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Modernizing Government in Europe

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Preface of the editor

From 23rd to 25th August 2006 the German University of Administrative Sciences Speyer in cooperation with the German Research Institute for Public Administration Speyer held the 1st European Summit on Modernizing Government. Speakers from more than 20 European states participated in the conference. Workshops dealt with the following topics: Culture and Convergence, Organization, Finances, Quality/Evaluation, Strategic Governance, New Challenges and Leadership.

Thankfully many of the speakers gave us the authorization to print their manuscripts in this publication. Thus a wider circle will be given access to the results of the conference. The speeches held at the conference and published in this book have been divided into two categories: one part deals with national developments, the other addresses crossnational topics. At the beginning of the book a brief overview about current development on modernizing government in Europe is given.

Especially I would like to thank Barbara Roth and Annette Benz for the support given both in the organization of the 1st European Summit on Modernizing Government and the making of this publication.

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Current Trends in Public Sector Modernization in Europe

The following overview will give a brief outline of current challenges and developments in the public sector in Europe (for further aspects see OECD 2005; Bouckaert 2006; Premfors 2006; Talbot 2006 b).

I. Demographic change

The demographic change will have a high impact on the future of state, business and society (Federal Government of Germany 2007:13). We see decreasing birth-rates on one hand and increasing life expectancy on the other hand in many European States. The number of people with migration backgrounds has risen. Regional differences are getting more important. Inside government we have to deal with an ageing workforce and the challenge of managing diversity and cooperation. This means that we have to use the experience and the special capacities of older staff and to maintain their motivation through continuing education and health care management as well as creating a positive climate and working conditions for a cross generation cooperation. Other challenges are the recruitment and structure of the civil service and state pension systems.

Due to the demographic change governments have to face lower tax income and increasing social budgets. They have to maintain infrastructure and basic services and to create new services for elder persons. National economy will have to cope with the reduced purchasing power and fewer working people. The search for talents will increase in private enterprises as well as in public administrations. The society as a whole will have to tackle integration problems and changing family structures and ways of living.

II. Pro-active capacity building

In the nineties of the last century it was often urged that the state should step back and reduce its functions and its organizational structure as well as its staff. This concept was called "lean state". The reforms had a strong "efficiency" focus and aimed at "doing more with less".

The discussions about governmental and public sector performance changed abruptly after the terrorist attacks and natural disasters in the last years. Also, new global security threats and new risks (e.g. bird flu) have triggered renewed discussions about the need for strong public services and the protection of populations (Demmke 2006). So we have new discussions about pro-active capacity building and planning ahead for the future.

III. Smart saving – increasing productivity

Because of decreasing tax incomes and growing social budgets many European States have problems with financing their activities. Therefore smart saving and increasing productivity - in short, to do more with less - is demanded. Mostly savings are made through management by lawn-mower, i.e. all services and grants are cut back and reduced to a certain level. Instead of this smart saving makes distinctions and sets priorities. Furthermore we must not focus on one instrument only, but on a combination of instruments. Four categories of measures can be named in this context: expenditure cut, return of management, opening up new incomes and exploiting new potentials.

The most used category is the expenditure cut, beginning with task assessment, policy termination, privatization, outsourcing, public private partnerships and third sector engagements. The return to management strategy includes means like strategic budgeting, accrual accounting, controlling and debt management as well as benchmarking and evaluation. The strategy of opening up new income can only be used in a limited way. Sale of properties with doubtful impacts on the economic development is only possible once, new taxes and rates are an unpopular measure, but the private use of state resources and sponsoring or fundraising seem to be further possibilities. The fourth strategy aims at the reduction of administrative burdens and the creation of a business friendly environment to stimulate innovations and growth. States work on creating a framework for private and business activities with location policies, housing policies or labour market policies.

One very effective method for increasing productivity is business process reengineering. This starts by asking which steps add value and are relevant for the customer. These so-called key processes have to be checked against abolishing redundancies and repetitions, reducing interfaces, standardizing recurring tasks, parallelizing concurrent functions, and delegating steps that are not part of the core competency. This remodelling of the key processes supported by modern information and communication technology can avoid slack, increase productivity and improve quality.

IV. Innovation

Better performance with less means: Innovate. Relating to the Lisbon Strategy (Määttä 2006) with the aim to increase knowledge and innovation in Europe for the strengthening of its competitiveness we have to deal with the question how the public sector can create a framework for innovations in society as well as to bring out innovations in its own sphere (Osborne; Brown 2005). Of course, there are some barriers to innovation such as delivery pressures and administrative burdens, short-term budgets and planning horizons or poor skills in active risk or change management. Often we find no rewards or incentives to innovate, but we find constraining cultural or organizational behaviours. In legally oriented administrative cultures innovators additionally are restricted by legal obligations and control and borders of jurisdiction and regulatory competencies. It's not enough to have a good idea, it is equally important to act as a gardener and to find allies so that the idea can grow and find shelter and support.

