

**‘How Political Organizations Respond to Targets:
Decoupling and Recoupling in UK Asylum and Defence Policy’**

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Paper presented at the ECPR General Conference, Montreal, August 2015

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Abstract

Organizations frequently evade unwanted top-down reform through decoupling rhetoric from action. But recent contributions have argued that decoupling may be constrained by rigorous external monitoring, which engenders ‘recoupling’. In this article we examine whether the use of performance targets has engendered recoupling, comparing two policy areas in the UK, 1998-2010: asylum and defence procurement. Both areas saw the introduction of targets over this period. However, while asylum was politically salient, defence procurement was not. This allows us to compare the impact of targets on recoupling under different levels of politicisation. Our data suggests that the use of specific, monitored targets did not in itself constrain decoupling. Political salience only generated recoupling where (a) organizational performance had become part of the policy problem definition, and (b) political leaders directly oversaw adjustments. This confirms more pessimistic accounts about the feasibility of top-down organizational reform. Even where the required adjustments are clearly defined and closely monitored, decoupling will remain the typical organizational response.

Introduction

Performance targets have been part of the management repertoire of many OECD governments since at least the early 1990s (Carter, Klein and Day 1992; Talbot 2000; Heinrich 2002), and research on the effects of these targets has generally been very critical. Targets have engendered various forms of distortions and gaming (Smith 1995; Hood and Peters 2004; James 2004; Hood 2006); led to a narrowing down of priorities and resources to the exclusion of other (less measurable) areas of policy (Bevan and Hood 2006; Pidd 2005; Diefenbach 2009; Boyne and Law 2013); produced confusion and inconsistency within and between organizations (Micheli and Neely 2010); and led to collapse of morale on the part of staff (Diefenbach 2009; Hoggett 1996).

The largely descriptive focus on the impacts of targets, however, can obscure a wider set of questions about the factors influencing organisational responses to targets. In this article, we examine responses to targets from the perspective of how organizations react to top-down imposed change. This implies focusing not so much on the tactics adopted by managers to bypass targets, or describing and classifying the types of responses that emerged (as much of the public administration does); but rather, an attempt to understand the organizational and environmental factors that shape responses to externally imposed change.

Drawing on institutionalist theories, we explore how organizations respond to top-down reform by separating talk and action: what has been termed ‘loose coupling’ (Weick 1976; Weick and Orton 1990), or more commonly ‘decoupling’ Meyer and Rowan (1977). In order to reconcile conflicting pressures, organizations formally commit themselves to a reform (or target), but in practice their informal operations remain largely unchanged. Decoupling is thus an attempt to reconcile external directives with internal organizational requirements. It is especially rife in

‘political’ organizations, which are preoccupied with responding to numerous and inconsistent demands from their environment (Brunsson 2002: 19).

How much scope do organizations have to decouple talk and action in responding to targets? On the face of it, we might expect targets to impose tighter coupling between external requirements and informal practices, by virtue of certain formal features: namely, the requirement that targets be quantifiable, specific, and involve a robust monitoring system. These features are likely to limit organizational leeway for decoupling (Hallett 2010). Moreover, performance targets tend to focus on organizational outputs, or even outcomes, thereby limiting the opportunities for organizations to separate talk from action. Outputs or outcomes have to match the rhetoric, and this correspondence is closely scrutinised through regular monitoring.

However, literature on public administration also suggests that organizational compliance with external requirements is likely to vary as a function of external political pressure (Pollitt 2006). Organizations are dependent on support from political actors in their environment (Aldrich and Pfeffer 1976; Pfeffer and Salancik 1978), thus making them responsive to changes in political pressure and scrutiny. Where policy issues are politically salient, this is likely to generate heightened political pressure in the form of rigorous scrutiny and robust monitoring. We therefore expect political salience to produce tight coupling (Sauder and Esplénade 2009; Hallett 2010).

We explore these expectations through examining two cases in which targets were imposed on poorly performing organizations: the UK Labour government’s targets for the Home Office and the Ministry of Defence. We focus on a subset of targets developed between 1998-2010,

which were designed specifically to improve organizational performance. In both cases, the targets were specific and measurable and based on outcomes, implying limited potential for decoupling. The two cases vary, however, in terms of the level of political commitment behind meeting the target. Asylum policy was highly politicized over this period, while defence procurement was relatively sequestered from political scrutiny. We would therefore expect greater scope for decoupling in the case of defence procurement, with asylum targets by contrast being subject to closer scrutiny, and thus enjoying less leeway for evading top-down requirements.

