committees. Seidman described issues with both authority and

91

accountability when so much of governmental functions are performed by third party arrangements. This is especially significant when considering privatization as reorganization.

Savas (1987) and Osborne and Gaebler (1992) discuss decentralization of authority and accountability for results. These are related to implementation of structures to create business like incentives to improve customer service. In return for responsibility for results, managers are given more authority. For example, managers would be given more budgetary freedom such as elimination of specific line items in return for meeting certain results.

Dale (1967) and Destler (1981a) were concerned that proper authority be in place prior to execution of reorganization. Destler also showed how the type of authority used for the reorganization could affect implementation.

Centralization/Decentralization

Many of the same authors who addressed authority and accountability also addressed centralization and decentralization. Gulick (1987) described use of centralization and decentralization in organizing structures with field offices. Donaldson (1999) related level of centralization to the level of task uncertainty. Savas (1987) and Osborne and Gaebler (1992) argued for decentralized organizations as more responsive to the customer.

Economy and Efficiency

For classical theorists economy and efficiency were major goals of reorganization. Hoover discussed implementation processes used to achieve the greatest economies. He noted economy and efficiency in government are a concern of all citizens and are of special concern due to the vast increase in the size of the federal government between 1930 and 1949 (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949). President Hoover's advocacy of classical organization principles carried a

92

significant amount of weight due to widespread support for the Hoover Commission combined with Hoover's public relations skills (Arnold, 1998).

Wilson (2000) discussed the difficulties, given large overlapping tasks the federal government is required to perform, of eliminating duplication. Seidman (1998) noted the constitution was not created to encourage economy but rather to balance public interests.

Kettl (1995b) discussed the implementation of NPR and noted the political requirement that cost savings be substantial. His analysis of the NPR showed several reasons why need for economy and efficiency carried so much weight in reorganization.

Savas (1987) and Osborne and Gaebler (1992) argued that inducing competition makes government more cost-effective. Savas stated, "Freedom, justice, and efficiency are all essential, and each is alloyed with the other" (1987, p. 7).

This term is also closely allied with impact evaluation. Economy and efficiency may be goals, but authors such as such as Conant (Conant, 1986) and March and Olsen (1983) discussed the difficulty of measuring impact of reorganization in either financial or effectiveness terms.

Primacy of Personnel Issues

Destler (1981a) wrote that the essential controls an agency had with respect to reorganization were authority, budget, personnel, and space. By the time implementation commenced issues with authority were generally resolved. When the findings of the content analysis were reviewed it was found that GAO reports mentioned issues with budget and office space. However, discussions about personnel eclipsed all other issues. Scholarship on personnel issues is bridged by this overriding theme.

93

Net Gain or Loss

Savas (1987) and Osborne and Gaebler (1992) discussed issues of personnel reduction associated with privatization. They both noted strategies to place affected government workers short of layoffs. Osborne and Gaebler further note the human requirements to reduce hardship especially as the cooperation of affected employees is needed. Neither author spent a great deal of time on this more painful aspect of privatization.

McGregor (1960) was the major reference from the Human Relations school. He noted the limits of authority had changed in recent years, especially the threat of discharge. He compared traditional assumptions about human behavior (Theory X) with the assumptions of Theory Y that worker cooperation can be gained with the proper incentives. McGregor's discussion was especially useful when analyzing NPR as implementation as widespread use of layoffs was politically unpalatable.

In discussing economy and efficiency (especially economy) as implementation goals of NPR, Kettl (1995b) described how personnel targets increasing hardened. Kettl also described the process of achieving the personnel reductions and the effects on federal agencies from these personnel reductions.

Conflicting Visions

When findings for the categories of the National Performance Review, performance based organizations, and privatization were reviewed, it emerged that the conflicting visions of what the federal government should do and who should do it have not been resolved. Literature applicable to the above three categories was merged under this theme.

Guidelines – NPR

The book Inside the Reinvention Machine: Appraising Governmental Reform (Kettl &

DiIulio, 1995), containing chapters by several authors, was the major reference used to

understand implementation of NPR   Osborne's and Gaebler's best seller Reinventing

Government: How the Entrepreneurial Spirit is Transforming the Public Sector (1992) was the

major intellectual force behind the NPR (DiIulio, 1995).   Osborne and Gaebler described using

examples the results which could be achieved and the means to implement the changes.

Harold Seidman (1998) was also useful as a critic of the NPR and for his references to

other critics. He specifically criticized the NPR for its lack of democratic accountability, lack of

an organization strategy, and large personnel cuts. The latter was a specific concern as that was

part of the force which oversaw contractors and others who provided federal services.

Guidelines – PBO

Alasdair Roberts (1997) was the primary source used for Vice President Gore's initiative

to establish PBOs. He stated the two key elements of a PBO were an exemption from some of

the regulations normally binding federal agencies and the hiring of an executive on a short term

basis with their pay and tenure based on outcomes. Roberts noted a number of candidates for

conversion to PBOs, but as of 2007, the GAO (1997) listed only three.

Seidman (1998) also gave some of the characteristics of PBOs and noted their lineage to

Prime Minister Thatcher's Next Steps initiative. Seidman gave a more critical view of the

motivations for and operations of PBOs. He considered them part of a numbers game as with the

advent of budget caps there was a desire to create off-budget agencies. Seidman noted that even

if it was not a requirement the first group of agencies recommended for conversion to PBO

would be self-financing.

Guidelines - PR

Savas (1987) and Osborne and Gaebler (1992) both described implementation of reorganization using privatization strategies, although the end goals of the two were different. Osborne and Gaebler considered privatization as one strategy to achieve better customer service; Savas was interested in the end goal of less government.

Seidman (1998, p. 7) criticized several aspects of NPR, calling it "a new theology". He noted entrepreneurial government would delegate authority, use market incentives, search for market solutions, and measure success by customer satisfaction. Seidman refers to Donald Kettl (1995b), who stated the characteristics of entrepreneurial government are not a substitute for top down accountability.

Interest in Reorganization

Beryl Radin (Radin & Chanin, 2009) made the comment that throughout the 1970s reorganization was a topic in many sectors of the public administration community but there has been less interest in reorganization since the 80s. This may be true for academics, but if GAO reports on reorganization can be used as a metric, this is not necessarily true for government agencies. If reorganization remains as a popular exercise in federal agencies for any number of reasons, it is critical for administrators to understand both implementation processes and issues which can arise during implementation. The GAO (*Implementation: the missing link in planning reorganizations*, 1981) itself has noted failure to consider all the issues of implementation as in many cases resulted in greater startup problems and loss of effectiveness than necessary.

Harold Seidman made incisive comments about "the gospel of government reinvention and reform" (1998, p. 3). A finding of continuing interest in reorganization by federal agencies would reinforce the fact that Seidman's comments are still applicable. Harold Seidman also

described the relevance of administrative arrangements to both the executive branch and Congress. Peri Arnold described the changing purpose but continued relevance of executive reorganization (1998).

Summary

The literature is summarized in Tables 3.1 through 3.4, one for each theme listed in Table 1.2. The questions (1., 1.1, etc.) come from Table 1.1. The variables (1A, 1B, etc.) are the content analysis variables used to answer each question. Categorization by theme was found to be highly useful as it mirrors the summarization of the findings on implementation at the end of Chapter 5. Table 3.5 lists the literature on interest in reorganization, which is important as a metric of the importance of this area in public administration.

This chapter briefly discussed the literature on reorganization generally and implementation specifically. The initial part of this chapter was organized by school and author. The last portion of this chapter correlated specific portions of relevant scholars with the overriding themes and questions under each theme. Following Chapter 4 on methodology and Chapter 5 giving results of the content analysis, Chapter 6 revisits the information summarized in Tables 3.1 through 3.5. The results of the content analysis for each question are compared with the relevant literature for each question to create the findings found in Chapter 6.

Table 3.1. Mechanics of Implementing Reorganization

1. What portion of each reorganization plan was implemented?		
Variable	**Report/Lit**	**Finding for Reorganization**
1.1 What authority and other guidelines were noted in the data as applying to this reorganization?		
1A Reorganization Authority	Destler (1981a)	Credibility of law vs. flexibility if Congress is not involved
	Seidman (1998)	Authority as a reflection of the Struggle between Congress, executive branch
1B Statutory Offices	Light (1997)	Power of reform "tides", esp. war on waste (IG), scientific management(CFO)
	Seidman (1998)	Creation reflects Congress's interest in Org. structure and reporting channels
1C Guidelines (JUS)	Seidman (1998)	Changes should balance competing interests to insure public control and insure less well citizens are not excluded from government benefits.
1C Guidelines (OTHER) (Mostly mission change)	Szanton (1981c)	Reasons to reorganize include symbolizing priorities and integration of policy.
1.2 What portions of the reorganization plan and specified guidelines were implemented?		
2A Latest Evaluation	Mann and Anagnoson (1982b)	Once implementation complete, new organization taken as a given.
	Szanton (1981b)	

Mechanics of Implementing Reorganization (continued)

Variable	Report/Lit	Finding for Reorganization
2B Implementation Progress	Destler (1981a)	Implementation requires focus and efforts to gain cooperation. Executives seldom have the amount of time and focus required.
2C Plan Completeness	Destler (1981a) GAO(*Implementation: the missing link in planning reorganizations*, 1981)	Better implementation planning needed. GAO recommended future legislation granting reorganization authority require reorganization plans state proposed implementation actions.
2D Other Plan Observations	Szanton	Two viewpoints: (1)reorganization "loosens muscles, gets the blood flowing" (2)"structural change, at least is major surgery" and should be avoided. (Szanton, 1981d, p. 27)
2E Completion Assessment	Mann and Anagnoson (1982a) Destler	Once implementation is complete, the new organization taken as a given. "Thus executives often get more rewards for appearing to reorganize than actually doing so…" (Destler, 1981a, p. 167)
1.4 Has there been any change in thickening in federal agencies since Paul Light wrote his book?		
1C Guidelines (LYR)	Light (1995) Osborne and Gaebler (1992)	Layering diffuses accountability by creating an infinite number of decision points. Entrenched forces resist delayering. Reduce number of middle managers, encourage participatory management.

Mechanics of Implementing Reorganization (continued)

Variable	Report/Literature	Finding for Reorganization
2. What were both expected and unexpected costs of implementation?		
2.1 What implementation costs were incurred by this reorganization?		
3A Planned Costs	Dale (1967) Destler (1981a)	Budgetary decisions can strengthen the implementation process. The correct personnel can move implementation, allocation of space can change agency standing.
	Savas (1987) Osborne and Gaebler (1992)	Difficulty of dealing with excess govt. personnel after reductions.
3B Unplanned Costs	Dale (1967) Destler (1981a) GAO(*Implementation: the missing link in planning reorganizations*, 1981)	Failure to control all elements of implementation leads to delays and problems. Not all factors are completely under agency control, they may be shared by OMB, OPM, GSA. Agencies reorganized after 1977 suffered major personnel delays and funding and space issues. Better implementation planning is needed.

Mechanics of Implementing Reorganization (continued)

Variable	Report/Lit	Finding for Reorganization
2.2 Was the reorganization correlated with process changes or implementation of new technology?		
4A Process Changes	Osborne and Gaebler (1992) Kettl (1995b) DiMaggio and Powell (1983)	The use of process and technology changes (as in reengineering) can improve performance. It also enabled workforce reduction.
4B Technology Changes	Osborne and Gaebler (1992) Kettl (1995b) DiMaggio and Powell (1983)	Along with the above, slips in technological initiatives can strongly affect implementation. Some changes are motivated by the desire to emulate other organizations in the environment.
4C Other Changes	GAO(*Implementation: the missing link in planning reorganizations*, 1981) Mann and Anagnoson (1982b, p. 408)	Other changes whether associated with implementation or not can affect timeline, budget, and managerial concentration. Reorganizations "seldom are isolated events."
3.1 Did other issues come up during implementation which were not categorized previously?		
5A Implementation Issues	Dale (1967) Destler (1981a)	Failure to appoint reorg. head to oversee redistribution of funds and personnel leads to issues which must be resolved later.

Mechanics of Implementing Reorganization (continued)

Variable	Report/Lit	Finding for Reorganization
5B Other Issues	Destler (1981a)	Lack of focus or focus on other issues can impair an implementation effort.
3.2 Were any recommendations for improvement of the implementation process given?		
6A Implementation Recommendations	Dale(1967) Destler(1981a)	Most important action for implementation is to appoint people committed to the reorganization.
6B Other Recommendations	GAO	GAO does not consider implementation in a vacuum. It reviews other ongoing agency problems also.
3.4 Did GAO evaluate the improvement of agency effectiveness after reorganization, and if it did what did it find?		
2F Impact Evaluation	Mann and Anagnoson(1982b)	Once implementation is complete, it is taken as a given.
	Szanton(1981b)	Little guidance on cost/benefits of alternate forms of structure, processing, or staffing.
	March and Olsen(1983)	Ambiguities of problems and solutions implies there is no coherent viewpoint.

Table 3.2. Strength of Classical Organization Theory

Variable	Report/Lit	Finding for Reorganization
1.1 What authority and other guidelines were noted in the data as applying to this reorganization?		
1C Guidelines – AA	Gulick (1987)	Where authority resides in centralized/decentralized orgs.
	Mooney (Mooney, 1987)	Authority to coordinate functions.
	Hoover (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949)	Recommendations to clarify lines of authority.
	Seidman (1998)	Issues with authority/ accountability in 3rd party arrangements.
1C Guidelines – CD	Gulick (1987)	Decentralization increases awareness to local needs, speeds adaptation. Centralization encourages more uniform policies.
	Donaldson(1999)	Centralization/decentralization is dependent on level of task uncertainty.
	Savas (1987) and Osborne and Gaebler (1992)	Decentralized organizations more responsive.
1C Guidelines – EE	Seidman (1998)	Almost every president uses EE as a rationale for reorganization (FDR the notable exception). Const. required balanced interests, not EE.
	Hoover (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949)	Related functions side by side to remove inefficiencies.

Table 3.3. Primacy of Personnel Issues

Variable	Report/Lit	Finding for Reorganization
1.3 How did the number of employees change as a result of reorganization?		
7B Net Gain or Loss	Kettl(1995b) Savas(1987) Osborne and Gaebler (1992)	NPR conflicts illustrate the issues involved in reducing the workforce. What to do with excess employees is a significant problem when privatizing.

Table 3.4. Conflicting Visions

Variable	Report/Lit	Finding for Reorganization
1.1 What authority and other guidelines were noted in the data as applying to this reorganization?		
1C Guidelines - NPR	Kettl(1995a) Osborne and Gaebler (1992)	Twin goals of government which both works better and costs less created problems for NPR. Philosophy came from Osborne and Gaebler.
1C Guidelines – PBO	Roberts(1997) Seidman (1998)	COO given some freedom from regulations in return for accountability for results. Implemented in small number of agencies. PBOs are off-budget agencies, self financing.
1C Guidelines - PR	Savas (1987) Osborne and Gaebler (1992) Seidman(1998)	More cost effective, increase choice, less government. Pr. Sector better at delivering services which need rapid adjustment, serve diverse population, or become obsolete quickly. Create problems for authority, accountability.

Table 3.5. Interest in Reorganization

Variable	Report/Lit	Finding for Reorganization
3.3 How has interest in reorganization changed over the span of this study?		
Number of GAO reports	Radin and Chanin(2009) Seidman(1998) Arnold(1998)	Whether or not interest in reorganization is less in academic literature, interest is still strong in the executive branch.

CHAPTER 4: METHODOLOGY

Introduction

A research methodology was chosen which could extract qualitative data from a large number of texts and structure it for further analysis. After looking at other tools, content analysis was determined to be the best fit for the planned task. Shapiro and Markoff were quoted in Duriau as defining content analysis as "any methodological measurement applied to text (or other symbolic materials) for social science purposes" (Duriau, Reger, & Pfarrer, 2007, p. 6)." Weber stated, "Content analysis is a research methodology that utilizes a set of procedures to make valid inferences from text " (1985, p. 9).

Krippendorff (1980) said that content analysis involves the logically separate activities of design, execution, and report. Duriau gave the basic phases of content analysis as **data collection, coding, analysis, and evaluation of results** (Duriau, et al., 2007). Duriau went on to state these phases are common across various approaches and each phase introduces validity and reliability issues. This chapter covers the first two phases of the content analysis: data collection and coding.   The analysis phase is covered in Chapter 5, and the evaluation of results phase is covered in Chapter 6.

Data Collection

This portion of the chapter begins with some comments on GAO reports. It then discusses the GAO report selection process, the process of creating a template for each implementation, and limitations of the data.

Characterization of the Data

Changes in technology enable us to access data much easier than in the past and store the data in a form more conducive to manipulation.   This makes it easier to both aggregate data in

categories and to look at longitudinal trends. The process of categorizing the kinds of changes taking place during implementation over time allowed trends in the data not visible in just one or two reports to be seen. The process of categorization of text on implementation allowed us to gain some knowledge on how related factors such as introduction of new processes, introduction of new technology, or change in the regulatory environment were correlated with other implementation characteristics.

These changes in technology, specifically increased availability of the internet, and efforts of the federal government to increase accessibility to information have opened new opportunities for scholars to study reorganization. The Governmental Accountability Office (GAO) has performed a large number of audits on federal organizations and has contributed to increased accessibility of information by placing a substantial number of reports on its website. There were a number of advantages in using GAO reports as the data source for this study. First, the GAO has organizational access due to its mandate from Congress. Federal agencies must at least take into account GAO findings and recommendations and, in many cases, submit written responses to GAO findings to be included in the GAO reports given to Congress. Second is use of a structured methodology. All reports conform to the accounting standards described in the "Yellow Book" (*Government Auditing Standards: July 2007 Revision*, 2007). Third is accessibility of the data. All reports not restricted or classified since 1971 have been placed on the GAO website along with some earlier material ("GAO Help,").

The value of using GAO reports as a data source was borne out by the initial data selection process. Almost half of the reports selected by the query of the GAO database cover the implementation and evaluation phases of reorganization. This is certainly a higher percentage than Mann and Anagnoson (1979) noted for the literature in general.

Data Selection

Weber noted the sampling scheme to be used to collect data is dependent on both the population to be sampled and the inferences to be made (1985). He noted the first step in sampling is to identify the data universe. The universe for the study data is the set of GAO reports available on the web site. A two step process was used to select the sample of these reports which contain information desired for this study. For the first pass, the key word phrase "federal agency reorganization" was used to search the GAO database using the GAO search tool. The tool offers two options: sort by date or sort by relevance. An initial query using this phrase showed search results were approximately 1100 hits sorted by date out of a potential 6000 available reports. This is the set of reports which was prioritized for the study.

Once the initial query was performed, the results of the query were copied into an Excel spreadsheet. This is a convenient tool to hold such information as report date, number, title, URL, date accessed, and initial prioritization information. One advantage to this form of computer storage is that the spreadsheet can be copied and manipulated without destruction of the original information. Corrections can be performed easily, and by following the process used to create the spreadsheet it is reproducible.

The second pass through the data was a content analysis to categorize the reports by relevance to implementation. The later in the reorganization process GAO performed the evaluation, the more useful the report was for this study. Because complex reorganizations may be done in phases, and reports discuss more than one subject, categorization required substantial judgment. Four categories were chosen which relate to the phase of reorganization in which the report was written. These are starting with highest importance to this study: evaluation, implementation, planning, and not applicable. These are described Table 4.1 below.

Table 4.1. Categories and their definitions for the variable Priority

1.	Evaluation
	A report is placed in this category when it is written after implementation is complete. Thus the report is looking backwards and can evaluate the entire implementation effort.
2.	Implementation
	A report in this category, written during the implementation phase, gives a progress report of steps taken and issues encountered. This report may evaluate one or more phases of the implementation effort but is written too early to evaluate the completed process.
3.	Planning
	A report in this category audits a reorganization plan prior to implementation, or in some cases evaluates steps required to implement a proposed reorganization. For example, report T-GGD-95-233 evaluates the proposed abolition of the Department of Commerce.
4.	Not applicable
	Some reports describe process improvements, but do not evaluate reorganizations as defined for this study. In other cases, the GAO report may evaluate non-federal reorganizations.

In order to qualify for this study the report must have assessed some portion of implementation; therefore only reports in the first two categories qualified. The result of this selection process was a set of reports dealing with the implementation and evaluation phases of reorganization to be processed for content.

The initial query resulted in 1,051 hits. Deleting those prior to January 1, 1971 and after December 31, 2010 resulted in 1040 listed reports. The reports were moved into a Microsoft Word file. Excess text was removed leaving the GAO report name, number, and release date.

Once the Word file was processed and converted to text, it was uploaded into a spreadsheet in order to allow sorting and keep track of information such as which reports have been processed.

Once the report information was entered in a spreadsheet, each report was scanned and prioritized as to whether it covers evaluation, implementation, planning, or is not applicable using the scheme previously described in Table 4.1. Table 4.2 shows the number of reports for each priority bin and Table 4.3 shows all reports and only Priority 1 and 2 reports broken down by year of issue. Figure 4.1 gives this information graphically.

Table 4.2. Number of reports in each Priority Bin

Priority	Number of Reports
1	70
2	394
3	283
4	293
Total	**1040**

110

Table 4.3. Number of Reports and Priority 1 and 2 Reports by Date

Date	All Reports	Pri 1, Pri2 Reports
1971	6	5
1972	2	1
1973	2	1
1974	5	3
1975	4	0
1976	6	2
1977	8	4
1978	21	9
1979	21	6
1980	24	10
1981	25	13
1982	17	9
1983	16	9
1984	15	6
1985	6	3
1986	8	2
1987	17	5
1988	23	10
1989	41	17
1990	49	25
1991	39	16
1992	32	14
1993	34	14
1994	55	28
1995	75	33
1996	62	27
1997	71	30
1998	61	28
1999	38	22
2000	19	10
2001	12	9
2002	27	10
2003	30	15
2004	36	18
2005	29	10
2006	9	6
2007	38	18
2008	25	6
2009	16	6
2010	16	4
Total	1040	464
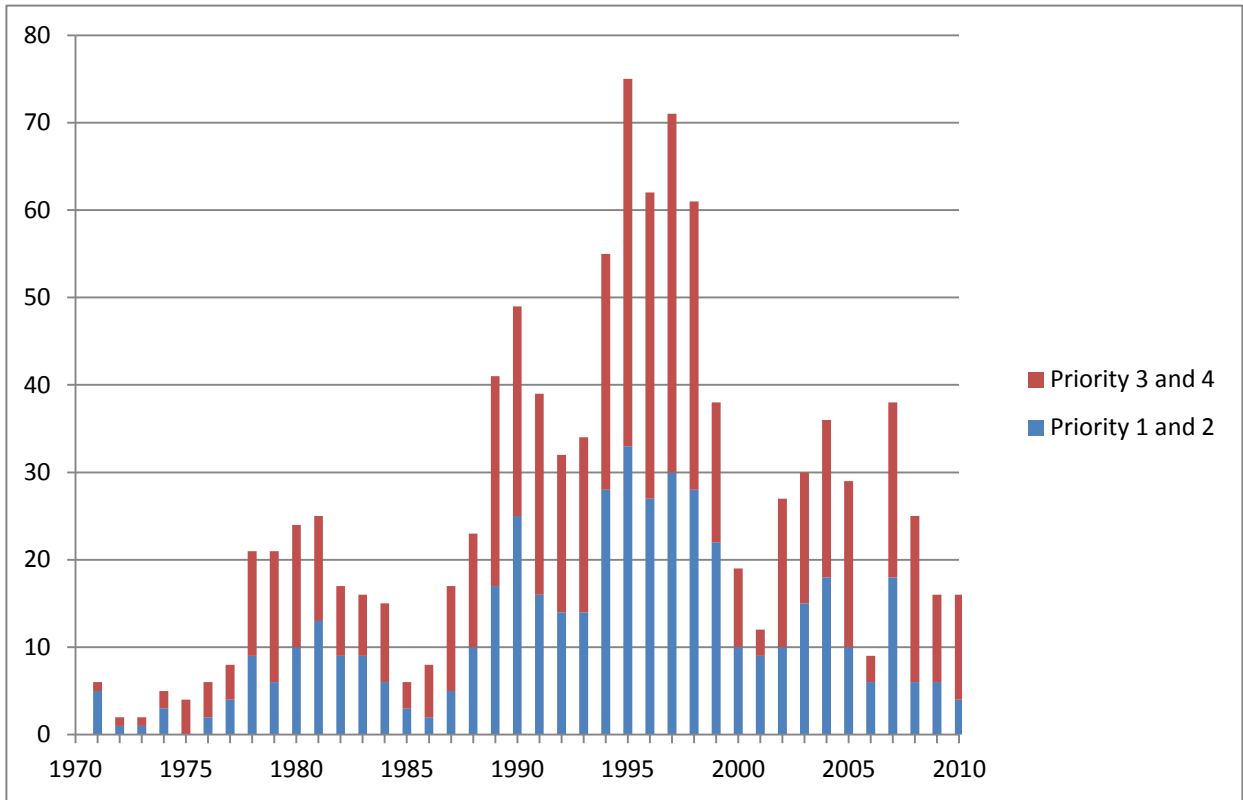
Figure 4.1. Number of Reports and Priority 1 and 2 Reports by Date

In Figure 4.1 both the "All Reports" (Priority 1 through 4) and "Pri 1, Pri 2 Reports" profiles appear to have generally the same shape. A significant difference would prompt a query as to why there were more reports pertaining to the planning phase of reorganization as opposed to the implementation phase during any one period. As noted previously, the time span of 1971 through 2010 was convenient. The GAO has a comprehensive archive of reports issued since 1971 on its website ("GAO Help," 2009) and thirty years was a good round number.

