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Reinvention As Reform: Assessing the National Performance Review

The conclusion of the Clinton Administration presents an opportune time to investigate the outcomes of the National Performance Review (NPR). Any such evaluation, however, is complicated by the nature of the objectives sought, many of which relate to subtle and elusive elements of organizational life: empowering employees, inducing a less risk-adverse culture, and enhancing the quality of service delivery. The strategy employed here as a means of gaining insight into such phenomena was to couple a broad review of government-wide survey results with an in-depth investigation into the impact of NPR on a single agency, the Social Security Administration. A conclusion is that many of the NPR's "higher-order" objectives have not been met on a systemic basis. While a variety of proximate explanations for this finding can be identified, a more fundamental explanation relates to a failure by the sponsors to adjust their strategy to account for basic differences between NPR and past reforms.

Presidents undertake reform of the administrative machinery of the executive branch for a variety of reasons, both substantive and symbolic. Substantive reasons have included enhancing the capacity of the president to manage the bureaucracy, rationalizing the structure of government, and making career officials more responsive to political direction. Symbolically, reform proposals convey an association with the values of efficiency and economy as well as disapproval of (purported) bureaucratic waste, lethargy, and unresponsiveness (March and Olsen 1983). In some cases, reform may be undertaken for tactical reasons, "to give the appearance of action," "to pay off a political debt," or even "to forestall more radical change" (Salamon 1981, 78).

Students of public administration concerned with the substantive elements of reform and particularly with questions of whether and to what extent improved administrative practices and outcomes have been realized as a consequence of reform are confronted with the rhetorical realities as well as with methodological difficulties. It becomes problematic to identify gains in "economy and efficiency" that emerge from a complex shuffling of offices and positions when such gains are posited on abstractions such as the elimination of "overlapping and duplication of effort" (Mansfield 1969, 334). The size and scope of the federal government as well as the dynamic nature of the context

inject a large margin of error into attempts at distinguishing improvements due to reform from changes due to other, confounding factors. Yet the substantive element of reform cannot be ignored. Reforms are important manifestations of management thought and provide opportunities to examine the validity of underlying theories.

This analysis is directed at a review of the outcomes to date of the most recent executive branch reform initiative, the National Performance Review (NPR).[1] Of interest are the suitability of reinvention nostrums as means of improving the operations and work processes of the federal government and the NPR as a means to that end. Primary questions of interest include (1) have stated objectives been accomplished? and (2) to the extent that NPR has fallen short, to what extent can this be attributed to the theories that underlie reinvention and to the way those ideas were implemented?

Assessing the NPR is in many ways problematic; the scope of the reform program is broad, the rhetorical ele-

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ment is substantial, the underlying "theory" elusive. Some objectives are so broad and ambiguous as to deter other than tentative conclusions about outcomes. Also, given the size of the government, a major commitment of time and resources would be required to make any kind of comprehensive assessment of outcomes.

These problems are daunting but not insurmountable. Although the theory implicit in the NPR report may not meet formal standards,[2] a set of relationships linking component initiatives to objectives can be discerned. Despite the breadth of the reform objectives, success indicators are available. In the absence of sufficient resources for a comprehensive review, surveys and analyses completed by various oversight groups over the past several years serve as a base from which one can gain an overview of government-wide results.

While government-wide outcomes are discussed, this study focuses primarily on the consequences of NPR for a single agency. A premise is that the agency, the Social Security Administration, is well suited for reinvention nostrums and hence presents a useful test case of whether reinvention works. Another is that many of the objectives set forth by project sponsors, including those relating to decentralization and culture change, can best be understood and evaluated within a specific context. One advantage in using the case study method is that it is conducive to an understanding of causal relationships and thereby facilitates the generation of answers to "why" questions (Yin 1989). In this instance, the relevant question is why, based on the broad survey findings, NPR appears to have fallen short in the achievement of certain critical objectives.

Public-Private Differences

One purpose for inquiring into the substantive outcomes of attempts at administrative reform is as a means of investigating the validity of underlying management theories. Of particular interest to students of public administration is the applicability of these theories in the public sector generally and in the institutional context represented by the federal government specifically.

Questions about the relevance of private sector management ideas to the public sector are particularly apropos to the NPR. The private sector orientation of NPR is apparent from several of the chapter headings from the initial report: "Putting Customers First," "Creating Market Dynamics," and "Making Service Organizations Compete" (U.S. National Performance Review 1993). These ideas have generated much controversy. Moe (1994, 116), for example, posits that the ideas set forth in the *Report of the National Performance Review* are a threat to traditional accountability norms and, further, that the entire market-oriented "entrepreneurial paradigm" is based on "a pro-

found misunderstanding of the role of law in the administration of the executive branch."

An alternative perspective is that the institutional exigencies identified by Moe (1994), while guiding, are not wholly determinative of activities and behaviors at the subsidiary levels of the bureaucracy upon which NPR places focus. More than prior executive branch reform initiatives, NPR is directed at effecting change in the "core technologies" of agencies and hence in the behaviors of rank-and-file government employees. Many of the problems identified in the NPR report concern work practices and techniques that are not ostensibly sector specific. As attention shifts from the institutional to the organizational, from what Arnold (1998) calls the "macro-context" to the "micro-context" of reform, generic management ideas and techniques become more relevant.

This study supports the latter perspective to the extent that it makes apparent the pertinence of ideas and insights from the organizational change literature to reform outcomes. For example, multiple instances of successful reinvention at the unit and agency levels highlight the importance of contextual factors such as leadership to the accomplishment of key objectives. The importance of implementation tactics to outcomes is also demonstrated. A broad conclusion is that the objectives of NPR would have been better served had its sponsors more closely tailored the implementation strategy to the nature of the changes sought. This finding does not deny flaws in program design. Directing attention to organization-level determinants of the outcomes observed, however, clearly implies that successful outcomes at the local level are not precluded by either design considerations or institutional exigencies. The relevant question becomes whether and under what conditions success is possible on a broad, government-wide basis.

