

Introduction

Bureaucratic Constraints, Administrative Coping Strategies, and the Potential for Reform

Public managers face a number of difficult tasks, and they often complain that their supervisory duties are made more difficult by the constraints they face, particularly those imposed by the civil service system. Let us begin by listening to the voices of two federal managers. The first one explains how he goes about hiring new employees: "I've spent from six months up to a year, depending on the position, interviewing people on the outside or the inside. Then once I sort out those people, I begin to talk to the personnel office and design a PD [position description] and get the paperwork in order and do a general advertisement, and I'll be honest, I prepare the paperwork and the advertisement in a way which fits the job I want and the person I've already interviewed out of many. And I usually get the person I want through the system."

Another describes how he chose to face the management challenge of dealing with a problem employee: "One person that I had when I happened to come to that job . . . I'd been told he was a performance problem, and I started off—we set up standards. We did a lot of things, and it was taking up an incredible amount of my time. And the thing is, he was good enough to do just the minimal amount of things so that I could never close the book on him. . . . And so I finally just said, 'Here are two or three things that you're going to do.' He at least did those. He did them slowly, he did them poorly, but he did them, and they weren't that important to the organization, and I just let him, until after four years, he finally retired."

Public managers share a common problem: how to work within

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an environment of multiple and complex constraints. But as the two managers quoted here demonstrate, they cope with these constraints in different ways—some actively, finding creative ways around the system, and others more passively, sometimes even choosing to avoid dealing with a problem when the costs appear too high.

The primary constraint in these cases is the civil service system (both the formal rules and regulations and the way they are interpreted and used by the agency personnel office). But lurking in the background in many cases are constraints imposed by the budgetary system, which requires, for example, budgetary approval before hiring. Budget process constraints are, of course, greater when agencies face tight budgets. Thus, managers may face strong pressure to keep classifications—and, hence, payrolls—down.

The field of public administration is currently engaged in considerable debate over the merits of many formal control systems that constrain managers; both in academia and in government, there are calls for a loosening of the constraints—for deregulation and delegation of greater authority to line managers. But these proposals for reform are not always grounded in empirical research. Indeed, there have been few empirical studies of how bureaucratic constraints work in practice and how managers cope with them. (One notable exception is Kelman, 1990.) This study is designed to fill that gap; it can help us to test some of the assumptions implicit in the proposals for deregulation.

The primary focus of this study is on the federal civil service system, but early in the research it became evident that there is an interaction effect between the various constraints—that one cannot look at civil service constraints without also examining the role played by budgetary and even procurement constraints.

It is important in examining the effects of these constraints to understand where they came from and what purpose they were designed to serve.

The Genesis of Bureaucratic Constraints

The current calls for deregulation are based on the premise that managers need more discretion in order to be effective. But the genesis of the elaborate system of constraints that they labor within was the perceived need to limit managers' discretion because they could not be trusted. The intent was to place controls on the bureaucracy to ensure that it would act both honestly and efficiently.

The current civil service system reflects the values of a past generation of reformers, whose primary aim was to eliminate the abuses of the spoils system. On the one hand, they championed a movement toward a nonpartisan, professional civil service based on the value of neutral competence, that is, a cadre of technically competent civil servants who could ably serve any administration, arguing that this would improve government efficiency. On the other hand, the reformers also had a political agenda: they were attempting to break the power of the urban machines by removing the political leverage of the patronage system and to change the political balance of power by opening the civil service to a "better class" of people (Van Riper, 1958; Hoogenboom, 1961; Rosenbloom, 1982).

The goal of eliminating the spoils system, coupled with application of the scientific management theories current in the early twentieth century, led to the development of a system that placed control over critical management functions—such as hiring or classifying jobs for pay purposes—in the hands not of managers but of "experts" in the personnel office. Similarly, protections that made it difficult to fire civil servants were designed to prevent political abuses.

