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## Five challenges for public administrations in Europe

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### Abstract

This article examines five ‘challenges’ facing most administrative systems across Europe. The first challenge stems from the increasingly asymmetric nature of European multilevel governance; the second challenge arises from the missed opportunity of reforming in the absence of a dominant administrative paradigm; the third challenge lies in rescuing and transforming the welfare state; the fourth challenge is concerned with making the most of the knowledge generated in the field of strategic management for strategically managing public services; the fifth challenge lies in staff (de)motivation. These challenges are pitched at very different levels: some are related to issues of public governance, some to issues of scholarly and practitioners’ collective understandings of public administration in Europe, and some to trends in the global economy, and notably the financial, economic and fiscal ‘crises’.

*Keywords:* Public administration, Europe, challenges, fiscal crisis, administrative reform

### Introduction

This article explores five ‘challenges’ ahead of most administrative systems across Europe, though to highly varied degrees. This is a very subjective list and selection, and the argumentation is necessarily

mostly speculative – albeit supported by pieces of evidence that overall seem to accord to a not insignificant extent in providing an underpinning for what is claimed here. More importantly, it resonates quite well to the ears of academics and practitioners across Europe with whom I had the chance of having passionate exchanges of views on these topics – talks which were often, though not on all occasions, triggered by public speeches I had the honour to be invited to make about these issues.<sup>1</sup>

These are the challenges I identify as prominent:

- i. The first challenge for policymakers and public managers lies in the circumstance of having to operate in a multilevel governance system in Europe which, especially in the eurozone, is increasingly asymmetric, with important implications for the dynamics of the processes of administrative reforms.
- ii. The second challenge – which appears to be mainly a missed opportunity – concerns the absence of a dominant administrative paradigm, where administrative paradigms are defined as sets of ideas and doctrines about how to organise the public sector. We are no longer in an era when one set of doctrines (e.g. New Public Management (NPM)) climbs up to the status of *the* recipe for improving the public sector. We are now in a better position to understand that a set of prescriptions x or y cannot be applied irrespective of context: x or y will work or will not work depending on contextual influences. This is both a challenge (which doctrines to select to improve public administration) and an opportunity (to be freer to learn from each paradigm, and adapt recipes for public sector reform to the varied circumstances), but it seems that the opportunity of learning from diverse paradigms and producing contextualised knowledge is mostly being missed when it comes to concretely selecting measures to reform the public sector; for example, to cope with the pressures of fiscal consolidation.
- iii. The third challenge lies in rescuing and transforming the welfare state. This is crucial because what we in Europe consider to be one of the most important and long-lasting inventions to improve the

<sup>1</sup> Amongst them, I would like to mention the meetings of the directors general of the public administration departments (European Public Administration Network – EUPAN) held in Athens in June 2014 and in Rome in December 2014, and the subsequent evaluation that was carried out by EUPAN (where I was kindly asked to provide an informed opinion); the round table held in Dublin on 23 January 2015 on ‘Public Sector Reform’; and the EuDEM colloquium in Vienna in April 2015.

- well-being of peoples – the welfare system – is at risk of being hollowed out or sapped. The big question is how can the welfare state survive and renew itself in an era of austerity?
- iv. The fourth challenge concerns making the most of the knowledge generated in the field of strategic management for managing strategically, in the broadest sense of the word, public services organisations. The argument here is that developments in strategic management have generated knowledge, rooted in the broader social sciences beyond industrial economy, that may be more usable than industrial economy-driven knowledge for managing public services organisations.
  - v. The fifth challenge is motivating staff – public servants in Europe might face very demotivating prospects for many years to come, and this can ultimately be detrimental to the public service and public services.

These challenges are pitched at very different levels: some are related to issues of public governance (notably the first challenge), some to issues of scholarly and practitioners' collective understandings of public administration in Europe (challenges 2 and 4 notably), and some also to the resources available to finance public services and the public service, and hence related to trends in global economy (points 3 and 5 in particular).

At another level, many of these challenges may be interpreted as 'umbrella' themes, which may and indeed have to be decomposed into sub-themes, to then be in the condition to address the more specific issues that can be found within each of these 'umbrella' topics.

However, I think these challenges deserve the consideration of decision-makers, of practitioners across levels of governance and hierarchical tiers in their organisation, of the 'public opinions' across countries and of Europe as a whole, and of scholars alike. They are now examined in turn. I do hope that this article may elicit interest in learned societies and practitioners, as well as in scholarly communities, to find opportunities to further debate these challenges.

### **First challenge: Asymmetric governance in the EU<sup>2</sup>**

EU governance has changed in many ways since 2009–10, when the fiscal crisis impinged on European countries, triggered by the

<sup>2</sup> This section is based on the opening speech I delivered to the EuDEM colloquium in Vienna in April 2015.

banking/financial crisis, which required states to take responsibility for financial businesses' liabilities. One prominent feature of the mode of change is the asymmetry it has introduced in the extent to which the European level of governance is influential on public policy: this is evident notably in fiscal policy, a domain in which some EU member states still retain wide leeway, while, for others, room for manoeuvre is highly constrained (Kickert & Randma-Liiv, 2015).