The paper starts by reviewing literature on how organizations circumvent reform through decoupling. We apply this literature to the case of targets, suggesting conditions under which these response types might be expected to emerge. Part Two explores these assumptions through examining Home Office and Ministry of Defence (MoD) responses to targets on asylum and defence procurement. The research draws on 35 in-depth interviews with officials, politicians and advisers carried out between in 2013-14 as part of a UK Economic and Social Research Council project.

1. Targets and Public Sector Performance

The literature on public administration has long observed that targets can have distorting effects on public policy. Much of this literature has focused on the incidence of gaming, examining how organizations seek to bypass the requirements imposed by targets through various forms of manipulation (Smith 1990, 1995; Heinrich 2002; James 2004; Pidd 2005; Bevan and Hood 2006; Hood 2006). These contributions offer important insights into the ways in which organizations can subvert and manipulate targets. However, they have less to say about the

organizational pressures created by top-down targets. Public sector managers are portrayed as canny tacticians, trying to evade unfeasible or poorly designed requirements. There is less focus on why these targets are so challenging for organizations, or the factors shaping organizational responses. Moreover, responses are viewed as strategic, whereas much of the literature sees organizational action as shaped by institutional factors that exert unacknowledged influences on behaviour (Oliver 1991; Greening and Grey 1994; Suchman 1995; Weaver et al. 1999; Modell 2001). We therefore argue that in order to understand responses to targets, we need some theory of the factors influencing how organizations respond to externally imposed change.

We draw on institutionalist theories of organizations to explore these questions (March and Olsen 1976, 1983; Scott 1987; DiMaggio and Powell 1993; Meyer and Rowan 1991; Brunsson 1993, 2002). This approach has long suggested that top-down attempts at steering organizational behaviour are likely to be highly problematic (Brunsson and Olsen 1993; Brunsson 2009). Such attempts are based on a rational-instrumental theory of public administration which conceives of bureaucracy as the tool or instrument of politics. Yet the relationship between politics and the administration is more complex. Organizations in the public administration are guided by norms, beliefs and practices that are deeply institutionalized, and which offer members a sense of purpose and stability (DiMaggio and Powell 1991: 15). These rules and practices are often well-attuned to responding to the multiple and contradictory demands typically faced by political organizations (Brunsson 2002). The top-down imposition of politically driven reform – or in our case targets – can risk disrupting these arrangements, and so is likely to encounter substantial resistance at different levels of the organization.

How do organizations respond to such top-down imposed reform, given these challenges? One of the most common responses is to engage in some form of ‘decoupling’ (Meyer and Rowan 1977), or ‘loose coupling’ in Orton and Weick’s terminology (1990). Organizations separate their rhetoric and formal structures (which embrace reform) from their day-to-day informal operations (which resist it). Brunsson (2002) distinguishes between four types of decoupling, of which two are particularly pertinent to our study. First, organizations may decouple talk from action. They may appear to be complying with reform, but without any significant adjustments to informal practices. A second, related, form of decoupling involves maintaining a discrepancy between the organization’s message to its external audience, and its internal communication with staff. Key actors in the organization’s environment or its political leaders may be reassured that the organization is committed to making changes to meeting the target, while the operational division of the organization is largely free to retain its existing informal structures and goals.

More recently, Bromley and Powell (2012) have suggested that studies of decoupling have interpreted the practice too narrowly, focusing solely on the separation of formal policy and practice. Rather than being purely cosmetic, even formal and largely symbolic changes can generate changes to operational practices. Bromley and Powell suggest we should be attentive to how organizations do indeed adapt their practices to implement the requirements imposed on them, but in a way that is decoupled from the core goals or tasks of the organization. They refer to this as means-ends decoupling, a practice that is especially likely to emerge in a context of increased external monitoring and evaluation of organizational activities. The organization may interpret and implement requirements in a strict or narrow sense, but in doing so, fail to meet the underlying objectives of the reform. In the case of targets, this would imply formally

meeting the target on paper, but neglecting to deal with the broader set of problems the target was designed to address.

