IG-driven organizational change in agencies: How cultural imperatives enhance and impede

CAPI forum, March 10, Columbia Law School, presentation by Dan Feldman, John Jay College of Criminal Justice
U.S. Federal IGs: 2 Kinds of Responsibilities

• 1) Combat waste, fraud, and abuse (compliance monitoring)
• 2) Promote effectiveness and efficiency (performance monitoring, capacity-building)
• Political culture can favor one at the expense of the other
• 2016: only 28% of Gallup Poll survey respondents had a positive view of U.S. federal government
Cultural and Structural Factors encourage compliance monitoring

- Public applauds IG revelations of waste, fraud, abuse; plentiful and favorable press coverage reinforces pre-existing distrust
- IGs’ dual reporting to Congress and Executive; institutional inter-branch conflict opens space for independence
- Statutory protections for IG independence: 30-day notice of reasons for removal; prohibitions on interference with investigations; Senior Executive Service
Some constraints on compliance monitoring

- Obama fired Walpin, political firings by Reagan and Bush
- Herb Allison tried to scare and then tempt Barofsky to back off
- Obama administration tried to limit IG access to documents until Congressional push-back in 2016
- Budgetary limitations
- But by-and-large, constraints are limited: IGs achieve billions in savings, $18 saved for each $1 spent (GAO 2011)
Cultural factors impede performance monitoring, capacity-building

- Conventional wisdom, reflected in congressional attitudes: Americans think taxes are too high
- So if IG reports insufficient personnel, training, or equipment for agency to properly perform, neither Congress nor the press nor the public wants to hear that taxpayers should provide more money for government. (Dilulio, 2014.)
- Such efforts to change organizational culture will almost always fail, so IGs rarely try.
Classic illustration: VA scandal of 2014

- Exposure and censure of individual government employees who concealed delays in medical care for veterans set off the Veterans Administration scandal of 2014.
- Later, with less publicity and outrage, press and Congress acknowledged underlying, real problem – *Congressional* failure to provide adequate funding for such medical care.
- Congressional response? increased $ for *private* medical service contractors, despite serious questions about their competence and reliability.
Distrust of government engenders preference for private sector.

- Federal government employment decreased from the Reagan administration, 1980s, to Obama, second decade of 2000s, while federal budget increased substantially.
- Vast increase in outsourcing to private sector explains apparent discrepancy.
- Incompetent performance private contractors: abuses in privately-run correctional facilities (Bernstein, 2016; Loewenstein, 2016), explosion of Challenger spacecraft (Light, 2003), killing of civilians by Blackwater private security forces in Iraq (Apuzzo, 2014, October), costing U.S. in justice, reputation, lives, billions of dollars.
Cultural constraints hamper IG action to curb outsourcing to incompetents

• Far too rare: IG attention to whether federal government services should be contracted out at all.

• Welcome if belated exception: 2016 Justice IG report on deficiencies of private prisons, followed shortly thereafter by DOJ decision to reduce reliance on such contractors (Yates, 2016).

• Attorney General Sessions reversed that decision in a memo of February 21. The IG’s work will thus be a failed effort to change the culture.
Different culture, different results


• Similar results from 2008 Texas A&M survey.

• China’s dominant ethos continues to reserve a place of honor for state control, in sharp contrast with American reflexive preference for private sector.
Different culture, different results (ctd.)

• Therefore, if China established IG system, and an IG finds that government agency lacks resources to fulfill mission, IG will not be faced with ideologically-based resistance to increasing public sector budget, or preference for unjustifiable outsourcing.

• Weak argument: in context of a one-party authoritarian nation, political superiors might critique.

• No: any large modern government presents information challenge. Political authorities cannot themselves keep track of enormous range of government operations.

• Re: one relatively small aspect of U.S. federal bureaucracy, a well-respected American IG said,
Different culture, different results (ctd.)

• “Unless there is an OIG audit or investigation, or the granting agency dedicates resources to collect and analyze accounting information from a recipient, the government and taxpayers are virtually in the dark regarding how grant funds were actually used.”

(Horowitz, 2014, 12.)

• True of small corner of U.S. federal bureaucracy -- truer of large bureaucracies. IGs can offer crucial information about delivery of public services.

• In U.S., that information – or at least the appropriate response to it – is too often disregarded. For promoting effectiveness and efficiency, IG model might perform better in China.
Different culture, different results (ctd.)

• On the other hand...
• People’s National Congress elects head of state, so in China, no institutional conflict between legislative and executive branches to offer independence to IG.
• People’s National Congress unlikely to support efforts by China IG to expose scandals by agency officials who enjoy support from the Chinese president.
• Authoritarian one-party state: extraordinarily unlikely to allow IG substantial independence from control by political superiors within the executive branch.
Different culture, different results (ctd.)

- Chinese anti-corruption campaign of recent years produced some solid results, apprehending wrongdoers and establishing some structural controls to prevent corruption.

- But its anti-corruption monitors operate under political control. Scholars therefore question overall impact of anticorruption efforts, seen as “based mainly on political concerns.”
Different culture, different results (ctd.)

• One scholar wrote,

• “The intensive anti-corruption campaigns, instead of anti-corruption policy, have proved to be ineffective at suppressing corruption despite the Party-state’s repeated efforts. [Citation omitted.] China’s anti-corruption institutional framework was designed under the undisputable authority of the CCP [Chinese Community Party], and the lack of an independent anti-corruption body combined with weak legal and regulatory systems constitute the major factors behind the rampant corruption in China. (Guo, 2014, 608).
Different culture, different results (ctd.)

• Late 2016: Chinese Communist Party Central Commission for Discipline Inspection, chief anti-corruption unit, was enforcing loyalty to China’s president Xi Jinping.

• Reinforced doubt that anti-corruption efforts could be directed without regard to political affiliations of targets.

• Instances of favoritism toward Communist Party members, reported widely on social media before Chinese government authorities shut down discussion, have heightened skepticism among Chinese public.
Different culture, different results (ctd.)

• Consistent with such reports, literature on Chinese leadership theory identifies three most important factors building binding political leadership to supporters:
  
• *guanxi* (familial, local, linguistic or other such ties forming the basis for mutually supportive behaviors), loyalty, competence.

• While literature also supports conclusion that Chinese political leaders value morality above *guanxi*, as it defines morality as being harmonious, respectful, and virtuous (Xiao & Wu 2014, 168), morality so defined might well coexist with corruption.
Different culture, different results (ctd.)

• Thus, unlikely that China could replicate American IG model in producing vigorous compliance monitoring, unless IGs’ targets are out of favor with political hierarchy. So this aspect of IG role could only prove beneficial to a limited degree.

• On the other hand, relatively high level of trust in China’s government would strongly support performance monitoring and capacity-building.

• Chinese IGs might well perform those functions with more vigor and effect than American IGs can sustain.
Conclusion

• The effectiveness of externally-driven organizational change, in the case of Inspectors General, is greatly dependent on political culture.

• In U.S., the IG can effectuate change, in terms of identifying and isolating perpetrators of fraud, waste, and corruption, but is far less effective in achieving the kind of change required to enhance effective performance.

• Were an IG system to be established in China, that nation’s political culture would likely produce precisely the opposite results.