Table 1 Objectives of the National Performance Review			
Objective	First Order	Second Order	Third Order
Downsizing	X		
Reduce administrative costs	X		
Reform administrative systems	X		
Decentralize authority within agencies		X	
Empower front-line workers		X	
Cultural change		X	
Improve quality of service			X
Improve efficiency of agency work practices			X

Assessing the National Performance Review

NPR incorporates a diverse set of interventions directed toward the achievement of multiple objectives. Table 1

presents these objectives in the form of a three-tier hierarchy intended to capture the logic set forth in the *Report of the National Performance Review* (U.S. NPR 1993) (henceforth, NPR report).

First-order objectives include the downsizing of the federal workforce, a reduction in administrative costs, and the reform of the personnel, procurement, and budgetary systems. Pursuant to the reasoning presented in the NPR report, these objectives are to serve as a means for achieving second-order objectives such as decentralizing authority within agencies, empowering front line workers, and changing the culture of the federal bureaucracy. For example, the downsizing initiative is directed at those in "management control" positions who, according to NPR, serve to impede decentralization. The reform of administrative systems is regarded as a necessary accompaniment to decentralization and cultural change.

Curbing oversight by staff units, freeing managers from regulatory constraints, and encouraging worker involvement in work process management in turn, according to the logic employed in the report, serve to improve the quality of service provided the American public and lead to more efficient service delivery methods. Ultimately, NPR's purported objective is to increase the degree of trust by the public in the federal government.[3]

Table 2 presents a broad review of the results of NPR to date within the framework of objectives presented in Table 1. Much of the data cited derives from a 1998 survey by the Merit Systems Protection Board. Selected results are presented in Table 4 below. Studies conducted by the Office of Personnel Management, the General Accounting Office, the National Partnership Council, and NPR itself are also referenced. The review is somewhat cursory reflecting the limitations of available data. A broad conclusion is that while some success has been achieved with regard to lower, first-order goals, only limited progress has been made toward critical, higher, second- and third-order reinvention objectives. Thus, downsizing and cost reduction objectives have been substantially achieved. The partnership initiative appears to have met with some success, but there is no evidence of any significant, systemic improvement in quality of service or culture. Even where the data is somewhat favorable, such as with improved work efficiency, it is not apparent whether the improvement is attributable simply to a reduction in "slack," as employees are made to work harder, or to a redesign of work processes as recommended in the NPR report.

NPR at the Social Security Administration

To further probe how NPR has impacted the bureaucracy and to ascertain the validity of the findings presented in Table 2, an in-depth investigation was conducted at the Social Security Administration (SSA). The SSA was selected as a focus primarily because, according to the ideas presented by Osborne and Gaebler (1992) and in the NPR report (1993), its technology makes it a highly suitable candidate for reinvention. It is fundamentally a "production" (Wilson 1989) organization characterized by an assembly-line approach to claims processing and multiple hierarchical layers with work guided by an elaborate set of rules and regulations. It is an archetype of the "industrial-era bureaucracy" condemned in the NPR report for its "rigid preoccupation with standard operating procedure," "vertical chain of command," and "standardized services" (U.S. NPR 1993, 3). Designated as "high impact" on the basis of extensive public contact, SSA has been a particular focus of NPR energies. Further, SSA has often been cited by NPR as an exemplar of NPR principles.[4] If reinvention works anywhere in the federal government, it should work at SSA.

Thirty-one interviews were conducted with 30 separate SSA officials at all management levels. The field-level investigation focused on the Chicago region, one of ten in the Operations Division (Appendix A provides an explanation of SSA's organizational structure). Those interviewed range in rank from first-line supervisors and field office managers to deputy commissioners at the national office. Interviews were also conducted with officials at the General Accounting Office (GAO) and at the NPR. The interviews were conducted between December 1997 and January 1999 both by phone and in person. Archival materials provided by the agency and by various oversight groups have been used to supplement the interview data. The results are presented within the framework of NPR objectives shown in Table 1. Some NPR objectives such as reforming administrative systems relate to the government as a whole and hence are not addressed in this section.

First-order Objectives

The Social Security Administration was exempted from the 13 percent government-wide cut in personnel imposed by the Federal Workforce Restructuring Act of 1994. According to agency officials, the primary reason was that there had been an 18 percent reduction in personnel at SSA over the 10-year period preceding 1993. Total full-time equivalents (FTE's) at the agency have actually increased from 64,900 in fiscal year 1993 to 65,200 in fiscal year 1997, although the increase primarily reflects a transfer of positions from the Department of Health and Human Services upon the granting to SSA of independent status in 1995.

Although exempted from the broad reduction, SSA has had to comply with the directive requiring agencies to halve the supervisor–employee ratio.[5] The logic for this require-

Table 2 Assessing NPR—A Summary

Objective	Specifics	Datum	Success indicator (a)
Downsizing	Reduce federal civilian employment by 272,900 positions (b)	As of August 1998, civilian employment in the executive branch had been reduced by a total of 317,000 FTE's (full-time equivalents)(c)	+
Reduce administrative costs	A savings of $108B over the five-year period ending in 1999 (d)	As of September 1997, NPR reported that savings of $82.2B had been achieved with another $30B pending (e)	+
Reform administrative systems	Reform of the civil service, procurement, and budgetary systems	The procurement system has been reformed (f), the personnel and budgetary systems have not	-
Decentralize authority within agencies	Provide front-line managers with more authority on personnel, procurement, and budgetary matters	Forty-nine percent of the supervisory/management employees surveyed by the Merit Systems Protection Board (1998) indicated that they had been given more flexibility in how they do their work during the prior two years. However, only 20 percent of this same group responded that they had more flexibility in personnel matters (Table 4, #10 and #15)(g)	0
Empower front-line workers	Create labor-management partnerships to make the labor relations climate in the federal government less adversarial	Fifty-two percent of labor and management representatives responding to a 1997 National Partnership Council survey responded that the labor-management relationship had improved "some" or "much." (h) Fifty-one percent of nonsupervisory respondents to the MSPB survey (1998) indicated that they had been given more flexibility in how they accomplish their work during the prior two years.	+
Cultural change	Change the culture "away from complacency and entitlement and toward initiative and empowerment" (Clinton 1993a)	Twenty percent of federal employees surveyed by MSPB agreed with the statement that, "The National Performance Review has had a positive impact on bringing change to the government"; 47 percent of those responding disagreed with that statement (Table 4, #3). Thirty-seven percent of respondents to the 1998 MSPB survey agreed with the statement, "My organization has made the goals of the National Performance Review a priority." (Table 4, #5). In a corresponding NPR survey (U.S. NPR 1998b), 35 percent of respondents agreed with that statement.	-
Improve quality of service	Tailor service delivery to the needs and wants of the public	Twenty-one percent of respondents to the MSPB survey agreed with the statement, "The National Performance Review has had a positive impact on improving customer service to the public" (41 percent disagreed) (Table 4, item #4).	-
Improve efficiency of agency work practices	"Reengineer basic work processes to achieve higher productivity at lower costs." (U.S. NPR 1993, iv)	Sixty-one percent of those surveyed by MSPB responded affirmatively to the question, "As a consequence of budget cuts and downsizing or reinvention initiatives, the amount of work performed in my current job has increased." (Table 4, #13). Forty-nine percent of federal employees surveyed by MSPB said that the productivity of their work unit had improved (Table 4, #9).	0