Once priority was assigned, Priority 3 and 4 reports were removed from the spreadsheet. The spreadsheet was then resorted by government agency for ease of processing. It was easier to determine which material covered new implementations and which material amplified or

112

duplicated coverage on existing implementations by processing all reports for one agency at the same time.

Data Processing

Data processing for this study is the process of extracting information about reorganization implementation from the GAO database of reports and creating a data set for each implementation to be analyzed. This process is complicated because the unit of analysis is not the GAO report, but the implementation. For a number of smaller implementations, there is a one to one correlation between a GAO report and an implementation. But for larger implementations there would be several GAO reports related to one implementation. In other cases one GAO report may discuss more than one implementation. A scheme was created where relevant text from each relevant GAO report was placed in a template. Each time a new reorganization was mentioned, a new template was created. The template for each implementation became the unit of analysis.

The process of extracting information and categorizing it consisted of several steps. First a query of the GAO database using the phrase "Federal Agency Reorganization" was performed. Each report which came up in the query was then categorized as to whether it was relevant to the implementation phase or the evaluation phase of reorganization. Relevant text from each selected report was then extracted and placed on a reorganization coding template. Text on the coding template was then coded using the coding guide. Microsoft Excel was the tool used to keep track of reports and to store categorical information. Microsoft Word was used to store relevant text. Each of these data reduction steps is described below. The results of the steps described in this chapter are text from 464 eligible reports was coded to create data for 104 eligible reorganization implementations.

Analyzing Reports for Content

The next more strenuous phase of data processing began after the reports dealing with implementation (Priority 1 and 2) were identified. The purpose of the report analysis phase was threefold. Each selected report was scanned for content. Potentially useful content was placed in a Reorganization Coding Template. Finally, the date of review and template file name were recorded for ease of tracking.

Creation of an Implementation Template

As noted previously, one issue to be overcome in the process was the fact that some GAO reports mentioned more than one reorganization, and more commonly, several GAO reports covered the same reorganization. This complicated the process as each GAO report could not be used as the unit of analysis. A reorganization coding template was created for each implementation to avoid the issue of double counting. The implementation itself became the unit of analysis. As a report was scanned, implementation characteristics (especially reorganization announcement) were noted. If the implementation was not listed on a coding template a new template was created and relevant text from the report was entered. If a coding template already existed, text from the report was added to the existing template. The template form is shown in Figure 4.2.

Reorganization Coding Template

Reorganization Summary   **Reviewed   [date]**
     Organization:
     Reorganization Approval Date:
Brief description of the reorganization
Question/Content Analysis Categories
1. What authority and other guidelines were noted in the data as applying to this reorganization?
    A. Reorganization authority:
    B. Implementation of statutory offices:
    C. Guidelines:
2. What portions of the reorganization plan and specified guidelines have been implemented?
    A. Period when latest evaluation occurred
    B. Assessment of implementation progress
    C. Was the reorganization plan considered deficient? Was the plan revised during implementation?
    D. Other statements not captured in 2.C. made about the reorganization plan
    E. Assessment on percentage of plan executed at completion of implementation.
    F. Impact Assessment
3. What implementation costs were incurred by this reorganization?
    A. Expected costs were described (budget, personnel affected, office space required or excessed, impairment of organizational effectiveness).
    B. Unexpected costs were mentioned (budget, personnel affected, office space required or excessed, impairment of organizational effectiveness).
4. Was the reorganization correlated with other changes?
    A. Process changes
    B. Implementation of technology
    C. Other changes
5. Did other issues come up during implementation which were not categorized previously?
    A. Issues found with the implementation process
    B. Other issues
6. Were any recommendations for improvement given (other than comments on the reorganization plan noted in Question 2)?
    A. Recommendations to improve the implementation process
    B. Other recommendations
7. What is the size of the reorganization?
    A. Number of employees affected.
    B. Number of employees affected was a net gain, net loss, or no major change in the size of the reorganization (ex: employees were transferred)
8. What is the duration of implementation of the reorganization (years and months)?
Notes
References

Figure 4.2. Reorganization Coding Template

Placing information in a Word document prior to coding may seem to be an unnecessary

step. The complexity of some of the phrases used for the content search and necessity for re-

review when additional information was found in another report motivated this step. This intermediate step also made the test for reproducibility easier as any disagreements could be quickly reviewed. Review of all information was made easier by maintaining a document with both text and report references. After the reproducibility test was completed and the coding guide revised, it was easier to recode a portion of each implementation as all the information was in one file.

Limitations of the Data

Duriau et al. noted criticisms with certain management research in that some of the material chosen for analysis, such as annual reports, are intentionally biased for selected audiences (Duriau, et al., 2007). Weber also made the point about the material used for studies stating, "Researchers must be careful, however, not to introduce bias into the study by failing to take into account the conditions under which he documents are produced" (1985, p. 43). He gave as an example the fact there may be substantive differences between editorials written for weekday editions of newspapers as opposed to those written for weekend editions.

There are obviously limitations as well as advantages to the use of GAO reports as the source of data for this study. There are variations as to when the audits were performed and how many times a specific reorganization was audited. Audits are performed during different phases of reorganization. In some cases more than one audit was performed for the same reorganization, as the reorganization process may take a substantial period of time and there is sustained interest as to its progress. The occurrence of more than one report on the same implementation creates the issue of double counting. Data from different reports on the same implementation were merged to create one data item as discussed in the coding section.

There are limits in the process the GAO uses to select agencies for audit as well as in the reports themselves. Mosher (1979) described in somewhat general terms the process of choosing a topic for a GAO study. First priority goes to congressional committees and subcommittees through requests by chairmen and minority leaders. The choice beyond first priority is based on a number of factors including complexity of the study, congressional and public concerns, and availability of staff. Some areas of interest will be evaluated on a more frequent basis.

The reports themselves as well as the selection process have limitations. Senator Proxmire, in the foreword to Richard Brown's book, observes that the GAO lives "in the real world" (1970, p. vii). Although the agency head is insulated to a degree from popular pressure due to the fifteen-year term, the GAO is still dependent on Congress for funding. As a result, Senator Proxmire felt the GAO is not as aggressive as it could be if it were more financially independent. Senator Proxmire specifically criticized the GAO for failure to evaluate DOD weapon system programs. Mosher (1979) noted concern within the GAO that the desire for accuracy, completeness and the hierarchical review structure delay the issuance of reports and reduces the timeliness and relevance of the findings.

Coding

Duriau's second phase of a content analysis is coding. This portion of the chapter discusses creation of the coding scheme, issues with the coding scheme and their mitigation, and the coding plan. The coding plan discusses how text categorized by hand was transferred into files used for analysis with SPSS.

Creation of the Coding Scheme

Development of a coding scheme is a creative process. Weber states, "A central idea in content analysis is that many words of the text are classified into fewer content categories. Each

category may consist of one, several, or many words. Words, phrases, or other units of text classified in the same category are presumed to have similar meanings. Depending upon the purposes of the investigator, this similarity may be based on the precise meaning of the words, such as grouping synonyms together, or may be based on words sharing similar connotations, such as grouping together several words implying a concern with a category like Wealth or Power" (1985, p. 12).

Weber noted two concerns with categories (Weber, 1985). The first concern is the decision whether or not to make the category mutually exclusive as this could affect the statistical analysis. The second issue is how broad to make the categories. An example of a broad category is "Concern with Economic matters". It may be revised to more narrow and specific categories of "Inflation, Taxes, Budget, Trade, Agriculture, and so on" (Weber, 1985, p. 23).

The inspiration for the coding scheme for this study came from I.M. Destler (1981a), who stated that Stephen K. Bailey wrote that the controls an agency head had over the constituent parts of the organization are three: control over legislative proposals, budget totals, and major appointments. To these three controls Destler added a fourth: control over office space. Authorizing legislation was tracked in the first variable: authority and other guidelines. The other controls are useful to use in categorizing both changes which were implemented and costs incurred. Since we are performing comparisons, it is useful to document changes in organizational structure, mission, or responsibilities.

Table 4.4 below shows the variables and categories used to code the data. Development of an adequate coding scheme is a circular process. Several reports were reviewed and re-reviewed to give a level of confidence that the coding scheme captured the data desired. The test

118

data was tabulated and reviewed to determine how well it responded to our set of questions. The

coding scheme was modified to respond to any issues and the test data reviewed to respond to

changes in the coding scheme.

Table 4.4. Brief Coding Guide

<table>
<tr><td>

1A. Reorganization Authority

        Choose the **highest value** that applies.

           1 -   Report did not state reorganization authority.

           2 -   Report mentioned announcement by organization official.

           3 -   Reorganization implemented by org. with explicit Cong. permission.

           4 -   This specific reorg. was a result of an exec. order or presidential auth.

           5 -   This specific reorganization was required by law.

1B. Statutory Offices   Choose **as many** of the categories below as apply.

        CFO - Chief Financial Officer   CHCO – Chief Human Capital Officer

        CIO - Chief Information Officer   COO - Chief Operations Officer

        CMO - Chief Management Officer IG -   Inspector General

        None – If there is no discussion on implementation of the offices listed above

1C. Guidelines

        Choose **as many** of the guidelines below as apply to the reorganization.

        AA   Clarification of authority, accountability

        CD   Centralization/decentralization

        EE   Economy, efficiency

        JUS   Balance competing interests, insure justice, encourage citizen
                 participation, enhance independence of organization

        LYR   Layering – managerial layers added or removed. Make sure the article
                 mentions layers specifically and not consolidation generally.

        NPR   The value NPR includes mention of NPR, Osborne and Gaebler, or
                 characteristics such as flexible, entrepreneurial, or reengineering.

        OTH   Other, including mission changes

        PBO   Performance Based Organization (also organizational transformation,
                 Business transformation, Next Steps)

        PR   Privatization

      None   If none of the above guidelines were mentioned in the reports, enter None.

</td></tr>
<tr><td>

2A. Latest Evaluation

       1 - During implementation   2 - Once implementation is complete

2B. Implementation Progress

    Assessment of progress in implementing the reorganization   **Choose one**.

       1 -   Implementation was completed.

</td></tr>
</table>

2 -   Implementation was completed after delays.

3 -   Implementation is on schedule to be completed.

4 -   Implementation has been delayed or is behind.

5 -   An assessment was not found in the report(s).

2C. Plan Completeness   Choose one.

1 -   The plan was considered deficient.

2 -   The plan was revised.

3 -   Both 1 and 2 occurred.

4 -   No statement was found that the reorg. was deficient or had been revised.

2D. Other Plan Observations

Were other statements not captured in 2.C. made about the reorganization plan?

0 - no, 1 - yes

2E. Completion Assessment

Is there an assessment of how much of the plan was actually implemented?

0 - no, 1 - yes, 2 - Implementation was not complete.

2F. Impact Evaluation

0 - no, 1 - yes, 2 - Implementation was not complete.

3A. Planned Costs   Choose **as many** as apply. (note: all had planned personnel costs)

B -   Budget (financial costs or other budget issues such as separation incentives)

O -   Office space or equipment was required or excessed.

E -   Organizational effectiveness is impaired

None - No other costs (other than personnel) were mentioned.

3B. Unplanned Costs   Choose **as many** as apply.

P -   Personnel (ex: more left than planned, unav.when req., hiring issues, etc.)

B -   Budget (ex: cost overruns, unplanned expenses)

O -   Office space issues (ex: not available when needed, purchases not planned for, equipment not available when required)

E -   Organizational effectiveness was unexpectedly impaired

None – Unexpected cost data not found in report(s)

For each question below: 1 – yes, 0 – no.

4A. Process Changes   4B. Technology Changes   4C. Other changes

For each question below: 0 – no, 1 – yes.

5A. Implementation Issues   5B. Other Issues

For each question below: 0 – no, 1 – yes.

6A. Implementation Recommendations   6B. Other Recommendations

7A. Size

1 -   Small - 10 through 100 employees involved

2 -   Medium – 101 through 1000 employees involved

<div style="border: 1px solid black;">

    3 -   Large – greater than 1000 employees involved

7B. Net Gain or Loss

    1 - There was a net gain.

    2 - There was no major gain or loss (employees were mostly txfr or new duties)

    3 - There was a net loss.

8. Duration Estimate the years and months taken to implement the reorganization.

</div>

The brief coding guide showed in Table 4.4 is an excerpt of the variables and categories from the full coding guide. The full coding guide is found in Appendix A: Coding Guide. The guidelines listed in 1C of Table 4.4 are given with much more detail in Appendix B: Guidelines for Reorganization. This coding guide was used to categorize text for each of the 104 implementations.

Issues with the Coding Scheme and their Mitigation

"The central problems of content analysis originate mainly in the data-reduction process by which the many words of texts are classified into much fewer content categories (Weber, 1985, p. 15)." Weber stated reliability or consistency issues come about due to ambiguity of both the meaning of words and the rules used for coding. He noted that results are affected by what unit of text is used.

The overarching term of reliability for content analysis is broken down into three more specific terms: stability, reproducibility, and accuracy (Krippendorff, 2004). Stability in content analysis is measured by the degree the process of coding is unchanged over time. Human coders can introduce errors into the process due to fatigue and other human issues. The term "intraobserver inconsistencies" was used by Krippendorff (2004, p. 215) to describe these errors. He continued stating that stability is usually measured by a test-retest process in which the coder recodes a text sample after a period of time has passed. This process was used by having the author recode a small sample of implementations.

A higher degree of reliability is reproducibility, which is defined by Krippendorff as "the degree to which a process can be replicated by different analysts working under varying conditions, at different locations, or using different but functionally equivalent measuring instruments" (2004, p. 215). Reproducibility issues are created by both intraobserver inconsistencies as defined above and disagreements between coders. Krippendorff used the term "interobserver disagreements" for inconsistencies between coders (2004, p. 215) and noted. He noted reproducibility is measured by having two or more coders independently use the same coding instructions on the same sample of text.

Weber noted, "High reproducibility is a minimum standard for content analysis. This is because stability measures the consistency of private understandings, whereas reproducibility measures the consistency of shared understandings, or meanings" (1985, p. 17). Weber continued noting that the strongest reliability measurement is accuracy, or the ability of a coder to produce the same results when coding a text for which a standard has already been established. Except for training, this standard is seldom used.

Duriau et. al. described in their study how the authors compensated for coding bias. First, no author coded all the articles. A random sample of articles was selected from those coded by the first author. This sample was coded independently by a graduate student. The same sample was coded again at a later date by the first author. Results for interrater and intrarater reliability were given (Duriau, et al., 2007).

Weber also stated validity issues come out of the same ambiguity as reliability and consistency issues. Weber stated, "A content analysis variable is valid to the extent that it measures the construct the investigator intends it to measure" (1985, p. 15). Weber noted

reliability varies with the unit of coding. Specific words or phrases have the highest reliability

(Weber, 1985). This seems logical as the more complex the unit, the more judgment is involved.

The issue of validity will arise during the analysis and conclusions phase when judgments are

made on findings. For example, if there is a substantial amount of data on personnel changes

versus other categories, is it because that was the predominant change during implementation or

is it because it may be the easiest to document?

Krippendorff also was concerned with validity issues. He stated, "*In the pursuit of high

reliability, validity tends to get lost*" (2004, p. 213). This is ascribed to the tendency to use

oversimplified terms in coding to achieve reliability. More complex but more valid definitions

are lost in the process. This is especially an issue when using computer coding. A second

validity concern was the observers themselves. Academics in a specialty field may have a world

view not shared by the community in general.

A process was followed to help insure reproducibility. A set of materials consisting of

reorganization coding templates (shown in Figure 4.1), an excel spreadsheet to contain the

results of categorization, and a coding guide were e-mailed to two student volunteer coders. The

reorganization coding templates were blank except for the name and date of the implementation

and the relevant GAO reports.   These coders then independently coded studies which were then

compared with the same studies coded by the researcher. One volunteer coder could not

complete all coding due to work commitments. The second volunteer coder completed coding of

the studies and also the coding templates. When this was done, differences were analyzed and

the coding guide was revised. Analysis was made much easier as the templates contained the

text segment from the GAO articles used to code the particular variable.

Two examples show the criticality of this process to insure reproducibility. In the first case one volunteer coder added the guideline LYR (layering – see Appendix A) where the primary coder did not. GAO Report RECD-88-124 (*Offshore Oil and Gas: Reorganization of Interior's Minerals Management Service Regional Office*, 1988, p. 9) discussed centralizing geoscientists, reducing the number of district offices, and relocating. The coder made an assumption that hierarchical layers were removed which may or may not be true. The definition for LYR was tightened up with the added statement, "Make sure the article mentions layers specifically and not consolidation generally."

In the second example, in the assessment of implementation progress, each coder had choices which included "The reorganization is complete" and "The reorganization has been delayed or is behind". The author chose the first and the volunteer coder chose the second. After reviewing the volunteer coder's answer it became clear that there was ambiguity as "complete" or "delayed" gave non-exclusive choices. Aside from changing reorganization to implementation another choice was added: "Implementation was completed after delays".

As important as clarifying the coding guide was clarifying the coding instructions. An e-mail reply from one of the volunteer coders stated, "Just wanted to confirm before I dig into the GAO reports…do you want me to look at specific reports from a master list, or just any (and every GAO report on a particular reorganization?" (personal communication March 24, 2014) The Reorganization Coding Template (Figure 4.2) had the name and number of the GAO report to be reviewed listed at the bottom along with a link for the GAO report. After receiving the comment above, it became clear the moderately complex process of first extracting text to a Word file and then coding it in an Excel file needed better description. The coding instructions

were revised in more detail to reduce confusion. In all three cases use of verification coders revealed assumptions in the head of the primary coder which were not documented.

The objective of this process was to create a mutual understanding of the coding guide and modest confidence that two individuals could achieve the same results using the coding guide. The implementations used for this process were reviewed in a single report. They were also chosen to cover a substantial number of categories.

It would be preferable, but not entirely realistic, to select a random sample of implementations for the volunteers to code. This sample, if it was of any size, could have required the reading of dozens of reports. Volunteer time available was not enough to accomplish this.

Coding Plan

A plan was developed to process data acquired for each of the research questions. Most of the variables could be transferred directly from an excel spreadsheet into SPSS as the categories were unique. The variables "Statutory Offices", "Guidelines", "Planned Costs", and "Unplanned Costs" in which multiple choices could be made were re-coded for uniqueness in SPSS. For example a single implementation may have guidelines CD (Centralization/Decentralization) and EE (Economy Efficiency) apply. In SPSS each of these would be considered a separate variable. CD would be coded as 0 for no and 1 for yes. EE would be coded as a separate variable in the same way. Once the data was entered into SPSS counts (with percentages) could be run for each variable.

As described earlier, for an implementation to qualify for this study it was determined to have a size (number of personnel affected) and duration. The duration of the implementation was difficult to quantify as reports were sometimes vague. In a majority of cases the duration

125

was also projected as the last GAO evaluation was performed prior to completion of implementation. Size was much easier to determine, especially the break in size between medium and large implementations. Part of this analysis was to compare results for each variable with size of the implementation. Data for small and medium implementations was merged to create two categories. The results for each variable could be merged, creating a 2X2 matrix. SPSS could then run cross tabulations and compute Pearson Chi-Square values. Significance at the 0.05 level could then be determined.

In creating an analysis plan, each question was reviewed and content analysis variables created to help answer that question. This helped insure that content would be categorized to answer each question. Once the variables were selected, an evaluation method was chosen. The software used to perform this evaluation was SPSS. This software has great flexibility. It allowed a set of statistics to be executed for each variable. It also easily accommodated merging of categories to create 2X2 correlation matrices.

The analysis plan is summarized in tables 4.5, 4.6, and 4.7 below: one for each question. The questions are in the original order as that is how the analysis was planned and executed. Once findings were made and the four themes emerged, the questions were re-sorted as shown in Chapter 5.

The excel spreadsheet containing the content analysis for each implementation was also useful as a cross reference. When writing up the results of the study it was useful to use examples of categories described in the GAO reports. For example, if one needed an example of discussion on layering, the excel spreadsheet was reviewed. An implementation which had the guideline LYR was selected and the GAO reports applicable to that specific implementation were reviewed.

Table 4.5. Analysis Plan Matrix for Question 1

Question	Variable(s)	Evaluation Method
1. What portion of each reorganization plan was implemented?		
1.1 What authority and other guidelines were noted in the data as applying to this reorganization?	1A Reorganization Authority 1B Statutory Offices 1C Guidelines	Frequencies, Crosstab(size)
1.2 What portions of the reorganization plan and specified guidelines were implemented?	2A Latest Evaluation 2B Implementation Progress 2C Plan Completeness 2D Other Plan Observations 2E Completion Assessment	Frequencies, Crosstab(size) Frequencies, Crosstab(size) Frequencies, Crosstab(size) Frequencies Frequencies
1.3 How did the number of employees change as a result of reorganization?	7B Net Gain or Loss	Frequencies, Crosstab(size)
1.4 Has there been any change in thickening in federal agencies since Paul Light wrote his book?	1C Guidelines (LYR specifically)	Frequencies, Crosstab(size)

Table 4.6. Analysis Plan Matrix for Question 2

Question	Variable(s)	Evaluation Method
2. What were both expected and unexpected costs of implementation?		
2.1 What implementation costs were incurred by this reorganization?	3A Planned Costs 3B Unplanned Costs	Frequencies, Crosstab(size) Frequencies, Crosstab(size)
2.2 Was the reorganization correlated with process changes or implementation of new technology?	4A Process Changes 4B Technology Changes 4C Other Changes	Frequencies, Crosstab(size) Frequencies, Crosstab(size) Frequencies

Table 4.7. Analysis Plan Matrix for Question 3

Question	Variable(s)	Evaluation Method
3. What issues occurred during the implementation process?		
3.1 Did other issues come up during implementation which were not categorized previously?	5A Implementation Issues 5B Other Issues	Frequencies, Crosstab(size) Frequencies, Crosstab(size, other issues)
3.2 Were any recommendations for improvement of the implementation process given?	6A Implementation Recommendations 6B Other Recommendations	Frequencies, Crosstab(size) Frequencies, Crosstab(size)
3.3 How has interest in reorganization changed over the span of this study?	Reports (all priorities and Priority 1 and 2) selected by the GAO database query by year	Count by year
3.4 Did GAO evaluate the improvement of agency effectiveness after reorganization, and if it did what did it find?	2F Impact Evaluation	Frequencies

Summary

This chapter described the methodology used (content analysis) and the steps involved in performing this analysis.   The process of selecting the GAO reports for this study and the limitations of using this data were then described. The center portion of this chapter covered creating a coding scheme with the coding guide for this study given. Issues with a coding scheme were described followed by a description of how this study dealt with the issue of reproducibility. Finally, a brief data analysis plan was given. This data analysis plan was used to prepare the data for the findings of the analysis described in the next chapter.

CHAPTER 5: ANALYSIS AND RESULTS

Introduction

In Chapter 1 the following question was posed: **what do GAO reports say about the implementation of federal agency reorganization?** Findings on implementation were broken down into three areas: the portion of reorganization plans which were implemented, both expected and unexpected costs, and issues which occurred during the implementation process. Chapter 4 discussed methodology, the process of categorizing data, and how this data was formatted for SPSS analysis. The data analysis plan given in Tables 4.5, 4.6, and 4.7 was originally created to answer the three questions posed in Chapter 1. Upon execution of the data analysis plan, the findings were reviewed and the four themes listed in Table 1.2 emerged. The results in Chapter 5 were then sorted to align with the four themes.

This chapter first discusses the use of the size of implementation as a contingency factor. This factor was used to determine whether implementation size correlated with categorical responses to implementation variables. The findings from the analysis grouped by theme are then presented. Table 5.1 gives the parts of the three questions in Table 1.1 (also listed in Tables 4.5, 4.6, and 4.7) re-sorted by theme. The last item in Table 5.1 is the question on interest in reorganization, which is not related to any specific theme.