The main elements of the current budget process can be traced to reform efforts at roughly the same time. Budget reformers espoused similar values, particularly the idea of a dichotomy between politics and administration and a stress on neutral competence and

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scientific management—or, in the term of the time, “the science of budgetmaking” (Wildavsky, 1988, p. 55). Sound management principles, according to these reformers, required a national budget prepared by the chief executive. The passage of the Budget and Accounting Act of 1921 created the Bureau of the Budget (later the Office of Management and Budget, or OMB), once again taking power away from line managers, even agency heads, and placing it in the hands of “experts” in a staff agency.

The budgetary process is constraining to managers not just because of the central role of OMB; their fights are often with the budget offices within their own agencies. There are many aspects of budget planning and expenditure control that cause problems. They include the annual budget cycle, which makes long-term planning difficult, and the fact that funds are budgeted for very narrow purposes, so that moving money around to meet current needs (technically known as reprogramming or transferring funds) is difficult or impossible (Wildavsky, 1988; Levine, Peters, and Thompson, 1990).

The current budgetary environment has made these problems even more acute; in a time of scarcity, OMB, Congress, and the budget offices of individual agencies have an even greater tendency to micromanage the expenditure of funds, requiring ever-increasing levels of justification for proposed budget items and making it even more difficult to spend budgeted funds. For example, funds are generally apportioned so that they are available to an agency on a quarterly basis. This is designed to ensure that an agency does not overspend early in the year, which would force it to come back to Congress for additional money to cover the remainder of the fiscal year. While such micro controls make good sense for agencies trying to stay within an overall budget, they often require managers to go through multiple clearances to fill a vacant position or to buy needed equipment. The problems created by tight micro controls on spending are exacerbated, as we shall see in more detail later, when either OMB or an individual agency puts a freeze on a whole

category of spending; for some period of time, all hiring may be frozen, or managers and their staff may be prohibited from spending any funds on items such as travel. In short, limits on the amount of money available combined with limits on how that money may be spent leave very little discretion for managers to use resources most effectively.

Limits on the ability to spend stem also from the complexities of the procurement system. As Kelman (1990) has pointed out: "The procurement system is highly regulated. Government agencies may not simply purchase what they want from whomever they wish. Voluminous rules govern both contract award and contract administration. The rules are embodied in statutes, in the 744-page Federal Acquisition Regulations (FAR), and in the thousands of pages of supplementary rules for specific agencies (of which the Defense supplement is the most important) and for specific kinds of acquisitions" (p. 3).

All of these systems—civil service, budgeting, and procurement—were designed to reduce the risk of abuses, ranging from wasteful spending to favoritism to outright corruption. Constraints are designed also to make sure that government agencies meet what Wilson (1989) terms "contextual goals," that is, secondary goals or "descriptions of desired states of affairs other than the one the agency was brought into being to create" (p. 129). Such constraints include freedom of information requirements, laws on open meetings and privacy, and ethics in government legislation. They may also include requirements for open announcement of job openings and minority set-asides in contracting.

The Effects of Bureaucratic Constraints

To assess the need for changes in this elaborate system of bureaucratic constraints, we need to have a clear sense of its current effects. On the one hand, how successful are these systems in meeting their goals—whether in reducing abuses of power by managers

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or in ensuring that contextual goals are met? On the other hand, what are the actual costs of these constraints? And would deregulation actually improve the management of government?

Has Regulation Prevented Abuse?