Notes:

a - a "+" represents a positive outcome, "-" a negative outcome and "0" an indeterminate or neutral outcome

b - pursuant to the Federal Workforce Restructuring Act of 1994

c - U.S. Office of Personnel Management (1998a)

d - Report of the National Performance Review (U.S. NPR 1993)

e - U.S. National Performance Review (1998a)

f - The Federal Acquisition Streamlining Act of 1994, the Federal Acquisition Reform Act of 1996, and the Information Technology Management Reform Act of 1996 effectively eased constraints with regard to the purchase of a variety of products used in government agencies.

g - OPM (1998b) studied the extent and impact of "deregulation and delegation of human resources management authority." The conclusions from that study are broadly congruent with the MSPB findings. The report concludes, among other things, that "deregulation varies widely among agencies" (p. i), and that "most [focus group participants] have seen some deregulation but there are significant minorities who have seen either no deregulation or an actual increase in regulations" (p. i).

h - U.S. National Partnership Council (1997)

ment, as presented in the NPR report, is that, "As our rein-vented government begins to liberate agencies from over-regulation, we no longer will need 280,000 separate supervisory staff and 420,000 'systems control' staff to support them" (U.S. NPR 1993, 71).

In 1993, the ratio at SSA was close to that for the government as a whole at 1:7.4 and the agency accordingly set a target of achieving a 1:15 ratio by fiscal year 1999. As of December 1998, the agency had improved its ratio to 1:12 with a 41 percent reduction in the total number of supervisory positions. There has been some controversy, however, over the objective itself and the way the cuts have been achieved.

As of 1998, a total of 3,174 of 7,774 supervisory positions had been eliminated agency-wide. However, the reduction has been substantially offset by the creation of 1,900 new, nonsupervisory positions which are being filled largely by displaced supervisors and which incorporate many of the duties previously performed by supervisors. At SSA headquarters, 550 team leader positions have been established while in the field 1,350 management support specialist (MSS) and area systems coordinator (ASC) positions have been created (U.S. GAO 1998). Employees in these titles don't technically qualify as supervisors because they cannot do performance evaluations or sanction employees.

Despite the creation of new titles for some displaced supervisory personnel, there has been an overall reduction in the number of management and supervisory personnel. Agency-wide, the GAO calculates the net cut at 1,274 or about 16 percent (U.S. GAO 1999). A summary of changes

in the staffing mix in the Chicago region between 1993 and 1998 is shown in Table 3. Total employment in the region has declined by about 9 percent between 1993 and 1998, reflecting a shift in resources within the agency from the Operations Division, of which the region is part, to the Office of Hearings and Appeals. Consistent with NPR dictates, the regional office itself has suffered a disproportionate 26 percent cut. There has been a net reduction in management and supervisory positions of about 19 percent for the region. These cuts fall far short of the 50 percent specified by NPR but have nevertheless been a target of criticism.

Concerns expressed by many field personnel are that the target was an arbitrary one, did not allow for adequate consideration of the agency's unique circumstances, and has endangered mission accomplishment. In reducing the number of supervisors, there was a presumption by NPR that employees would be organized into self-directed teams. However, the union representing field office employees at SSA has resisted teaming and managers are stretched extremely thin as a result. A field office manager commented, "Historically, SSA is one of the best performing agencies … a lot of that was achieved because front-line supervisors drove it. Our work is technical. Management did checking. We have lost the ability to look at quality. Most managers agree that delayering in the field was a mistake unless they go to the team concept. As it is, we can't get more management and we can't get teams."

The Social Security Advisory Board, which did its own study of the field structure, came to a similar conclusion. In its 1999 report, the Board stated, "We have talked with many employees in the field who believe that the agency's current dearth of managers and supervisors is having a significant and negative impact on the ability of the agency to serve the public … managers across the agency have told us that the reduction in front-line supervisors is resulting in a decline in quality and an increase in errors" (U.S. Social Security Advisory Board 1999, 25–6). Elsewhere in the report, the Board states, "we strongly urge the agency to rethink its commitment to this arbitrary staff-management ratio" (52).

Second-order Objectives

Employee Empowerment. In 1998, the SSA in conjunction with the American Federation of Government Employees (AFGE) issued a report evaluating the partnership experience at SSA. A number of indicators included in the document provide support for the contention that the initiative has been a success; grievances filed by employees against the agency were down by almost 50 percent between 1994 and 1996; arbitration requests were down by 26 percent; unfair labor practice charges were down 46 percent. The report cites 1,537 partnership-related projects

Table 3
Chicago Region—Field Office Position Mix 1993-1998

| | | Management Support | | |
		Managers and operations supervisors	Spec./Sys. Coordinator/ Team Leader	Other	Total
Regional office	Oct-93	45	0	267	312
	Oct-98	12	20	199	231
Field offices	Oct-93	699	0	4,545	5,244
	Oct-98	412	172	4,344	4,928
PSC	Oct-93	123	0	1,300	1,423
	Oct-98	62	23	1,090	1,175
TSC	Oct-93	42	0	433	475
	Oct-98	27	12	441	480
Region-wide	Oct-93	909	0	6,545	7,454
	Oct-98	513	227	6,074	6,814

underway or completed of which "466 indicated that partnership affected the empowerment of employees" (U.S. SSA 1998, 4). Forty-six percent of SSA employees surveyed by the Merit Systems Protection Board (MSPB) in 1998 agreed with the statement, "Partnerships have helped the organization," compared with 36 percent of those surveyed government-wide, although there was a much higher proportion of positive responses among nonsupervisory than among supervisory/managerial personnel (Table 4, item 12).[6]

Those interviewed for this study generally regard the partnership experiment as a positive one for the agency, although several supervisors and field office managers noted that their own authority had been compromised by the change from a five-tier to a pass–fail performance appraisal system and by allowing union representatives to participate in employee awards processes. As noted above, there is also consternation about the inability of the agency and the union representing field office workers to come to agreement on the creation of self-directed teams.