Coding Data by Implementation Size

While reviewing reports it was noticed that size of the reorganization might be a factor in determining characteristics of implementation. As noted previously, contingency theorists believe there is no one optimal organizational structure, but structure is contingent on such factors as size and technology (Donaldson, 1999). These factors reflect the environment in which the agency is operating. Similarly, some characteristics of reorganization may be

contingent on the size. The two parameters used to qualify implementations for this study were

size and time of implementation. Of the two, size was much easier to measure. Many reports

assessed the number of employees affected by one or other parts of implementation. Figures for

duration of implementation were vague. This parameter was not categorized, but was recorded

Table 5.1. Four Major Themes of the Findings

Mechanics of Implementing Reorganization
    1.1 Authority and other guidelines
    1.2 Portions of plan and guidelines implemented
    1.4 Thickening
    2.1 Planned and unplanned costs (budget, personnel, office space, efficiency)
    2.2 Correlation with process changes, new technology, other changes
    3.1 Issues
    3.2 Recommendations
    3.4 Impact evaluation

Strength of Classical Organization Theory
    1.1 Authority and other guidelines - AA, CD, EE

Primacy of Personnel Issues
    1.3 Change in employment level

Conflicting Visions
    1.1 Authority and other guidelines - NPR, PBO, PR

Interest in Reorganization
    3.3 Interest in reorganization

for review. Most reorganization implementations began with an announcement by some

authority, so the start of the implementation time span was not difficult to find. The end of

implementation was substantially more difficult to assess. As stated later in this chapter, only

37% (38/104) of implementations were actually assessed at completion. Duration was calculated

in several ways. There could have been a planned duration, duration could be calculated as the

time between the announcement and the latest evaluation, and in a few cases completion of

reorganization was a legal requirement.

As stated before, Mann's and Anagnoson's assessment of reorganizations is "they seldom

are isolated events" (1982b, p. 408) and are accompanied by such actions as changes in

personnel, law, budget, and even policy landscape. This study showed many implementations

are also accompanied by technology changes. Given all these factors, it is difficult enough to

evaluate reorganization impact. The fact that at least as far as evidence in GAO reports is

concerned many reorganizations do not have a distinct end but seem to dwindle away is just

another factor complicating any impact evaluation. The length of implementation may also

mean other reorganizations affecting the same agency are being implemented simultaneously.

Once initial coding was complete, each implementation was coded by size. The

following arbitrary cutoffs were chosen:

Small - 10 through 100 employees involved
Medium – 101 through 1000 employees involved
Large – Greater than 1000 employees involved

In some cases the number of employees involved or the implementation time span was not given.

It was decided to not include these reorganization implementations in the study.

The process of coding data from the text files on each reorganization implementation

resulted in 104 implementations. The breakdown of small, medium, and large is shown in Table

5.2 below.

Table 5.2. Reorganization Implementation by Size

Relative Size	Number of Implementations
Small (10-100)	21
Medium (101-1000)	33
Large (gt. 1000)	50

Total	104

The number of small, medium, and large reorganization implementations is also broken

down by year in Table 5.3 below and displayed in Figure 5.1.

Table 5.3. Number of Small, Medium, and Large Implementations by Year

Year	Small	Medium	Large	Year	Small	Medium	Large
1971	0	0	0	1991	2	0	0
1972	0	0	0	1992	2	0	4
1973	0	0	2	1993	0	2	10
1974	0	0	0	1994	1	3	6
1975	2	0	0	1995	0	0	2
1976	0	0	0	1996	1	0	2
1977	0	4	3	1997	2	1	1
1978	0	1	0	1998	1	1	1
1979	0	0	2	1999	0	0	1
1980	1	1	0	2000	1	1	0
1981	0	3	0	2001	0	0	1
1982	1	0	1	2002	1	4	4
1983	0	1	1	2003	0	0	0
1984	0	0	1	2004	0	0	0
1985	0	0	0	2005	0	1	1
1986	1	6	2	2006	1	0	0
1987	1	0	0	2007	0	0	0
1988	2	2	1	2008	0	0	0
1989	0	1	0	2009	0	1	0
1990	1	0	4	2010	0	0	0
				Totals by Size	21	33	50
				Total			104

Notice the substantial number of larger implementations during the Bush Administration (1989 – 1993) and Clinton Administration (1993 – 2001). This correlates in time with the peace dividend from the fall of the Soviet Union and the NPR initiative.
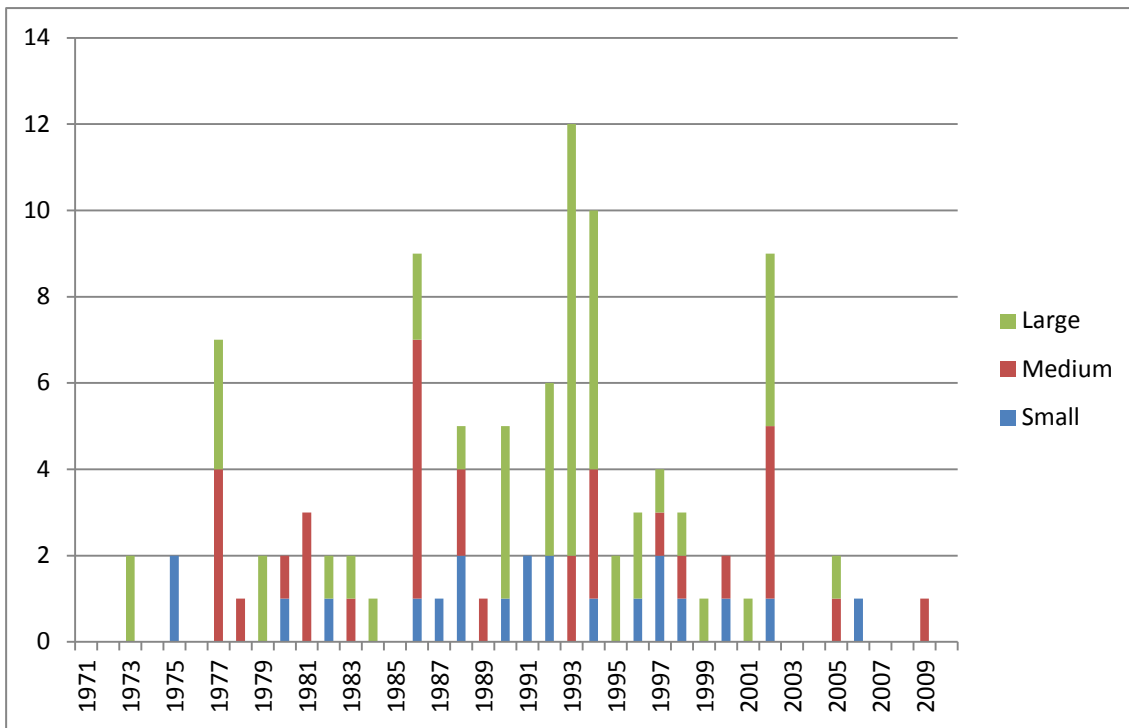
Figure 5.1. Number of Small, Medium, and Large Implementations by Year

Mechanics of Implementing Reorganization

The first theme covers findings such as authority used, costs such as budget, office space, and lost efficiency. This theme also covers most of Destler's four resources involved in implementing reorganization: authority, budget, personnel, and office space. Obviously, some of the findings could be relevant to more than one theme. In order to avoid duplication, some adjustments were made. Change in employment level is discussed under the theme of primacy of personnel issues. Some of the guidelines considered part of the reorganization plan are discussed under other headings. Discussions on the use of economy and efficiency, and centralization/decentralization were moved to the classical organization theory theme. Discussions of the NPR, performance based organization, and privatization themes were moved to the theme on the conflicting visions of reorganization.

1. What portion of each reorganization plan was implemented?

This question consists of four parts. The first part covered reorganization authority and guidelines which could be considered part of the plan. It also covered plans where statutory offices such as CFO were affected. The second part covered implementation progress: whether implementation was complete at latest assessment, whether the plan was modified, whether other observations were made about the plan , and whether there was an assessment as to how much of the plan was completed. The third part, which assessed the net gain or loss of employees during implementation, is covered under the primacy of personnel issues theme. The last part covered whether layering was a factor in the reorganization.

Question 1.1 What authority and other guidelines were noted in the data as applying to this reorganization?

Question 1.1 was subdivided into three categories. First reorganization authority was reviewed. Next use of statutory offices such as Chief Financial Officer was considered. Finally other guidelines for implementation of reorganization were reviewed.

Reorganization Authority

As noted, authority to implement the reorganization was assigned into one of five categories. In order to maintain mutual exclusivity, when more than one choice was available only the highest value for each implementation was chosen. In order the five categories are:

1 - Report did not state reorganization authority.
2 - Report mentioned announcement by organization official.
3 - Reorganization implemented by organization with explicit Congressional permission.
4 - This specific reorganization was a result of an executive order or Presidential authorization.
5 - This specific reorganization was required by law.

No implementations were placed in category 1 (Table 5.4). For implementations to qualify for this study, they must have occurred over a time period. For reorganizations not required by law, executive action, or given explicit congressional permission, this time period usually began with an announcement of an organization official. For others statements about the executive action, congressional approval, or authorizing law were used to indicate the source of authority for implementing the reorganization.

Table 5.4. Reorganization Authority

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Organization Official	66	63.5	63.5	63.5
	Congressional Permission	5	4.8	4.8	68.3
	Executive Branch	7	6.7	6.7	75.0
	Required by Law	26	25.0	25.0	100.0
	Total	104	100.0	100.0	

Most implementations were authorized by an agency official (66/104 or 63%). Others were required by law as during the period of this study Health Education and Welfare was split into two departments, and the Departments of Energy and Homeland Security were created.

The clean differentiation of categories for authorization became less clean when working with actual data. The GAO reorganization announced in the fall of 1992 was an example of the issues involved. The Comptroller General authorized the reorganization (*GAO's Downsizing Efforts*, 1996). The 1994 Legislative Branch Appropriations Act (P.L. 103-69) lowered the GAO personnel ceiling, which forced the Comptroller General to reorganize (*Fiscal Year 1995 Budget Estimates for the General Accounting Office*, 1994). Implementation of downsizing was aided by the 1996 Legislative Branch Appropriations Act, which allowed the GAO to develop

regulations for and implement a RIF (*GAO's Downsizing Efforts*, 1996). In this case although

legislation may have motivated the reorganization and aided implementation, reorganization

authority came from the Comptroller General in GAO itself. Reorganizations qualified for the

highest three authorization categories only if specific organizational changes were required, not

just overall changes in personnel levels or mission.

As indicated in Table 5.4, few implementations had statements noting executive action or

the formal requirement for congressional approval. Certainly this does not mean that for many

reorganizations executive and congressional approval were not received. It may not have been

required prior to action or it just may not have been noted in GAO reports. Table 5.5 shows how

authority was broken down by the size of the reorganization.

Table 5.5. Reorganization Authority * Size Crosstabulation

Count

| | | Size | | | |
		Small	Medium	Large	Total
Reorganization Authority	Organization Official	16	21	29	66
	Congressional Permission	2	1	2	5
	Executive Branch	1	1	5	7
	Required by Law	2	10	14	26
Total		21	33	50	104

Categories in Table 5.5 were combined to create a cross tabulation table in order to

determine whether implementation size is correlated type of authority. Data from small and

medium implementations were combined. Authority data from categories 3, 4, and 5

(congressional permission, executive authorization, or law) were also combined (Table 5.6).

The 2X2 matrix above yields a Pearson Chi-Square value of 1.239 (Table 5.7), which is

not significant at the 0.05 level. This implies that authorization at the lowest level, approval by

the organization, is not significantly correlated with reorganizations involving fewer than 1000

Table 5.6. Merged Authority * Merged Size Crosstabulation

Count

		Merged Size		Total
		Small/Medium	Large	
Merged Authority	**Organization Official**	**37**	**29**	66
	Cong., Exec., or Law	**17**	**21**	38
Total		54	50	104

employees.

Table 5.7. Chi-Square Tests

	Value	Df
Pearson Chi-Square	1.239[a]	1
N of Valid Cases	104	

a.   0 cells (0.0%) have expected count less than 5.
     The minimum expected count is 18.27.

One would expect the Executive Branch and Congress to be involved with larger

reorganizations.   As Destler (1981a) noted, creation or destruction of departments requires

legislation. Expansion of functions could also require legislation. Destler also stated that

legislation gives reorganization "visibility and credibility" (1981a, p. 157), but the down side is

reduced executive flexibility as Congress becomes more involved in reorganization details.

These tables only indicate cases where congressional authorization is explicitly

mentioned. It is suspected that further research would indicate deeper congressional

involvement. Reorganization can be costly and some accommodation between an agency and

Congress is required to determine how implementation will be paid for.

A second less obvious need for legislation is the authorization for personnel incentives.

One of the findings to be discussed in detail later is the finding that for a number of reasons the

federal government uses reduction in force (e.g. layoffs) as a last resort. GAO audits note use of

incentives for separation, outplacement, attrition and other means of employee placement before

executing any reduction in force (RIF). During the NPR years especially major reorganizations

which downsized the workforce were implemented using legislation authorizing voluntary

retirement and separation incentives.

Statutory Offices

Thirteen reorganizations involved the creation or reorganization of statutory officers

(Table 5.8).

Table 5.8. Implementation of statutory offices

Implementation Date Rev. 7/3/2014	Agency	1.A. Reog. Auth.	1.B. Stat. Off.	7.A. Size SML 123	7.B. Net Gain/ Loss
Jan. 1986	SSA	4	CFO	3	3
October 18, 1988	DOJ	5	IG	2	1
October 18, 1988	Treas.	5	IG	2	2
July 27, 1990	VA	3	CIO	3	2
Mar. 1993	USDA	2	CFO	3	1
December 17, 1993	RTC	5	CFO	3	3
August 15, 1994	SSA	5	IG, CFO	3	2
Jan. 2002	DOJ	2	CIO	3	1
Jul. 2002	SBA	2	CFO	2	3
Nov. 2002	GPO	2	CHCO	2	3
November 25, 2002	DHS	5	CMO	3	1
Oct. 2005	VA	2	CIO	3	2
Jan. 2006	State	2	COO	1	1

Size: 1 Small, 2 Medium, 3 Large
Net Gain: 1 Net gain in personnel, 2 no major gain or loss, 3 net loss

In some cases statutory officers were created and reorganized, but GAO reports on the

implementation of these offices did not specify the minimum time and personnel requirements to

qualify. The following are two examples of reorganizations implementing statutory officer

positions not meeting minimum requirements. In 1987 the IRS was reorganized to enhance

management accountability, communication, and decision making. Three positions were created directly below the Commissioner: Senior Deputy Commissioner, Deputy Commissioner (Operations), and Deputy Commissioner (Planning and Resources). The Senior Deputy Commissioner serves as IRS' Chief Operations Officer (*IRS' REORGANIZATION: IRS Senior Executives' Views on the Impact of the 1987 Reorganization*, 1990, p. 2).

In 1989 IRS reorganized again to increase management accountability. Added were Chief Information Officer, Chief Financial Officer, and Controller positions (*IRS' REORGANIZATION: IRS Senior Executives' Views on the Impact of the 1987 Reorganization*, 1990, p. 6). The GAO report mentions no additional staff, employees affected, budget or office space required. Both these examples highlight the issues involved studying implementation of statutory officers. These reorganizations may be important to the IRS for any number of reasons, but implementation was not a major issue. No costs were mentioned and implementation would be almost immediate upon appointment of the officer. Neither of these reorganizations met study criteria as the number of employees mentioned in reports on each implementation was less than ten.

Ten of the thirteen implementations which qualified for the study implemented or reorganized the offices of CFO, CIO, and/or IG, suggesting an emphasis on classical values of efficiency and accountability. Only three implementations, all after 2001, affected the more managerial positions of Chief Human Capital Officer, Chief Management Officer, or Chief Operations Officer. This gives credence to the strength of Light's tides of reform. Light (1997) considered the IG as part of the "war on waste" and the CFO as part of the "scientific management" tides.

Statutory offices have an effect on organizational structure and functioning. Light's

study (Light, 1993) showed the effect of the IG, for example. However since only thirteen of

one hundred and four implementations qualified for this category, the impact of statutory offices

on this study was less than expected.

Other Guidelines

The first two sections of Question 1.1 handled the characteristics of authority and

statutory offices in the implementations studied. The third section reviewed how other

guidelines used to guide reorganization implementation. Table 5.9 gives a list and short

definitions; more complete descriptions of these terms are found in Appendix B.

Table 5.9. Brief Description of Other Guidelines

AA	Clarification of authority, accountability
CD	Centralization/decentralization
EE	Economy, efficiency
JUS	Balance competing interests, insure justice, encourage citizen participation, enhance independence of organization
LYR	Layering – managerial layers added or removed
NPR	The value NPR includes mention of NPR, Osborne and Gaebler, or terms such as flexible, entrepreneurial, or reengineering.
OTH	Other, including mission changes
PBO	Performance Based Organization (also organizational transformation, Business transformation, Next Steps)
PR	Privatization

The results of this part of the content analysis validate Ron Moe's statement on objectives

of reorganization (1994). Several of the reports had content referencing more than one of the

objectives listed above. The original plan was to discuss each of these guidelines in order. The

discovery of the four themes led to rearranging these findings. The findings for the justice

guideline and the other guideline (JUS, OTH) are discussed in this section. Guidelines for

143

clarification of authority and accountability, centralization and decentralization, and economy and efficiency (AA, CD, EE) are discussed under the strength of classical organizational theory theme. Guidelines for the National Performance Review, performance based organizations, and privatization (NPR, PBO, PR) are discussed under the conflicting visions theme. Layering (LYR) is discussed with Paul Light in Question 1.4.

Justice

Justice was a factor in 14% (15/104) of the implementations (Table 5.10). The fifteen

Table 5.10. Justice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	89	85.6	85.6	85.6
	Yes	**15**	**14.4**	14.4	100.0
	Total	104	100.0	100.0	

implementations which used Justice as a reorganization objective are shown in Table 5.11 below.

Of the fifteen implementations, six implementations mentioned fairness. IRS reforms, for example, attempted to achieve a better balance between collections and fair treatment of citizens. The USDA reports mentioned discrimination in its lending programs, SBA reports mentioned consistency in loan process; VA reports mentioned consistency in benefits allocations. FERC created an office to monitor energy transactions for anti-competitive behavior.

Three implementations mentioned responsiveness. HHS established AOA as an advocate for the elderly, HUD was to become more responsive to the served communities, and RTC was to give preference to minorities in acquiring thrifts residing in minority neighborhoods.

Six implementations mentioned objectivity. The GAO characterized objectivity in the

Table 5.11. Implementations with Justice as a Criterion

Implementation Date	Agency	Characteristic
Aug. 2002	FERC	fairness
Jul. 2002	SBA	fairness
Jan. 1998	Treasury (IRS)	fairness
July 22, 1998	Treasury (IRS)	fairness
Mar. 1997	USDA	fairness
FY 1996	VA	fairness
Aug. 4, 1977	DOE	objectivity
July 1, 1981	DOE	objectivity
October 18, 1988	DOJ	objectivity
FY 1991	ITC	objectivity
FY 1994	NASA	objectivity
Fall 2002	USPS	objectivity
Apr. 1991	HHS	responsiveness
October 13, 1977	HUD	responsiveness
December 17, 1993	RTC	responsiveness

case of an Energy Information Administration reorganization when it stated, "EIA was organized as a separate entity within DoE to ensure that energy data collection and analysis functions are not biased by political considerations or energy policy formulation and development activities" (*Performance Evaluation: Energy Information Administration*, 1982, p. 1). The GAO added in discussing USPS closures the necessity for transparency in the decision making process (*U.S. Postal Service: Mail Processing Realignment Efforts Under Way Need Better Integration and Explanation*, 2007). Both DOE implementations, the DOJ implementation and the ITC implementation mentioned objectivity of operations or work. The NASA and USPS implementations mentioned specifically objectivity in decisions to close facilities.

Other

For completeness a category of "Other" was created. The main guideline which fell into this category was change in mission. The GAO noted this was an area in which implementations had problems. Agencies sometimes failed to acquire funding for new missions they received (Destler, 1981a).

Table 5.12. Other

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	71	68.3	68.3	68.3
	Yes	**33**	**31.7**	31.7	100.0
	Total	104	100.0	100.0	

Question 1.2. What Portions of the Reorganization Plan and Other Guidelines were Implemented?

This question was divided into five categories. The first two categories measured when the last GAO review of the implementation occurred and how much progress was made implementing the reorganization at the time of the latest review. The next two categories were used to evaluate the implementation plan. Was the plan considered complete by the GAO and/or was it revised? Were any other comments made about the plan? The last category assessed if implementation was complete was any impact evaluation made?

Latest Evaluation

Only thirty seven percent of implementations (38/104) were evaluated by the GAO after the implementation was complete (Table 5.13). If one were to take an average of GAO reports as opposed to implementations, the percent of GAO reports written after implementation was complete would be substantially smaller.

146

Table 5.13. Latest Evaluation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	During Implementation	66	63.5	63.5	63.5
	After Implementation was Completed	**38**	**36.5**	36.5	100.0
	Total	104	100.0	100.0	

One would presume that larger implementations were more likely to be reviewed after implementation. The thirty-eight implementations were broken down by implementation size in Table 5.14.

Table 5.14. Latest Evaluation * Size Crosstabulation

Count

		Size			Total
		Small	Medium	Large	
Latest Evaluation	During Implementation	14	19	33	66
	After Implementation was Completed	7	14	17	38
Total		21	33	50	104

Combining size (small/medium, large) gave us the 2X2 matrix shown in Table 5.15.

Table 5.15. Latest Evaluation * Merged Size Crosstabulation

Count

		Merged Size		Total
		Small/Medium	Large	
Latest Evaluation	During Implementation	33	33	66
	After Implementation was Completed	21	17	38
Total		54	50	104

Table 5.15 gives a Pearson Chi-Squared value of 0.268, which is not significant at the 0.05 level (Table 5.16). There is no support to the proposition that larger implementations would be more likely to be evaluated once complete than smaller ones.

Table 5.16. Chi-Square Tests

	Value	Df
Pearson Chi-Square	.268[a]	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 18.27.

The fact that only 38 out of 104 implementations were evaluated after implementation was complete gives some reinforcement to the observation by Mann and Anagnoson (1982a) that once reorganization is complete, it is taken as a given. If it is a given, there is not much incentive to go back and re-evaluate the reorganization and implementation after completion.

Implementation Progress

The progress of reorganization implementation was evaluated based on statements in the set of GAO reports covering that implementation. Conventions were used so as not to double count implementations in this category. Implementations which were evaluated by the GAO after the implementation phase was complete were placed in categories 1 and 2 – complete or completed after delays. The 66 implementations for which the last GAO evaluation found was prior to completion were evaluated and placed in categories 3 through 5 – on schedule, delayed, or no assessment (Table 5.17). Combining the two categories for implementations which were delayed and correlating them with size gave Table 5.18.

Table 5.17. Implementation Progress

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Completed	28	26.9	26.9	26.9
	Completed After Delays	10	9.6	9.6	36.5
	On Schedule	28	26.9	26.9	63.5
	Delayed	34	32.7	32.7	96.2
	No Assessment	4	3.8	3.8	100.0
	Total	104	100.0	100.0	

Table 5.18. Merged Implementation Progress * Merged Size Crosstabulation

Count

		Merged Size		Total
		Small/Medium	Large	
Merged Implemetation Progress	Delayed	22	22	44
	Other	32	28	60
Total		54	50	104

This table yielded a Pearson Chi-Square value of 0.113, not significant at the 0.05 level (Table 5.19).

Table 5.19. Chi-Square Tests

	Value	df
Pearson Chi-Square	.113[a]	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5.
The minimum expected count is 21.15.

As part of ongoing evaluation, GAO makes some assessment of implementation progress. Only

four out of 104 implementations did not have any assessment. Forty-two percent of

implementations were delayed. No conclusion could be made that delay was correlated with

implantation size.

149

Plan Modification

The results for Plan Modification are shown in Table 5.20. In fifty-six percent of the implementations GAO recorded statements that the reorganization plan was either deficient, was revised, or both.

Plan revisions were broken down by implementation size to give Table 5.21. The category "Plan Revisions" was merged to give a category for implementations which had deficient or revised plans or both and a second category for no assessment or none to create Table 5.22. This table yielded a Pearson Chi-Square value of 0.194 (Table 5.23). No correlation was found between plan revisions and size.