Most of the current literature on regulation stresses its costs. Yet, as we have seen, the reformers of an earlier era saw the development of these regulations as necessary to curb abuses by government officials. How well have they succeeded? Overall, the complex system of rules governing personnel and procurement has been at least moderately successful in reducing the level of abuse. Certainly, the major goal of civil service reform, to eliminate the worst excesses of the spoils system, has been achieved. The most systematic high-level abuse of the system occurred in the Nixon administration, which used a variety of stratagems (actually spelled out in a manual for political appointees by Fred Malek) to manipulate the civil service system so that ideologically acceptable people were hired into career positions and those who were not politically trustworthy were neutralized (Maranto and Schultz, 1991; White House Personnel Office, 1991). But most observers would agree that the current level of abuse is relatively low, although higher levels are found in those agencies that have been most politicized (Ban and Redd, 1990). Indeed, President Carter's Civil Service Reform Act, passed in 1978, was in large part a response to the feeling that the pendulum had swung too far in the direction of protecting civil servants from political pressure, making them unresponsive to legitimate political control (Ingraham and Ban, 1984; Gormley, 1989).

Procurement abuses have been more common—or at least more visible—than those involving the civil service; they range from wasteful spending (for example, the overpriced hammers and toilet seats made famous by the media) to occasional severe scandals involving outright corruption (for example, selling insider information or throwing contracts to cronies). Nonetheless, most ob-

servers would agree that, in most agencies, by far the majority of hiring and purchasing decisions are based on the merits of the options rather than on political ties or friendships.

No formal rules and regulations can protect against abuses by individual "rotten apples." But they can prevent widespread, systematic abuse, particularly if they are enforced effectively. Perhaps equally important is the symbolic role that such regulations serve. They articulate, both internally and for those outside the government, key values such as openness, fairness, merit, and due process—values that are essential for maintaining the legitimacy of the federal bureaucracy. Further, in an environment where managers' actions are scrutinized closely, both by internal watchdogs and by the press, and where the appearance of wrongdoing is as damning as real abuse, following the rules protects managers from charges of cronyism or malfeasance. In short, one could argue that abolishing the safeguards provided by the existing system could further diminish popular trust in the fairness and openness of government.

The Argument for Deregulation

Calls for loosening the tightly regulated civil service system are certainly not new. In fact, as early as 1949, the first Hoover Commission charged that "executive authority and discretion have been so weakened by rigid and detailed statutes and regulations that the effectiveness of these services has been impaired" (cited in Mosher, 1976). But in recent years, there has been increasing support for the view that the highly regulated environment created by past reformers in order to protect against abuse has succeeded mainly in reducing the efficiency of government.

Calls for reform have come both from inside government and from blue-ribbon commissions. The arguments in support of the Civil Service Reform Act (CSRA) in 1978 were based on the need to increase flexibility and management discretion in the area of

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personnel. Alan Campbell, who led the fight for CSRA and served as the first head of the Office of Personnel Management (OPM), summarized the argument for change: "Rules which originated as a defense against spoils and the ineffective government which widespread patronage provided have resulted in as much inefficiency as they were designed to prevent. The system is so encrusted that many managers feel it is almost impossible to manage effectively" (Campbell, 1980, p. 161).

Several reports by outside bodies in the 1980s and 1990s have advocated further reform. In the early 1980s, the National Academy of Public Administration (NAPA) helped set the terms of the debate in calling for broad deregulation in personnel, budgeting, procurement, and information resource management. NAPA defined the problem as a loss of management control caused by overregulation, leading to a "widely perceived decline in Federal management" (National Academy of Public Administration, 1983, p. 4). The report conveyed its message graphically, featuring on the cover a picture from *Gulliver's Travels* of Gulliver being tied down by hundreds of Lilliputians. NAPA called for a more flexible budgeting process and for deregulation and delegation in personnel management and procurement.

In the late 1980s, a second report came out, this one issued by a blue-ribbon panel, the National Commission on the Public Service (dubbed the Volcker Commission after its chairman, Paul Volcker, the former and highly respected chairman of the Federal Reserve Board). Many of its proposals came from the same intellectual roots as the NAPA report; the stress once again was on decentralization and deregulation. The report called for decentralization of governmental management as well as deregulation and delegation of hiring and pay-setting authority to agencies. The Volcker Commission also emphasized the need to increase the attractiveness of government service and to improve relations between political appointees and career employees.