Decentralization of Authority. With regard to the decentralization of authority within SSA, the former deputy commissioner for Operations acknowledged only limited progress in commenting, "If you were to say radical shift is a 10, SSA is a four. I'm very proud of it. You don't know how much blood I had to spill on it."

SSA managers specifically acknowledge a greater degree of flexibility and discretion in the procurement area. The item most commonly cited in this regard is the expanded use of credit cards whereby field office managers can purchase commercial items of up to $2,500 in value on a government credit card, a direct consequence of the Federal Acquisition Reform Act of 1996. Prior to that law, managers had to go through a cumbersome process of purchasing supplies and materials primarily or exclusively from companies with a government contract.

Managers also have gained additional discretion in deciding how budgeted funds are spent but that discretion is severely constrained. An area director in the Chicago region stated that whereas previously, field office managers were prevented from shifting funds between budget categories, she now allocates "a flat amount" to each so that "they can distribute the money among categories." The eligible categories do not include personnel, however, which (including benefits) constitutes approximately 90 percent of the budget in most offices. A regional office official commented, "Not a lot of authority has been delegated to lower levels. As a practical matter we still get a lot of direction from the head office. The budget is controlling; we can allocate money between categories but if the money is not there it doesn't mean much. We do some shifting of funds here. The district offices can shift between categories but there is not enough there to do much shifting."

Ironically, whatever progress has occurred toward decentralization has been curbed by these budgetary and personnel limitations created in part by NPR. As a direct consequence of the downsizing initiative and subsequent decisions made by the Office of Management and Budget (OMB) and the President's Management Council, SSA has had an FTE allocation by which it must abide and which has had to be managed centrally.[7] Field office managers have lost the option of shifting funds from, for example, materials and supplies to personnel. The budget director for the Chicago region commented, "At one time … we were able to get a total budget including personnel. I had $18 million the first year, I could switch funds to overtime, hire temporaries instead of permanent employees, move money between categories. Then Baltimore put a limit on FTE's. We lost that, it took away 90 percent of our budget flexibility."

For fiscal year 1998, the Chicago region, with approximately 6,800 employees, was allowed to fill 50 vacancies, 21 of which were allocated to the 220 field offices. An elaborate process was put in place to decide which offices would receive the new hires. According to an area director, "We're hiring 21 people in the region to meet the needs of all the field offices. It's not enough to cover our current vacancies. A decision has to be made which Area Director gets a position for which office. Managers make a justification to me; I make a justification to my boss, he makes a recommendation to the regional commissioner; she and the deputy have a lot of input."

Field office managers have gained some new authorities on the personnel side; once a new hire is authorized they're allowed to make the selection for any position as high as a claims representative; such decisions formerly had to go to the area director. They can also nominate employees for training if sufficient funds are available and they can authorize leave without pay; these matters previously had to be approved by the personnel office.

Culture. Despite the prominence given this objective by President Clinton and Vice President Gore, evidence from both the 1998 MSPB survey and from interviews conducted as part of this study suggest that there has been little change in culture at SSA. As Table 4 indicates, the responses by SSA employees to key questions on the MSPB survey closely track those for the government as a whole with a relatively small proportion (18 percent and 23 percent respectively) of all employees agreeing with statements such as "The efforts of the National Performance Review have had a positive impact in bringing change to government," (Table 4, item 3) and "The National Performance Review has had a positive impact on improving customer service to the public" (Table 4, item 4). On those items where the response is more positive such as, "A spirit of cooperation and teamwork exists in my immediate work

unit," (64 percent agree or strongly agree) (Table 4, item 7), it is not apparent to what extent (a) this has changed from prior years, nor (b) if it has, whether it is attributable to NPR.

There was some disagreement among the officials interviewed at SSA about whether agency culture has changed as a consequence of NPR. The official with primary responsibility for the implementation of NPR directives emphasized a new sensitivity on the part of top officials toward customer service, stating, "year after year I have watched a recognition of that among executive and senior staff grow. Four years ago, I was the only one nagging about customer service; now not a meeting goes by without a reference to customers and how this plays with them." The deputy associate commissioner for personnel at the national office substantially agreed commenting, "The customer orientation has changed the culture of the organization. Everything we do, whether it is for the claimant or for internal customers; that is the byword. Here, people are trying to compete to outdo one another in regards to customer service. It has really put it out front more."

Officials in the operations division, however, where most customer contact occurs, have a different perception. The former deputy commissioner for operations, whose former unit encompasses about 80 percent of all SSA employees including the entire field contingent, argued that such a change, to the extent it exists, is primarily a headquarters phenomenon; "Operations was always thinking of customer service…. Getting someone in a staff unit who doesn't see the customer to think, 'I'm doing this to enhance customer service' is a change…. There has not been real culture change within the organization." As to more systematic attempts to ascertain the attitudes of front line employees, she stated, "We have surveyed the employees on what we can do better; employees always say give us more staff. A morale survey was done one and a half years ago; the employees said, give us more staff, the executives don't work as a team, improve communication. We've gotten this year after year. We don't like to hear it so we don't do much about it."

The director of the Office of Strategic Management described SSA as a "command and control" organization and, in citing initiatives to change the culture via empowerment and decentralization, acknowledged that the effort "has been advanced and supported by NPR influence but it is not far along." An area director summed up the prevalent feeling within the field structure in stating, "You can talk about a culture change but it's still the same old thing; it's still a numbers game."