Table 5.20. Plan Revisions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Deficient	31	29.8	29.8	29.8
	Revised	13	12.5	12.5	42.3
	Both 1 and 2	14	13.5	13.5	55.8
	No Assessment	46	44.2	44.2	100.0
	Total	104	100.0	100.0	

Table 5.21. Plan Revisions * Size Crosstabulation

		Size			
		Small	Medium	Large	Total
Plan	Deficient	7	9	15	31
Revisions	Revised	1	5	7	13
	Both 1 and 2	2	5	7	14
	No Assessment	11	14	21	46
Total		21	33	50	104

Table 5.22. Merged Plan Revisions * Merged Size Crosstabulation

		Merged Size		
		Small/Medium	Large	Total
Merged Plan Revisions	Deficient, Revised or Both	29	29	58
	No Assessment	25	21	46
Total		54	50	104

Table 5.23. Chi-Square

	Value	df
Pearson Chi-Square	.194[a]	1
N of Valid Cases	104	

a.   0 cells (0.0%) have expected count less than 5.
The minimum expected count is 22.12.

Other Plan Observations

In fifty-seven percent of implementations some observations other than whether the plan was considered incomplete or revised were made (Table 5.24).

Table 5.24. Other Plan Observations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	45	43.3	43.3	43.3
	Yes	**59**	**56.7**	56.7	100.0
	Total	104	100.0	100.0	

It would be worthwhile to review these and create more extensive categories for this variable.

Completion Assessment

As noted previously, the process of categorization requires one to make difficult decisions as to what is in a category and what is not. Although some reports may give interim

151

assessments on progress in meeting reorganization goals, it was decided that implementation

must have been completed before an assessment of completion would be counted.

Implementations where the last GAO assessment was performed prior to completion were placed

in the third category. For sixty-three percent of the implementations the latest GAO assessment

was performed prior to completion. Of the 38 implementations reviewed after completion 18

(47%) contained a completion assessment and 20 (53%) did not (Table 5.25).

Table 5.25. Completion Assessment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	20	19.2	19.2	19.2
	Yes	**18**	**17.3**	17.3	36.5
	Implementation not Complete	66	63.5	63.5	100.0
	Total	104	100.0	100.0	

Question 1.4. Has there been any change in thickening in federal agencies since Paul Light wrote his book?

Paul Light's book, *Thickening government : Federal hierarchy and the diffusion of accountability (1995)* was written during the NPR era. Light considered reducing government

thickness to be fairly straightforward. He noted the Clinton administration was reducing

thickness by cutting personnel at the mid and upper levels. This was performed relatively easily

with the use of hiring freezes and attrition.

Light's concern was that this process is like a diet. Unless the underlying layers of

management are reduced, the weight will return. This study found little evidence that this issue

is being addressed. This study found seventeen implementations (Table 5.26) which commented

on layering. Eight of these were announced during the period of 1992 through 1994, generally

coinciding with the election of President Clinton and announcement of the formation of the

National Performance Review on March 3, 1993 (Arnold, 1998).

Table 5.26. Layering

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	87	83.7	83.7	83.7
Yes	**17**	**16.3**	16.3	100.0
Total	104	100.0	100.0	

Of the seventeen reorganizations which considered layering as a criterion, thirteen were

larger reorganizations (Table 5.27). This table gave a Pearson Chi-Square value of 6.563,

significant at the 0.05 level (Table 5.28). As expected, what evidence there is of attention to

reduction of layering, it is correlated with larger reorganizations.   Figure 5.2 shows

implementations considering layering by date. The preponderance of cases (8/17) occurred

during 1992.

Table 5.27. Layering * Merged Size Crosstabulation

Count

	Merged Size		
	Small/Medium	Large	Total
Layering No	50	37	87
Yes	**4**	**13**	17
Total	54	50	104

Table 5.28. Chi-Square Tests

	Value	df
Pearson Chi-Square	**6.563[a]**	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5.
    The minimum expected count is 8.17.

through 1994, which generally coincides with the NPR years. There are a few cases scattered

both before and afterwards. In general, though, this result is not encouraging for those who

desire a reduction in the height of federal agencies.
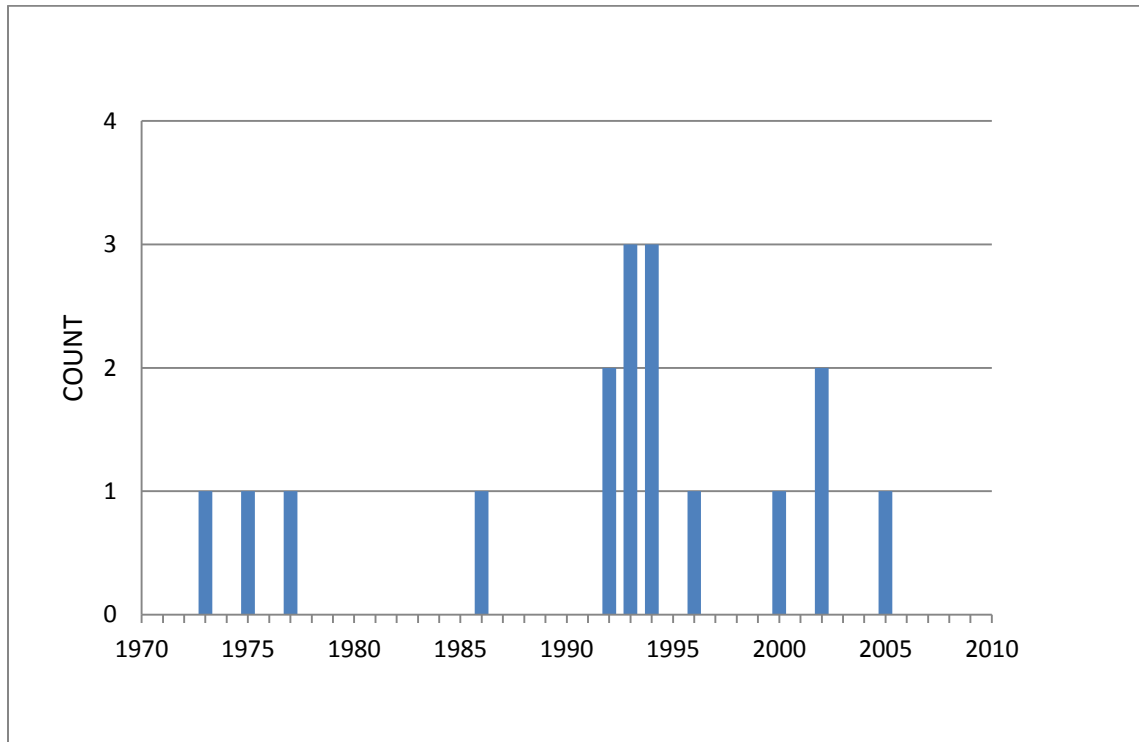
Figure 5.2. Implementations with Layering as a Criterion

2. What were both expected and unexpected costs of implementation?

This question covered planned and unplanned implementation costs and whether other

changes were correlated with this reorganization. Changes such as implementation of new

technology could affect implementation cost and duration.

2.1 What costs were discussed in the GAO reports for this implementation?

Implementation costs were divided into two categories: expected costs and unexpected

costs.   For each of these categories costs include personnel, budget, office (including office

space and equipment), and efficiency.

Expected Costs

Table 5.29 shows expected implementation costs. In order to qualify for the study each implementation had personnel costs including changes in personnel allocation, transfers, and changes in duties. So by definition all implementations had expected personnel costs. Fifty-nine implementations (57%) also had other expected costs. Expected costs were broken down by size in Table 5.30.

Table 5.29. Expected Costs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Personnel Only	45	43.3	43.3	43.3
	Budget/Office/ Efficiency	**59**	**56.7**	56.7	100.0
	Total	104	100.0	100.0	

Results for small and medium size implementations were combined to give Table 5.31.

Table 5.30. Expected Costs * Size Crosstabulation
Count

		Size			Total
		Small	Medium	Large	
Expected Costs	Personnel Only	11	16	18	45
	Budget/Office/ Efficiency	10	17	32	59
Total		21	33	50	104

Table 5.31. Expected Costs * Merged Size Crosstabulation
Count

		Merged Size		Total
		Small/Medium	Large	
Expected Costs	Personnel Only	27	18	45
	Budget/Office/ Efficiency	27	32	59
Total		54	50	104

Table 5.31 yielded a Pearson Chi-Square value of 2.073, shown in Table 5.32, not significant at the 0.05 level. No assessment could be made whether the additional costs listed in GAO reports were correlated with implementation size. It is interesting that only fifty-nine percent of implementations listed these other costs. For forty-one percent of implementations GAO only wrote about personnel costs. One would have expected budget, office space, and impact to effectiveness to have appeared more often.

Table 5.32. Chi-Square Tests

	Value	df
Pearson Chi-Square	2.073[a]	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5.
The minimum expected count is 21.63.

Unexpected Costs

Unexpected costs were tallied in table 5.33. Unexpected personnel costs were categorized separately. Unexpected budget costs, office space costs, and loss of effectiveness were combined into a single category. Separating unexpected costs by implementation size resulted in Table 5.34. Merging both unexpected costs and size resulted in table 5.35.

Table 5.33. Unexpected Costs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None	46	44.2	44.2	44.2
	Personnel	25	24.0	24.0	68.3
	Other	11	10.6	10.6	78.8
	Both Personnel and Other	22	21.2	21.2	100.0
	Total	104	100.0	100.0	

This table gave a Pearson Chi-Square value of 3.726, which is not significant at the 0.05 level

Table 5.34. Unexpected Costs * Size Crosstabulation

| | | Size | | | Total |
		Small	Medium	Large	
Unexpected Costs	None	7	12	27	46
	Personnel	6	10	9	25
	Other	5	2	4	11
	Both Personnel and Other	3	9	10	22
Total		21	33	50	104

Table 5.35. Merged Unexpected Costs * Merged Size Crosstabulation

Count

| | | Merged Size | | Total |
		Small/Medium	Large	
Merged Unexpected Costs	None	19	27	46
	Personnel, Budget, Office, or Effectiveness	35	23	58
Total		54	50	104

(Table 5.36). If this table gave a value significant at the 0.05 level it would have been contrary

to expectations: the larger the implementation the greater the unexpected costs.

Table 5.36. Chi-Square Tests

	Value	df
Pearson Chi-Square	3.726[a]	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5.
The minimum expected count is 22.12.

It is suspected that the way GAO decides to audit reorganizations had something to do

with this. In a number of cases, smaller reorganizations were reviewed at the request of

Congress. In some of these GAO was pressed to evaluate implementations which potentially had a negative impact in some district.

Surprisingly, organizational loss of effectiveness was noted in only 9 implementations. One possible reason for this is the fact than only a small percentage of implementations were evaluated after completion.

Review of this data leads the researcher to conclude personnel issues overall are the most significant issues in reorganization implementation. There is an intersection of both the issues pf personnel and effectiveness, especially in implementations requiring RIF. For example, changes in job training programs led to reorganization inside the Department of Labor (*Concerns Over Labor's Ability To Implement the Job Training Partnership Act*, 1985) as described previously. At the same time the agency was implementing new responsibilities it was executing a reduction in force. Effectiveness was impaired by the feeling employees had that the agency lacked commitment to them plus concerns about a potential second RIF.

It should be noted that reorganization costs are not the same for all agencies. In 1998 during a period of transition after the end of the cold war GAO reported on efforts to reduce excess infrastructure. In performing that assessment GAO stated, "GAO focused on efforts by the Departments of Energy and Defense and the National Aeronautics and Space Administration (NASA) to streamline their RDT&E infrastructure because they represent about 72 percent of all federal investment in research and development and own most of the RDT&E infrastructure." (*Best Practices: Elements Critical to Successfully Reducing Unneeded RDT&E Infrastructure*, 1998, p. 3). If one reassessed federal infrastructure today one would probably add DHS to this small group.

Question 2.2 What reforms were implemented with this reorganization?

Initial review of reorganization as documented by GAO showed reorganization is often implemented concurrently with other reforms such as improvements in processes and technology, especially during the period of NPR as these changes are a part of reengineering. Implementing reorganization is complicated by having to divide energy between reorganization, implementing various other changes, and at the same time maintaining agency functioning. Three categories were created to capture data on reforms. Reforms were divided into process changes, implementation of new technology, and other reforms.

Process Changes

Sixty-three percent of all implementations were accompanied by process reforms (Table 5.37). These were broken down by size of implementation in Table 5.38.

Table 5.37. Process Changes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	39	37.5	37.5	37.5
	Yes	**65**	**62.5**	62.5	100.0
	Total	104	100.0	100.0	

Table 5.38. Process Changes * Size Crosstabulation

		Size			
		Small	Medium	Large	Total
Process Changes	No	5	15	19	39
	Yes	16	18	31	65
Total		21	33	50	104

To test whether there was any correlation between process changes and implementation size, they were correlated with merged implementation size (Table 5.39). This table gave a

Table 5.39. Process Changes * Merged Size Crosstabulation

		Merged Size		Total
		Small/Medium	Large	
Process Changes	No	20	19	39
	Yes	34	31	65
Total		54	50	104

Pearson Chi-Square value of 0.010, which was not significant at the 0.05 level (Table 5.40).

Process changes appeared to be distributed through all size implementations.

Table 5.40. Chi-Square Tests

	Value	df
Pearson Chi-Square	.010[a]	1
N of Valid Cases	104	

a. 0 cells (.0%) have expected count less than 5.
   The minimum expected count is 18.75.

Technology

Implementation of technology is a significant factor in reorganization implementation. It is the tool which allows a substantial reduction in service personnel. An initial expectation was that implementation of new technology was correlated with the size of the implementation. The tabulation in Table 5.41 shows agencies upgraded technology in forty-one percent of

Table 5.41. Technology Changes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	61	58.7	58.7	58.7
	Yes	**43**	**41.3**	41.3	100.0
	Total	104	100.0	100.0	

implementations. Again as for process changes, technology was compared to implementation size (Table 5.42). A comparison was performed by combining small and medium

Table 5.42. Technology Changes * Size Crosstabulation

		Size			
		Small	Medium	Large	Total
Technology Changes	No	14	24	23	61
	Yes	7	9	27	43
Total		21	33	50	104

implementations and comparing them to implementations with over 1000 employees affected

(large). The combined table is shown in Table 5.43. This table gave a Pearson value of 6.358

(Table 5.44) which is significant at the 0.05 level. Implementation of technology changes was

Table 5.43. Technology Changes * Merged Size Crosstabulation

		Merged Size		
		Small/Medium	Large	Total
Technology Changes	No	**38**	23	61
	Yes	16	**27**	43
Total		54	50	104

correlated with implementation of larger reorganizations.

Table 5.44. Chi-Square Tests

	Value	df
Pearson Chi-Square	**6.358**[a]	1
N of Valid Cases	104	

a. 0 cells (.0%) have expected count less than 5.
   The minimum expected count is 20.67.

The 1994 Department of Housing and Urban Development reorganization is an example

of the impact of technology. FHA planned to reduce staff in the single family housing office

from 2,700 to 1,150. Reduction of staff was made possible by expanding the use of existing

information technology capabilities and introducing new applications. Use of this technology

made it possible for FHA to consolidate loan processing from 81 to 5 offices.

Table 5.45 shows the correlation of process changes with technical improvements. The

Pearson value of 20.99 (p < .0001) shows implementation of new processes is highly correlated

Table 5.45. Process Changes * Technology Changes Crosstabulation

	Technology Changes		
	No	Yes	Total
Process Changes No	**34**	5	39
Yes	27	**38**	65
Total	61	43	104

with the implementation of new technology (Table 5.46).

Table 5.46. Chi-Square Tests

	Value	df
Pearson Chi-Square	**20.937**[a]	1
N of Valid Cases	104	

a. 0 cells (.0%) have expected count less than 5.
   The minimum expected count is 16.13.

This is to be expected as process changes and new technology go together when

reengineering the way agencies do business. In many cases (27) process changes were made

without technology improvements. In only a very few cases (5) was it the other way around.

Other Changes

Seventy-three percent of reorganizations had other changes being instituted concurrently

with implementation of reorganization. (Table 5.47). The other changes category was broken

by size (Table 5.48). Correlation with merged size (Table 5.49) gave a Pearson Chi-Square

value of 0.418 (Table 5.50), which is not significant at the 0.05 level. Given the number of other

changes it is not surprising that they are distributed through all size implementations. The

number of other changes reinforces Mann's and Anagnoson's (1982b) comment that seldom are

reorganizations isolated events.

Table 5.47. Other Changes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	28	26.9	26.9	26.9
	Yes	76	73.1	73.1	100.0
	Total	104	100.0	100.0	

Table 5.48.   Other Changes * Size Crosstabulation

		Size			
		Small	Medium	Large	Total
Other Changes	No	8	8	12	28
	Yes	13	25	38	76
Total		21	33	50	104

Table 5.49. Other Changes * Merged Size Crosstabulation

		Merged Size		
		Small/Medium	Large	Total
Other Changes	No	16	12	28
	Yes	38	38	76
Total		54	50	104

Table 5.50. Chi-Square Tests

	Value	df
Pearson Chi-Square	.418[a]	1
N of Valid Cases	104	

a.   0 cells (.0%) have expected count less than 5.
The minimum expected count is 13.46.

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3. What issues occurred during the implementation process?

This question contains four parts. The first covered issues with implementation and other

agency issues discussed in the reports. The second part similarly covered recommendations.

The third part assessed interest in reorganization, and the fourth part assessed whether any

impact assessment was performed at the completion of implementation.

3.1 Did other issues come up during implementation which were not categorized previously?

Question 1.2 investigated issues with the reorganization plan. Question 3.1 probed issues which occurred after the plan is approved. This question was divided into two parts. The first part categorized whether or not implementations had issues with the implementation process. These include lack of leadership, lack of money, and personnel issues such as lawsuits. A report may state that the GAO was unable to make conclusions or had difficulty with an audit because of limitations. These limitations may include, for example, lack of data on organizational effectiveness prior to changes. Also there might be criticisms of the reorganization plan for lack of measures to determine whether the reorganization met its objectives. The second part, other issues, categorized whether or not implementations had issues affecting the agency which did not directly affect implementation.

Implementation Issues

Table 5.51 shows seventy-five percent (78/104) of reorganizations which qualified for the study had issues which affected implementation.

Table 5.51. Implementation Issues

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	26	25.0	25.0	25.0
	Yes	78	75.0	75.0	100.0
	Total	104	100.0	100.0	

These issues are categorized by size in Table 5.52. Table 5.53 shows Implementation issues categorized by merged size. This table results in a Pearson Chi-Square Value of 4.160, which is significant at the 0.05 level (Table 5.54).

164

Table 5.52. Implementation Issues * Size Crosstabulation

Count

		Size			
		Small	Medium	Large	Total
Implementation Issues	No	7	2	17	26
	Yes	14	31	33	78
Total		21	33	50	104

Table 5.53. Implementation Issues * Merged Size Crosstabulation

		Merged Size		
		Small/Medium	Large	Total
Implementation Issues	No	9	**17**	26
	Yes	**45**	33	78
Total		54	50	104

Table 5.54. Chi-Square Tests

	Value	Df
Pearson Chi-Square	**4.160**[a]	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.50.

Contrary to expectation implementation issues is correlated negatively with the size of the reorganization. Small and medium implementations (those under 1000 personnel affected) had more issues. This could be a result of the process GAO uses to determine which agencies are to be evaluated.

Other Issues

Other issues not directly related with implementation were documented by GAO in seventy-seven percent of the implementations (80/104) as shown in Table 5.55. These are shown broken down by size in Table 5.56. Using merged size (small/medium combined)

Table 5.55. Other Issues

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	24	23.1	23.1	23.1
	Yes	**80**	**76.9**	76.9	100.0
	Total	104	100.0	100.0	

Table 5.56. Other Issues * Size Crosstabulation

		Size			
		Small	Medium	Large	Total
Other Issues	No	7	9	8	24
	Yes	14	24	42	80
Total		21	33	50	104

gave Table 5.57. The computed Pearson Chi-Square value 0f 2.717 is not significant at the 0.05

level (Table 5.58).

The category implementation issues was also compared with the category other issues in

Table 5.59. This table yielded a Pearson Chi-Square value of 0.289, which is not significant at

Table 5.57. Other Issues * Merged Size Crosstabulation

		Merged Size		
		Small/Medium	Large	Total
Other Issues	No	16	8	24
	Yes	38	42	80
Total		54	50	104

Table 5.58. Chi-Square Tests

	Value	df
Pearson Chi-Square	2.717[a]	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5.
The minimum expected count is 11.54.

Table 5.59. Implementation Issues * Other Issues Crosstabulation

		Other Issues		Total
		No	Yes	
Implementation Issues	No	7	19	26
	Yes	17	61	78
Total		24	80	104

The 0.05 level (Table 5.60). It is useful to note that only seven percent (7/104) of the

Table 5.60. Chi-Square Tests

	Value	df
Pearson Chi-Square	**.289**[a]	1
N of Valid Cases	104	

a.   0 cells (0.0%) have expected count less than 5.
     The minimum expected count is 6.00.

implementations reviewed had neither implementation issues or other issues.

3.2 Were any recommendations given?

Question 3.2 is the follow-up to Question 3.1.   As we wish to evaluate issues arising during the implementation period, we also wish to evaluate any recommendations made. This question is also divided into two parts: recommendations made to improve implementation and any other recommendations made.

Recommendations to Improve Implementation

GAO reports gave recommendations to improve implementation in forty-three percent of the cases (45/104) as shown in Table 5.61. These were broken down by size as shown in Table 5.62. Results for the categories small and medium implementations were combined to Create Table 5.63. This table gave a Pearson Chi-Square value of 0.021, not significant at the 0.05 level (Table 5.64).

Table 5.61. Implementation Recommendations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	59	56.7	56.7	56.7
	Yes	**45**	**43.3**	43.3	100.0
	Total	104	100.0	100.0	

Table 5.62. Imp. Recommendations * Size Crosstabulation

		Size			Total
		Small	Medium	Large	
Imp.	No	19	12	28	59
Recommendations	Yes	2	21	22	45
Total		21	33	50	104

Table 5.63. Imp. Recommendations * Merged Size Crosstabulation

		Merged Size		Total
		Small/Medium	Large	
Imp.	No	31	28	59
Recommendations	Yes	23	22	45
Total		54	50	104

Table 5.64. Chi-Square Tests

	Value	df
Pearson Chi-Square	.021[a]	1
N of Valid Cases	104	

a.   0 cells (0.0%) have expected count less than 5.
     The minimum expected count is 21.63.

Other Recommendations

Other recommendations were sometimes made to improve other aspects of agency

operation than reorganization implementation as shown in Table 5.65. As for implementation

Table 5.65. Other Recommendations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	37	35.6	35.6	35.6
	Yes	**67**	**64.4**	64.4	100.0
	Total	104	100.0	100.0	

recommendations, these were broken down by size in Table 5.66. Results for the categories

small and medium implementations were combined to create Table 5.67. This table resulted in a

Pearson Chi-Square value of 1.307, not significant at the 0.05 level (Table 5.68). Neither

recommendations to improve implementation nor other recommendations to improve agency

performance showed significant correlation with size at the 0.05 level. The results of these two

categories were cross-tabulated as shown in Table 5.69. This table gave a Pearson

Chi-Square value of 17.124 (Table 5.70), which is significant at the 0.05 level.

Table 5.66. Other Recommendations * Size Crosstabulation

Count

		Small	Medium	Large	Total
			Size		
Other	No	10	12	15	37
Recommendations	Yes	11	21	35	67
Total		21	33	50	104

Table 5.67. Other Recommendations * Merged Size Crosstabulation

Count

		Small/Medium	Large	Total
		Merged Size		
Other	No	22	15	37
Recommendations	Yes	32	35	67
Total		54	50	104

Table 5.68. Chi-Square Tests

	Value	df
Pearson Chi-Square	1.307[a]	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5.
   The minimum expected count is 17.79.

Table 5.69. Implementation Recommendations * Other Recommendations Crosstabulation

		Other Recommendations		
		No	Yes	Total
Imp.	No	31	28	59
Recommendations	Yes	6	39	45
Total		37	67	104

Table 5.70. Chi-Square Tests

	Value	df
Pearson Chi-Square	17.124[a]	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5.

b. The minimum expected count is 16.01.

There is a strong correlation between recommendations given to improve implementation and other recommendations to improve agency performance.

3.4 Did GAO evaluate the improvement of agency effectiveness after reorganization, and if it did what did it find?

As for completeness evaluation above, impact evaluation was not categorized for implementations which were not complete. GAO reports on twenty implementations (53% of implementations assessed after completion) had some comment on the effectiveness of the implementation (Table 5.71).