V. Regulatory environments and new regulation

In several European States as well as in the European Commission we have observed efforts to reduce administrative burdens and to cut red tape (OECD 2003; Danish Agency 2003; Hampton 2005). But reduction is only a negative trend. We have to link this approach to the positive trend of the Lisbon Agenda to create and enhance a framework, i.e. regulatory environments, for innovation. In many cases there are good reasons for regulation. But all these obligations combined put heavy strains on those concerned, individuals as well as enterprises and third sector organizations.

Therefore we have continuously to assess the impact of regulation, check the interaction of single means and to bring in the perspective of the affected. From this perspective regulation from different levels or different departments often accumulates to excessive burdens. Furthermore we see a new trend of smart or responsive regulation (Scott 2004; Baldwin 2005). This means, e. g. to prefer policy mixes and less interventionist measures, to ascend a dynamic instrument pyramid and to empower participants to act as surrogate regulators as well as to maximize opportunities for win-win outcomes (Hampton 2005). Furthermore many regulatory bodies are publicly emphasizing their new "risk-based approaches" to their regulatory tasks (Black 2005).

Quite similar, partly labelled differently, we see above all in the European Union so called new modes of governance (Héritier 2002) like the open method of coordination or concepts of self-regulation and co-regulation as well as interactive policy making. Some kinds of soft law and codes of conduct are also part of this picture of new regulation.

VI Organization does matter

When I was a student of Public Administration we learnt about the concept of the unity and conformity of Public Administration. Meanwhile we observe fragmentation, decentralisation, agencification, outsourcing and network governance. These developments can give way to some opportunities like using specialised knowledge, flexibility and enhanced productivity. But they also cause some threats like the overemphasizing of single interests or the drifting apart of legitimacy, control and accountability.

Recently we have noticed in some states as well as in scientific publications some countertrends like shared services, joined up government, horizontal government or whole of government strategies. The European service directive will force to install single contact points and one stop shops. Those approaches to concentration and rebundling emphasize the need for a coherent strategy and implementation, the top alignment of shop floor management and the collaborative use of different competencies. These developments are caused by complexity and the need for sustainable development and enabled by standardization and new ICT. We will see which trend will be on top in the future, but it may well be that both trends, unbundling and rebundling, will exist together one beside the other. So the leadership task will be to choose the right solution depending on task and context (Pollitt; Talbot 2004 a; Christensen; Laegreid 2006).

VII e-Government and Knowledge Society

In the context of organizational changes the introduction of e-government is often discussed. I am convinced that the possibilities the new ICT offers will lead to a transformation of public administration (Hill 2004 a; Bekkers et al 2006). This transformation will not only change structures, but also processes, strategy, services and the whole state-citizen-relation as well as the cooperation among administrative bodies, especially the reorganization of back-offices and the relation to and cooperation with citizens. New ICT offers the possibility to integrate them in policy making and service delivery as well as in state control.

New technical changes and possibilities will redefine and reposition the role of public administration in the knowledge society. Above all we have to pay attention to decision making in this context, because this lies at the core of state activities. There are new tools which have

been developed for decision support and reasoned decision making processes. Early warning systems, screening and monitoring of community relevant signals will lead to better decisions. The understanding of the decision making processes as learning cycles will give us new insights. Disclosure and open access to the records will enhance transparency and accountability. The inclusion of different actors in the decision making process and the simultaneous and full use of dispersed knowledge will lead to balanced and justified decisions.

VIII. Old and new bureaucracy

Often the Weberian Bureaucracy Model is seen as realizing fundamental demands of the "Rechtsstaat". Some scholars (Bouckaert 2002, 2004) argue that the implementation of new public management with its management and customer focus has widened this concept to a Neo-Weberian-Model in which the traditional formal, legal and hierarchical orientation is complemented by a service, contract and output oriented style. In other views, the logic of (Good) Governance leads to a revival and deepening of the Weberian Model especially in Eastern Europe (Chevallier 2003). So we have to understand Public Administration beyond a single principle. It is organized on the basis of authority as well as competition and cooperation (Olsen 2005).

In other contexts we hear about the fear that an old input oriented bureaucracy is followed by a new output oriented bureaucracy with numbers of indicators, audits and inspectors, called management-watchers (Hesse et al 2003). Furthermore some see signs of a turn of quality management to over-bureaucratization or an e-bureaucracy caused by too much standards and mechanization.

IX. Old and new democracy

More and more in the modernization community we hear about the problem of how parliaments can be included in the modernization process, especially how they can be qualified for better use of performance or management information (Pollitt 2006). While this problem in the anglosaxon world is obviously upcoming, in the continental Europe, especially in Switzerland (Schedler; Kettiger 2003) there exists a long-standing experience with the integration of parliaments even if it is not always successful and satisfactory.

