Division of work in the Administrative reform Policies – Decentralization or centralization

Abstract

The main focus of the article is the development of the specific administrative reform units, the lead agencies. In the article there are analysed the experiences of this development in the Western European countries. There are shown three phases, which describe the development of continuity and expertise in the administrative reform activities: an ad hoc committee model, a permanent reform unit model and a decentralised reform responsibility model. These models describe the long-range development of the administrative reforms and the organisations which are planning and implementing them. In the post NPM-environment, the administrative reform activities are mostly organised using the decentralised model. This had caused dysfunctions and in the article there is a comparison between the decentralised model and the permanent reform unit model in their ability to meet these dysfunctions. As a conclusion the author recommends a mixed model in which the key tasks of the administrative reform unit have been kept centralised. The author also recommends that in the early years of the transition period the governments and the donor organisations should concentrate to create a high level network of the lead agencies in the transition countries.

1. Long and demanding evolution for institutionalisation of the administrative reform units

Most of Western European countries have a long tradition of administrative reform units. In the Central and Eastern Europe that same development has started in the 1990’s because of urgent needs to plan and implement the necessary administrative reforms. In the transition countries the needs for comprehensive administrative reform policies are even greater than in the most developed countries of Europe because of many urgent political and administrative reform needs. I have together with my colleagues tackled the development process of these units in a comparative analysis made on the basis of the experiences in Finland, Estonia and Russia (Temmes, Sootla and Larjavaara, 2004). This analysis shows how much these countries urgently need administrative reform units, which can professionally plan and direct administrative reforms, and how difficult process is needed in order to create high level administrative reform units.

In this article I use Finland as an example of Western European development in administrative development and reform activities. Of course, there are plenty of other examples and in many cases probably better examples, but in this way I guarantee that the information I use is reliable. It is really frustrating that we do not have at our disposal proper comparative material about the administrative reform units and their activities in the EU countries.

On a general level, there are three phases, which describe the development of continuity and expertise in the administrative reform activities.
An ad hoc committee model was in most of the Western European countries the starting point and first phase in organising administrative reform activities. This model suggests that administrative reform preparations were organised on ad hoc basis, using committees of one or more experts mostly coming from the administration. In Finland, the period of the administrative reform committees lasted until the end of the 1980’s. In the 1990’s the national level committee institution was substituted by the workshop and by one person’s preparatory tasks. Of course, during the last decades the ad hoc committee model was working with the permanent reform units. The main reforms to adopt NPM-type were made in the administrative reform committees, which were founded by the government.

The next developmental phase has been a permanent reform unit model, in which there has been developed an expert unit specialised to plan and direct the national level administrative reforms. These units are in focus also when creating international networking and benchmarking in modelling administrative reform innovations from other countries. The history of these kinds of units starts in the Western Europe in the 1940’s. In many cases, the first targets of these units were rationalisation, effectiveness and productive work in public administration. From the 1970’s on, these units have widened their activities into in-service training of the civil servants and many kinds of management reforms.

In Finland, the first specific administrative reform unit was founded for the first time in 1944. It started as a unit of the Ministry of Finance, and the head of that unit had special authority to plan and direct administrative and organisational development activities in the state administrative machinery. This role had some similarities to the roles of ombudsmen in the Nordic administrative tradition. The first head of this unit was Urho Kekkonen, who later served as President of the Republic for 24 years.

The next step in developing the structure of the administrative development unit in the Finnish State administration was the founding of the Finnish Institute of Public Management (HAUS former VKK), which began as a unit subordinate to the Ministry of Finance, in 1971. At the beginning it was purely an institute for the in-service training of civil servants, but since the 1980’s it has widened its scope, including consultancies and all kinds of management projects implemented in the administration. At the end of the 1990’s, it was reorganised as a public enterprise, which is a specific organisation model, used in the state agencies working in the market environment. In 2003, it was reorganised as a state-owned company, which is now in partnership with another consultancy company owned by the University of Helsinki. The other remarkable change in the structure of the administrative reform units in Finland has been the growing role of the Ministry of Interior in developing regional and local administration, especially relationships between State and municipal levels of the administrative machinery.