Table 5.71. Impact Evaluation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	18	17.3	17.3	17.3
	Yes	**20**	**19.2**	19.2	36.5
	Implementation not Complete	66	63.5	63.5	100.0
	Total	104	100.0	100.0	

Both Mann and Anagnoson (1979) and Szanton (1981b) commented on lack of reorganization impact assessment. Mann and Anagnoson noted lack of literature on the actual results of the reorganization process. Data from this study does not conflict with these comments. The query on "federal agency reorganization" found GAO reports written after completion for only 38 of the 104 reorganizations qualifying for this study. GAO wrote comments on the impact of the reorganization for slightly over half (20/38) of them. These results and the difficulties in evaluating the impact of reorganization are discussed further in the findings section of Chapter 6.

Strength of Classical Organization Theory

An early choice of themes was the strength of classical organization theory. Much of the literature on reorganization and government reform alludes to its longevity. Classical rationales for reorganization are the official rationales as they were codified into the Reorganization Act of 1949 (Chapter 9 Title 5 of the U.S. Code) (Seidman, 1998).

Light stated that the Chief Operating Officer of NPR was a reiteration of the call for an Assistant Secretary for Administration of the Hoover Commission. Light also called the 1990 Financial Officers Act the "Most Recent Expression" of this theory (1997, p. 21).

Authority and Accountability

Authority and accountability appeared as a reorganizational motivation in 46% of implementations (Table 5.72). Authority and accountability appear as a concern in classical literature (Mooney, 1987). Light is also concerned with mechanisms of authority and accountability in his tides of reform (1997).

Table 5.72. Authority and Accountabity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	56	53.8	53.8	53.8
	Yes	**48**	**46.2**	46.2	100.0
	Total	104	100.0	100.0	

Centralization and Decentralization

Centralization/decentralization appeared in 41% of implementations (Table 5.73).

Table 5.73. Centralization Decentralization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	61	58.7	58.7	58.7
	Yes	**43**	**41.3**	41.3	100.0
	Total	104	100.0	100.0	

This guideline was discussed in depth by Luther Gulick (1987) in his discussion of organization by place. Further research would be useful to determine how much centralization and decentralization is attributable to classical motives and how much is due to the implementation of technology and associated process changes. Structural Contingency theorists might state the degree of centralization is related to technology as a contingency factor (Donaldson, 1999). Neo-Institutionalists could attribute the degree of centralization to pressures to look like similar

organizations (DiMaggio & Powell, 1983). The strongest finding of the strength of classical

theory is found in the next section.

Economy and Efficiency

As shown in table 5.74, the classical reorganization theory highlighted by "economy,

efficiency" is still a significant guideline for reorganization.   Seventy-three percent of

implementations cited this as a guideline.

Table 5.74. Economy, Efficiency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	28	26.9	26.9	26.9
	Yes	**76**	**73.1**	73.1	100.0
	Total	104	100.0	100.0	

Figure 5.3 below shows implementations citing economy and efficiency as guidelines by

year. Seidman's (1998) comment about "stopping the clock" appears to be still valid. Economy

and efficiency, classical theory guidelines, were found in GAO reports far more than any other

guidelines and well past what might be considered the high water mark of classical theory with

the release of the Hoover Commission report (United States. Commission on Organization of the

Executive Branch of the Government (1947-1949) & Hoover, 1949) in 1949.
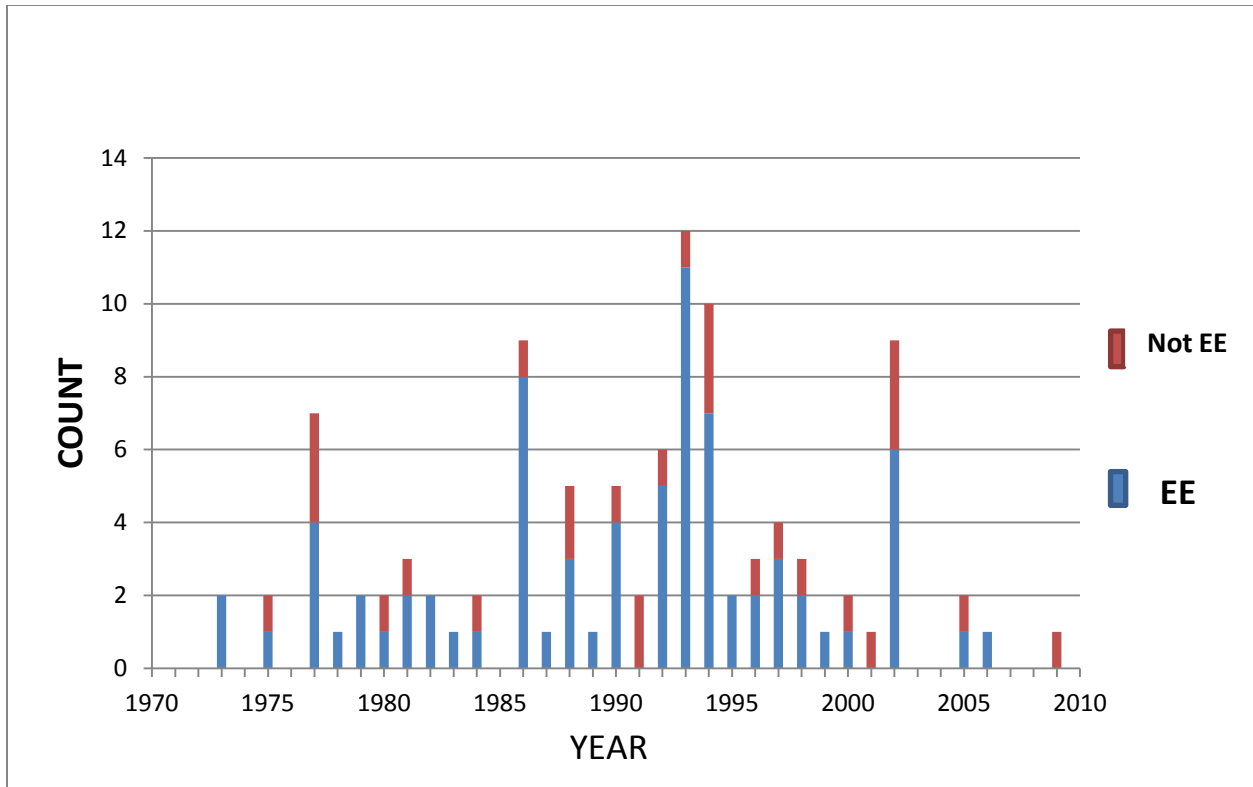
Figure 5.3. Number of Reorganizations with Classical Rationales versus Reorganizations with Only Other Rationales

Primacy of Personnel Issues

Whereas the themes of covering the mechanics of implementation and the continuing strength of classical organization theory were found early in the process, the primacy of personnel issues arose during the data analysis phase. Destler gave four resources involved in implementation: authority, budget, personnel and office space. Reviewing findings showed reorganization authority did not seem to be a major issue. The predominance of personnel costs over budget, office space, and loss of effectiveness was surprising and led to this theme. Strength of this theme was reinforced by reading GAO reports on the issues involved in reducing numbers of employees.

1.3. How did the number of employees change in reorganized agencies?

Question 3 reviewed the costs of implementation. As noted, human resource issues are major costs of implementation.   The importance of these issues motivated a further review of data to evaluate characteristics of the implementations. As noted previously, for an implementation of a reorganization to be eligible for this study, it has to have an impact on employees. Implementations were reviewed to determine which resulted in an increase of personnel, decrease of personnel (downsizing), or remained the same size (personnel transferred to other organizations or locations). The results are shown in Table 5.75.   Implementations with a net gain, no major change, and net loss are categorized by size in Table 5.76.

Table 5.75. Net Gain

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Net Gain	29	27.9	27.9	27.9
	No Major Gain or Loss	22	21.2	21.2	49.0
	Net Loss	**53**	**51.0**	51.0	100.0
	Total	104	100.0	100.0	

This data was then aggregated into a 2X2 matrix (Table 5.77). The Chi-Squared value for this table is 6.551 (Table 5.78), significant at the 0.05 level. Large implementations audited by the GAO are correlated with a decrease of personnel or downsizing.

Eight implementations mentioned reduction in force (RIF). Many of these comment that people were laid off only after refusing relocations. These numbers back up observations made by a number of organization theorists. They also reinforce statements made by the executive branch at the time implementation is occurring. For a number of reasons, the federal government is loath to use the reduction in force process and is much more favorable towards voluntary incentives for organizational downsizing.

Table 5.76: Net Gain * Size Crosstabulation

		Size			
		Small	Medium	Large	Total
Net Gain	Net Gain	10	10	9	29
	No Major Gain or Loss	5	8	9	22
	Net Loss	6	15	32	53
Total		21	33	50	104

Table 5.77: Merged Net Gain * Merged Size Crosstabulation

		Merged Size		
		Small/Medium	Large	Total
Merged Net Gain	Net Gain or No Major Gain	**33**	18	51
	Net Loss	21	**32**	53
Total		54	50	104

Table 5.78. Chi-Square Tests

	Value	df
Pearson Chi-Square	**6.551**[a]	1
N of Valid Cases	104	

a. 0 cells (0.0%) have expected count less than 5.
    The minimum expected count is 24.52.

GAO evaluated a 1978 reorganization of FEMA in which FEMA would lose approximately 300 positions. The report states this will be done through attrition as the President committed to no federal employee job loss during the reorganization.

Conflicting Visions

Privatization as a tool to reduce the size of government gained active support during the Reagan administration. As figure 5.6 shows, this tool remained important during the Clinton administration. The difference on philosophies on privatization has been highlighted by a

number of authors (Arnold, 1998; Cohn, 1997; Qiao & Thai, 2002) who noted liberals wanted better government; conservatives wanted less government. This problem faced NPR especially after the 1994 election. The difference in philosophies shows up in implementation.

Osborne and Gaebler, architects of NPR, state that privatization is a tool. They also state that problems should be addressed at the lowest level of government possible. This does not necessarily mean a reduction of government responsibilities. "Services can be contracted out or turned over to the private sector. But *governance* cannot" (Osborne & Gaebler, 1992, p. 45). There are also disagreements on method. Osborne and Gaebler advocate a no-layoff policy, especially to encourage management-labor harmony. The Reagan administration used RIF as a matter of policy (Rich, 1986).

National Performance Review (NPR)

References to NPR, reinventing government, or reengineering appeared in twenty-six implementations (Table 5.79).

Table 5.79. National Performance Review

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	77	74.0	74.0	74.0
	Yes	**27**	**26.0**	26.0	100.0
	Total	104	100.0	100.0	

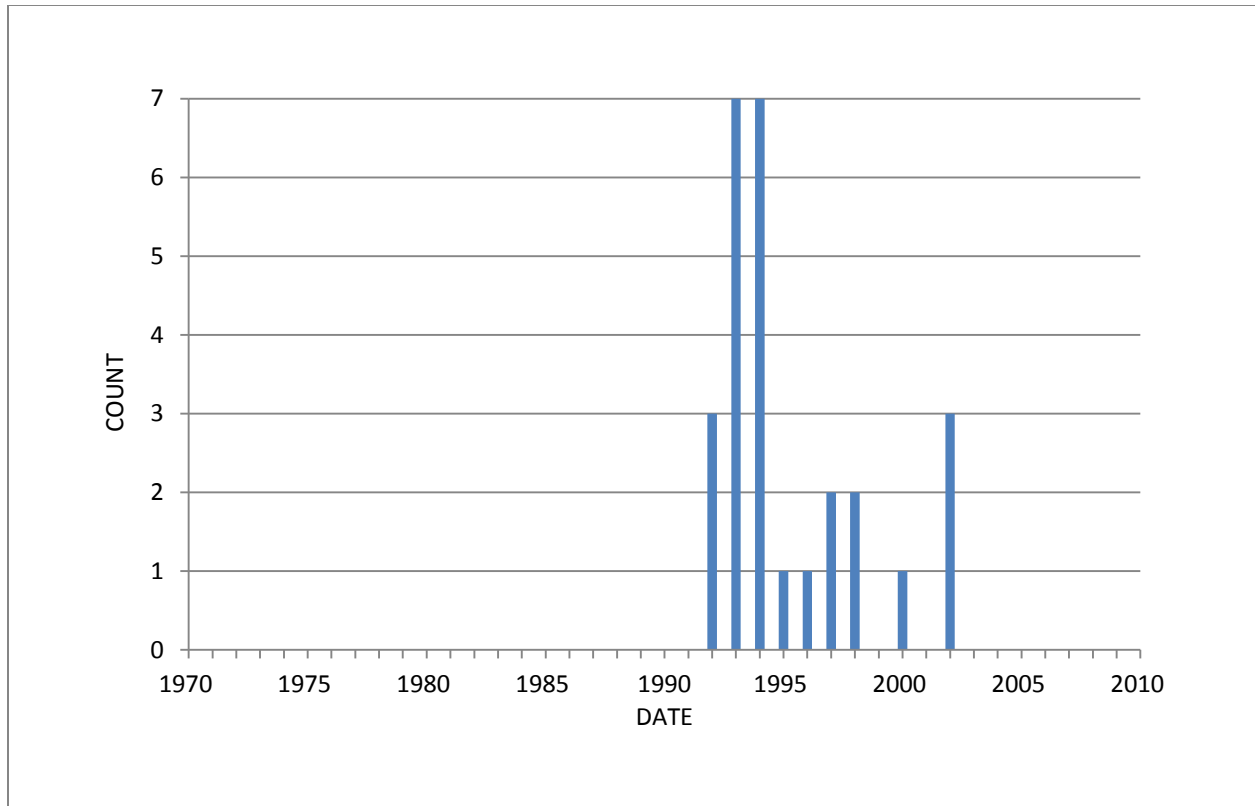These are graphed by year in Figure 5.4.

Figure 5.4. Number of implementations with National Performance Review (NPR) as a criterion by Date

The three implementations after the end of the Clinton Administration (all in 2002) involved re-engineering business processes (*FBI Transformation: FBI Continues to Make Progress in Its Efforts to Transform and Address Priorities*, 2004; *Government Printing Office: Actions to Strengthen and Sustain GPO's Transformation*, 2004; *Small Business Administration: Opportunities Exist to Build on Leadership's Efforts to Improve Agency Performance and Employee Morale*, 2008).

Performance Based Organizations (PBOs)

The use of performance based organizations received endorsement from Vice President Gore in a March1996 proposal to convert some federal agencies to PBOs (A. Roberts, 1997). The guideline PBO appeared in 19% of implementations (20/104) as shown in Table 5.80.

Table 5.80. Performance Based Organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	84	80.8	80.8	80.8
	Yes	**20**	**19.2**	19.2	100.0
	Total	104	100.0	100.0	

Figure 5.5 shows implementations referencing PBOs by year. Performance Based

Organizations appeared to have more staying power than NPR. The performance based

organization is based on Prime Minister Thatcher's Next Steps initiative in 1988 (A. Roberts,

1997). It is less identified with one administration, the concept having appeared in both Reagan
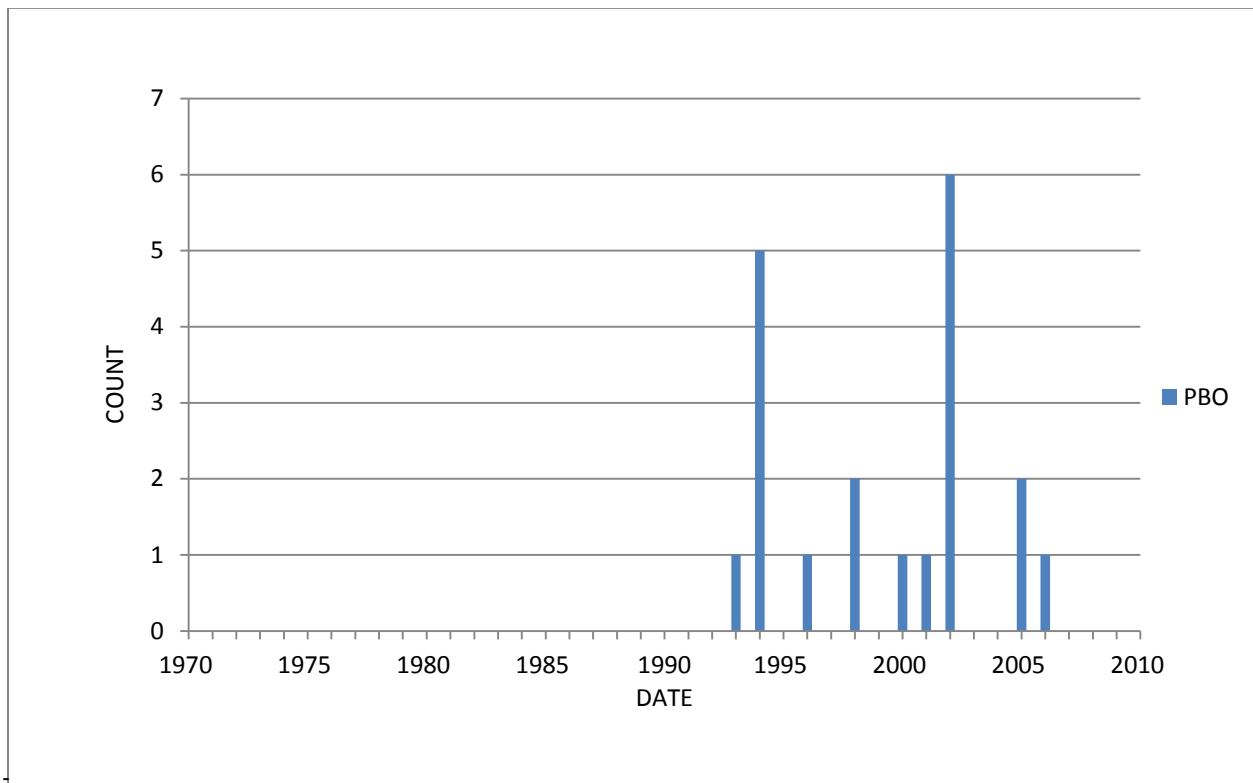
and Clinton administrations.

Figure 5.5. Number of implementations with Performance Based Organizations as a criterion by Date

Privatization (PR)

Privatization as a guideline for reorganization appeared in thirty-six implementations (Table 5.81). As shown in Figure 5.6 these implementations were scattered through the

Table 5.81. Privatization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	68	65.4	65.4	65.4
	Yes	**36**	**34.6**	34.6	100.0
	Total	104	100.0	100.0	

Reagan and Clinton Administrations and beyond. The strength of privatization as a guideline for
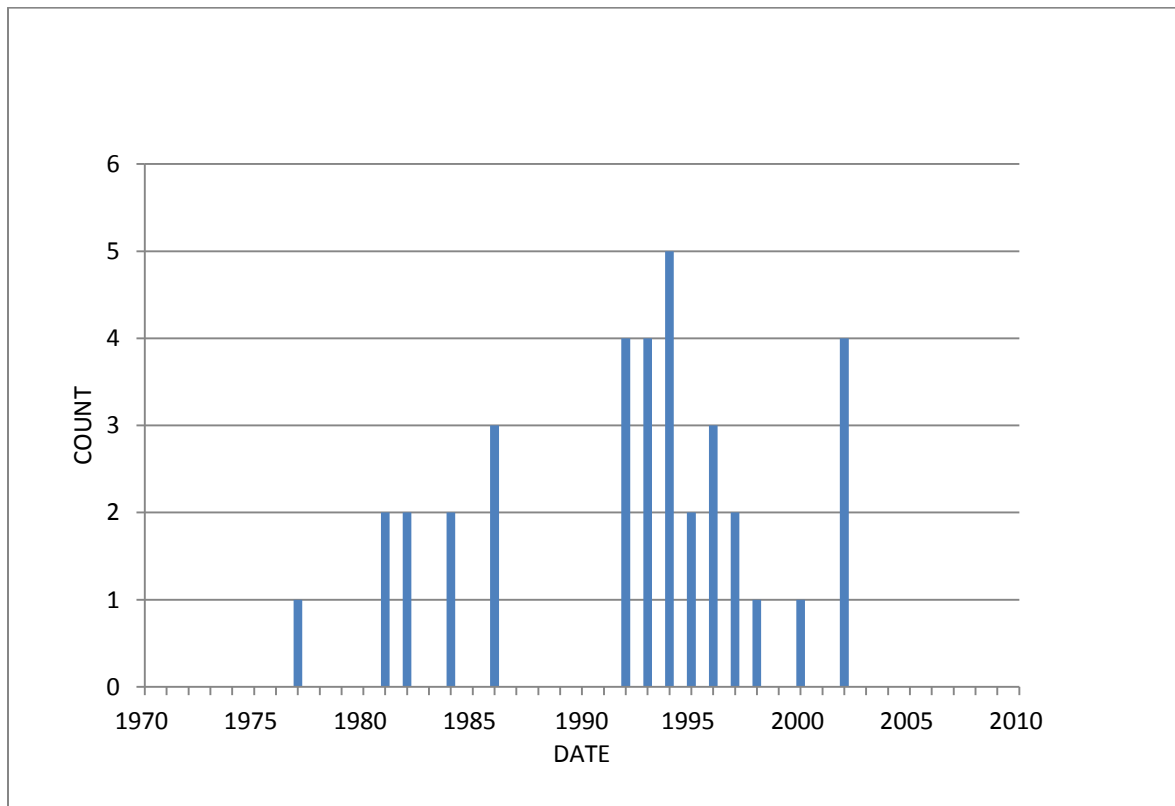

Figure 5.6. Number of implementations with Privatization a criterion by Date

reorganization helps verify Peri Arnold's observation. He noted, especially after the 1994 election, that the Republicans were less interested in a government that works better than they

180

were in a government which was smaller (Arnold, 1998). The persistence of privatization as a guideline is evidence of the conflict between these two visions.

Interest in Reorganization

As noted previously, interest in reorganization by federal agencies is a useful metric in public administration. A substantial interest in reorganization reinforces the usefulness of the topic as those in public administration working for federal agencies would either be involved in implementation or affected by reorganization during their career.

3.3 How has interest in reorganization changed over the span of this study?

Radin & Chanin (2009) state that reorganization was a frequent topic at public administration events and in the literature during the middle 1970s through the early 1980s, but this interest has subsided since that time period. Charles Wise states, "The events of 9/11 kicked off one of the most active periods of reorganization in the history of the federal government" (Wise, 2006, p. 302). Wise attributes this to the creation of the Department of Homeland Security, the ongoing process of reorganization to adapt for homeland security issues, and the problems highlighted by hurricane Katrina.

The number of GAO reports issued reflects both the GAO's and Congress' interest in reorganization. The number of GAO reports selected by the database query by year is shown in Figure 8. Both Priority 1 and 2 and total number of reports per year are shown in this stacked column graph. The curves for total reports and Priority 1 and 2 are similar.

181
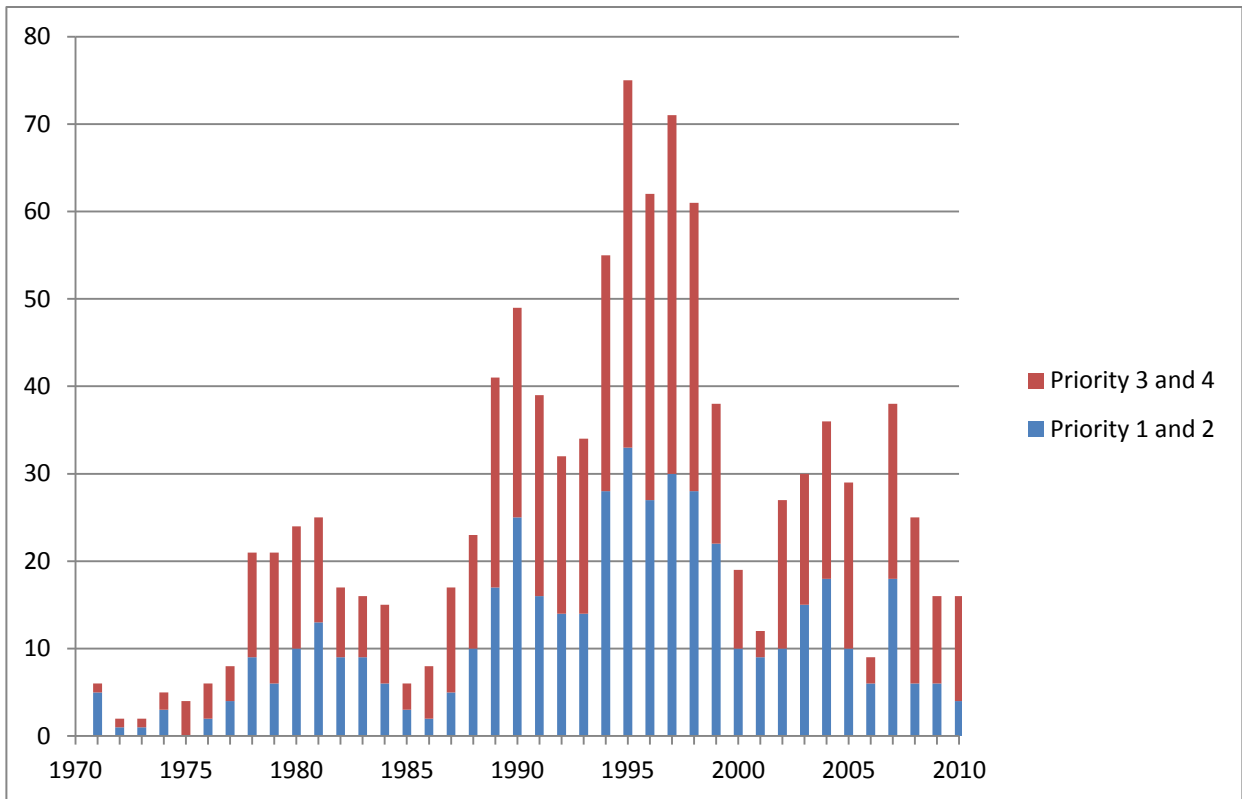
Figure 5.7. Number of Reports and Priority 1 and 2 Reports by Year

It is useful when reviewing this graph to keep in mind the following dates:

1976   President Jimmy Carter elected

1986   Packard Report recommending major DOD changes

1989   Fall of the Berlin Wall

1993   Advent of the National Performance Review

2003   Creation of the Department of Homeland Security

The graph does reflect Charles Wise's assertion of increased reorganization activity after September 11, 2001. Radin's and Chanin's statement may have reflected academic interest in reorganization as measured in journal activity, but does not reflect the interest of the GAO and Congress. The period of increased activity in the 1990s reflects the large amount of reorganization activity correlated with NPR activities.