Many of the same themes were echoed by the National Com-

mission on the State and Local Public Service (known as the Winter Commission after its chairman, William Winter, former governor of Mississippi), which also called for reform of both budget and personnel systems, with a stress on decentralization and simplification (National Commission on the State and Local Public Service, 1993; Ban and Riccucci, 1993).

Academic Rationales for Reform

At the same time, the movement for deregulation gained critical support in the academic community. The arguments followed two strands—one focusing on efficiency, the other on culture.

Efficiency Arguments for Deregulation

Many academics have supported deregulation because they see the costs of overregulation as being far greater than the benefits. Steven Kelman (1994) makes this point cogently when calling for deregulation of the procurement process: "I take very seriously the goal of keeping corruption out of government. The current procurement system, however, exacts such an enormous toll on the quality of government performance that the nation must seek other ways of keeping corruption out" (p. 121).

In brief, the overregulated systems are seen as slow and cumbersome, adding high transaction costs for virtually any action. Further, critics charge that overregulation may lead to suboptimal decisions. For example, hiring a new employee under the "merit system" typically takes from three to six months, which means that, often, the stronger candidates are lost to other employers along the way. Procurement regulations that forbid consideration of contractors' past performance may also lead to suboptimal procurement choices (Kelman, 1990). Gruber (1987) says these "effectiveness costs" are caused by controls that "constrain a bureaucrat in ways that undermine the bureaucrat's ability to do his or her job" (p. 62).

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Gruber also points out a problem caused by what she terms “enforcement costs.” Since merely passing a law or issuing a regulation does not enforce compliance, governments are obliged to develop ways to hold managers accountable. These include increasingly elaborate structures for monitoring behavior, which add costs and slow down action.

Cultural Arguments for Deregulation

A further cost of overregulation is psychological; some maintain that it fosters development of a bureaucratic personality—rule-bound, turf-conscious, and risk-averse. James Q. Wilson (1989) sums up this argument clearly: “Managers learn by watching other managers. They will judge the significance of a constraint by observing what has happened in the agency to a person who violated it. The greater the costs of noncompliance, the more important the constraint. . . . They will become averse to any action that risks violating a significant constraint. The more such constraints there are, the more risk averse the managers will be” (pp. 128–129).

The danger here arises from what I would term a “culture of control.” In other words, the problem is not just the formal rules, but the culture that engendered them—a culture within which managers have spent most of their working lives. Those who are used to managing in a highly regulated environment may complain about regulations but, at the same time, may like the security of having what they can and cannot do spelled out for them. Therefore, simply removing the regulations will not necessarily change how managers behave; what is needed, in addition, is a change in the organizational culture.

It is the recognition that formal deregulation by itself may not be sufficient to change how government actually works that drives the advocates of cultural reform. This approach, heavily influenced by studies of the private sector, such as that of Peters and Waterman (1982), and by private sector experiences with Total Quality

Management (TQM), calls for sweeping changes in the distribution of power and the culture of public sector organizations. TQM stresses delegation of authority down through the organization, the use of teams of employees to analyze and improve work processes, and a strong customer focus (See Cohen and Brand, 1993; Carr and Littman, 1990).

The National Performance Review

Both deregulation and cultural change were central themes in the only best-seller in recent memory on the subject of government reform: *Reinventing Government*. Osborne and Gaebler (1992) advocated a more open, decentralized approach to government, reducing the emphasis on rules and process and stressing instead results and customer service. They took on the standard approaches to both budgeting and personnel management, with such sweeping statements as, "The only thing more destructive than a line item budget system is a personnel system built around civil service" (p. 124). Their call for reinventing government was picked up by the Clinton administration and helped spur the efforts, led by Vice President Al Gore, of the National Performance Review (NPR).