Scholars have also explored the conditions under which decoupling is more or less likely to occur. Scott and Meyer (1991) distinguish between two types of sector in which organizations operate: institutional and technical. Institutional organizations tend to rely on symbolic adjustments, such as changes to rhetoric and formal structures, to meet expectations about appropriate behaviour. Technical organizations are more dependent on securing support or resources through the quality of their output, and are thus more likely to align formal and informal structures. Brunsson (2002) introduces a similar distinction between action organizations which rely on organized action for legitimacy, and political organizations which need to reflect inconsistent demands by decoupling talk from action. Building on this insight, other authors have suggested that a change in the organization's environment – for example the introduction of more market-like features or more stringent accountability requirements – could engender a shift from decoupling to tight coupling, a tendency which has recently been coined 'recoupling' (Espeland 1998; Sauder and Espeland 2009; Hallett 2010).

This article builds on these contributions, examining how far targets limit the scope for decoupling. We argue that two main sets of factors are likely to play a role. The first of these relates to formal properties of targets. As a management tool, targets were designed precisely to limit organizational evasion and manipulation. In the language of New Public Management, targets should be SMART: specific, measurable, achievable, relevant and timed. These features impose rigid conditions on organizations. They set out goals in a specific and fairly unambiguous way. Moreover, the achievement of these targets is subject to ongoing monitoring, usually through quantifiable performance indicators. This limits scope for

organizations to decouple symbolic adjustments from informal operations (Waeber et al. 1999; Hallett 2010). They are unable to ‘buffer’ their operations from external scrutiny and inspection (Oliver 1991: 155). The capacity for decoupling is especially constrained where targets are focused on outcomes: where performance measurement is based on changes effected by the organization on its environment. In this case, the organization cannot rely on rhetoric or purely formal adjustments to meet targets.

The second factor relates to the political environment of the organization. Previous contributions have suggested that more powerful external constituents can limit the scope for decoupling (Oliver 1991; Basu et al. 1999). This is in line with resource-dependence theories, which assume that organizations are reliant on key actors in their environment, and adjust their behaviour to meet their requirements (Pfeffer and Salancik 1978). We explore more specifically how far political salience affects an organization’s ability to evade targets through decoupling. Political salience refers to the degree of political attention an issue attracts, as indicated by mass media coverage and political debate. Highly salient policy issues are likely to mobilize governments to invest more resources to addressing problems, including through closer monitoring of performance. Political salience may also encourage other organizations such as opposition parties, parliamentary committees, agencies and lobby groups to scrutinize policy-making and organizational performance more closely (Pollitt 2006: 39). Given that political salience can wax and wane over time, organizations may switch between decoupling and recoupling as ways of coping with external pressures. As close political scrutiny gives way to less intrusive monitoring, organizations may find they have more scope for decoupling; while a shift from low to high political attention may engender recoupling.

We analyze these dynamics by comparing responses to targets in two policy areas subject to the same type of performance target, but differing degrees of political salience: asylum and defence procurement. The analysis is based on 35 semi-structured interviews with senior officials, special advisors, ministers and parliamentary committee members involved in setting, implementing and scrutinising targets in the two organizations over this period. We also draw on departmental reports, parliamentary committee reports and transcripts, and reports by the National Audit Office and the Independent Chief Inspector of UKBA.

Asylum and Defence Procurement Targets in UK Government, 1998-2010

The use of targets in UK administration was already widespread in government by the early 1980s (Smith 1990; Carter 1991; Carter, Klein and Day 1992). However, targets reached their zenith under the Labour Party administration that succeeded to power in 1997. The Labour Government rolled out a series of performance requirements as part of their new Comprehensive Spending Review in 1998. These targets were updated as part of a new set of Public Service Agreements (PSAs) signed in 2000 between the Treasury and each government department. The Agreements were to set out for each department 'its aim, objectives and the targets against which success will be measured' (Treasury 2000). A key component was the measurement and monitoring of delivery of these targets, through annual reports.

The PSA targets set for defence procurement and asylum had many elements in common. First, both organisations were seen as inefficient, verging on dysfunctional. The Home Office had long had a reputation as a beleaguered and scandal-prone organization, dealing with a range of intractable problems (Packer 2008). Within the Home Office, the Immigration and Nationality Directorate (IND) had responsibility for asylum policy. The IND had faced especially acute

problems from the late 1990s onwards, grappling with a huge rise in the number of asylum applications. It was clear by 1999/2000 that the IND had been overwhelmed with the task, and officials described it as ‘in meltdown’ over this period. The PSA targets on asylum were therefore focused on the efficiency and effectiveness of asylum processing (Boswell 2015).