Summary

This study posed the following research question: **what do GAO reports say about the implementation of federal agency reorganization?** From this research question came the three questions for the content analysis in Table 1.1. The results of the content analysis were described in this chapter.

In Chapter 6 the results given in this chapter are evaluated with respect to the literature. This evaluation of the results with the literature becomes the findings given in Chapter 6.

CHAPTER 6: FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This chapter is divided into three sections. The first section merges the results found in the previous chapter into findings on implementation of reorganization. The second section draws conclusions based on four major themes and discusses some theoretical issues. The final section gives suggestions for future research based on both the issues discovered in this study and follow-on questions uncovered.

Findings for the Theme of Mechanics of Implementation

Chapter 5 described the results of the study. This section tries to impart meaning to these results with respect to the current literature. In order to describe these findings, some of the information describing results is repeated.

Authority and Other Guidelines

Authority

The most frequent authority cited in the reorganizations qualifying for this study was authorization by an agency official. Sixty-three percent of reorganizations (66/104) were authorized this way (Table 5.4). This gave the appearance, at least, that in a substantial number of cases of reorganizations not requiring legislation, as for a new department, that details were left to the agency involved. I.M. Destler was the scholar referenced to give understanding to these results, noting the tradeoffs between credibility and flexibility depending on choice of authority (1981a). Destler gave reasons for an agency embarking on reorganization (1981b). He gave as an example Secretary Califano reorganizing HEW to achieve his goals. Destler also showed how an agency could implement reorganization as a strong indication of its desire to solve problems.

The second largest number (25% or 26/104) of qualifying reorganizations were required by law. This was to be expected as creation of the Departments of Energy and Homeland Security as well as the split of HEW into HHS and Education occurred during the period of the study. Congress also upon occasion passes legislation to alter agency structure to correct what it perceives to be problems as it did in the IRS reorganization of 1998.

Statutory Offices

Only thirteen of the qualifying reorganizations implemented a new or revised statutory office (Table 5.8). Of these thirteen implementations, ten included the offices of CFO, CIO, and/or IG. This aspect of reorganization appeared to be less of a factor in implementation than expected. One reason for this, as described in the previous chapter, is in some cases duties were assigned and personnel appointed to the statutory office, but the implementation did not involve many staff. Cases with no or minimal staff changes did not qualify for this study.

The reason for including this category in the study was the place of statutory offices in organization theory. Paul Light included the IG as part of the "war on waste" and the CFO as part of the "scientific management" tides in his book (1997). Light's concern about the tides was more than academic interest. He was concerned that implementation of some of the reforms described in tides actually increased the problems they were designed to create. Secondly, Light noted that the tides often worked against each other. By legislating permanent statutory offices Congress insured these tides built upon each other.

Light specifically documented issues with the IG in his book *Monitoring Government: Inspectors General and the Search for Accountability* (1993). The IG is a design created by the conflict between Congress and the executive branch. The IG reports to both. The IG also has substantial freedom in staffing and running the office. Light's description of the IG has

185

characteristics of a double edged sword. On the one hand fraud and waste are reduced, on the other hand diversion of resources and the dampening effect on risk taking are negatives.

The Hoover Commission would no doubt consider creation of these offices as a violation of organizational principles by weakening or breaking the line of command between the President and all agencies in the executive branch. As a result of this authority and accountability would be impacted. One of the findings of the Commission was "Statutory powers often have been vested in subordinate officers in such a way as to deny authority to the President or a department head" (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949, p. 4).

Justice

Justice as a guideline was found in fourteen percent of implementations (15/104). These fifteen divided into three categories: fairness, objectivity, and responsiveness. Justice may not have been a primary guideline for reorganization, but was a response to sensitive issues. One of the major cases where fairness was a guideline was the IRS effort to achieve a better balance between collections and fair treatment of citizens.

The GAO recorded cases where agencies wished to show the public they were taking steps to insure objectivity of reporting data. An example of this was the reorganization of the Energy Information Administration which was made a separate entity within DOE to help avoid its reporting being biased by either political or energy development considerations. GAO reports mentioned responsiveness when agencies such as HHS reorganized to create advocates for disadvantaged groups such as the elderly.

Harold Seidman (1998) was the major scholar addressing the issues of justice in reorganization. He was critical of the NPR for a lack of discussion of democratic accountability.

186

Seidman prescribed as a reorganization guideline that competing interests should be balanced and benefits of government should be shared equitably among all citizens.

Other

"Other" was a category created for completeness. Thirty-two percent of implementations had a guideline in this category. Almost all of these had some change in mission. Szanton (1981c) stated reorganization has been used to symbolize changing priorities.

Portions of the Reorganization Plan and Specified Guidelines Implemented

Latest Evaluation

Only thirty-seven percent (38/104) of all reorganizations were evaluated by the GAO after implementation was complete. As some of the reorganizations were covered by several reports, the percentage of reports evaluating completed implementations would be substantially less. The numbers for small and medium implementations were compared with large implementations to determine whether size of implementation was correlated with evaluation after completion. One might presume GAO would concentrate on reviewing larger reorganization implementation after completion, but no correlation was found. These findings reinforce Mann's and Anagnoson's observations:

> Existing studies tend to focus on the politics of reorganization, its immediate results and the motivations of the parties involved. But they pay scant attention to what reorganization has meant in terms of either the objectives asserted by the proponents of the reorganization or the outcomes in terms of political power and policy. Indeed, once an agency has been reorganized or a new agency created, there is a tendency to take the new organization as a given without assessing differences that have resulted from the new set of relationships created by the reorganization (1982a, p. 400).

Szanton (1981c) stated one of the purposes of reorganization is symbolic. In this case the act of implementing reorganizational change was enough and the creation of the new entity was evidence of success by itself. Creation of the Department of Education was an example of this.

In this case there would be less incentive to evaluate the reorganization after implementation was complete.

Implementation Progress

As noted above only thirty-seven percent (38/104) of implementations were evaluated after completion. When adding the categories for "completed after delays" and "delayed", forty-two percent (44/104) of implementations had delays. It is possible that the category "completed" also included implementations with delays but the GAO reports did not discuss them, so the percentage with delays could be higher. Destler (1981a) gave examples of delays in the categories of budget, personnel, and office space. These examples reinforce the understanding of risks involved in implementation. These factors are not always completely under agency control. Delays were correlated with size to see if size of implementation was correlated with delays, but no correlation was found. The GAO (*Implementation: the missing link in planning reorganizations*, 1981) reviewed some of the agencies reorganized under the Reorganization Act of 1977 during the Carter Administration. The GAO also documented problems with personnel, budget, and office space leading to difficult startup and delays for new or reorganized agencies.

Plan Completeness

Fifty-six percent (58/104) of implementations had comments by the GAO indicating plans were deficient, revised, or both. Plans may have been adjusted for delays or budget concerns. As noted when discussing delays, factors of implementation are not always completely under the control of federal agencies. No correlation was found between plan completeness and size.

Dale (1967) gave a straightforward process for planning and implementing reorganization. Executives approving reorganization can generally allocate resources required.

188

Destler stated the length of service of a federal executive may be short. He also noted the detailed work of reorganization planning and implementation leaves federal executives at an information disadvantage compared to long term employees.

The GAO (*Implementation: the missing link in planning reorganizations*, 1981) suggested implementation could be improved by including implementation planning objectives in the reorganization plans and by using high level taskforces to gain commitments from all agencies involved in a specific reorganization.

Other Plan Observations

Additional comments were made by GAO other than whether plans were considered incomplete or revised in fifty-seven percent of implementations. GAO evaluates implementations against best practices as well as plans. Szanton (1981c) noted reorganizations also have multiple objectives.

Completion Assessment

As noted earlier, thirty-seven percent (38/104) of implementations were evaluated after completion. These broke down as forty-seven percent of implementations evaluated after completion (18/38) had some assessment as to the amount of the plan completed. Fifty-three percent (20/38) had no assessment. The eighteen implementations with some evaluation are only seventeen percent of all implementations. As stated when evaluation implementation progress, this finding also reinforces Mann's and Anagnoson's (1982a) observation that once reorganization is complete it is treated as a given.

Thickening

Paul Light made a forceful case that thickening of government (the addition of managerial layers) has increased substantially from 1960 to 1990 resulting in a diffusion of

accountability. The costs of this thickening include information distortion, disunity of command, and the growing gap between responsibility and authority (Light, 1995, p. 64). This study found layering mentioned in sixteen percent of implementations (17/104). Out of these seventeen implementations, eight were announced during the period of 1992 through 1994, generally coinciding with the advent of the NPR. A positive response in this category was strongly correlated with large implementation size.

Light described the conflict between span of control and administrative efficiency, noting the narrower the span of control the higher up the chain of command issues must flow before a decision can be made and relayed back down. He commented that the conflict between administrative efficiency and span of control appeared to be resolved in favor of the latter.

Light concentrated on upper level thickening. Osborne and Gaebler were also concerned with thickening. Their target was middle management, which they accuse of choking off ideas. Osborne and Gaebler stated that participatory organizations find middle management layers must be reduced. With the advent of modern computerized systems managers have ample information to handle a much larger span of control.

Findings about managerial layering in this study do not conflict with Paul Light's view. When this study was planned it was thought thickening would be more significant an issue in reorganization implementation than the sixteen percent indicated. Light cited the momentum behind thickening (1995). He noted both the Congress and the president would have to change their views on organizational structure to reverse the trend. With little desire from either branch to change, GAO has not taken up the standard on this issue either.

Expected and Unexpected Implementation Costs

Comments about both expected and unexpected costs were tallied. Expected costs included budget, office, and efficiency. Unexpected costs also included personnel as well as the other three. For an implementation to qualify for this study it must have had personnel reassigned or moved or had a substantial change in duties. Therefore all implementations had expected personnel costs. For tally purposes expected costs were combined. In fifty-seven percent of implementations (59/104) GAO listed other expected costs as opposed to only personnel costs.

Fifty-six percent (58/104) of implementations had unexpected costs. Out of the fifty-eight implementations with unexpected costs, eighty-one percent (47/58) had personnel or personnel and other costs. Only nineteen percent (11/58) had unexpected costs which did not include personnel costs. This led to the conclusion that the predominant cost of reorganization is personnel. Personnel management in the federal government is complex as noted in the discussion in Chapter 5. Federal agencies have trouble getting leadership in place during reorganizations as well as difficulties in moving personnel, maintaining the right skill balance, and maintaining the right personnel age profile.

It should be noted not all agencies share certain costs to the same degree. GAO stated in 1998 that seventy-two percent of all federal investment in research and most of the RDT&E infrastructure belongs to only three agencies: the Department of Energy, the Department of Defense, and NASA (*Best Practices: Elements Critical to Successfully Reducing Unneeded RDT&E Infrastructure*, 1998). One would expect these ratios to change with the addition of the Department of Homeland Security, but still infrastructure costs would be expected to be concentrated in only a few agencies.

Chapter Five briefly described examples documented by the GAO in which an agency was implementing changes in the organization at the same time reducing personnel. These types of changes leave an organization vulnerable to loss of effectiveness during transitions due to morale issues. Douglas McGregor (1960) was the primary source of scholarship on the human issues arising from organizational uncertainty and change. Destler (1981a) also documented problems created by unexpected delays in appointing leadership and gaining budget approvals. The GAO was concerned enough about implementation of reorganization by agencies with plans submitted under the Reorganization Act of 1977 (*Implementation: the missing link in planning reorganizations*, 1981) that it issued a report documenting problems in almost every area of implementation.

Process and Technology Changes Implemented During Reorganization

Reforms in many reorganizations were implemented simultaneously with the implementation of structural reorganization. These were categorized by process changes, implementation of technology, and other changes.

Process and Technology Changes

Sixty-three percent (65/104) of all implementations were accompanied by process changes. Forty-one percent of all implementations were accompanied by implementation of technology. Unlike process changes, which did not show significant correlation with implementation size, implementation of technology was positively correlated with implementation size. Process changes were also correlated with technology changes. These were strongly correlated: if process changes were implemented accompanying implementation of reorganization, technology changes were probably accompanying this also.

This was expected. Implementation of significant technology changes would also require changes in the way an agency performed its business. Technology changes would be expected to correlate with larger implementations. Especially during the NPR era technology and reengineering were the enablers which allowed agencies to reduce personnel.

Seventy-three percent (76/104) of implementations had other changes. These did not correlate with implementation size. The number of changes other than process and technology was not surprising. As Mann and Anagnoson (1982a) noted, reorganizations are seldom isolated events.

Especially during the NPR era it would be difficult to separate all the motivations for these changes. The greatly expanded use of the internet facilitated technology changes. Agencies felt a combination of pressures. There was a need to become more efficient as there was pressure from both political parties. DiMaggio and Powell (1983) also offer completely credible explanations. Certainly there were both coercive and mimetic pressures on federal agencies to conform by implementing technology and reengineering processes. Pressure to implement NPR recommendations was certainly a coercive force. One could also state agencies desired look like other changed agencies. As noted previously, Kettl (Kettl, et al., 1994) considered Osborne's and Gaebler's ideas as the prime theory behind the NPR. Certainly as one agency became more entrepreneurial, others would feel the pressure to follow.

Issues and recommendations

Previous categories dealt with issues with the reorganization and implementation plans and other observations about the plan itself. Implementations were also evaluated for issues arising in the implementation process itself. Issues with both the implementation process and other agency issues occurring during the implementation period were tallied. The same process

was followed for recommendations. Although these were separate categories there was obviously connectedness. For example, issues occurring during implementation with the budget or personnel might also be reflected in plan revisions.

Seventy five percent of implementations (78/104) had implementation issues. This correlated unexpectedly with smaller implementations. The process of which reorganizations are selected for review is dependent on congressional interests. There were a number of cases found where the reorganization was not large, but moving of government facilities prompted the district congressional delegation to have the GAO review the justifications and plans for the reorganization.

In seventy seven percent (80/104) of implementations GAO reports on the reorganization also documented other ongoing agency issues. Again this reinforces Mann's and Anagnoson's (1982a) statement that reorganizations tend not to be isolated events but are in parallel with policy changes or budget changes. These can create or exacerbate agency issues other than those coming out of the implementation itself.

In forty-three percent (45/104) of implementations the GAO gave recommendations for improvement of implementation. In sixty-four percent (67/104) of implementations the GAO gave recommendations to improve other aspects of agency functioning. The category "Implementation Recommendations" was correlated with the category "Other Recommendations". If the GAO gave recommendations to improve implementation, it probably gave recommendations to improve other aspects of agency performance.

Impact Evaluation

Impact evaluation was measured conservatively. Although the GAO may have made comments on the effect of a particular reorganization prior to completion of implementation,

these were not considered impact evaluation. By definition impact evaluation could be answered yes or no only of there was an assessment by the GAO after completion of implementation. As stated previously, the GAO reported on only thirty-seven percent (38/104) of reorganizations after implementation was complete. Fifty-three percent of these (20/38) contained some assessment of the impact of the reorganization. Due to the low number of reorganizations reviewed by the GAO after completion of implementation, the number of reorganizations in which GAO made any assessment of impact was only nineteen percent of all implementations (20/104).

Both Mann and Anagnoson and Szanton commented on lack of reorganization impact assessment. Mann and Anagnoson noted lack of literature on the actual results of the reorganization process (Mann & Anagnoson, 1979). Szanton stated, "It is striking, then, that if such an official, on entering office, looked to current learning for guidance in assessing the probable costs and benefits of alternative reforms of the structure or processes or staffing of government, he (or she) would find the literature remarkably thin" (1981b, p. ix). Data from this study does not conflict with these comments.

Findings for the Theme of Strength of Classical Organization Theory

The strength of classical organization theory was evaluated using three categories: authority and accountability, centralization/decentralization, and economy efficiency. Authority and accountability were found as guidelines in 46 percent of implementations (48/104). Classical theorists were especially concerned that the projection of authority throughout the organization be clearly defined. Mooney stated, "The principle of perpendicular co-ordination is expressed in the single word *authority*" (1987, p. 93). One of the findings of the Hoover Commission (United States. Commission on Organization of the Executive Branch of the

Government (1947-1949) & Hoover, 1949) was that the lines of command from the President to each employee and the lines of responsibility from each employee to the President in some cases were broken. The Commission blamed the vesting of statutory powers in subordinate officers as exacerbating this problem.

Centralization and decentralization were found as guidelines in 41 percent (43/104) of implementations. This guideline was discussed in depth by Luther Gulick (1987) in his discussion of organization by place. Further research would be useful to determine how much centralization and decentralization is attributable to classical motives and how much is due to the implementation of technology and associated process changes. Structural Contingency theorists might state the degree of centralization is related to technology as a contingency factor (Donaldson, 1999). Neo-Institutionalists could attribute the degree of centralization to pressures to look like similar organizations (DiMaggio & Powell, 1983). The strongest finding of the strength of classical theory is found in the next section.

Economy and efficiency were found as guidelines for reorganization in 73 percent (76/104) of implementations. Figure 5.3 in Chapter 5 showed these guidelines for reorganization were found throughout the period of the study. It is interesting that this category was substantially higher than authority and accountability or centralization/decentralization. It may be that these two categories are more technical – having to do with the mechanics of reorganization – and the category of economy and efficiency deals with one of the fundamental rationales for reorganization.

The power of the rational for reorganization of "economy and efficiency" is referred to by both Light and Seidman. Light (1997) stated President Clinton's preface to the NPR report promised more effective and efficient government. Seidman (1998) stated that almost every

president from Theodore Roosevelt to Clinton with the exception of Franklin D. Roosevelt used economy and efficiency as a rationale for reorganization. It was not difficult to see that the findings in this chapter agreed with these statements.

Findings for the Theme of Primacy of Personnel Issues

As part of the review of personnel issues, implementations were categorized as having a net gain in personnel, no major gain or loss, or a net loss of personnel. The results showed 28 percent of implementations (29/104) had a net gain, 21 percent (22/104) had no major gain or loss, and 51 percent (53/104) had a net loss of personnel. Net loss of personnel correlated significantly with larger implementations. This result was not a surprise: many of the implementations with a net loss of personnel occurred during the NPR period as well as during the Reagan administration. Also, given the difficulty in personnel reduction in the federal government, there would be significant review of the process by the GAO.

Both literature written by both members of the NPR and academic scholars described the difficulty of personnel reduction. One of the goals of NPR was to reduce "structures of over-control and micromanagement". Vice President Al Gore stated (National Performance Review (U.S.) & Gore, 1993, p. iv), "We will accomplish as much of this as possible through attrition, early retirement, and a time-limited program of cash incentives to leave federal service. If an employee whose job is eliminated cannot take early retirement and elects not to take a cash incentive to leave government service, we will help that employee find another job offer through out-placement assistance." Carolyn Ban (1995) noted the dilemma NPR has. When one of the main goals of NPR became significant federal workforce reduction, it became incumbent, especially for a Democratic administration, to gain union support for the process.

Both E.S. Savas (1987) and Osborne and Gaebler (1992) discussed use of privatization (Chapter 5). One of the issues resulting from the outsourcing of government work either by shedding the entire function or by using contractors to perform some of the work is what to do with excess federal employees. Savas recommended using attrition, transfers, and requiring the contractor to give preference to the laid off employees. Osborne and Gaebler addressed personnel issues by advocating no-layoff policies, stating "No one wants to innovate themselves out of a job" (1992, p. 265). They state most government agencies have some attrition and transfer of employees can mitigate the need for layoffs.

Findings for the Theme of Conflicting Visions

Although the enduring strength of classical organization theory has been shown, other guidelines for reorganization have appeared in later years. Peri Arnold documented changing goals of reorganization. Conflict between some of these goals came into sharp focus after the 1994 Congressional election in which the Republicans won a large victory forcing President Clinton to change the focus of NPR. As Peri Arnold stated, "The Republicans' promise was not to make government work better; they were committed through their 'Contract with America' to making it significantly smaller" (1998, p. 413). Evidence of this conflict appeared when reviewing the results of the three categories: NPR, PBO, and Privatization.

NPR appeared as a guideline in 26 percent (27/104) of implementations. Almost all were during the NPR period (Figure 5.4). Three implementations in 2002 mentioned re-engineering, which also came under the NPR category. Whether or not NPR was mentioned relating to a specific reorganization, NPR goals drove reorganization during the Clinton administration. Kettl noted the primary vehicle to achieve government savings was the downsizing of the federal workforce by 252000 (later revised to 272900) personnel (1995b, p. 17).

PBO appeared in 19 percent (20/104) of implementations, starting in 1993and continuing beyond the Clinton administration (Figure 5.5). The concept of the performance based organization came out of the Thatcher Next Steps initiative in the late 1980s (A. Roberts, 1997). It was then announced as an NPR initiative in 1996 by Vice President Al Gore.

Privatization as a guideline appeared in 35 percent (36/104) of implementations. This guideline appeared in implementations in both the Reagan, Clinton administrations, and beyond (Figure 5.6).

The interesting point in looking at these three categories is not their size but their persistence. NPR was specific to the Clinton administration. Privatization was seen as a goal by Savas (1987) and as a tool to better government by Osborne and Gaebler (1992). The PBO concept has been made permanent in a small number of agencies. The coexistence of the three concepts was explained by Peri Arnold (1998), who stated starting with Carter and through Reagan and Clinton reorganization reflects populist concern with the size and cost of the federal government.

The difficulties of personnel layoffs from a process viewpoint were discussed in Chapter 2. McGregor (1960) discussed the problems of reduction in force from an employee level. One of the determinants of who gets terminated is the performance appraisal. McGregor criticized several aspects of the performance appraisal including accuracy of position descriptions and fairness of evaluations. McGregor also gave an example where the ratings submitted were significantly higher than previous ratings when managers learned they would be used to terminate less productive individuals.

Findings for Interest in Reorganization

Using GAO reports as a metric for interest as shown in Table 4.1, interest by federal agencies in reorganization remains strong. The number of reports declined in recent years from the NPR era, but one reason for this might be the consuming focus on establishing and consolidating all the separate elements of the Department of Homeland Security. This finding is in line with the scholars discussed in Chapter 3.

Seidman (Seidman, 1998) described how federal agency structure is related to congressional structure and how power is derived from these relationships. As a result of the criticality of these relationships, congressional interest in reorganization continues to be strong. On a more general level Seidman stated, "Almost every member of Congress feels obligated at times to rise above principle. The urge is overwhelming when the issues involve the location or relocation of federal field offices or delegations of decision-making authority to the field" (47). Since the GAO is an arm of Congress, GAO interest in reorganization will mirror congressional interest in reorganization.

All of the findings are summarized in Tables 6.1 through 6.5 below, one for each theme listed in Table 1.2 and one for interest in reorganization. As in Tables 3.1 through 3.5, the questions (1., 1.1, etc.) come from Table 1.1. The variables (1A, 1B, etc.) are the content analysis variables used to answer each question.