Third-order Objectives

Quality of Service. SSA officials cited multiple examples of service improvements that have occurred over the past five years, some of which are attributable to NPR. Two examples relate to the reformulation of performance measures to incorporate a "customer" perspective.

Historically, SSA has gauged the performance of its field offices on the basis of average time required to process different types of claims. As a consequence of NPR, the agency has shifted to measures based on when payment is due. From the recipient's perspective the change is important. Instead of working those claims which could be processed most quickly but which might then stand in a queue for months before actual payment, offices now give priority to those claims on which payment is imminent.

The operational effects of this shift to a customer perspective are also apparent with regard to the processing of disability claims. An application for disability benefits is taken by the SSA field offices but is then forwarded to the state Disability Determination Service (DDS) for a determination of whether or not the individual is disabled. Subsequent to the medical determination, the claim goes back to the field office for payment or filing. Historically, field office performance was measured based on the time the claim was actually at the field office both prior to and subsequent to being sent to the state. Under the new measure, field office performance is gauged according to the entire period from when the application is taken to when a final determination is made, including the time the claim is at the state DDS, consistent with the "customer's" perspective. Under the old approach, employees often processed claims in ways that shortened field office times but lengthened the overall processing time. Now, SSA managers work closely with the state DDS in identifying ways of reducing processing times.

The agency gets high marks from citizens on a number of service dimensions. The agency's fiscal year 1998 Performance Report shows that 82 percent of customers rate SSA service as "good" or "very good," 87 percent of the public are "satisfied" or "very satisfied" with the courteousness of SSA staff, and 81 percent are "satisfied" or "very satisfied" with the clarity of SSA mail (U.S. Social Security Administration 1999, 64). The agency has successfully achieved its goal of answering 95 percent of all 1-800 calls within five minutes.

Although these indicators point to a high quality of service, no indicators are provided for some service dimensions where performance is not good. For example, a number of managers commented that during periods when the 1-800 calls are heavy, workers in the payment service centers (PSC) are switched from their regular work processing "postentitlement" actions to man the phones. Payments

Table 4 Merit System Protection Board 1996 Merit Principle Survey Comparison of Social Security Administration Respondents and Government-wide Respondents by Employment Category*

(percentages of those responding)

		All Employees		Nonsupervisory		Supervisory/Management	
		Agree or strongly agree	Disagree or strongly disagree	Agree or strongly agree	Disagree or strongly disagree	Agree or strongly agree	Disagree or strongly disagree
1. There are too many management levels in my organization.	SSA	46	32	42	32	59	31
	Gov't wide	49	26	50	24	48	32
2. I feel my organization is overstaffed and that it could do the same job with fewer people if the work processes could be changed.	SSA	12	81	10	82	21	77
	Gov't wide	23	65	22	65	25	65
3. The efforts of the National Performance Review, which has been working on reinventing government, have had a positive impact in bringing change to government.	SSA	18	59	19	55	12	73
	Gov't wide	20	47	19	46	21	48
4. The National Performance Review has had a positive impact on improving customer service to the public.	SSA	23	51	26	45	14	68
	Gov't wide	21	41	20	40	22	44
5. My organization has made the goals of the National Performance Review a priority.	SSA	46	19	43	17	54	24
	Gov't wide	37	27	35	28	43	25
6. My organization has made good use of my knowledge and skills in looking for ways to become more efficient.	SSA	37	34	40	33	23	40
	Gov't wide	42	36	41	37	46	33
7. A spirit of cooperation and teamwork exist in my immediate work unit.	SSA	64	29	67	29	53	26
	Gov't wide	64	24	62	24	68	21
8. My work unit has a sufficient number of employees to do its job.	SSA	35	59	39	55	22	71
	Gov't wide	44	47	43	47	45	47
9. In the past 2 years, the productivity of my work unit has improved.	SSA	41	26	39	26	48	28
	Gov't wide	49	26	46	27	55	23
10. In the past 2 years, I have been given more flexibility in how I accomplish my work.	SSA	44	27	42	26	48	31
	Gov't wide	51	26	51	25	49	29
11. At the place I work, my opinions seem to count.	SSA	47	35	44	35	60	33
	Gov't wide	54	28	53	28	59	25
		Great or moderate extent	Minimal or no extent	Great or moderate extent	Minimal or no extent	Great or moderate extent	Minimal or no extent
12. To what extent has the existence of the partnerships enabled your organization to better accomplish its mission?	SSA	46	54	57	43	8	92
	Gov't wide	36	64	39	61	29	71
		The amount of work has increased	The amount of work has decreased	The amount of work has increased	The amount of work has decreased	The amount of work has increased	The amount of work has decreased
13. As a result of budget cuts, downsizing, or reinvention initiatives since 1993, has the amount of work you perform in your current job changed in a substantial way?	SSA	72	1	70	0	80	4
	Gov't wide	61	5	60	5	69	6
		Very or somewhat likely	Very or somewhat unlikely	Very or somewhat likely	Very or somewhat unlikely	Very or somewhat likely	Very or somewhat unlikely
14. As a result of possible future budget cuts or downsizing in the next few years, how likely is it that you will substantially increase the amount of work you perform in your current job?	SSA	78	14	76	14	85	14
	Gov't wide	69	20	68	20	72	19
						Agree or strongly agree	Disagree or strongly disagree
15. Since 1993, I have gained additional flexibility in taking personnel actions.	SSA					22	59
	Gov't wide					20	48
						Increased greatly or moderately	Decreased greatly or moderately
16. How have your responsibilities as a supervisor/manager changed over the past 2 years?	SSA					84	1
	Gov't wide					71	7
17. How has the number of employees you supervise changed in the past 2 years?	SSA					51	34
	Gov't wide					44	29

*The amounts listed do not total 100%; the balance is represented by "neither" and "don't know."

to citizens are being delayed as a result. The Social Security Advisory Board (SSAB) expressed concern that "issues that field offices have sent to program service centers for resolution are taking longer and longer to process. Benefits are being delayed" (U.S. SSAB 1999, 35). The Board noted an increase in the backlog of postentitlement actions from 1.4 million at the end of fiscal year 1995 to 2.5 million in March 1999 (U.S. SSAB 1999, 39).

