

A Brief Guide:  
Twelve Considerations Important to State Restructuring

By

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*Introduction*

Since the emergence of public administration as a discipline in the early 20<sup>th</sup> century, the restructuring of state governments has been a topic of considerable interest and research. It has also been put into practice in all 50 states at one time or another. In some cases, the scope and extent of restructuring has been prodigious. But in the main, restructuring has been an evolving process, exercised over years, and with study and deliberation.

The purposes of restructuring are multi-faceted. In most instances, restructuring is pursued to create a more logical organization where the state can perform its mandates and responsibilities more efficiently and effectively. Greater accountability is another aim of many restructuring efforts. When responsibility and performance within the state bureaucracy are uncertain, restructuring is often seen as an antidote. This usually results in the strengthening of the executive branch, especially the role of the governor.

But restructuring itself is not a panacea and, as most researchers point out, other reform devices or approaches are equally important to the mix. For example, the rubric covering best practices or benchmarking is one popular categorical approach. Management and process improvement schemes also are used often nowadays and extant data on their uses and applications are plentiful. Still no approach, whether singular or combined, is seen among experts as a cure all.

Restructuring, if pursued, according to the literature, must not be taken lightly. Important considerations must be taken into account. Hence the obvious question: What considerations should be taken into reflection, generally speaking, with regard to state restructuring processes?

To get to the heart of restructuring as a remedy to address the ill effects of the state administrative organization, the easiest route is to look to the past and those lessons learned from previous attempts at streamlining government. In other words, what do the literature and the experiences of other state reorganizations suggest?

In passing, it should be pointed out that hundreds of studies and reports by state governments have been the antecedents of restructuring occurrences. The proliferation of Little Hoover Commissions in the 1940s and 1950s is alone testimony to this fact. But states have been churning out various other reports with recommendations for mergers and consolidations of governmental units—agencies, departments, divisions—since the 1960s.

Based on an extensive review of earlier reorganization studies and readings, 12 considerations or criteria present themselves as rules of thumb for public sector re-constructionists. These are:

- 1) Identify the strategic aims or purposes of restructuring.
- 2) Distinguish clearly the problems that reorganization seeks to fix.
- 3) Consider all vital stakeholders to be affected by restructuring.
- 4) Encourage the participation of those directly affected by restructuring.
- 5) Inspire, by example, commitment of participants at all levels of participation in the reorganization process.
- 6) Combine restructuring processes and outcomes with management and administrative improvements.
- 7) Recognize that reorganization is an ongoing or continuous process.
- 8) Prepare for an investment of resources to accomplish reorganization.
- 9) Point out and empower those responsible for restructuring.
- 10) Be cognizant of the constraints to achieving restructuring.
- 11) Grasp the political and organizational cultures of those affected by reorganization.
- 12) Establish a schedule for implementation and evaluation of restructuring.<sup>†</sup>

The following narrative provides a brief explanation of each of these points. Further, it should be noted that this discussion is merely an overview of the dozen criteria. Its purpose is, therefore, to assist those considering restructuring, yet in a strictly succinct and simplified discursive manner only.

*Identify the strategic aims or purposes of restructuring.*

Reorganizations, as stated in the literature, often fall short of successful results because of the lack of strategic planning. Reorganization is a complicated, lengthy, and ongoing process that must take into consideration intended long-range goals, a review of environmental conditions (internal and external) of the organization's strengths and weaknesses and any justifiable institutional opportunities and threats. Specific objectives and operative plans should additionally be considered. An evaluation of performance and implementation resulting from reorganization should then be well thought-out. Hence, strategic planning, for reorganization purposes, should normally include the following components:

- An “environmental scan” or a situational analysis of the strengths and weaknesses of an organization, including an analysis of external threats and opportunities;
- The formation of or the “putting into words” of a vision for the future and an accompanying mission statement that defines the fundamental purpose of an organization, its values, and its boundaries;
- The development of general goals, specific targets or objectives, and performance measurements to gauge organizational progress;
- A set of strategies to indicate what will be done to accomplish its goals and objectives;

- The implementation of detailed operational or tactical plans that provide for staff assignments and schedules; and finally,
- An evaluation component to monitor and revise the overall strategic approach as it unfolds.