Table 6.1. Findings for the Theme "Mechanics of Implementing Reorganization"

Results	Analysis	Scholars
1. What portion of each reorganization plan was implemented?		
1.1 What authority and other guidelines were noted in the data as applying to this reorganization?		
1A Reorganization Authority		
63% authorized by agency official, 26% by law. The rest split between Cong., Exec.	Whether encouraged by Congress or the Executive Br., specific details are left to the agency.	Destler(1981a) Seidman(1998)
1B Statutory Offices		
Only 13 implementations involved creation or reorganization of statutory offices	Most were CFO, CIO, and/or IG. This was less of a factor in implementation than expected.	Light(1997) Seidman(1998)
1C Guidelines (JUS)		
"Justice" guideline was found in 14% of implementations.	The implementations with this guideline had concerns for fairness, objectivity, and responsiveness.	Seidman(1998)
1C Guidelines (OTHER)		
"Other" guideline was found in 32% of implementations.	Implementations with this guideline contained mostly changes in mission.	Szanton(1981c)

Table 6.1. Findings for the Theme "Mechanics of Implementing Reorganization" (continued)

Results	Analysis	Scholars
1.2 What portions of the reorganization plan and specified guidelines were implemented?		
2A Latest Evaluation		
Only 37% of implementations were evaluated by GAO after completion.	This reinforces the view that once implementation complete, new organization taken as a given.	Mann and Anagnoson(1982b) Szanton(1981b)
2B Implementation Progress		
44% of implementations were delayed.	Implementation has risks; some factors can be controlled, others cannot.	Destler(1981a)
2C Plan Completeness		
56% of implementations had plans which were deficient, revised, or both.	In some cases the plan was revised because of delays, budget, or other issues. In others GAO determined plan did not meet best practices.	Destler(1981a) GAO(*Implementation: the missing link in planning reorganizations*, 1981)
2D Other Plan Observations		
57% of implementations had plans where GAO made other observations than 2C (completeness).	GAO wishes to insure the agency is striving to achieve best practices.	Szanton

Table 6.1. Findings for the Theme "Mechanics of Implementing Reorganization" (continued)

Results	Analysis	Scholars
2E Completion Assessment		
47% of implementations evaluated after completion (17% of all imp.) had some assessment as to how much of the plan was completed.	Once implementation complete, new organization taken as a given.	Mann and Anagnoson Destler
1.4 Has there been any change in thickening in federal agencies since Paul Light wrote his book?		
1C Guidelines (LYR specifically)		
Only 16% of implementations mentioned layering. Those that did correlated with larger implementations.	Layering does not currently seem to be a significant factor in implementation.	Light(1995) Osborne and Gaebler
2. What were both expected and unexpected costs of implementation?		
2.1 What implementation costs were incurred by this reorganization?		
3A Planned Costs		
43% personnel only, 57% also mentioned budget, office, or efficiency costs	This shows the weight of personnel issues as almost half discussed this cost alone. One would have expected more than 57% to discuss budget and space issues.	Dale(1967) Destler(1981a) Savas (1987) Osborne and Gaebler (1992)

Table 6.1. Findings for the Theme "Mechanics of Implementing Reorganization" (continued)

Results	Analysis	Scholars
3B Unplanned Costs		
56% of implementations had unplanned costs	Over half had implementations affected by unplanned costs. These can jeopardize schedule and impact agency effectiveness.	Dale(1967) Destler(1981a) GAO(*Implementation: the missing link in planning reorganizations*, 1981)
2.2 Was the reorganization correlated with process changes or implementation of new technology?		
4A Process Changes		
63% of implementations had process changes	One would expect changes in organization would change processes. See 4B.	Osborne and Gaebler (1992) Kettl (1995b) DiMaggio and Powell (1983)
4B Technology Changes		
41% of implementations had technology changes. These were correlated with size and strongly correlated with process changes	Technology is both an enabler and a complicating factor in implementation. Major changes in technology would require changes in organization processes.	Osborne and Gaebler(1992) Kettl(1995b) DiMaggio and Powell(1983)
4C Other Changes		
73% of implementations had other changes happening concurrently	Reorganizations are not implemented in a vacuum. Other complicating changes may be happening concurrently.	GAO(*Implementation: the missing link in planning reorganizations*, 1981) Mann and Anagnoson (1982b)

Table 6.1. Findings for the Theme "Mechanics of Implementing Reorganization" (continued)

Results	Analysis	Scholars
3. What issues occurred during the implementation process?		
3.1 Did other issues come up during implementation which were not categorized previously?		
5A Implementation Issues		
75% of reorganizations had implementation issues. This was negatively correlated with smaller implementations.	Although many of the issues could be mitigated by better planning and execution, some are beyond agency control. The negative correlation says something about how GAO chooses reorganizations to review.	Dale(1967) Destler(1981a)
5B Other Issues		
77% of implementations occurred when agency had other issues. Only 7% of implementations had neither imp. iss. or other iss.	Reorganization is not only affected by implementation issues but other issues affecting the agency. These can be distracting to agency management.	Destler(1981a)
3.2 Were any recommendations for improvement of the implementation process given?		
6A Implementation Recommendations		
In 43% of implementations GAO gave recommendations to improve implementation.	GAO wishes to encourage use of best practices.	Dale(1967) Destler(1981a)

Table 6.1. Findings for the Theme "Mechanics of Implementing Reorganization" (continued)

Results	Analysis	Scholars
6B Other Recommendations		
In 64% of reorganizations, GAO gave other recommendations to agency. Strong correlation between the two. If GAO gave implementation recommendations, GAO gave other recommendations.	If GAO is evaluating one aspect of agency performance and notices other issues, it will give recommendations on theses also. GAO has best practices it encourages agencies to adopt.	GAO
3.4 Did GAO evaluate the improvement of agency effectiveness after reorganization, and if it did what did it find?		
2F Impact Evaluation		
53% of implementations evaluated by GAO after completion (19% of all implementations) had some assessment of impact.	This finding tends to confirm assessments by Mann and Anagnoson, Szanton that once implementation is complete the new organization is taken as a given.	Mann and Anagnoson(1982b) Szanton(1981b) March and Olsen(1983)

Table 6.2. Findings for the Theme "Strength of Classical Organization Theory"

1. What portion of each reorganization plan was implemented?		
Results	**Analysis**	**Scholars**
1.1 What authority and other guidelines were noted in the data as applying to this reorganization?		
1C Guidelines(AA)		
46% of implementations mentioned Authority/ Accountability as a guideline.	Almost half of implementations mentioned this guideline showing the power of classical theory.	Gulick (1987) Mooney (Mooney, 1987) Hoover (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949) Seidman (1998)
1C Guidelines(CD)		
41% of implementations mentioned Centralization/ Decentralization as a guideline.	Further work is needed to determine how many implementations are centralizing functions vs. decentralizing and why.	Gulick (1987) Donaldson (1999) Savas (1987) Osborne and Gaebler (1992)
1C Guidelines(EE)		
76% of implementations mentioned EE as a guideline.	Deference to the goals of economy and efficiency are a requirement for reorganizing agencies.	Seidman (1998) Hoover (United States. Commission on Organization of the Executive Branch of the Government (1947-1949) & Hoover, 1949)

Table 6.3. Findings for the Theme "Primacy of Personnel Issues"

Results	Analysis	Scholars
1.3 How did the number of employees change as a result of reorganization?		
7B Net Gain or Loss		
28% net gain, 21% neither, 51% net loss Net loss correlation with implementation size is significant	The federal government gains personnel quietly. Shrinkage is much more visible and painful. Net gains may be internal movement or expanded mission. Many of net loss implementations were due to agency-wide cuts.	Kettl(1995b) Savas(1987) Osborne and Gaebler (1992)

Table 6.4. Findings for the Theme "Conflicting Visions"

1. What portion of each reorganization plan was implemented?		
Results	**Analysis**	**Scholars**
1.1 What authority and other guidelines were noted in the data as applying to this reorganization?		
1C Guidelines(NPR)		
26% of implementations mentioned NPR as a guideline	NPR, tied to Clinton, did not last past his administration. The last three implementations categorized as NPR did not use that phrase but did use reengineering.	Kettl(1995a) Osborne and Gaebler (1992)
1C Guidelines(PBO)		
19% of implementations mentioned PBO as a guideline	There is still interest in performance based organizations.	Roberts(1997) Seidman (1998)
1C Guidelines(PR)		
35% of implementations mentioned PR as a guideline	Privatization has shown continuing strength since 1980 (Fig. 5.6). There is pressure for the federal government to adopt business practices.	Savas (1987) Osborne and Gaebler (1992) Seidman (1998)

Table 6.5. Findings for Interest in Reorganization

Variable		
Results	**Analysis**	**Scholars**
3. What issues occurred during the implementation process?		
3.3 How has interest in reorganization changed over the span of this study?		
Number of GAO reports		
Interest in reorganization as evidenced by GAO reports was higher than academic interest in reorganization	Implementation appears to be an enduring part of agency operations.	Radin and Chanin(2009) Seidman(1998) Arnold(1998)

The results for this study have been summarized in the tables above and have been sorted based on the four major themes. Each result has analysis based on that result. In the next section these results and analysis are tied together to come to conclusions about these major themes.

Conclusions

The answers to most of the questions used to create the analysis categories can be grouped into four major themes. The first theme covers what the GAO reports state about the mechanics of implementation. This theme includes Destler's (1981a) four implementation task areas: legal authority, budget, personnel, and space. The second theme is the enduring strength of classical organization theory. The third concerns itself with the overriding significance of personnel issues in implementation. The third theme also concerns itself with the fact that the majority of the implementations which qualified for this study are concerned with the processes of reducing numbers of personnel. The fourth theme concerns itself with the conflict between visions of making government work better and reducing the scope of government.

Mechanics of Implementing Reorganization

Several questions can be grouped under the overarching theme of the mechanics of

implementation. Once a plan is approved, what does the GAO say about implementing the plan?

The academic literature on implementation is rather thin. Mann and Anagnoson found

reorganization literature fell into three main groups: executive branch commissions, current

organizational arrangements, and the politics of reorganization and implementation (1979). It is

both a tribute to I.M. Destler and evidence of thinness of the literature that his 1981 book section

"Implementing Reorganization" (1981a) was reprinted in Radin's and Chanin's book in 2008

(Destler, 2008).

This study reinforces some of the observations which have been made about

implementation. Questions on authority, costs of implementation, issues, and recommendations

touch on several of Destler's four areas. Many of the results in the previous chapter illustrate the

difficulty of implementing federal reorganizations as all four of Destler's implementation areas

are not completely in the control of the reorganizing agency.

Authority

Since all reorganizations studied were in or after the implementation stage, authority did

not seem to be an area with major issues. Most reorganizations were authorized by an official in

the reorganizing agency (66/104) with the next highest number being authorized by law (26/104)

category. Only a few were authorized by executive order or direct congressional permission.

This does not mean the path to acquire authority was easy in all cases. In some cases

congressional committees require notification and must give approval for certain types of

reorganizations. The Department of Veterans Affairs was required to notify Congress of plans to

reorganize its Office of Information Resources Management (*Veterans Affairs IRM: Stronger*

Role Needed for Chief Information Resources Officer, 1991). Congress was notified on July 27, 1990 but approval was not given until May 1991. This finding does suggest that no matter what pressure was involved to reorganize, in most cases the details of planning and implementing reorganizations were left to the agency involved.

Budget

The National Weather Service reorganization in the 1990s illustrated budget difficulties. The NWS wished to reduce the number of regions from 6 to 5 by closing the southern region (*National Weather Service: Closure of Regional Office Not Supported by Risk Analysis*, 1997). Between fiscal years 1982 and 1993 the Presidential budget proposed closure, but the Congress kept restoring the appropriation. By 1997 with efforts to downsize government appropriations were being reduced. Technology programs such as the NWS was implementing create budget risks both by themselves going over budget and by stretching out reorganization implementation. The longer the implementation, the higher the risk that outside events will affect it. This is not a study of the Presidential and Congressional conflicting goals, but it does illustrate that not all assets required for reorganization are under agency control.

Personnel

The largest issues affecting implementation were found to be personnel issues. The GAO evaluated the creation of the Office of the Assistant Secretary for Conservation and Solar Applications in DOE (*Organization and Management of the Department of Energy's Office of Conservation and Solar Applications*, 1979). This is an example of failure to follow Destler's advice. Destler stated, "Probably the most crucial implementing action involving personnel is the timely placement of persons committed to a reorganization in key leadership positions" (1981a, p. 160). Even though DOE was established on October 1, 1977 it took until July 26,

212

1978 to confirm the Assistant Secretary. GAO also stated DOE was slow in filling other

management positions and bringing personnel numbers to the authorized level.

O'Connell (2009) characterized the vacancy problem: "Vacancies in key executive

agency positions have several deleterious consequences for policymaking. These effects include

agency inaction, confusion among nonpolitical workers, and decreased agency accountability"

(pp. 937,938) O'Connell notes more specifically, gaps at high level leads to fewer policy

decisions being made and also a loss of connections to the political structure. Gaps at lower

levels also affect agency operations. For an agency to function, both political and non-political

employees need to understand each other. O'Connell notes this comes from sharing time at the

agency. So the affect of political vacancies extends far inside an agency. O'Connell lists at least

three reasons for these vacancies. Both the nomination and confirmation processes are multi-

faceted and have potential pitfalls. Time in office for political appointees is brief on the average

leading to a continuing stream of vacancies, especially towards the end of an administration.

One of the conclusions of this study is the federal government carries out reduction in

forces as a last resort. Civil Service rules and political concerns complicate the process. As

noted in this study, the federal government will offer incentives for early retirement or voluntary

separation. It will attempt to place government employees in other positions. As a result of this

policy, large reductions of government employees take time. Voluntary separation carries risks

as people who are in a position to leave are not necessary in the excess positions. Effectiveness

can be impacted while people are being moved and retrained.

Space

Office space and equipment costs, especially unexpected ones, were not found for a large

percentage of implementations. Exceptions, as noted earlier, would probably be for DOD, DOE,

NASA, and DHS, which have a majority of federal R&D facilities. One example of an

exception to this was the Department of Justice effort to establish an Office of Inspector General

(*Inspectors General: Status of the Department of Justice's Office of Inspector General*, 1989).

The 1989 Supplemental Appropriations Act prohibited the DOJ from using funds from the

Supplemental or previous acts to consolidate offices.

Strength of Classical Organization Theory

The results of this study reaffirm observations made by several scholars about the

strength of classical theory. Scientific Management, one of Paul Light's tides of reform,

epitomized by the works of Gulick and Brownlow, received the following assessment: "To this

day, scientific management continues to exert remarkable influence in Congress and the

presidency" (Light, 1997, p. 11). Economy and Efficiency were guidelines for seventy-three

percent of implementations studied (76/104). These were distributed throughout the years of the

study (Figure 5.1).

Paul Light (1995) showed concern for the phenomenon of thickening (increase in height

and width) in the federal government. He was especially interested in height, noting during the

NPR era that "The number of occupants per layer will clearly decline, but not the absolute

number of layers itself" (1995, p. 62).   Light tried to make the case that the result of the increase

in thickening is diffusion of accountability, but noted that the desire to flatten the federal

hierarchy was in direct conflict with Gulick's precept of a narrow span of control. The results of

this study do not give much evidence that reduction of hierarchy is gaining support as a goal of

reorganization implementation.   The overall number of implementations where layering was a

guideline was only seventeen out of one hundred and four. Of these eight were clustered in the

early Clinton years of 1992 through 1994 with four before and five after (Figure 5.6). Light

himself states "As this book suggests, the contradiction appears to have been resolved in favor of span of control and likely to the detriment of administrative efficiency and the one-master rule" (1995, p. 4).

Primacy of Personnel Issues

Destler noted the primacy of personnel issues (1981a). He characterized problems both with personnel leading implementation and other personnel affected. He stated, "Probably the most crucial implementing action involving personnel is the timely placement of persons committed to a reorganization in key leadership positions" (1981a, p. 160). Even for personnel below the top level, the process of implementing reorganization is affected by disagreements between gaining and losing entities.

Research for this study has shown expansion is much less difficult than downsizing. There is little in GAO reports about accretion of personnel over the years. Most GAO reports focus on the pains of contraction. One of the recent examples of an implementation with increased personnel is the expansion of size and mission of the Transportation Security Administration (TSA) (*Aviation Security: Federal Air Marshal Service Is Addressing Challenges of Its Expanded Mission and Workforce, but Additional Actions Needed*, 2004). The unprecedented circumstances after September 11, 2001 required relatively quick government action. TSA had major growing pains hiring air marshals and obtaining security clearances. GAO stated, "Within 10 months of the September 11, 2001, terrorist attacks on the United States, the number of federal air marshals grew from fewer than 50 to thousands" (*Aviation Security: Federal Air Marshal Service Is Addressing Challenges of Its Expanded Mission and Workforce, but Additional Actions Needed*, 2004, p. 1). The report also noted that FAMS underwent two transfers, going from FAA to TSA, then along with TSA from DOT to DHS. The

third move for FAMS was within DHS. Of the nine large reorganizations which implemented an increase in staff, six had major changes in mission.

A majority of implementations lost personnel (53/104), The characteristic of a net loss in personnel was also correlated with larger reorganizations (Tables 5.54 through 5.57). One of the conclusions of this study is the federal government carries out reduction in forces as a last resort. Civil Service rules and political concerns complicate the process. As noted in this study, the federal government will offer incentives for early retirement or voluntary separation. It will attempt to place government employees in other positions. As a result of this policy, large reductions of government employees take time. Voluntary separation carries risks as people who are in a position to leave are not necessary in the excess positions. Effectiveness can be impacted while people are being moved and retrained.

Conflicting Visions

Privatization as an objective of reorganization received a strong push during the Reagan administration. It was found in thirty-six implementations, all but one after 1980. It appeared in a large cluster during the Clinton administration. As noted earlier, privatization was a tool used in the reinventing government movement (1992). Peri Arnold also noted the change in NPR objectives after the 1994 election which changed control of the House of Representatives.

This theme emphasizes the difference between implementation of reorganization for a private organization and federal agencies. Dale (1967) stated the decision to reorganize for corporations may be based on growth, the need to reduce costs, changes in management trends, or management personnel. Once discussion is completed, the decision to reorganize will be made by a senior executive such as the head of the organization or CEO with possible

concurrence required from the Board of Directors. Once the decision is made, the reorganization is planned and implemented.

In the federal government there are always tensions. There is tension between the executive branch and Congress as to goals, especially when portions of the federal government are controlled by different parties. As the Clinton era demonstrated, there is tension all through implementation between different reorganization goals. As implementation takes time, federal implementation is prone to changes in objectives, personnel, and funding.

These four themes are summarized in Table 6.1.

Table 6.6. Major Themes in Implementation

Mechanics of Implementing Reorganization
 Authority did not seem to be a major issue in implementation. Sixty-three percent of implementations were authorized by an agency official, suggesting no matter what the pressure for reorganization, details of planning and implementation were left to agency officials.

Implementation of statutory offices, contrary to expectations, was not found to be a major issue. Statutory offices were created or reorganized in only 13 of 104 implementations (13%).

Only 57% of implementations had expected costs (budget, office space, or efficiency) in addition to personnel costs; for 43% of implementations only expected personnel costs were discussed. One would have expected these to be more predominant.

 Factors required for implementation (authority, budget, personnel, office space) are not completely under agency control.

Strength of Classical Organization Theory
 Economy and efficiency appeared in 73% of implementations, distributed through both the period of the study and the sizes of reorganizations.

 Classical precepts are enshrined in the Reorganization Act of 1949.

Many authors criticized classical organization theory at the same time conceding its longevity.

Primacy of Personnel Issues
51% of implementations had a net loss of personnel (28% had a net gain; 21% had no major gain or loss). This net loss was correlated with larger implementations.

 The desire not to use RIF can result in workforces with wrong skills and wrong demographics.

 Time required for voluntary separation incentives and attrition to work can significantly extend implementation time, increasing risks.

When RIF is used, its effects spread well beyond the employees who actually leave. The process is complicated by both procedural rules and legal challenges.

218

Conflicting Visions
    Privatization and the pressure for the federal government to emulate business
    have maintained strength since 1980 (Figure 5.6).

    Privatization was used as an implementation tool in government reengineering by
    both advocates of both better government (maintaining government presence) and
    smaller government. Implementation was different in each of these cases.

    This goal conflict affected implementation as employees were being encouraged
    to participate in reinventing government at the same time they were being asked
    to leave.

Theoretical Considerations

A review of the findings of this study with the observations found in the literature section

highlighted a number of theoretical points. Examples of reorganization implementations were

found which were both initiated as a punctuated event and the result of an ongoing process. In

developing a plan for this study, the difficulty in putting bounds on reorganization had to be dealt

with. A review of the outcomes of various reorganizations showed motivations are important.

And this study found the President and popular movements are key factors in reorganization,

especially when they are mutually reinforcing.

Reorganzation as a Punctuated Event Versus an Ongoing Process

Were the reorganizations in this study found to be a result of punctuated events or is

reorganization an ongoing process? Jochim and May (2010) note problems that span traditional

boundaries are messy and give the response to terrorism as an example. They discuss the forces

leading to boundary-spanning policy regimes. These forces are the pressures to institute reforms

generally. Jochim and May describe these two forces. Some of these policy regimes are crisis

driven as in the Community Empower regime driven by urban unrest. Others such as the

Pollution Abatement regime were created by a coalition driven process which took place over

time. This could be considered an ongoing process. Jochim and May suggest the threshold is higher for coalition driven regime formation.

Brook and King (2007) gave the enactment of the Homeland Security Act as an example of the punctuated equilibrium change process. They describe the model presented by Baumgartner and Jones in which policy change does not occur because of incremental changes in the policy equilibrium, but instead the policy equilibrium undergoes large change over a brief period of time. Occasions when policy windows open up include changes in administration, change in national mood, or pressing problems. Brook and King stated a policy window opened after 9/11 and the Bush administration used it to pass the Homeland Security Act as an example. This act altered the previously stable subsystem which included public service unions in which to change personnel rules.

This study found examples of implementation of reorganization which fell into three categories. Some reorganization implementations were a response to punctuated events; others were as a result of ongoing coalition pressure. A third category was symbolic reorganizations. Although a result of ongoing coalition pressure, the main purpose of this type of reorganization was to satisfy campaign promises or as a response to important political groups and not to solve specific problems (Wilson, 2000). Below are three examples: one as a result of punctuated events, one as a result of ongoing pressures, and one for symbolic reasons.

Department of Homeland Security

The Department of Homeland Security was created November 25, 2002 as a response to the terrorist attacks of September 11, 2001 (*Federal Protective Service*, 2004).

Department of Energy

As a result of the 1973 oil embargo, federal agencies responsible for energy were restructured in 1973 and 1974. The functions of the Atomic Energy Commission were transferred to two new entities in 1975. Proliferation of agencies led to pressures to consolidate functions. This was done when the Department of Energy was created August 4, 1977 (*Analysis of Federal Energy Roles and Structure*, 1982).

Department of Education

The Department of Education was created October 17, 1979 as a response to campaign promises (Wilson, 2000).

Difficulty Putting Boundaries on Reorganization

Difficulty Bounding the Definition of Reorganization

The initial difficulty putting boundaries on reorganization is determining what is meant by the term "reorganization". Emmerich (1971) stated about reorganization:"It is more than the neat realignment of agencies into uni-functional groupings. Reorganization, I submit, takes place whenever there is a change in the size, distribution, and nature of the executive functions, or their staffing and financing, and particularly when these changes measurably affect the ability of the heads of the executive branch – the President and his department heads – to supervise and direct the manner in which the functions are exercised" (p. 8).

As noted in Chapter 1, Mann and Anagnoson (1979) characterized federal reorganization in their retrospective: "We used a traditional definition of reorganization, in which three categories of agency changes were considered reorganizations: (a) reassignments of tasks and regrouping of functions across agencies; (b) the transfer of major bureaus or agencies across departments; and (c) the imposition of coordinating mechanisms, such as the Water Resources Council or the Domestic Council over disparate agency programs" (p. 8).

Howard (1992) in her study of national security emergency management defined reorganization as the "intentional re-ordering of an entity into a more coherent administrative mechanism" (p. 32). This study was also required to consider the definition of reorganization. As this study focused on implementation, the initial assessment was to not consider coordinating mechanisms. A second decision was made to limit reorganization implementations to those with defined costs and time spans.

In evaluating reorganization the designers of the study must make the difficult decision on bounding the term, of determining what to include and what to exclude. The broadness of the term makes evaluation of the literature difficult without assessing what each author meant by "reorganization".

Problems in Evaluating Reorganization Impact

There is a distinct lack of reorganization literature on evaluation: "Almost nobody has asked the questions: What difference have these reorganization plans and executive orders made? How have they been implemented and with what results? There is a reason for this lacuna: typically the implementation process involves substantial compromise in the scope of reorganization efforts" (Mann & Anagnoson, 1979, p. 8).