The NPR report (National Performance Review, 1993a) was a broad-gauge call for government reform that included proposals for deregulation and decentralization of personnel, budgeting, and procurement. In personnel, the NPR recommended drastic deregulation, including abolition of the entire ten-thousand-page *Federal Personnel Manual*, which gave detailed interpretations of the law (Title Five of the U.S. Code) and the regulations (contained in the Code of Federal Regulations). At the same time, the NPR called for phasing out agency-specific regulations. The vision was of a much more flexible system, with authority delegated to "agencies' line managers at the lowest level practical in each agency," using much simpler guidance—provided by OPM—in the form of

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“manuals tailored to user needs, automated personnel processes, and electronic decision support systems” (National Performance Review, 1993a, p. 22). The NPR also called for significant reforms in budgeting, including a reduction in Congressional restrictions on expenditures—in such forms as line items and earmarks—and, probably most important, elimination of the use of personnel ceilings to keep costs down.

The National Performance Review (1993a) linked reduction of the regulatory burden to reduction in the number of staff needed to maintain complex regulatory systems. As the NPR report put it: “As we pare down the systems of overcontrol and micromanagement in government, we must also pare down the structures that go with them: the oversized headquarters, multiple layers of supervisors and auditors, and offices specializing in the arcane rules of budgeting, personnel, procurement, and finance” (p. 13).

But the NPR report, significantly, combines both of the approaches to reform identified above: it stresses not only formal deregulation and decentralization but also the need to change the culture throughout government. The report calls for an emphasis on customer service, for the empowerment of employees, and for the encouragement and rewarding of risk-taking. While the process of deregulation is not easy, changing deep-seated cultural values will probably be a more difficult and long-term effort.

Images of the Constrained Manager

The reform proposals discussed above share two key assumptions: first, that the current system is not working—that the costs it imposes are too high; second, that managers would welcome reform and that it would lead to improved managerial performance. But managers have developed a variety of styles in response to the current system and might respond differently to reform. Let us look at three management types that are implicit in the reform literature.

The Manager as Gulliver

As we saw, the proponents of deregulation often portray managers as Gulliver, a powerful giant bound hand and foot by rules and regulations. The implication is that managers' creativity, now frustrated, would burst forth as soon as the restraints of overregulation were cut.

The Demoralized Manager

Others argue that managers, far from being full of suppressed creativity, have been so socialized into the culture of control and so burned out by the stresses of working within the bureaucracy that they have either passively resigned themselves to the rigidity of the system or thrown up their hands in despair. This view is far more critical of managers, seeing them as mediocre in their management skills and as unimaginative paper pushers incapable of rising to the challenge presented by deregulation.

The Creative Coper

Still a third view portrays managers as having learned to cope creatively by working within the system. As Wilson (1989) puts it, "Talented, strongly motivated people usually will find ways of making even rule-ridden systems work" (p. 344). This perspective sees managers as actively involved, pushing the system and finding informal routes around the roadblocks it imposes.

Which of these images of managers is most accurate will have a direct bearing on the appropriateness or likelihood of success of current reform proposals. Deregulation will work best if the Gulliver image holds true. If demoralization is the norm, culture change may reenergize the burned-out, passive manager or encourage more entrepreneurial types to move into management. The

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likely reaction of the creative copier is harder to predict. Managers who have found their own routes around the system may hesitate to give up a competitive advantage. But even those who have learned to "work" the system effectively may welcome processes with lower transaction costs.

But these are ideal models. In order to test the assumptions about managers implicit in the reform strategies, we need to look carefully at the current system and how it works in practice from the perspective of managers. That is the purpose of this study.

Research Approach

The research reported here was designed to look specifically at the problems posed for managers by bureaucratic constraints and at the range of methods used to cope with these constraints, particularly in the area of the civil service. A few key assumptions governed the research. First, I assumed that there would be a range of responses—that I would find examples of each of the three types of manager. Second, I assumed that one of the variables that would powerfully affect managers' choice of coping strategies was the organizational context within which they managed and particularly the culture of the organization. If there is, in fact, a culture of control, it is likely to be more or less obvious in different parts of the government. These cultural differences, if they are significant, are likely to mean that systems such as the civil service, which are designed to be unitary (that is, to be applied consistently across government), are in fact applied or interpreted very differently from one organizational setting to another, and these variations will reflect both agency needs and cultural values.