The administrative reform units can be called as a lead agency (Corkery et al., 1998) because of their central role in planning the architecture of administrative reform policies. The main tasks of the lead agency can be described on the basis of Western European countries:

- To prepare administrative reform plans at the central level of the administrative machinery. These activities are supervised by the political decision makers, which normally mean parliamentary-controlled Government, but can also be a presidential unit. In fact, at the ministerial level lead agencies work mainly as secretariats for different kinds of preparatory units, such as committees and ministerial groups.
Networking with international colleagues and with other sources of information and expertise regarding the themes, best practices and methods for the administrative reforms. The role of subunits specialised in training and consultancy is remarkable in this area.

Encouraging and catalysing the administrative reforms among the other change actors, such as political decision makers, the ministries and agencies, in the transition environment the donor organisation.

Analysing and evaluating the needs and results of the administrative reforms (Temmes, Sootla and Larjavaara, 2004, p.10).

The role and the tasks of the lead agency depend on the position it has in the ministerial machinery. On the other hand, it has a national role, which is independent of the tasks of the “mother ministry” in which it has been located. In fact, it works as a tool for the “manager” of the whole Government. This “manager” can be the prime minister (as Margaret Thatcher was in the UK) or the minister, who has this kind of management role in the Government. In many Western European countries, the Minister of Finance, the Minister of Interior or the Minister specialised in administrative or civil service issues is responsible for the administrative reform policies. The “manager” can also be a president outside a direct parliamentarian regime, which model is in use in many transition countries (Temmes, Sootla nad Larjavaara, 2004, p.9). In Finland the main responsibility belongs to the Ministry of Finance, but the Ministry of Interior has had its competing role as a responsible developer of the regional and local administrations.

The modern lead agency also includes units, which are specialised in consulting on administrative reforms and in the in-service training of the civil servants. Mostly, these units are subordinate to the ministerial unit of the lead agency. In Finland, as described above these tasks have developed firstly in the agency called VKK and then in public enterprise and company called HAUS.

In the EU countries, civil servants’ training institutes, or they may be also called public administration schools or national schools, have been the main units to implement administrative reforms at the grass-root level. According to Norwegian research, in the majority of the EU countries, a national school, institute or college are part of the governmental structure. In the 1990’s, however, many of them have been reorganised as public corporations or state-owned companies. In Sweden, after the reorganising in the 1980’s, there is no national level central training institute for training of public employees. Agency-type governmental training institutes can be found in the UK, Belgium, Spain, Italy, Portugal, Germany, Austria, France and Greece. In the Netherlands, Denmark, Ireland and Finland there are institutes, which are organised along the lines of a company model or other semi-privatised models. In the case of the UK, during Tony Blair’s regime, this unit has been brought back into the governmental structure (Temmes, Sootla and Larjavaara, 2004, p.9, Annet, Finsveen, Statskonsult).

The latest phase can be called a decentralised reform responsibility model. This model suggests a more decentralized institutional arrangement in administrative reform activities. Already at the phase of the permanent reform unit model, these units have adopted more managerial views, including consulting and training activities in accordance with the New Public Management (NPM) doctrine, which has been the dominant reform doctrine since the 1980’s in most Western European countries. The NPM doctrine is very much based on the thesis of decentralisation (Pollitt and Bouckaert, 2000).

The NPM doctrine was created in the UK during regime of Margaret Thatcher. Firstly, it was clearly a political – ideological movement of the Conservative Party, but it was also seen as a new liberal democratic phenomenon. In the 1980’s and 1990’s, the NPM became more and more a
professional baggage of the administrative reform tools, which have been used to solve the problems of the welfare state and the growing bureaucracy. The NPM-type provider-producer model, Next Step agency and marketising seem to be typical common tools for administrative reforms in EU-Europe.

We may ask, as a result of NPM-type decentralisation: is it any longer possible to speak of a centralised administrative reform policy and a lead agency as a headquarter to plan and direct this policy? We have many examples of changes in the position and internal structure of the lead agencies from Western European countries. The “client” organisations for reform policy - the ministries and agencies are more independent concerning administrative reforms. They can also use freely private training and consultancy organisations to fulfil their training and reform tasks. The specific training and consultant units of the public sector have also been privatised or reorganised to be more independent companies. Because of these changes, at many times it is really difficult to see how the administrative reform activities are organised in the post- NPM administration. At least, it is difficult to see which issues must be decentralised and which kept centralised.