*Distinguish clearly the problems that reorganization seeks to fix.*

In conjunction with strategic planning, a problem assessment should be conducted. This will allow those responsible for any restructuring efforts to distinguish clearly and comprehend the problems that are caused by current organizational structures and their related processes. Questions should be entertained that are important and fundamental to understanding or getting to the “root causes” of organizational troubles. Why, for instance, is the organization failing to fulfill adequately its mission, its goals, and/or its stated objectives? Are the problems indeed endemic to present structural arrangements? If so, then why? Are there management or administrative problems and, if so, will restructuring serve to help rectify these problems or will it do little or perhaps even exacerbate them? How long have these problems existed and what effect(s) have they had on agency constituencies, employees, and other stakeholders?

*Consider all vital stakeholders to be affected by restructuring.*

As for stakeholders, another critical criterion presents itself. In question form, “Who are the stakeholders ultimately and who will lose and who will gain from any reorganization?” Often stakeholders are identified in a nebulous way and reorganization, in and by itself, will nevertheless greatly impact them. In restructuring, it is always wise to identify everyone that will be affected by the reshuffling of an organization. If the area marked for restructuring is public education, for example, “How will students be affected? Parents? Teachers? And so on?”

*Encourage the participation of those directly affected by restructuring.*

Also, closely related to the question of stakeholders, the literature on reorganization typically refers to the encouragement of all participants in a restructuring effort. This means simply that state employees, clientele groups, legislators, and other appropriate government officials should have input into the reorganization plan. This is cited as being beneficial in several ways. First, if everyone is encouraged to participate, then all concerns, views and ideas are on the table early on in the restructuring process and can serve as part of the analysis leading to a workable reorganization. Secondly, the concerns and views of a wide group of involved individuals will yield inevitably a better and more thoroughly constructed restructuring plan. This will in turn allow for fewer foul-ups, mishaps, and gaps in the implementation of a reconstituted organization. Finally, the encouragement of all participants allows for the opportunity of “early buy-in” by affected groups and the chance to address, and in many cases, reconcile their varying concerns and viewpoints.

*Prepare for an investment of resources to accomplish reorganization.*

Furthermore, an essential criterion is the preparation to invest in the costs for carrying out reorganization. Those individuals involved in reorganization planning should be aware that restructuring invariably costs money. The planning effort alone is an expenditure item. Other costs range widely. They may and often do include costs associated with new technologies and control systems, staff training and development, and retrofitting or establishing new facilities. The cost-savings expected from reorganization by eliminating duplication of effort, merging programs, downsizing staff, and the minimizing of “waste” may or may not result in a net gain in terms of cost-savings. According to a report of the former S.C. State Reorganization Commission (1991):

Reorganization will certainly require the expenditure of funds... No one knows what the cost will be, but proponents should not undertake reorganization in order to realize immediate reductions in the outlays for governmental services. The evidence thus far is not optimistic about the opportunity to achieve such cost savings. There are other sound reasons for undertaking a reorganization effort, and the merits of a proposed reorganization should be seriously considered on the basis of other more practical and obtainable objectives.

*Point out and empower those responsible for restructuring.*

Who is responsible for what? This is another key question (criterion) to be considered in attaining a smooth and successful restructuring. Early in the planning stages of reorganization, and up to and including the implementation phases, responsibilities for restructuring should be plainly identified. Reorganization of state governmental agencies is a monumental task and highly complicated; all restructuring players should be apprised what the plan is and what part they have in that plan and its implementation. Task assignments should be, when possible, in the form of written memoranda and milestones and timelines should be sketched out and communicated clearly to responsible parties and individuals. Interaction among all participants in the implementation phase of reorganization should be at regular intervals and sustained, and alternate plans should be in place should problems arise.

*Be cognizant of the constraints to achieving restructuring.*

One criterion should especially be considered carefully when, or perhaps before, reorganization begins. All participants should recognize there are normal and predictable constraints and limitations in governmental reorganization undertakings. These are characterized typically as conceptual, political, fiscal, and human constraints. Reorganizing state government, for instance, has its conceptual limitations in the various and opposing views, approaches, and experiences of participants. Some individuals are often predisposed to be cynical about any reform or change to the status quo. Political aims and concerns are also usually real and present in restructuring.