There are additional issues evaluating reorganization. Reorganizations are seldom isolated events but are often accompanied by other events including changes in personnel, budget, and legislation (Mann & Anagnoson, 1982b). Reorganizations may be part of an overall strategy for policy implementation.

Perhaps the largest evaluation issue is the difficulty of finding an appropriate yardstick to use in evaluating reorganization. Many yardsticks are vague and controversial. Mann and Anagnoson (1979) considered using the stated goals of the reorganizers, but describe them as

"vague, many-faceted and even self-contradictory" (p. 36). Lester Salamon (1981) stated,

"Because they affect so rich a network of relationships, reorganizations serve a host of different

purposes, often at the same time" (p. 63). This leads to the assessment that there is great

uncertainty over the expected results of reorganization, even before assessing what was actually

achieved. Light noted given the lack of a bottom line determining impact of reform will always

be difficult.

Assessing the Cost, Size, and Time Required for Reorganization

In assessing reorganization boundaries, it is also difficult to achieve accurate numbers on

the time span, size, and cost. One of the striking findings of this study was that the GAO

evaluated only thirty-seven percent of implementations after completion. As noted previously,

this finding gave credence to Mann's and Anagnoson's (1982a) assessment that there is a

tendency to take the new organizational structure as a given without assessing differences

resulting from new relationships. If the new organizational structure is taken as a given once it is

set up, there is less incentive to assess the time span required to complete the movement of

personnel and set up new office space.

Costs of reorganization include time for staff, and the implementation costs including

hiring new or replacement personnel, moving, retraining, and costs in morale (Mann &

Anagnoson, 1979). The complexity of all these costs makes measurement difficult at best.

Does Motivation for Reorganization Matter?

It is difficult to make any assessment of the impact of the reorganization without knowing

the motivation. Mann and Anagnoson (1979) state, "In evaluating reorganization, it is crucial to

make explicit the operating assumptions on which the reorganization effort is based" (p. 11).

Motivation can be examined at different levels (Mann & Anagnoson, 1982a). At the highest level reorganizations can be motivated by changes in society or the role of government. Reorganizations can also be motivated by new concepts or technology. Reorganizations can be motivated by more political goals. Szanton (1981c) gives six motivations for reorganization. Reorganization can be used for a manager to put his or her own imprint on the organization, to simplify the organizational structure, reduce costs, symbolize administration priorities, improve effectiveness by program integration, and policy integration. Szanton believes the last three may justify reorganization, the first three generally do not.

Motivations may be different than stated justifications, which fall into the categories of efficiency, improved management and policy changes (Mann & Anagnoson, 1979). These orthodox doctrines are enshrined in the Reorganization Act of 1949 ("Reorganization Act of 1949," 1949; Seidman, 1998). Perry Arnold (1998) stated the arguments used to justify a department of Education were greater status, and it would create a more efficient federal education bureaucracy. Wilson (2000) stated, "Of course, not all reorganizations are intended to make a difference; some, such as the creation of the Department of Education or the Department of Veterans Affairs, were intended chiefly to satisfy campaign promises or to appease politically important interest groups (p. 265). The Department of Education could have missed the stated goals, but if it satisfied the motivations (satisfying campaign promises), then it could be considered a success by those who initiated the reorganization.

Political motivations for reorganization include such reasons as to exclude expenditures from the budget as in the case of the Social Security Administration or creation of the Post Office Corporation (Mann & Anagnoson, 1979). Other reasons include dumping an unpopular official, bypass an unfriendly committee chairman, or save a program by symbolic

224

reorganization activity. Mann and Anagnoson (1982a) state, "It may be assumed that short-term advantages of reorganization may be predicted and accomplished simply by the specific terms of the reorganization, but that the long-term gains in terms of policy and certainty in terms of the usual explanations of reorganization – improved efficiency and effectiveness – are much more problematical" (p. 405).

The motivation for reorganization should be important enough to justify the risk. Szanton (1981c) in listing his six reasons for reorganization stated above warned of the potential for unintended consequences. Aside from unintended consequences, the bureaucracy can mobilize resources to resist or delay the reorganization. Seidman (1998) stated, "If he is to be successful in promoting desired change, a president must have an organization strategy. A miscellaneous collection of reform proposals such as those contained in the report of the National Performance Review does not constitute an organization strategy" (p. 68). There is a greater risk of an unpleasant outcome if you do not have an integrated goal of what you want the federal government to look like when you are finished reorganizing. The NPR had the unintended consequence of reducing the administrative personnel needed to manage the vast array of contractors. This study brought forth examples where implementation of personnel cuts by using incentives damaged the capacity of agencies to perform their functions.

Cuéllar (2013) made a strong case that motivation for reorganization matters. He directly related White House motivations to the reorganization creating DHS. The White House strategy changed to include merging a large number of agencies into the new DHS. The inclusion of these agencies under one administrator plus the requirement of revenue neutrality in the new organization would insure resources would be transferred from legacy missions the administration did not value to the new homeland security mission. This process of transferring

225

resources affected FEMA. Cuéllar (2013) stated, "Indeed the disastrous performance of DHS and FEMA in the aftermath of Hurricane Katrina in August 2005 is a natural consequence of a political process that played down transition costs and structural problems associated with the creation of DHS" (p. 181). DHS goals were also impacted by the failure of Congress to reorganize oversight to match the new agency.

Key Factors of Presidents and Popular Movements in Motivating Reorganization

Twice during the period of this study the preferences of the President would combine with popular movements. Both the incoming Reagan and Clinton administrations brought significant changes to reorganization objectives. In both cases the administration strengthened its position with respect to reorganization by coupling into public demand for change.

Although President Carter made reorganization a campaign theme, his reorganizations did not have the theoretical edge taken on later (Arnold, 1998). The Department of Energy was created to be a focal point for energy policy integrating many energy programs, but advocates for the department specifically stayed away from policy recommendations. The Department of Education was created to give more visibility to education, but authors stayed away from any hint of a greater federal presence in education. Both were limited in scope by the political support the Carter administration could muster. Arnold (1998) recounted one of the dilemmas of reorganization. The Department was justified on the grounds of efficiency and coordination, but the negotiating process required to get a bill through Congress led to several programs left out of the new department reducing both of these justifications.

The Reagan Administration and Privatization

As stated in Chapter 2, the views of both President Reagan and Prime Minister Thatcher were characterized by Cohn (1997): "They were religious believers in the benefits of free

markets and the evils of state provision" (p. 589). This strong ideological position was also reflected in reorganizations of the period. President Reagan did create two presidential commissions on reorganization: the Grace Commission in 1982 (President's Private Sector Survey on Cost & Privatization Task, 1983) and the President's Commission on Privatization in 1987 (United States. President's Commission on Privatization. & Linowes, 1988). Savas (1987) noted interest in privatization had increased through the 1980s, especially after California's Proposition 13, as local governments faced increased budgetary pressures. A popular movement combined with the President's personal preferences to significantly change the focus of reorganization.

The Clinton Administration and Reinvention

This same merger of a popular movement with the President's preferences also occurred with the incoming Clinton administration, although for more practical reasons. Clinton needed to build popular support, and if the NPR succeeded it would also give the Clinton administration some budgetary discretion (Arnold, 1998). The NPR connected with the reinventing government popularized by Osborne and Gaebler (1992), which encouraged maintenance of government services while reforming federal agencies. After the 1994 election "better" took a back seat to "less" (Arnold, 1998, p. 413).

Suggestions for Future Research

Mechanics of Implementation

As noted previously, the literature on reorganization implementation in public agencies is thin. Much of the literature on implementation is business oriented. The long time span required for implementation of federal reorganizations leads to some problems more present in the public arena than in private enterprises. The process of funding in the federal government, unexpected

events, and the obligation to serve two masters (the President and Congress) creates uncertainties.

The field of implementing reorganization in federal agencies while coping with these uncertainties is ripe for more research. Reorganization in the federal government has some unique characteristics. In the business world corporations determine reorganization is needed, then create a plan, approve the plan, and implement it (Dale, 1967). In the federal government in many cases the plan is at best high level when it is approved. Detailed planning actually occurs after the reorganization is approved. A primer similar to that of Dale would be helpful. It could highlight issues getting office space if it is required and also give at high level the timing and processes involved in transferring or laying off personnel. A guide to risk evaluation would also be helpful. Case studies of specific agency reorganizations could also give insight.

Impact Evaluation

Mann and Anagnoson stated, "Almost nobody has asked the questions: What difference have these reorganization plans and executive orders made? How have they been implemented and with what results? There is a reason for this lacuna: typically the implementation process involves substantial compromise in the scope of reorganization efforts" (1979, p. 8). Research into measurement of reorganization impact on agency functioning is still an open area for research. The most common impact measurement is money saved by reducing the number of personnel. Even this is a fertile area for research because questions arise. Are the savings estimates correct? After the size of an agency was reduced, did it stay that way over any appreciable time period? Were lost employees made up with contractors? In depth case studies might shed some light on this.

Thickening

Light discusses problems with thickening. A review of GAO reports shows little evidence that this phenomenon has improved. It would be worth redoing Light's research to see what differences there are between 1995 when Light's book was published and 2015, a period of twenty years. Light's book was written in the midst of the NPR. Light was concerned that a reduction in width but not in height would be temporary. An interesting study would be whether the reduction of personnel was like a fad diet. Which organizations did not grow to their prior size and which did?

Statutory Offices

The creation of or reorganization of statutory offices did not greatly affect implementation. Part of the reason for this is that in some cases the officer already existed in the organization and was given additional authority and responsibility. This does not mean creation of statutory offices in not important to reorganization. Paul Light (1993) has researched implementation of the requirement for IGs. Of special interest is the push for CMO/COOs. One reason for these offices is to compensate for the short life of political appointments. What progress has been made in implementing these offices and is there any evidence on how the change impacted agency functioning?

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Summary

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Szanton (1981c) described several reasons for reorganization including shaking up an organization, streamlining the organization, reducing costs, for symbolic reasons, improving effectiveness, and integrating policy. Szanton considered some reasons worth persuing and others not. Reorganization may be a "perennial reform" as stated by Mann and Anagnoson (1979). However no matter how valid the goals are, the process of getting from plan to

completion – implementation - contains substantial risks. Research into the process of

implementation may help managers avoid some of these risks by better planning and

implementation and also help managers cope with risks such as outside events which are not

completely under agency control.

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APPENDIX A: CODING GUIDE

Below are eight questions with descriptions. Under each question are the content analysis variables used to answer the question. Under each variable the categories are defined. Below the list of categories for each variable is a brief discussion. As the concepts listed under variable 1C Guidelines require more than a word or two, additional amplification is given in Appendix B: Guidelines for Reorganization.

1. **What authority and other guidelines were noted in the data as applying to this reorganization?**

   A. **Reorganization Authority**
      The categories for Reorganization Authority are listed in priority order from lowest to highest. Choose the **highest value** that applies.
      1 - Report did not state reorganization authority.
      2 - Report mentioned announcement by organization official.
      3 - Reorganization implemented by organization with explicit Congressional permission.
      4 - This specific reorganization was a result of an executive order or presidential authorization.
      5 - This specific reorganization was required by law.

   What authority was used to implement the reorganization plan? Was this reorganization specifically required by statute? For example, the Post-Katrina Emergency Management Reform Act of 2006 specified the reorganization of FEMA and changed its position within DHS (Page 2 GAO-09-59R). In other cases the reorganization could have been mandated by executive order or other presidential request, or permission may have been given by a congressional committee. The lowest case is where authorization was granted by the department head or someone within the department.

   B. **Statutory Offices**
      Did this reorganization create or reorganize one of the statutory offices listed below, or change the authority or position of the officer within the organization? Choose **as many** of the categories below as apply.

      CFO - Chief Financial Officer
      CHCO – Chief Human Capital Officer
      CIO -   Chief Information Officer
      COO - Chief Operations Officer
      CMO - Chief Management Officer

IG - Inspector General

None – If there is no discussion on implementation of the offices listed above, enter None.

Did this reorganization create or reorganize one of the statutory offices listed above, or change the authority or position of the officer within the organization? Note that there is no legislation requiring a chief management officer or chief operations officer yet, but those two offices were placed in this category for convenience.

C. Guidelines

Choose **as many** of the guidelines below as apply to the reorganization. Amplifying descriptions are found in Appendix B.

AA   Clarification of authority, accountability
CD   Centralization/decentralization
EE   Economy, efficiency
JUS   Balance competing interests, insure justice, encourage citizen participation, enhance independence of organization
LYR   Layering – managerial layers added or removed. Make sure the article mentions layers specifically and not consolidation generally.
NPR   The value NPR includes mention of NPR, Osborne and Gaebler, or characteristics such as flexible, entrepreneurial, or reengineering.
OTH   Other, including mission changes
PBO   Performance Based Organization (also organizational transformation, Business transformation, Next Steps)
PR   Privatization
None   If none of the above guidelines were mentioned in the reports, enter None.

Guidelines or reorganization objectives may have been mentioned in the report(s) to justify or provide criteria for evaluating reorganization.

2. What portions of the reorganization plan and specified guidelines have been implemented?

A. Latest Evaluation

Choose the period when latest GAO evaluation of the reorganization occurred.
1 - During implementation
2 - Once implementation is complete

Were all GAO reports on this reorganization written during the implementation period or was at least one written after implementation was complete?

B. Implementation Progress

Assessment of progress in implementing the reorganization
Choose one.

1 - Implementation was completed.
2 - Implementation was completed after delays.
3 - Implementation is on schedule to be completed.
4 - Implementation has been delayed or is behind.
5 - An assessment was not found in the report(s).

If implementation was completed choose category 1. If implementation was completed but delays were described choose 2. If implementation was incomplete as of the last GAO evaluation, choose 3 if GAO stated it was on schedule or 4 if GAO noted delays in implementation. If no assessment was found choose 5.

C. Plan Completeness

Was the reorganization plan considered deficient? Was the plan revised during implementation? **Choose one**.

1 - The plan was considered deficient.
2 - The plan was revised.
3 - Both 1 and 2 occurred.
4 - No statement was found that the reorganization was deficient or had been revised.

Was the reorganization plan considered deficient? Was the plan revised during implementation?

D. Other Plan Observations

Were other statements not captured in 2.C. made about the reorganization plan?
0 - no , 1 - yes

Were statements made about the reorganization plan other than those noting deficiencies and revisions?

E. Completion Assessment

Is there an assessment of how much of the plan was actually implemented?
0 - no, 1 - yes, 2 - Implementation was not complete.

F. Impact Evaluation

Is there an assessment of how agency functioning changed because of the reorganization?   For example, did the agency become more or less effective in executing its mission or were cost savings noted?

0 - no, 1 - yes, 2 -   Implementation was not complete.

3. **What implementation costs were incurred by this reorganization?**

A. **Planned Costs**

Implementation costs planned for or expected by management implementing reorganization were described.

Choose as many as apply.

B -   Budget (financial costs or other budget issues such as separation incentives)

O -   Office space or equipment was required or excessed.

E -   Organizational effectiveness is impaired

None - No other costs (other than personnel) were mentioned.

The definition used for a qualifying implementation requires that at least ten employees were affected, so personnel affected is always an implementation cost and thus is not listed. In some cases financial costs of implementation will be mentioned either directly as dollars or indirectly as personnel costs such as relocation expenses or separation incentives. In other cases purchase or surplus of office space or equipment might be mentioned. In a few cases management states it expects a period when organizational effectiveness is impaired by implementation of a reorganization plan.

B. **Unplanned Costs**

Implementation costs not planned for or not expected by management implementing reorganization were described.

Choose **as many** as apply.

P -   Personnel (ex: more left than planned, unavailable when required, hiring issues, etc.)

B -   Budget (ex: cost overruns, unplanned expenses)

O -   Office space issues (ex: not available when needed, purchases not planned for, equipment not available when required)

E -   Organizational effectiveness was unexpectedly impaired

None – Unexpected cost data not found in report(s)

Question 3.B. includes all the implementation costs described in 3.A. In 3.B. these costs described were unexpected by management. Unplanned costs may be due to unplanned events such as unexpected congressional actions or external events.

4. **Was the reorganization correlated with other changes?**
   For each question below: 0 – no, 1 – yes
   A. **Process Changes**
   B. **Technology Changes**
      Implementation of new technology (ex: new computer systems or communication systems)
   C. **Other changes**

Was the reorganization correlated with implementation of other changes? Process changes or new technology may be implemented in parallel with organizational changes. In some reorganizations other reforms may also be implemented in parallel with organizational changes. These may be reforms in accountability or treatment of citizens.

5. **Did issues come up during the implementation period?**
   For each question below: 0 – no, 1 – yes.
   A. **Implementation Issues**
      Did issues came up during implementation which affected the implementation process directly? Exclude comments about the implementation plan captured in Question 2.

Did the GAO report discuss issues which came up during the implementation process itself as opposed to adequacy of the plan? Issues with the implementation process may include unexpected changes in personnel, budget, or leadership. Comments about the implementation plan being inadequate or revised are captured in Question 2. If, for example, changes in the plan caused delays in implementation, then the answer to Part A would be "yes".

   B. **Other Issues**
      Other issues affecting the reorganization arose during the implementation period. These issues did not affect implementation directly.

Other issues may not be issues with how the reorganization is being implemented but nevertheless affect the agency. These might include mission or budget changes. One other issues mentioned in some reports is lack of evaluation criteria or data on which to evaluate the success of the reorganization. Some of the data may apply to other questions, but if it applies here answer yes also.

6. **Were any recommendations given during the implementation period?**
   For each question below: 0 – no, 1 – yes.
   A. **Implementation Recommendations**
      Were recommendations were made to improve implementation?

B. Other Recommendations
Were other recommendations to improve agency functioning given?

This question is parallel to question 5. If recommendations were made to improve the implementation process answer 6.A. affirmatively. If other recommendations are given answer 6.B. affirmatively.

7. What is the size of the reorganization?
A. Size
Quantify the number of employees affected by the reorganization.
1 - Small - 10 through 100 employees involved
2 - Medium – 101 through 1000 employees involved
3 - Large – greater than 1000 employees involved

B. Net Gain or Loss
Did the reorganization have a net gain or loss of employees during implementation?
1 - There was a net gain.
2 - There was no major gain or loss (employees were mostly transferred or assigned new duties)
3 - There was a net loss.

Since size is a factor in the study note the cumulative number of employees gained, lost, moved, or who had significant duties changed. If the change was only a change in wiring, do not include those employees. In some cases this can be difficult but base your answer on evidence found in the GAO reports.

8. What is the duration of implementation of the reorganization (years, months)?

Duration
Estimate the years and months taken to implement the reorganization. If as of the latest GAO report implementation was not complete, use estimates in the GAO reports to calculate the time required to implement the reorganization.
This question is difficult to answer, especially as most reorganization implementations were not complete at the time the GAO evaluation was conducted. Note the duration of implementation in years and months based on statements found in the GAO report. This data is not being categorized but will be reviewed.
Duration may be based on start and end dates or an estimated time span given in the GAO report. The start date may be based on an announcement by an organization official, a date mentioned in the GAO article, or the date legislation became law requiring the reorganization. The end date may be based on comments in a report or the legislated completion date.

APPENDIX B: GUIDELINES FOR REORGANIZATION

For the section on guidelines, place the abbreviation for each category which applies on the spreadsheet under the column "1.C. Guidelines". For example, if authority or accountability, classical motivations, and layering apply to the same reorganization, then the block under the guidelines column for that reorganization will have "AA, EE, LYR" inside it.

Krippendorff notes categories should be both exhaustive and mutually exclusive. Each category below complies. For example, "Authority, Accountability" has values of yes it applies or no it doesn't. Each of these could have been placed at the top of the spreadsheet as some other categories were with 1 indicating yes and 0 indicating no. As coding is performed by humans rather than a computer it was decided to place all that apply in one column of the spreadsheet. It is easier to analyze the data visually in this case.

Authority, Accountability (AA)

Although concerns with authority and accountability are considered classical objectives of reorganization, it was decided to create a separate category. Concerns over authority and accountability may be evidenced in several ways. Oversight groups may be created to assure objectivity and professionalism. Reorganization may have as objectives improvement of financial controls and financial data. Strengthening accountability or clarifying authority may be mentioned specifically. In any of these cases this category applies.

Centralization, Decentralization (CD)

As part of reorganization, managerial authority or agency processes may be moved to a higher level in the organization (centralization) or to a lower level in the organization (decentralization). Sometimes this is phrased as moving authority or processes closer to headquarters or closer to regional offices or the field. If either of these conditions occurs, this category applies.

Economy and Efficiency (EE)

Classical theory is epitomized by the work of Gulick and Urwick and reached a high point with the first Hoover commission. Seidman (1998) characterized the first Hoover Commission: "The commission's report on 'General Management of the Executive Branch' represents the most categorical formulation of the orthodox or classic organization doctrine derived largely from business administration and identified with the scientific management movement during the early decades of this century and the writings of Gulick, Urwick, Fayol, and Mooney" (p. 4).

Discussions of economy, efficiency, or elimination of redundancy are examples of application of classical theory. Consolidation of offices to achieve savings is also an example of this. If any of these are mentioned this category applies.

Justice (JUS)

GAO might describe concerns for equity and justice as motivations for certain reorganizational decisions. Examples include altering the chain of command to assure decisions or output are not biased by political considerations, assuring consistency of decisions so all interested parties are treated equitably, or insuring all parties have access to governmental agencies. If issues of equity or justice are discussed as motivations for reorganization, this category applies.

Layering (LYR)

Paul Light (1995) defines thickening as increases in both height and width of hierarchy. Height is usually measured in the number of managerial layers which exist in the organization. Light is concerned that if conventional methods are used to thin government total volume will be reduced. But he continues, "Yet focusing just on width may leave the government vulnerable to rapid growth once the scrutiny and freezes are off" (1995, p. 172). If the GAO discusses actual or planned increases or decreases in the number of managerial layers with respect to reorganization then this category applies.

National Performance Review (NPR)

Shafritz and Ott (1996) identify culture reform movements. These include business process reengineering as described by Hammer and Champy, and the reinventing government movement as described by Osborne and Gaebler. as examples of the culture reform movements. The National Performance Review (NPR) was heavily dependent on ideas from Osborne and Gaebler (Kettl, et al., 1994).

This category has been made somewhat broad to capture these movements. If actions required or recommended by NPR, reengineering, or reinventing are mentioned, this category applies.

Other (OTH)

Other guidelines or motivations for reorganization may apply. If a coder believes other guidelines not categorized are motivations for a specific reorganization then this category applies. They can be reviewed later as the information will be captured on the worksheet filled out for each reorganization. An example of this is reorganization performed to accommodate an agency's change in mission.

Performance-Based Organization (PBO)

Federal PBOs are modeled after the British Next Steps program, which started in 1988. At the time the GAO report was published in 1997 Great Britain had 130 Next Steps agencies (*PERFORMANCE-BASED ORGANIZATIONS: Lessons From the British Next Steps Initiative*, 1997, p. 4). In March 1996 Vice President announced a proposal to convert delivery functions within the federal government to PBOs (A. Roberts, 1997).

Governmental service delivery functions are separated into organizational units called agencies. The role of government is separated into two functions. Government departments are

responsible for policy. Agencies accountable to these departments are responsible for service delivery. Roberts noted two key elements of PBOs (1997). Agencies are given some latitude as to how they perform their function, including exemption from some government regulations (especially those covering procurement and personnel processes) and other government policies. In a PBO orientation is shifted from process to a focus on customers and program results.

In a PBO, the agency leader, who may be called a chief operating officer (COO) is directly responsible for agency performance. Roberts' second key element is agency executives are hired under fixed term contracts with salary and job security directly tied to annual performance goals (A. Roberts, 1997). "According to the administration, PBOs are to commit to clear management objectives, measurable goals, customer service standards, and specific targets for improved performance" (*PERFORMANCE-BASED ORGANIZATIONS: Lessons From the British Next Steps Initiative*, 1997, p. 3) .

If a GAO report on a reorganization discusses exemptions from procurement and personnel regulations, institution of executives with fixed terms and goal incentives, or creation of objectives and measurement of results as opposed to outputs then this category applies.

Privatization (PR)

Savas (1987) noted privatization is dynamic and defined it as a process where arrangements for production are changed from those with higher government involvement to those with less (p. 88). He gave government provision of a service as highest government involvement and then described contract, franchise, grants, and vouchers as arrangements with lessening degrees of government involvement. Efforts in contracting have high visibility because even if government responsibility for a function is not reduced, or efficiencies are not achieved, reduction of the size of government can reduce its intrusiveness.

An example of privatization during the Reagan years was use of block grants. Another example of privatization is use of sunset provisions. There are few cases where a government asset was sold to private interests such as Amtrak. If any of the above actions are planned or occur, this category applies.