Work Efficiency. The NPR report endorses not simply cost reduction but increased work efficiency. The report itemizes savings from personnel reductions as "streamlining the bureaucracy through reengineering" (U.S. NPR 1993, iii), implying that the positions cut would no longer be needed as a consequence of new and more efficient work methods. The report further urges the adoption of both quality management and business process reengineering (BPR) techniques as means of accomplishing those efficiencies. BPR has been presented by its proponents as a form of radical, discontinuous change directed toward "dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed" (Hammer and Champy 1993, 32).

In 1994, SSA released a plan for reengineering the disability claims process as a means of addressing the performance pressures placed on the agency by a dramatic growth in disability applications. Disability applications increased by 60 percent between 1988 and 1994, and administrative costs for the program in 1994 were projected to exceed those for all other SSA programs combined.

The redesign envisioned dramatic improvements in service and efficiency. As a consequence of multiple innovations such as the creation of case managers to serve as a single point of contact for applicants, a reduction in the number of levels of appeal, and the use of a uniform set of decision criteria for administrative law judges and state disability determination service (DDS) workers, the claims process was to be simplified and streamlined. The time required to get a decision would then be reduced from an average of over two years to about five months (U.S. SSA 1994).

The initial objective was to have the changes in place by 1999. As of early 1999, however, most deadlines had not been met and implementation was not expected to be completed until well after the year 2000. In 1996, the General Accounting Office (GAO) reported that SSA had not fully completed any of the 38 "near term" initiatives that were scheduled for completion within the first two years (U.S. GAO 1996). As a result of a major reassessment in 1997, efforts were narrowed from 70 separate action items to eight distinct initiatives. Some items have been put on hold; others are hung up because of disagreements with stakeholders.

Although testing is now underway on some of the key innovations, the agency no longer describes the project as an example of reengineering and has downplayed expectations of any radical improvement in performance. The official with overall responsibility for the project commented, "We will end up with incremental changes. It is not classical reengineering; we are too big, too dynamic. I don't know how we could have done reengineering with something as large and complex as disability process. We would have caused a lot of chaos."

A central problem with the project has been the opposition of key stakeholder groups such as state DDS directors, unions representing state DDS workers, and unions representing SSA workers to particular elements of the package. Other stakeholders, including advocates for the disabled, administrative law judges, and members of Congress have had concerns about specific aspects of the plan. As the agency has consulted and negotiated with these different groups over the proposed changes, extensive delays have resulted.

Although the reengineering of the disability claims process has not met initial expectations, work methods at SSA have undergone a more incremental type of change associated with automation. Over the past 10 years, SSA has introduced a number of technological changes that have improved the efficiency of existing operations; for example, by automating much of the work done at the payment service centers and by having field office personnel enter application data online rather than forwarding the data on paper forms to the PSC to be entered centrally. Commissioner Apfel told a House Appropriations Subcommittee that the installation of an intelligent workstation network throughout the agency would save 2,400 work years by 2000 (U.S. House of Representatives 1998). According to the former deputy commissioner for operations, software now being developed to automate post-entitlement changes will "release 3,000 PSC representatives to do something else." These types of incremental changes rather than the more radical reengineering approach have permitted the agency to cope with increased workloads during a period when resources are severely constrained.

Alternative Explanations for the Shortcomings of NPR

The SSA reinvention experience represents a mixed success. SSA appears to have technically complied with most of the demands made of it, but some of those demands, such as the decentralization of authority and culture change, are difficult to enforce. The data presented here lead to the conclusion that neither of these objectives have been achieved. The agency has to some extent mitigated the impact of the directive to reduce the supervisor–employee ratio although the cuts that have been made have disrupted the field structure.

The data in Table 2 suggest that SSA is not exceptional with regard to how it has approached NPR nor with regard to the results achieved. Examined below are three alternative explanations for this finding: errors of implementation, political exigencies, and flaws in program design.

Errors of Implementation

The implementation of most NPR initiatives has been left largely with the departments and agencies (Radin 1995). Organizationally, NPR is an interdepartmental task force with staff detailed from different agencies. The intent of its sponsors was that NPR would phase out after the release of the September 1993 report, but the nonresponsiveness of some agencies to NPR directives led to a realization that for the program to succeed, some sort of staff presence was required. Even so, the small size of the staff and the large number of initiatives that have been launched have precluded tight monitoring and have left agencies with substantial discretion.

One implication is that a significant disparity exists in the extent to which departments have "bought in" to reinvention. The Merit Systems Protection Board (1998) found broad differences among departments in the proportion of employees agreeing with the statement, "My organization has made the goals of the National Performance Review an important priority," from a high of 62 percent in the General Services Administration to a low of 19 percent in the Air Force. SSA, at 46 percent, is close to the median.

Agencies have been differentially responsive to the different directives emanating from NPR according to the nature of the directive and the agency's own priorities. The head of reinvention at SSA described the essential dynamic as follows, "they [NPR] have not played hard ball with the agency leadership; each agency leader determines what's important to them. If it isn't, they don't pay a consequence. It is tied to the people at the top of the agency, their policy goals. In many agencies it is not that important."

Political Exigencies

Political exigencies have also been a factor in the failure of NPR to achieve many key objectives. Three of the most prominent relate to the failure of civil service reform, the diversion of funds away from capacity-enhancing purposes, and strategy shifts.

Failure of Civil Service Reform. The NPR report places major emphasis on the need to make the federal personnel system more flexible and to provide additional discretion in personnel matters to line managers. Soon after release of the report, the administration entered into discussions with both members of Congress and representatives of the large federal employee unions over civil service reform. Draft legislation that surfaced in 1995 included a number of provisions consistent with the recommendations included in the NPR report allowing agencies a great deal more discretion on matters such as classification and pay setting.

Other provisions designed to offset union opposition to these pro-management reforms were also included in the proposed legislation. The number of workplace issues subject to bargaining would have been expanded and unions would have been given more say in the numbers, types, and grades of employees in federal agencies and in the methods and means of performing work. Ultimately however, union leaders decided that the "cost" of the bill in terms of enhanced managerial discretion outweighed the benefits and went on record expressing "ardent opposition" to the draft legislation, substantially ensuring its demise (Barr 1995). Subsequent efforts to revise the bill have failed due to an inability to reconcile differences between the Clinton administration, the employee unions, and the Republican majority in Congress.