Like the Home Office, the Ministry of Defence (MoD) also had a history of inefficiency. Indeed, the new Labour government of 1997 was faced with a significant overspend in the defence budget, as well as severe delays in equipment entering service (National Audit Office 1997). This reflected a long-standing problem with procurement procedures in defence (Gansler 1980; Page 2006). The MoD also faced a series of new operational challenges, with 9/11 prompting debates about new security challenges, as well as the controversial and protracted deployment of British forces in Afghanistan (2001) and Iraq (2003).

The key difference between the cases, though, was the level of political salience. Asylum issues were continually in the media throughout this period, with ongoing negative coverage of the government’s handling of the issue. By contrast, while British military operations were widely covered in the media, defence procurement remained relatively sequestered from public political debate.

The Home Office and targets on asylum

The initial PSA targets on asylum agreed in 2000 involved two components: the target of processing 75% of applications within two months by 2004; and the target of removing a greater proportion of failed asylum seekers. These targets were set in the context of a massive injection of resources for asylum and immigration control: spending rose from £357m in 1998-99 to around £1.6bn in 2001-02 (Home Office 2003: 92). The Treasury was keen to see a return

from this investment, and the targets were an instrument for galvanizing improved efficiency. As one official put it, agreeing to the targets was ‘a necessary evil’ for securing increased expenditure (Interview 4). At the same time, the Prime Minister’s office (‘No.10’) was concerned about improving performance in the area of asylum, which had become a highly salient issue in UK politics and the media by the early 2000s. The government wanted to demonstrate that it was managing the problem, and part of this involved being seen to meet the targets.

The targets prompted a number of formal structural changes, including the establishment of new Delivery Teams; the placement of managers with responsibility for the target in operational offices; and the establishment of an Asylum Decision Service Unit to ‘streamline the process further’ (Home Office 2001: 102-3). However, in the first years the organization struggled to achieve the targets, or to make substantial improvements to operational performance. This was most patently the case with the removals target, which the IND repeatedly failed to meet in the first half of the decade. On processing, it managed to meet the 75% target from 2002 onwards. But the target turned out to be a misleading indicator, as it disguised wider problems with processing. The government was frustrated at the continued problems with processing and removals, and saw the failure to improve performance as emanating from poor management in the IND, and its resistance to reform. As one former minister commented, ‘the policy imperative to change the process and the way that people worked wasn’t achieved [by 2004] and it was still dysfunctional.’ (Interview 20). As the minister saw it, the IND was characterised by ‘inertia... and the unreceptiveness to change’ (ibid). Home Office officials were keenly aware of this lack of faith. As a former official put it bluntly, ‘he thought we were all useless’ (Interview 21).

Part of the problem was the Home Office's perception that it lacked influence over many aspects of asylum and removals processing. As a former advisor expressed it, 'they [officials in IND] were just looking at this challenge and thinking, why are these guys telling us – either the ministers on the one hand or the press on the other, sort of ganging up – telling us how crap we are, when actually, don't they realise how difficult this is?' (Interview 23). Officials felt that the targets and associated changes were 'being done to them rather than with them' (Interview 21). Yet the sense in IND was that they were dealing with a set of intractable problems. One aspect of this was the consistent under-estimation by senior management of the challenges of asylum processing. In the first half of the 2000s asylum processing was treated as a fairly routine organizational task, which did not require extensive training and could be subjected to strictly timed targets. Until 2006, processing of cases would be done by (relatively junior) executive officers who would be responsible for just one stage of the process. As one official described it, the process was 'a series of mini silos' (Interview 21): a financial decision, then an initial decision, then an appeals process, then removal. But in practice, processing frequently involved making decisions based on complex legal considerations, with limited information and a high degree of uncertainty. Sloppy administration or poorly grounded decisions at one stage of the process created delay and higher costs down the line.