A case-study approach was chosen in order to provide an understanding of how managers coped with the systems of formal constraints within specific organizational contexts. Case studies cannot provide a basis for generalizations about the population at large; thus, the study does not permit us to say that a certain percentage

of federal managers are likely to use a specific strategy, although it does give us a sense of the range of likely behaviors. The strength of the case-study approach is that it helps us to understand the functioning of complex processes embedded within organizational environments (Yin, 1984; Kennedy, 1979).

This study is based on interviews with managers in four agencies. Since a primary focus of the research was an examination of the effects of organizational culture on management style, agencies were selected that varied in a number of respects presumed to affect both culture and management style; they included size, mission and function, organizational structure, and reputational quality of the personnel office. In each agency, the study included both all or part of headquarters as well as at least one field or regional site.

The Navy stood as an example of a large military agency that was facing major changes in missions. The Navy field office that was chosen, the Portsmouth Naval Shipyard, provided an example of an organization that had recently gone through a "reduction in force."

The Environmental Protection Agency (EPA), in contrast, is a relatively small, young regulatory agency with a very different culture from that of the Navy. The regional office chosen was in the forefront of implementing Total Quality Management.

The Department of Agriculture is one of the oldest domestic agencies. Looking at two component parts of the department, the Food and Consumer Service (FCS) and the Animal and Plant Health Inspection Service (APHIS), permitted a comparison of the different coping strategies that may be adopted (by both managers and personnel staff) within a single agency in which responsibility is decentralized. In these two agencies, the regional and field offices I visited were quite small, so I have chosen not to name them to ensure confidentiality for the managers I spoke to. Since my intent was not to pass judgment on the work of individual personnel offices, all of the agencies chosen had personnel staffs that had good to excellent reputations in the personnel community.

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My plans for data collection were driven by my desire both to get a sense of the organizational culture and subcultures in each agency and to find out from managers how bureaucratic constraints affected their ability to manage. In studying organizational culture, I followed the recommendation of J. Steve Ott to use interviews of homogeneous groups, that is, groups of members of the same organization, as a basis for forming a picture of an organization's culture. As Ott points out, on the one hand, "organizational members tend to adjust their language when talking with outsiders, especially in individual interviews. . . . On the other hand, organization language often creeps into group interviews because the interviewees talk with each other as well as with the interviewer" (1989, p. 112).

Thus, at each agency (and at each site, where practicable), I began my research by conducting one or more group interviews with managers. At headquarters, where the management team was larger and had a wider grade range, I generally conducted three group interviews: one with first-line supervisors, one with midlevel managers, and one with members of the Senior Executive Service (SES).¹ At each of the regional and field offices, where the number of managers was generally lower and the organizations flatter, I conducted one group interview, which included both first-line supervisors and midlevel managers.² These were very useful in helping to identify differences between the headquarters culture and the organizational culture out in the field. A total of fifteen group interviews was conducted, most typically with about seven or eight people. A total of ninety-four people participated in these interviews.

The group interviews were followed at all sites by in-depth individual interviews with both line managers at all levels and with personnelists. The interviews with managers focused on their personal backgrounds and experiences. For example, I encouraged them to reconstruct a specific recent attempt to hire someone or to describe, step by step, how they had dealt with a problem employee on their staff. Interviews with personnelists covered their personal backgrounds, their definitions of their roles, and with as much specificity

as possible, their relationships with line managers. A total of 117 managers, at all levels, and 45 personnel specialists were interviewed personally. For both the group interviews and the individual interviews, semistructured interview protocols were used. All those interviewed were promised confidentiality, and those who were interviewed individually were given the opportunity to review for accuracy any quotes used in the book.