The latest NPM-type development has brought the public administration closer to private sector management development. This has meant that the ministries and the agencies have more and more used the private consulting companies and training institutes to compensate the work of the permanent administrative reform units. We can see that the main part of administrative reform activities has been moved to the private consultancy firms and under decentralised steering from specific ministries and agencies outside the steering of the lead agency.

2. New Public Management destroyed the conventional administration – the impacts of decentralisation

Because of the NPM development we cannot speak of homogenous administrative machinery. We have many examples of changes in the external and internal structures and steering systems of the administrative machinery since the 1990’s from Western European countries. The ministries and agencies are also in their administrative reforms more independent. Many functions of the public sector have been privatised or reorganised into more independent companies. At many times it is really difficult to see how the government can direct complicated a tangled skein of public and private activities using these kinds of fragmented organisations. We can speak of a transformation from the conventional administration via NPM-type reforms into post-NPM administration, which has quite different governance problems (Peters, 1998 and 2003).

This development has happened during last two decades among wide decentralisation activities included in the NPM doctrine. We can say that own dogs have beaten the lead agencies, which have been in main role in planning and implementing the NPM –type administrative reforms and this decentralisation policy. Which are the impacts of the decentralised model in administrative reform policy?

Decentralisation has both benefits and dysfunctions. At large scale decentralisation promotes the effectiveness of the organisation because of better possibilities to respond to grass root needs (Hollis and Plokker, 1995). The dysfunctions of decentralisation can be a threat if decentralisation hinders activities in which there is need of coordination. Decentralisation can also create dysfunctional impacts if there is need of radical changes which are not popular at the decentralised level. At many times, the administrative reforms must be planned to respond the national level strategies and the reforms must be in accordance with state budget policy. Especially in the saving and rationalisation reforms, these kinds of centralised strategies are directing the administrative
reforms and if the responsibility of these reforms is at the grass root level, it can cause problems in implementation.

In the following table there is an analysis concerning the impacts of decentralisation/centralisation in the administrative reform activities. This analysis follows the framework which was used in the comparison of the lead agencies in the three countries (Temmes, Sootla and Larjavaara: Models of the Administrative Reform Units- a Comparison of Finland, Estonia and Russia, 2004).

<table>
<thead>
<tr>
<th>Permanent Reform Unit Model</th>
<th>Decentralised Reform Responsibility Model</th>
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<tbody>
<tr>
<td>1A Depend on the role and powers of the LA</td>
<td>A mixed model necessary</td>
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<tr>
<td>1B Depend on the co-operation between the government and the LA</td>
<td>A mixed situation difficult to control</td>
</tr>
<tr>
<td>2A The LA represents national level expertise</td>
<td>Expertise differentiated, difficult to catalyse</td>
</tr>
<tr>
<td>2B The LA is channelling international benchmarking information</td>
<td>Difficult to create high level channels abroad</td>
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<tr>
<td>2C Centralised arrangements possible</td>
<td>Lack of comprehensive reform architecture</td>
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<tr>
<td>2D The LA represents continuity and evolutionary development of reform expertise</td>
<td>Different development paths</td>
</tr>
<tr>
<td>2E The LA guarantees necessary co-operation</td>
<td>Problems in co-operation</td>
</tr>
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1A: Political and technocratic support for administrative reforms

1B: Ability of the Government and the civil service to make decisions in administrative reforms

2A: Quality and expertise of the lead agencies

2B: Modeling of the lead agencies

2C: Responsibility mechanisms in the administrative reform activities

2D: Continuity and stability of reform activities and creating expertise

2E: Co-operation with the macro-economic core organisations

The LA: the lead agency, a specific administrative reform unit in the state central administration

Table: A comparison between permanent reform unit and decentralised model in administrative reform policy

It is paradoxical that the permanent administrative reform units seem to have lost the war against the decentralised development model. It has happened without any heavy battles and political debates as if it were some kind of natural part of NPM-type decentralisation and marketising. The impacts of this development are, however, difficult to foresee. The private consultancy markets are not ready to solve all public sector governance problems, the politicians are not ready to loose their
impact on administrative reform policy and international co-operation between administrative reform experts have changed to be more difficult. All these dysfunctions can threaten the future development of the public administration.