The fragmentation of the process into distinct stages also meant that each team was trying to meet its own targets, linked to just one stage of the process. Thus faced with a target of processing 75% of applications within two months, the temptation was to prioritise more straightforward cases. Moreover, the target only referred to processing of initial decisions – while it was the subsequent phases of the process (appeals, and removals) that tended to be more challenging and time-consuming. Thus while the IND managed to meet its initial decisions target, it saw slippage on final appeal decisions, and the proportion of appealed

decisions being upheld (see Home Office 2003: 150 and 2005: 13). The combination of a rather narrowly defined target, and the clear challenges to speeding up processing, led to means-ends decoupling. Staff were meeting the 75% target on paper, but there was a failure to address the broader operational problems that had created the administrative crisis. And the political management became aware of this quite early on: ‘we started to worry more and more... obviously we should have done this earlier, we started to join up the dots between, we’ve got this massive problem of far too high a rate of challenging, overturning decisions’ (Interview 23).

Increasing the rate of removals proved even more challenging. Removing failed asylum seekers from the UK frequently faced insurmountable obstacles, for example in ascertaining identity, obtaining documentation, dealing with judicial appeals, and securing the cooperation of authorities in countries of origin. Officials variously described it as ‘a nightmare’ (Interview 5), and ‘one of the most intractable problems I came across in government’ (Interview 23). This was understood by staff dealing with removals, but, as one official put it, ‘the senior managers’ response tended to be, yeah, I know it’s difficult but you just have to work harder’ (Interview 21). So the operational response to the removals target in the early 2000s was to aim at the ‘low hanging fruit’, with the result that ‘a larger and larger share of what’s left is beyond your control’ (Interview 23). Thus despite various shifts in the way the target was set, removals targets consistently proved impossible to meet. Here we see another instance of means-ends decoupling.

Poor performance on removals surfaced as a political scandal in late 2005. Under scrutiny by the House of Commons Public Accounts Committee, the Home Office was forced to concede publicly that there were around 400-450,00 unresolved or ‘legacy’ cases (House of Commons

2006). This triggered the setting of new, more rigorous targets in 2006, under a new Home Secretary, John Reid. Two targets were especially high profile: clearing the backlog of legacy cases; and processing cases to conclusion, i.e. until an applicant had been granted leave to remain, or had been removed from the country. The Home Office was under more political pressure than ever, with the focus of political attention now shifted to Home Office performance itself, including the organization's lack of internal coherence and poor communication and data management.

The parliamentary committee system now swung behind monitoring the new targets. As a former advisor put it, the new targets became 'a big drive in Home Office behaviour' with senior officials 'dragged in front of the Home Affairs Committee every couple of months to talk about the latest numbers' (Interview 6). Indeed, progress on the backlog target was now monitored through six-monthly reports to the Home Affairs Select Committee. The new targets were also accompanied by more far-reaching organizational reforms, especially in the processing of asylum cases. A New Asylum Model was introduced, which put more senior Higher Executive Officers (HEOs) in charge of processing a case through from start to finish. Around 40 HEOs – mainly talented fast stream recruits – were brought in to head up teams, replacing the previous asylum caseload directory. A new senior manager was brought in to run immigration, who was strongly committed to the targets, and 'ran that very severely'. As one former official put it, 'There was no flexibility about those targets.' (Interview 21)

The targets were widely considered to be very ambitious. And as before, there were instances of means-ends decoupling, especially around the processing targets. For example, staff might prioritise easier cases to ensure a particular target was met, neglecting more complex or higher risk cases (Interview 21); more recent applications were prioritised while older ones were

stockpiled, in order to meet the target of dealing with cases within 6 months (UKBA 2009: 11); and performance would dip in the months after a particular deadline had passed (Ibid). Yet there clearly was a major improvement in operations, with asylum cases being processed more efficiently and rigorously. Most of the targets were met; and, moreover, there was less decoupling of targets and underlying objectives. The organizational reforms limited the ‘silo’ tendency that was so prevalent before, while the target of processing to conclusion prevented the shifting the problem to the next phase of decision-making. By around 2006-7, the Home Office had truly swung behind the targets, in both its rhetoric and its operations.