Diversion of Funds Away From Capacity-enhancing Purposes. The NPR report urged that a portion of the savings from the downsizing initiative be directed toward investments in technology and training. However, none of the funds saved as a result of the downsizing or the other program initiatives have been earmarked for these purposes. In fact, at President Clinton's suggestion, the downsizing savings were used to fund the Omnibus Crime Control Act of 1994 which included provisions "to put 100,000 more police officers on our streets" (Clinton, 1994) with political considerations obviously paramount.

Strategy Shifts. In 1994, as a tactical move designed to blunt Republican calls to reduce the size of the federal government, Clinton and Gore initiated what became known as "Rego II." Although a founding principle of NPR had been to focus on "how government should work not on what it should do," (U.S. NPR 1993, ii), under Rego II, departments and agencies were directed to examine all their various activities and to ascertain which could be privatized, devolved to state and local government, or simply terminated. For some federal employees this switch in strategy undermined the credibility of NPR and its proponents. An SSA Area Director commented, "For some employees the shift to Rego II undermined reinvention. It headed one way, people bought that. They came along with Rego II, people said this is a con job. It hurts the credibility of how people look at the process. It was sold one way and got changed."

The strategic direction shifted once again upon the appointment by Vice President Gore of a new staff person to head up NPR in 1998. The project has been retitled "The National Partnership to Reinvent Government," and a new emphasis has been placed on initiatives that have high public visibility such as "hassle-free" zones in Dallas and

Kansas City and the revamping of government "blue pages" in phone books around the country. The shift apparently reflects political considerations associated with the Vice President's campaign for president (Kettl 1998).

Design Flaws

Downsizing. The premise set forth in the NPR Report (1993, i) was that "the people who know government best—who know what works, what doesn't, and how things ought to be changed—" should be the ones driving the reform process. This approach had the advantage of giving those who had designed the reforms responsibility for implementation and it was consistent with the objective of moving to an "empowered" culture. As Kettl (1995) points out, however, the downsizing element is inconsistent with the objective of inducing cooperation from federal employees. To the extent that employees have perceived NPR as directed at reducing their numbers, it makes widespread buy-in unlikely.

Contradictory Elements. Thompson and Jones (1995) identify several contradictory elements within NPR that have impeded program effectiveness: making the needs of both employees and customers a priority, making middle managers both the beneficiaries of decentralization and the targets of personnel cuts, and emphasizing improved service and cost reductions without acknowledging that service improvements in many cases require increased costs. Multiple other contradictory program elements surfaced in the context of this study including the following:

- Downsizing impedes innovation
- Downsizing impedes employee buy-in
- Personnel caps impede decentralization
- Budget cuts mitigate the impact of decentralization
- Partnership constrains managerial discretion.

Several of the most glaring inconsistencies relate to mid- and lower-level line management who, according to the NPR report, were to be among the primary beneficiaries of reinvention. Field office managers interviewed expressed widespread disillusionment with NPR. At the same time supervisory staff is being cut, they are under intense pressure to improve performance. One field office manager commented, "If you were polling managers, NPR is a dirty word. It is the 1:15 ratio." He added, "Supervisors have been trouble shooters; they held things together. Under NPR they are regarded as overhead."

Discussion and Conclusion

It is likely that each of these alternative explanations has contributed in some degree to the outcomes observed. Observers must, however, contend with a prominent feature of NPR which is not explained by the program flaws: the number of managers who have successfully applied reinvention principles within their individual agencies or units. The annual reports issued by NPR are replete with success stories, and studies of the reinvention lab program similarly document multiple instances where reinvention ideas have been effectively applied (Ingraham, Thompson, and Sanders 1998). Understanding this phenomenon requires attention to elements of NPR that distinguish it from prior attempts at executive branch reform.

Arnold (1998, 369) makes a useful distinction between the "micro-" and "macro-" contexts of reform. Most past attempts at reforming the executive branch, in addressing "fundamental political issues entailed in the relation of executive authority to administration …" relate to the macro-context. The NPR in contrast, addresses more micro issues of "administrative diagnosis and prescription." The distinction is important because this micro orientation highlights the necessity of approaching the executive branch not as a unitary entity, but as a loose array of highly diverse and substantially self-contained organizations. The factors associated with successful change at the organizational level, and hence the strategies to be employed, differ from those associated with past attempts at reform.

That organizational change is what is at issue here and not executive branch reform as traditionally conceived is implicit in many of the ideas and recommendations included in the NPR report such as those relating to process improvement, culture change, and partnership. One school of thought within the organizational change and management literatures places emphasis on the relevance of various contextual elements to these types of outcomes. Leadership is one of the most prominent such elements. Nadler (1988, 77), for example, comments, "Large-scale organizational change appears to require active, dynamic, and visible leadership to help articulate the change and to capture and mobilize the hearts and minds of the people in the organization." Bennis and Nanus (1985, 9) conclude that, "effective leadership can move organizations from current to future states, create visions of potential opportunities for organizations, instill within employees commitment to change and instill new cultures and strategies in organizations that mobilize and focus energy and resources." Kotter (1988) observes that, "the essential function of leadership is to produce adaptive or useful change."

Leadership may be particularly relevant to what have proven to be the more elusive, higher-order reinvention objectives such as cultural change. Schein (1985, 1), for example, makes a direct link as follows: "Organizational cultures are created by leaders, and one of the most decisive functions of leadership may well be the creation, the management, and—if and when that may become necessary—the destruction of culture." The former deputy commissioner of operations at SSA provided an example, in identifying two of the agency's ten regions where "culture

change is really taking place," and, in referring to the head of one such region stated, "[he] set out to change the culture of that region eight or nine years ago. He forged a true pact with the union before partnership became a buzzword.… He has delegated decision making as far as any leader in the organization. He has been process oriented and customer focused. He understands process management; he has involved managers."