If we look closer at the comparative analysis of reform policies which are built on permanent reform units or decentralised responsibility model, we can see a more detailed picture of these threats.

Firstly, the decentralised administrative reform policy means clearly difficulties in creating and innovating reforms which in a relevant way can change the direction of development. For instance, the relevant saving campaigns or totally new ideas in steering systems concerning the whole administrative machinery hardly can start in a decentralised model. Of course, similar result is possible to reach by decentralised way if many of the ministries and agencies make the same reforms. Unpopular and difficult reforms are, however, difficult to direct successfully by using a decentralised method.

The low ability of the government and the civil service to make decisions in a decentralised model is also a threat for national level reform policy. One of the roles of the lead agency is to encourage the politicians and the civil servants in charge to make necessary administrative reforms. Especially, when these necessary reforms are politically unpopular or if the reforms are seen as the threats against the privileges of the civil servants, the role of the lead agency is crucial. The good level in preparatory work of the reforms and good co-operation with the reform actors for instance with budget officials, can guarantee the necessary decisions although these are politically difficult.

The most difficult question in the decentralised model is the obstacles to develop and maintain the national level expertise in administrative reform policies. The sources of this kind of expertise are both national and international. The lead agency must have good relationships to the domestic sources of reform expertise like the universities and the research institutes and to all actors of the reform policy. Internationally, the most important network of the lead agency is the relationships to colleague organisations in those countries which are relevant in networking useful benchmarking information for the national administrative reform policies. This necessary networking is difficult to maintain in the decentralised model. In the decentralised model, this kind of networking, if there is networking at all, can happen only following the rules of the market. These rules are built on business secrets and competition. Inside consultancy companies and among the partners this kind of networking is surely effective but it is possible that a comprehensive national level picture of development expertise can be lost from sight. From the government and from those civil servants who are in charge to direct the administrative reform policy, the decentralised model claims extraordinary activity to follow relevant benchmarking. They cannot leave it to the private consultancy firms.

The responsibility mechanisms of the administrative reform activities are in principle the same as in all public preparatory work and decision making: the civil servants have to prepare the activities and the politicians must make the decisions. The problem is the continuity and quality of the decisions. The centralised system guarantees that the necessary reform can be taken to the agenda and needed expertise can be used in the preparatory work. In the decentralised model the preparatory work can be more in the hands of the generalists who are not enough aware of the needs and impacts of the administrative reforms. At many times there are tendencies to see also the professionally most claiming administrative reforms purely as a part of ordinary management work. If in this kinds of situations also the needed expertise of the consultancy firms is not in use or it is not of good quality, the results can be really bad.
The long lasting experiences of the development of the lead agencies in the Western European countries show how demanding this kind of evolution of the administrative reform expertise can be. The outstanding administrative reforms which have followed the NPM doctrine have not been different in that. On the contrary, the lead agencies of the Western European countries have acted the main role in planning and directing these reforms. Now in the first decade of the 21st century, the needs to develop and maintain the administrative reform expertise are still crucial. Of course, in the decentralised model which is an impact of the NPM type administrative reform policy, the continuity of the expertise is in the threat. In the most of the internal administrative reforms of the ministries and the agencies, this kind of expertise is left only to the background. The modern lead agency in the post NPM arena must guarantee its impact in producing and distributing information of modern good governance. The glorious days of using the centralised powers and direct steering are gone but the expertise of the good public management and governance is still necessary.

The relationship between the lead agency and the macro-economic units of the central administration which normally means the Budget Department, is one of the key questions in the role of the lead agency. The permanent reform units are working in close co-operation with budget officials. It is a part of their special role as a preparatory unit for the national level administrative reform policy. In the welfare state development of the Western European countries this role has had increasing relevance because of fast growing bureaucracy problems in those countries. In the decentralised model this kind of co-operation is very difficult to create.