Thus from 2006 onwards, a combination of sustained political scrutiny, more carefully designed targets and substantial organizational reform, appeared to generate a recoupling of targets and operations. As one former advisor put it, ‘So you relentlessly focus on this stuff, and with a combination of some small legislative changes, but a lot of just internal management stuff and throwing resources – throwing people and money at the problem – you could increase them. So it was extremely difficult, but not impossible’ (Interview 23). The achievement of targets was also greatly aided by the steady decline in the number of asylum applications from 2003 onwards, implying that the flow of cases through the system was more manageable. ‘There was a sense that the intake was going down and that was a huge relief. And that we were pretty much keeping on top of the kind of targets we were aiming at... And that this sort of basket case had turned into something a bit better ordered’ (Interview 21). As a special advisor remarked, ‘it felt like a much more orderly process in 2005’ (Interview 23).

As anticipated in the literature (Hallett 2010), recoupling did take its toll on the organization. Hundreds of administrative staff were redeployed or made redundant in order to implement the New Asylum Model, many of whom felt aggrieved and poorly treated. And the general

lambasting of the Home Office in the media left huge scars. In particular, Reid's very public criticism of the organization had a lasting legacy. As one former special advisor put it, 'in terms of the kind of corporate impact of what he said, it was pretty catastrophic, I think. And I'm not sure the department ever recovered' (Interview 31). Another official commented,

It still feels like that phrase hangs over the whole of immigration, and there are all sorts of behaviours you can see which happened because people were afraid of looking like they'd get it wrong, they were afraid of dropping the ball, they were afraid of making a mistake, which means they take very very few risks' (21).

The Ministry of Defence and procurement targets

The overall objective for equipment in the first Ministry of Defence PSA was 'to procure equipment which most cost-effectively meets agreed military requirements' (Treasury 1998, p. 69). Given the problems with procurement processes mentioned earlier, it was logical that the targets would be geared to reining in overspend and overrun. There were three specific performance targets for procurement: 'on average, no in-year increase in major project costs'; 'on average, in-year slippage of In-Service Date of new major projects of less than 10 days'; and 'on average, in-year slippage of In-Service Date of existing major projects of less than 4 weeks' (Treasury 1998, p. 72). The targets for 2003-6 included a further PI: '97% of customers' key requirements attained and maintained through the PSA period' (MoD 2004: 12).

From the outset, officials in the MoD were more reticent about adopting the targets. Indeed, the MoD was one of the government departments most opposed to targets, arguing that it could not control policy outcomes (Interview 30). Nor was the department keen to be subjected to close Treasury scrutiny of its procurement processes. As one former special advisor in the MoD put it, the Treasury 'tried to apply pressure to the MoD to say, look, you need to sit down and

decide what you need to cancel, what you need to stop spending money on because this is unaffordable. The MoD refused to do that' (Interview 16). Indeed, the MoD comprehensively failed to adjust its internal procedures in a way that would enable it to meet the targets. A report by the National Audit Office (2000) identified a decline in the Department's performance, with £1 billion worth of cost overruns, and delays of 242 months 'across the Department's larger procurement projects'. In 2009 an independent report carried out for the Ministry noted that on average equipment programmes 'cost 40% more than they were originally expected to, and are delivered 80% later than first estimates predicted' implying an average cost increase of £300 million (Gray 2009: 16). There were a clear acknowledgement that the MoD was falling well short of its targets.

These failings were certainly evident to others in government at the time. The Treasury was aware of the problem, but had fairly fraught relations with the MoD and was reluctant to get closely involved in MoD decision-making, seeing its role as limited to exercising external budgetary discipline, in the hope that the department would 'sort themselves out' (Interview 23). The Prime Minister, while keenly following military operations in Afghanistan and Iraq, was less interested in defence procurement. Indeed, equipment for ongoing operations was managed through a separate fast-track procurement procedure for 'urgent operational requirements', which tended to be more efficient than the normal MoD route for longer-term procurement (National Audit Office 2004). More generally, the MoD was seen as something of a 'black box', whose decision-making premises and operational culture remained obscure to other parts of public administration. As one interviewee put it, 'Blair genuinely thought that if he'd had the time to be CEO of IND he would have done a better job. I'm not sure that anybody thought that of defence procurement' (Interview 16).