A similar phenomenon is apparent with regard to partnership activities. The head of human resources for the Chicago region commented that partnership success "has to do with personalities." An area director commented, "where it [partnership] is working well, the manager is a focal point," and talked about two managers who have successfully nurtured good relations with the union. "One manager has generated enthusiasm among employees about how we make decisions: 'we've identified these problems; what will we do about it.' He's allowed them time to meet; employees are pleased. The office provides good service.… Another manager has done the same thing in terms of bringing employees in as a leadership team; he hasn't lost supervision; he brought employees in on how to improve service."

The General Accounting Office (1997) affirmed the importance of leadership to the achievement of a "results-oriented culture," an integral part of the reinvention paradigm, in its 1997 report on implementation of the Government Performance and Results Act. The GAO states, "For the Results Act to become part of an agency's culture, the agency needs the sustained, demonstrated commitment of its top leadership to initiate and insist on the use of results-oriented management practices, to keep the agency focused on results, and to embed related principles in the agency's approach to doing its business."

Where reinvention has succeeded, reformers have prevailed despite shortcomings in program conceptualization and execution and despite "structural" obstacles. Many, for example, have successfully motivated workers to perform within the strictures of existing civil service provisions. Apparent program "defects" such as those listed previously, have even been used to advantage by reinvention leaders. Some have made use of the downsizing mandate to "unfreeze" the status quo and convince the rank-and-file of the need to change. Others have taken advantage of the ambiguities and contradictions inherent in reinvention doctrine in claiming license for agendas that may only loosely conform with NPR (Thompson 1999).

A problem that persists, however, is that of engendering broad impact if success is contingent on what Wilson (1989, 227) calls the "chance appearance of a change-oriented personality." To achieve broad impact, there is a need to systematically enhance leadership capacity within the bureaucracy. At the conclusion of his study of leadership and reinvention, Hennessy (1998, 530) urges attention to "the development, nourishment, and identification of leaders that make a difference …" as a means of promoting successful change. Apart from the reinvention lab program however, NPR's strategies have not been directed toward inducing leaders to come forward at subsidiary levels of the bureaucracy where the natural constituency for reinvention ideas exists.

Sponsors have also failed to address other contextual elements relevant to change outcomes such as "crisis" (Wilson 1973). The General Services Administration, which ranked highest according to the MSPB survey in proportion of employees responding affirmatively to the statement "My organization has made the goals of the National Performance Review a priority" in the 1998 MSPB survey, appears to have effected substantial change as a consequence of the crisis it faced when proposals surfaced as part of Rego II to privatize most of its functions and reduce staff by about 90 percent. The GSA example suggests that prospects for successful outcomes on a government-wide basis would have improved had more agencies been confronted with draconian alternatives that forced more radical change.

In the absence of such strategies, it seems likely that SSA and other agencies, faced with a host of institutional exigencies that mitigate against change of this type, will continue to take a "coping" attitude toward NPR, characterized by technical compliance and an effective dampening of many of the interventions. The evidence here suggests that implementation strategies need to be congruent with the nature of the reform being implemented. Broad, top-down directives appropriate to the macro-context and characteristic of past reforms are not appropriate where change is directed at the more micro elements of administration such as those that characterize reinvention. Instead, strategies are required that recognize individual agencies as the relevant unit of analysis and that incorporate elements to achieve success at that level.

Acknowledgments

Notes

1. In 1997, the National Performance Review was retitled the National Partnership for Reinventing Government. Because the initiative has become widely known through the original title, that title is employed throughout the paper.

2. As pointed out by both Thompson and Jones (1995) and Moe and Gilmour (1995), the "theory" implicit in NPR is not falsifiable; that is, the doctrine presented tells what is true but not what is false. It is accordingly not subject to disproof. (see Popper 1959 and Simon 1992)

3. A consistent theme of NPR has been that the reform program is directed toward increasing the trust of the public in the federal government. Although based on recent poll results (Pew Research Center for the People and the Press 1998), there have been improvements in this measure, the linkages with reinvention seem tenuous, and this particular measure is not a focus of this analysis.

4. See for example the 1993, 1995, 1998 "status reports."

5. President Clinton issued Executive Memorandum #09-11-93 on September 11, 1993, in which each agency was directed to prepare a "streamlining plan" specifying how it would "re-duce the ratio of managers and supervisors to other personnel, with a goal of reducing the percentage who are supervisors or managers in halving the current ratio within 5 years" (Clinton 1993b).

6. A 1998 report by the SSA Office of Inspector General (OIG) was critical of some aspects of the SSA-AFGE Evaluation of Partnership including 1) a lack of clarity in the definition of partnership activities, 2) the results of SSA's inventory of these activities, and 3) the implication that the decline in grievances and unfair labor practice filings was related to partnering (U.S. SSA-OIG 1998).

7. According to an OMB official, because of the DoD downsizing and the fact that it was known for several years that the government would exceed the limits established in the Federal Workforce Restructuring Act of 1994, "hard" FTE caps are no longer placed on agencies. However, according to this same official, "soft" caps representing an understanding between the OMB program director and the agency as to appropriate levels of employment remain in place for some agencies.

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Appendix A   Organizational Structure of the Social Security Administration

SSA includes nine major functional units:

1. Operations	5. Policy
2. Systems	6. Communications
3. Finance, assessment, and management	7. Human resources
4. Disability and income security programs	8. Legislation and congressional affairs

The Operations Division includes about 80 percent of the total employment. In addition to the central office component, there are 10 regions, each headed by a regional commissioner. Each region is structured as follows.

Regional offices: There are 10 regional offices nationwide. The regional offices oversee operations in multi-state areas, including field offices, program service centers, teleservice centers, and State DDS's.

Field offices: There are 1,291 field offices country-wide ranging from as few as 5 employees to as many as 75 employees. These offices handle much of the intake for the Title II, Retirement, Survivors, and Disability Program and for Title XVI, the Supplemental Security Program.

Payment Service Center: There are six Payment Service Centers (PSC's) nationwide. The PSC's handle post-entitlement actions, that is, actions involving current recipients; change in status, etc. They also assist in responding to 1-800 calls during periods when calls are heavy.

Teleservice Centers: There are 36 Teleservice Centers (TSC's) nationwide. The TSC's respond to all calls made to the agency's 1-800 number, responding to calls for information.