De-biasing administrative behaviour?

Tobias Bach, Kai Wegrich and **Martin Lodge** consider
bureaucracies' inherent vulnerabilities

We all know stories about how bureaucracies fall short in identifying problems, seem incapable of tackling pressing issues, or fail to work together. What explains such accounts of bureaucratic dysfunction? One current response is to point to decision-making by individuals. Given a state of limited resources, individuals satisfice rather than seek out all options to address a well-understood problem, weigh these options and then opt for the 'best' one.

However, for explaining why bureaucracies fall short, such a perspective is inherently limited. It is critically important to understand how bounded rationality affects individual *and* organizational decision-making. Organizations are characterized by distinct biases in decision-making which shape the ways problems are identified, solutions selected, and interactions with other organizations conducted.

Organizational biases are critical for understanding the ways in which bureaucracies fall short in identifying problems or fail to cooperate. It is therefore organizational rather than individual biases that need to be put at the centre of attention. What, then, can we say about decision-making biases in a bureaucratic setting? What variety in decision-making biases can be distinguished?

The recently published book *The blind spots of public bureaucracy and the politics of non-coordination* identifies four different kinds of organizational bias. One type of organizational bias is *selective perceptions*. Such biases are reinforced by the task structure within organizations; the goal of a particular unit is not always aligned with the goals of other units within an organization, let alone with the overall goals of an organization. Selective worldviews therefore lead to coordination problems as units focus on their key priorities and thereby neglect areas of potential 'overlap' with other units. After all, individuals within organizations are rewarded for delivering policies in their area, even if this creates coordination problems further down the line.

Another type of organizational decision-making bias is *bureaucratic politics.* Examples of such biases are legendary; this is the territory of turf battles between different bureaucratic agencies, as expressed in a reluctance to exchange information, let alone working together, disputing other organizations' competence, or denying any form of responsibility for a given policy issue. All organizations are said to seek survival, autonomy from other organizations, stable resources, and popularity. They are therefore unlikely to welcome adding unpopular activities to their portfolio. Such reluctance can, for example, explain the presence of 'underlap' in bureaucratic life, i.e. the apparent disinterest of any organization in occupying a particular issue or problem, resulting in often vulnerable individuals falling between the cracks of organizational attention. Indeed, we find that 'underlap' is a much more common phenomenon than 'overlap'.

A third type of organizational decision-making bias is the *blind spot.* A defining characteristic of a blind spot is 'not seeing the not seeing'. In this case, the 'did not see it coming' emerges from a particular source – the genuine inability and incapacity to detect and process information due to an unawareness of its existence. Organizations are usually dominated by a particular profession's worldview that generates their very own blind spots. How a problem is defined very much depends on disciplinary upbringing. For example, it might be argued that prior to the financial crisis, the area of regulation suffered from a blind spot in that regulatory models relied on the capacity and motivation of financial institutions to risk manage themselves. Equally, disciplinary or professional biases emphasize some 'solutions' and are blind to others.

Finally, there is the so-called *Achilles' heel.* This is the kind of biases and vulnerabilities that emerges from particular organizational structures. As any connoisseur of football will appreciate, the way teams are organized has particular advantages and disadvantages; the proverbial 'parking the bus' (i.e. a highly defensive orientation) might increase the chances of muffling the opponents' attacks, but does not leave much scope for scoring oneself. Equally, organizing bureaucracy leads to certain biases: a 'flat' organization will inevitably have problems in filtering out proposals and come to clear decisions. In contrast, highly hierarchical organizations will have problems as information is distorted along the vertical production chain, while organizations set out as highly competitive will suffer from declining group work. The abandonment of individual performance pay in the public sector (as the case of New Zealand illustrates) is one example of responding to an increasing awareness of the Achilles' heel of such a highly individualist, competition-based arrangement.

Trying to address these biases is critical for reducing vulnerabilities to bureaucracies and to overall policy regimes. After all, attempts at managing financial vulnerability in health can enhance vulnerability to failure in other areas, such as quality management (as shown in the British Mid-Staffordshire hospital scandal).

Examples of de-biasing devices range from creating hybrid arrangements to balance, for example, financial and quality goals (so as to reduce the effects of Achilles' heel), designing joint-working and over-towering units, and individuals (to deal with bureaucratic politics), establishing interdisciplinary policy teams and challenge panels (to deal with selective worldviews), or imposing procedural devices (to deal with blind spots).

None of these options offers clear-cut remedies. They also introduce their own biases. For example, procedural devices, such as impact assessments or cost benefit analyses, are intended to create additional mirrors to ensure that policy-makers have enhanced vision so as to reduce their blind spots. However firmly such halls of mirrors are tied to the administrative decision-making process, one should never underestimate the capacity of organizations to creatively comply with these demands without really changing any behaviours.

In many cases, creative compliance strategies are even essential to address the biases introduced by such procedural devices. The 'one-in, two (or three)-out' rule for regulation is a good example. The underlying idea is to force bureaucracies to consider their regulatory 'stock' before allowing additional new 'inflow'. However, given the limited intelligence of such a provision that requires the scrapping of two or three regulations (or their equivalent cost) in order to allow for the introduction of a 'new' one, it is only understandable that creative counter-learning strategies have emerged. These include the discovery of zombie regulations that can be sacrificed on the scrapheap of 'bad regulation', creative accounting of costs or the reclassification of proposed regulations so as to ensure that one's own proposals remain exempt. The same holds for impact assessments; the comparison of different options often results in arbitrary and asymmetric beauty contests where the preferred option inevitably emerges victorious.

These examples are not intended to suggest that all attempts at de-biasing are inherently pointless or, worse, adding to vulnerabilities affecting bureaucratic decision-making. Instead, one needs to be aware of the biases of these devices as they represent a source of vulnerability themselves. In doing so one can move beyond the typical answer to questions of bureaucratic dysfunction offered by contemporary political science; somehow the 'agent' (bureaucracy) has succeeded in evading the mandate and controls of political principals. Similarly, for public administration watchers the answer to misfiring bureaucracies is usually also simple: the problem is likely to be political interference; if 'merit appointed' bureaucratic professionals were allowed to get on with their jobs, they would succeed. For others, it is all about a shortage of analysis and foresight in government due to a lack of specialist training, for example, in econometrics.

A focus on organizational biases also does not suggest that bureaucracy is inherently flawed. Nor do we imply that bureaucracy needs to be made 'more agile' by investing in one set of over-priced consultants or another. Instead, what we argue is that bureaucracy needs to be understood as a collective decision-making system where biases are inevitable. What is required is an understanding of the sources of *organizational* rather than individual biases in bureaucratic decision-making. This might then allow for 'smart de-biasing' that goes beyond ritualistic checklists downloaded from one behavioural insights team or another. Such an approach on individual biases will not work as the organizational biases outlined above are not cognitive shortcuts.

Bureaucracy's advantages, specialization and classification, are also its main vulnerabilities as it requires simplification of complexity. Therefore, our call is to take decision-making biases seriously and not ignore them through mystifying 'Weberian' bureaucracies or wishing biases away by advocating new forms of organization. Only by taking biases seriously is there any chance in mitigating the vulnerabilities of bureaucracy and, ultimately, in reducing the potential of bureaucracy to be a factor in generating vulnerabilities.

REFERENCES

See also T. Bach and K. Wegrich (2019, eds), *The blind spots of public bureaucracy and the politics of non-coordination*, London: Palgrave.

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