*Recognize that reorganization is an ongoing or continuous process.*

Everyone connected with a state reorganization effort should understand that it is an ongoing process and is never complete. All organizations are in a constant state of some form of change. Internal and external pressures are always exerting themselves in some way on organizational units and programs. Thus, organizing and reorganizing to make suitable adjustments to these environmental influences is a reality that must be considered and dealt with in an appropriate manner. Experts in the field of reorganization note that agency clientele needs and preferences are rarely stagnant for long. Also, technological changes occur with great frequency. And agency resources, particularly employees, are constantly shifting in terms of turnover, workload, specialties, training needs, and so forth.

*Grasp the political and organizational cultures of those affected by reorganization.*

Some experts believe that reorganization is primarily a political process, undertaken by politicians, to achieve political aims. This is commonly referred to as the theory of “political realism,” or alternately called, “reorganization as political competition.” This idea holds that governmental reorganizations are commenced and carried out for one or more of the following reasons:

- To increase or decrease a governor’s powers;
- To insulate or expose a governmental function(s) from the influence of special interests;
- To remove or install political appointees; and/or,
- To advocate, change, impede, or prevent a government program initiative.

The setting for political competition is between the state’s chief executive and the legislature. Reorganization of state government is seen here as a power struggle between the executive and legislative branches of government. The governor usually seeks more control over state government and argues for a cabinet or secretary-coordinator style of government with a direct line of responsibility, and appointive power, to the chief executive’s office. Conversely, the legislature seeks a reorganization to diminish executive control, and characteristically argues for governing committees, boards and commissions where legislators can exert influence through the appointive power process.

It should be noted that political realism additionally extends to special interest groups and other related constituencies. Interest groups play an important part in any reorganization effort. A reorganization of government will either appeal to an interest group wherein they will perceive it as an opportunity, or on the other hand, they will see it as a threat to their influence and constituency(ies), in which case, they will undoubtedly oppose it. Reorganizations always face the political realities of special interests, and proponents of state reorganization should always be cognizant of their sway and role in such matters. Moreover, political play by governmental agency heads, managers, and other civil servants should not be ignored. It is obvious that reorganization, great or small, will

affect current government employees. These state workers are cautious and wary of change. Power structures in the “bureaucracy” are generally well-established and routine. Threats to such power structures can cause government administrators considerable stress and their reactions may be to undermine reorganization if it fails to benefit them. It should also be acknowledged that top management within existing agencies or governmental units routinely has strong connections with legislators and special interest leadership. Often, they rely on these powers of influence to look after their own self-interests.

*Establish a schedule for implementation and evaluation of restructuring.*

The establishment for restructuring implementation is normally stated in legislation or some other official directive such as an executive order. But in nearly all cases, this “implementation” entails little more than the date of final execution of a reorganization, merger, etc. Scheduling the steps of organizational change, A through Z, is usually not specifically spelled out. This scheduling is typically left for the agencies or governmental units to do for reasons of expertise and institutional knowledge. However, scheduling or planning efforts are often done by improvisation and implemented haphazardly. This “making do” process can obviously lead to problems, including cost overruns, service disruptions, and an array of dysfunctional operational processes. Special attention should be given scheduling and transitional considerations.

Additionally, nearly all restructuring efforts are not evaluated to determine either their benefits or their harms. This is illogical and makes restructuring aftereffects, for all intents and purposes, unknown. This is an anomaly to the rational mind, but possibly can be explained. First, the costs for evaluating reorganization may be prohibitive. Second, politicians who support restructuring are often reluctant to measure the outcomes due to the uncertainties and possible shortcomings or problems that may occur (and likely attending recriminations). And third, restructuring and its results are difficult to evaluate in a definitive sense; therefore, there is a tendency to assume what has been done, is a step forward or an inherent good and evaluation is simply *ipso facto* unnecessary or superfluous.

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ENDNOTE

† These points are highlighted and drawn largely from Young, R. (2002). *State reorganization in South Carolina: theories, history, practices, and further implications*. Columbia, SC: Institute for Public Service and Policy Research, University of South Carolina.