In many states we observe new forms of citizen involvement, deliberation, participation and self-governance, especially on the local level. This causes not only irritations of the elected members of councils and parliaments, but also problems of legitimacy, continuity and accountability of decision making and the fulfilment of public functions. Many scholars and practitioners therefore seek for new rules for citizen participation and cooperation as well as for democratic network governance and the reconciliation of old (representative) and new (cooperative) democracy (Klijn; Skelcher 2006; Hill 2006 c, Sorensen; Torfing 2007).

X. From performance to public value

In the course of the implementation of the New Public Management it was often demanded that the public and the private sector shall be compared and that services be moved from the former to the latter. Sometimes methods and instruments had been transferred one-to-one from the private to the public sector without modification and therefore without success. We have to consider that the public sector has some characteristics that make it necessary to treat it differently. Of course, there are some degrees of publicity among the different public institutions because of their structure and their tasks, but they all have in common that they are working for the common good. They do this within a particular legal framework, caused by the relations between state and citizens. The decision making processes are characterised by conflicting targets and interests. Most of the decisions need a careful preparation by communication and negotiation. The state cannot choose its customers and products. It is obliged by constitution to provide the infrastructure for basic services. And last but not least, civil servants are subject to particular public values that are necessary to keep integrity and impartiality.

When talking about modernization in the public sector we often use assessment systems to measure performance and progress. So the European Institute for Public Administration (EIPA) has developed a Common Assessment Framework (CAF) in cooperation with the European Foundation for Quality and Management and Speyer University for measuring the quality of Public Administration at the end of the nineties. This framework is divided into nine criteria, five enablers and four result criteria. In the version of 2006 which was presented at the 4th European Quality Conference in Tampere/Finland in September 2006 some new aspects of Quality Management towards Good Governance were incorporated. Furthermore more emphasis was put on modernization and innovation in the context of the Lisbon Strategy.

The new edition therefore takes into account that modernization approaches have moved on from a mere quality management relating to the organization itself to outside oriented state activities and cooperation with the second and the third sector. The coordination of this cooperation and networks is called Governance. So some institutions, above all international organizations like the United Nations, the OECD or the European Commission in its White Paper of 2001 have developed principles and criteria of Good Governance (Bovaird; Löffler 2003).

But good governance cannot be the end of the road. In a speech in January 2006 in Berlin I have recommended to move from Good Governance to Public Leadership (Hill 2006 b). I stressed in this contribution that state activities have to be stronger oriented on the outcomes for the Common Good, the so-called Public Value Management. Furthermore the state's leadership role and responsibility must be emphasized in network governance constructions. Public Value Management seems to be a new lens through which modernization efforts are viewed. Some English colleagues in the Cabinet Office (Kelly; Mulgan; Muers 2002; Stoker 2006) have defined it as covering outcomes, the means used to deliver them as well as trust and legitimacy. It addresses issues such as equity, ethos and accountability. In the future we will have to develop a Public Value Scorecard (Moore 2003; Talbot 2006 a) for the planning and evaluation of state activities. It should encompass resources, processes, outputs and outcomes as well as trust and legitimacy and ethical values of civil servants as guidelines. Furthermore we have to elaborate schemes for finding out the public interest and to move to a leadership for the common good.

XI. Legitimacy and sustainability of reforms

Everybody who has worked on the modernization agenda will confirm that regardless of the concepts and instruments that are introduced, what is important above all is the focus on the process of implementation and the inclusion of the staff. So we have to keep in mind the legitimacy and acceptability of reforms as well as the sustainability of the modernization

process. If reforms shall be accepted a shared view of challenges and a pressure to innovate must be reached. Reforms must be related to main interests and should promote benefits and better outcomes. They will succeed if they are embedded in the cultural contexts and relate to motivating and inspiring targets. We have to consider the starting conditions and existing path dependencies as well as the legal and organizational framework for reforms. An efficient and effective process organization and control is as important as the installation of reflection, balance sheets and learning possibilities. And last but not least a transformational leadership is needed.

XII. Leadership and modernized civil servants

In our age of modernization the role and self-understanding of civil servants often meets with some turbulences (Denhardt; Denhardt 2003). They have to cope with many irritations in this change process. The ideal civil servant today is self-active, but accountable, self-responsible, but team oriented, flexible, but with clear targets, professionalized, but open to new ideas, committed, but judging from a distance, resilient to new modernization waves. But most importantly he or she should feel obliged to serve the common good.

In this age of modernization where habitual standards and behaviour are no longer valid and new values clash with old administrative patterns we need a successful and convincing leadership. A leadership programme for public administration in the future should take into consideration four dimensions: The starting conditions, the look inside the organization and outside to society and the procedural dimension of transformation. Context and challenges as well as culture and values are part of the starting conditions. Looking inward means keeping organizational management under control and aligning it with the overall strategy. Looking outward stands for creating a framework of communication and cooperating with other actors in the sense of relational governance. Transformation in the end shows the need for evaluation and sustainability as well as the orientation at increasing public value.

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