3. Do we need a mixed model?

It seems quite clear that the national level administrative reforms policies and the work of the lead agencies is a special case in the work of the government. It has a some kind of cohesive role in the management of the governmental work. In that sense it is a part management task of the prime minister as a manager of the government. The main part of these activities can be decentralised into the ministries and agencies, which creates among these organisations healthy responsibility to develop management and quality internally in their activities. There is, however, an important area of the administrative reform activities, in which a radical decentralisation can mean clear dysfunctions.

A clear division between the necessary national level administrative reform activities and the management development activities which are better planned and implemented using the idea of decentralisation, is difficult to make. However, we can point out some key activities of the lead agency which are necessary to keep in the hands of a centralised reform unit – in the hands of a lead agency.

The most important key activity which cannot be decentralised is the comprehensive responsibility of administrative development strategy. This task is connected into international networking, which gives possibility to benchmark best foreign experiences in domestic development.

The second area in which there is a clear need for centralised administrative reform activities and for the lead agency activities are those administrative reforms which are unpopular at the grass root level of the administration. The unpopularity of these reforms can be caused by negative impacts on the civil servants or different kinds of political reasons. If this kind of administrative reforms are necessary there is a need for a centralised planning and implementation and for the lead agency role.
The third area in which the lead agency activities are useful is international networking. The national level lead agency is a very natural representative in international co-operation between the national governments. In the EU this kind of co-operation is not at very active level but is increasing step by step.

The fourth activity in which the national level lead agency is necessary is the evaluation activities by which the governments are evaluating the impacts of the administrative reforms. In modern post NPM administration this kind of evaluation culture is fast increasing. The coordination and responsibility of good quality of administrative evaluation activities is a natural and important area for the lead agency.

These four activities can form the skeleton of the role of the modern lead agency. Its relationship to the decentralised administrative reforms is steering by information, a role as a coordinator in evaluative steering and a role as a national member in international networking for good public management and good governance. In the structures of the administrative reform activities this means a mixed model in which the lead agency adopts a new role which can be mixed to the decentralised model.

4. Administrative reform policy in the transition environment – the necessity of centralised administrative reform units and reform policies

The transition countries are implementing societal and economic reforms attempting to achieve, in an evolutionary way, revolutionary changes in the society and in their politico-administrative systems. The changes are partly economic, but also in the economy the reforms are mainly institutional, changing structures and systems of the society. The transition seems to consist mainly of abandoning the Communist structures and systems and replacing them with new ones, adopted from the market economy, liberal democracy and the legal state.

The conditions in which the mission of the transition must be implemented are so complex that all actors, such as governments, political parties and the organisations of civic society, hardly have clear views or plans of how to reach the targets of the new society. In this kind of environment, the lead agencies, which orient and plan political and administrative reforms, are in crucial position in regards to the transition process. These units also are politically important.

The description of the changes in the typical Western European administrative reform policies since the 1980’s shows how these countries and the transition countries, are at a different developmental phase. It is obvious that the role and working methods of the mixed model can be found out when the governance needs of the post NPM administrative machinery have been analysed.

In fact, some kind of a mixed model is also needed in the transition countries in the future. However, the advice to move into the decentralised administrative reform model in the early years of the transition development could be a drastic mistake. Of course, the international consultancy and training companies can offer high level expert services to the governments and the administrations of the transition countries. The problem is how to develop the national level units which can take care of the national interests in the administrative reform policy and which have necessary expertise to catalyse reforms and control quality of the reforms projects. Already, the cooperation with the donor organisations needs these kinds of abilities.
It is obvious that the necessity of the national level lead agency including the in-service training units and consultancy units is one of the urgent needs in the transition development. It is also obvious that the development of the lead agency activities is one of the most urgent tasks of administrative development in the transition countries. It is urgent because of the role of the lead agency in representing national interests and protecting international expertise in planning the main architecture of the administrative machinery and its procedures. The development of liberal democracy, market economy and legal state is connected to the development of the administration.

The quite narrow view of the EU to support mainly the development of legislation connected to the common market and avoidance of corruption and other aspects of bad administration could be widened into more comprehensive development of the public sectors of the transition societies. In that kind of development the lead agency expertise is crucial. In some twinning projects of the EU when developing for instance the national in-service training institutes, there have already been good examples of how the lead agency development can catalyse positive development widely in the transition development.
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