This lack of close Treasury or No.10 scrutiny appears to have allowed the department to engage in widespread decoupling of talk and action. One of the main features of this was the retention of procedures that created incentives to commission expensive new projects. The procurement process pitted the three services (army, navy, airforce) against one another to compete for the same resources to fund acquisitions. Projects had to pass through ‘initial gate’ and then ‘main gate’, after which point projects were rarely abandoned. As a former special advisor notes, we ‘increased these tougher gateway hurdles to get over but still no project was ever turned down’ (Interview 16). Decisions to cancel projects were politically sensitive, as they indicated the MoD had wasted public money, generating a sunk costs fallacy. Thus there were strong incentives not just for the chiefs of service, but also for the MoD and industry to rush projects through main gate, often prematurely, which resulted in overly optimistic costing and time planning (Gray 2009). As one defence analyst described it, the procedure ‘almost lends itself to perfect game theory where non-collaborative behaviours are rewarded, and collaborative behaviours are, are not rewarded’ (Interview 28). The budget was ‘overstuffed with programmes’ (Interview 16). Thus the targets were undermined by informal organisational structures that militated strongly against meeting those targets. This state of affairs has been described as a ‘conspiracy of optimism’ within MoD procurement practices.

There were other structural factors that perpetuated the ‘conspiracy of optimism’. Senior officials in the MoD were aware of a range of political and economic considerations influencing defence procurement, which are not easily reducible to quantifiable performance targets. There are the security risks associated with purchasing equipment from foreign producers; the need to make decisions that signal certain commitments or priorities to different allies; the financial and strategic value of exporting procured equipment to key allies; the importance of supporting domestic manufacturers to sustain jobs and local economies; and the

need to retain a healthy level of specialised domestic suppliers. In short, ‘there are a whole range of other potential public value type items’ that might militate towards commissioning expensive, new and sophisticated equipment, rather than already priced off-the-shelf items (Interview 28). These sorts of considerations were not captured by Treasury formulations, which partly explains the strong impetus to decouple procurement practices from targets. Narrowing down performance criteria to questions of cost and overrun simply did not allow leeway for meeting these other priorities.

MoD officials adopted a number of practices to avoid the resulting overspend showing up in performance indicators. One such practice was to delay delivery of equipment, thereby aligning current budgets but deferring costs to subsequent reporting periods. Thus even in the few instances where targets appeared close to being met, the department already knew of substantial financial overruns in the acquisition process. The decision to delay delivery would allow the MoD to stick to budget, but it had the result of driving up costs substantially over the long-term. A second form of decoupling was to limit ‘overheating’ of the defence budget by reducing the units ordered, or so-called ‘descoping’ (Interview 2). One former advisor described it as follows: ‘if you have a six billion pound project to build twelve type forty five destroyers, you just, you know, as the cost overruns, as the unit cost increases you simply reduce the number. And we ended up ordering six rather than twelve. So, you know, does that count as a cost overrun? I mean that depends on how you define it.’ This practice would clearly have been exposed if there had been a unit cost target, which would have indicated 100% price inflation per unit. As the special advisor concludes, ‘typically the MoD had managed this by pushing, just pushing the data to the right and descoping and reducing numbers’ (Interview 16). This is another case of officials seeking to meet targets nominally, while informal practices remained largely unchanged.

By the mid-2000s, many within the MoD and the Treasury were concerned about a looming crisis in MoD procurement. The persistent failure to meet the targets, and the awareness that officials were constantly deferring expenditure to the next year, suggested that sooner or later the MoD was going to run out of funds to pay staff and contractors. The accounting crisis would become a political crisis.

‘That was the crisis I feared, and I feared it, and the MoD feared it, but were unable to do anything to pre-empt it. And the sort of political judgement was, when they come to you every year, when you pore over the spreadsheets, are they just sort of scaremongering or is it really going to happen this year?’ (Interview 23).

In Summer 2009, the MoD was indeed hit by a political scandal over equipment. The media picked up on claims that British forces in Iraq were being put at risk because of poor equipment and underfinancing of defence (see, for example, Watt 2009). Although equipment for Iraq was procured through the urgent operational requirements channel, the two issues became conflated in public debate. Problems with longer-term defence procurement were exposed, and critics of the government made the argument that British forces were dying because of government underspend on defence (Wintour, 2010). These criticisms hounded Prime Minister Gordon Brown up until the general election of April 2010, in which the Labour government was defeated.

In sum, MoD responses to procurement targets were characterised by widespread decoupling of talk and action. The top-down targets imposed by the Treasury failed to disrupt existing incentive structures within the MoD. As a result, the MoD’s informal practices were not significantly affected by the introduction of targets and accompanying reforms. Instead,

officials attempted to meet the letter of their target commitments through deferring delivery and descopeing commissions, practices which in turn led to further cost escalation and over-run.

Discussion

The analysis of Home Office and MoD responses to targets showed that both organizations faced serious problems in attempting to implement top-down targets. Nonetheless, targets had considerably more impact in asylum than they did in defence. After a shaky start, by around 2006 more concerted political commitment from both senior management in the Home Office and No.10 resulted in substantial adjustments within the organization. This did not mean that the targets were always achieved, or that the decoupling of means and ends was eliminated. But it did mean that asylum processing was structured and managed in a way that largely recoupled informal operations with targets. In line with literature from organization studies, however, it is clear that these organizational adjustments also engendered a climate of anxiety and suspicion. This supports recent studies exploring the ‘turmoil’ created by recoupling (Hallett 2010). In the case of the MoD, there was much more scope for sustained decoupling. Through most of the 2000s, officials complied with targets on procurement in their rhetoric, but in practice very little changed in terms of defence procurement practices. There were still strong incentives for officials to commission expensive equipment. Moreover, attempts to meet reporting requirements also led to means-end decoupling, with a tendency to defer payment and rescope commissions in a way that led to further cost inflation and over-run.

One reason for the difference between the two cases was the degree of politicization around the two issues. Asylum targets were the object of intensive political scrutiny and ongoing public debate, generating far more attention from No.10 and the Treasury. From 2006, this took the form of quite detailed scrutiny of organizational practices. Organizational inefficiency became

part of the framing of the problem, with Home Office practices on asylum processing, removals and data management exposed as defective in the media and political debate. Defence procurement, by contrast, was less politicized, and less of a No.10 priority. The organization was relatively sequestered from political scrutiny, implying it could get away with more widespread decoupling.

However, the asylum case suggested that political salience in itself may not guarantee political commitment to implementing targets. Even under political pressure, the Home Office was able to engage in means-ends decoupling. Instead, two further conditions emerged as important for generating recoupling. First, the organization's workings – or malfunctions – had to be part of the political 'story'. It was only when organizational inefficiency was seen as directly responsible for the problem, and became the object of media attention itself, that top-down measures were backed up with concerted and rigorous intervention. Second, the political actors seeking to drive change needed to be able to engage in quite detailed and intrusive steering of organizational practices. This included making changes in personnel, working closely with senior management to elaborate and oversee the implementation of reforms, and closely scrutinising performance through frequent and robust reporting requirements. Such scrutiny was less feasible in the case of the MoD, which was able to buffer its workings from external steering.

What implications does the analysis have for theories of decoupling and recoupling? Firstly, we suggested that the introduction of targets might engender tight coupling, reducing the scope for organizational evasion of targets. The case of defence procurement suggests that this is not necessarily the case. Even where targets are clearly specified and rigorously monitored, organizations may engage in widespread decoupling.

Secondly, we anticipated that a high level of political salience might produce more robust scrutiny of the implementation of targets, thus producing tighter coupling. Our findings on this are more nuanced. The intense political attention to asylum in the 2000s did prompt more rigorous oversight of targets in the Home Office, but even this was not sufficient to produce recoupling. Two further conditions had to be met. First, the political problem needed to be framed in a way that implicated organizational practices as culpable. And second, the core executive needed to engage in intrusive and detailed management of the implementation of targets in the organization.

Conclusion

This article explored some of the internal and environmental conditions shaping responses to targets. In particular, we examined the factors under which organizations engage in decoupling. First, we anticipated that the use of performance targets would limit the scope for decoupling. Second, we expected that political salience would be associated with especially rigorous implementation of targets, thereby engendering tight coupling.

Our analysis of the UK Home Office and Ministry of Defence found evidence of widespread decoupling, despite the fact that targets imposed specific, measurable and monitored requirements. So targets in themselves did not produce tight coupling. Neither was political salience a reliable predictor of recoupling. Instead, two further conditions needed to be met: organizational performance needed to be part of the political narrative of the problem; and the political actors driving reform had to closely manage organizational reform. Our findings confirm the immense challenges faced by governments in imposing top-down reform on

organizations. Even where changes are closely monitored and backed up by strong political will, organizations have a strong tendency to engage in decoupling.

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