This has had effects on the administrative reform policy, the policy concerned with the form the public sector takes. In the past, public administration was a national competence, and according to the treaties it still is, legally speaking. However, mainly due to the asymmetric nature of the impact of the fiscal crisis that has hit some countries harshly but others much less so, and due to the special intensity of interconnections determined by the common currency (for eurozone countries), for some countries the European level of governance nowadays has an important say in matters of organisation of the national public sector, while this is not the case for other member states (Ongaro, 2014). This creates an asymmetry, in terms of powers and accountability: in terms of powers, as decision-making prerogatives are de facto shifted towards the European level of governance (thereby including the European Council and the Council of Ministers) for some countries, while they remain an almost exclusive national prerogative for others; in terms of accountability, as the public in some countries can still hold to account officials elected in national constituencies, while the public in other countries are bemused as to whom to hold to account – nationally elected officials or officials elected in constituencies in other countries.

External influences have always played a big role in public sector reforms across countries (be they in the form of ideological pressures and fashions, or outright policy transfer dictated by conditionality on loans, as for many World Bank and International Monetary Fund (IMF) backed loans), but if we assume (and we do) that the EU is a political system, of which national government, local governments and European institutions are all part of the whole, then within-EU asymmetries are burgeoning, and this poses issues of accountability and hence inevitably of legitimacy of power.<sup>3</sup>

<sup>3</sup> A research project entitled 'Influence of EU (and IMF) on Domestic Fiscal Consolidation and Public Sector Reform', based at Erasmus University Rotterdam, planned over 2015–17, and coordinated by Walter Kickert and Edoardo Ongaro, is dedicated to the exploration of these dynamics.

Moreover, lack of mutual trust among public institutions across levels of governance (both horizontally and vertically) within the EU further exacerbates the tensions due to power asymmetries and intermingled lines of accountabilities. Absence of trust deprives reforms of credibility, and it forces institutions towards ‘contractualisation’ of relations and short-termism. Both are recipes for failure, in the long run and usually also in the short run. In the scholarly literature ‘missing linkages’ have been identified in EU multilevel governance in terms of the theories employed to enhance our understanding of it (Ongaro, 2015). It seems there are also factual missing linkages – notably trust and mutual understanding between decision-makers. These need to be addressed and redressed: even a ‘better governance’ of the EU (whatever it is, and however to achieve consensus to effect it) will be important, but not enough without trust and some rebalancing of governance.

### **Second challenge: Putting administrative paradigms in context**

The challenge may equally be interpreted as an opportunity: the apparent absence – after some decades in which certain ‘paradigms’ appeared to acquire a central position in both practice and academic debate (e.g. NPM) – of a dominant set of doctrines about how to organise the public sector. This is, in many respects, a liberating element, as it gives more room for manoeuvre for selectively, and critically, adopting approaches to public sector reform, without being forced by the allure of the ‘one best way’ logic to improve public services. Moreover, comparative research work in public management has shed further light on contextual influences and how these affect public management (Pollitt, 2013). We are now in a better position to understand that a set of prescriptions x or y about how to organise the public sector cannot be applied irrespective of context: x or y will work or will not work – and will have different effects – depending on contextual influences, and we are starting to know more about how contextual influences work.

This is also a challenge, though: which ideas and tools should be used for tackling new and old problems and issues? The public administration and management scholarship is still quite short on prescriptions, and properly so, yet this adds to the tall order of would-be reformers and public managers: the ‘what to do’ question is still mostly unanswered, and this does not necessarily result in selecting and adapting evolved approaches; quite the opposite, it often ends up

in old logics being reiterated (e.g. tightening up of traditional controls to limit public expenditures when a country is under fiscal pressure), possibly because they represent tools ‘at hand’s reach’ and because they proved to be able to provide quick fixes. But the issue which arises is that they do not necessarily represent the most apt solution. Making the most of the various doctrines and tools furnished by the different movements of reform (NPM, New Public Governance, Digital Era Governance and the like) seems to be a way forward; discarding these approaches and tools altogether, notwithstanding all the shortfalls and drawbacks they have manifested, might not be helpful.

### **Third challenge: Rescuing and transforming the welfare state**

There is one potential victim of the massive doses of austerity that are administered across Europe, and this is the ‘welfare state’. Much – highly valuable – discourse goes on about transformation and change of welfare, about mobilisation of societal resources (whereby welfare is not just the ‘welfare state’, but, at least to some extent, ‘welfare society’ and the like), etc. Yet there is a concrete risk that eventually what might occur is the complete demise of European welfare, and this would be a very serious loss.

Let us consider some widely repeated ‘truths’, whose diffusion may seriously jeopardise welfare in Europe: one quite often repeated is that ‘Europe has 10 per cent of the world population, 25 per cent of the world economy, 50 per cent of the welfare expenditure’, and that hence – the reasoning follows – welfare should be cut. It might well be the opposite, though. The world used to look at Europe to learn about welfare, and it still does to an important extent if it is to offer more prospects than strongly unequal growth – and indeed to offer the prospect of sustained growth over the long term. The demise of welfare might in fact mean growth without equal opportunities (for those who happen to fall seriously ill without welfare may have to bear all the weight of a disruptive illness; for the disadvantaged, who without welfare might stand very little chance of making the most of their talents; and so on). Moreover the welfare system may be linked to sustained growth in the longer term, beyond the ‘middle income trap’ in which the economies of developing countries seem to be falling. Achieving high levels of well-being and wealth seems to be aided, not hindered, by a well-developed welfare system (of which there are many variants).

Rescuing and transforming welfare thus becomes a crucial challenge ahead, not just for Europe but also for the rest of the world, who may well continue to look at Europe to balance growth and equal opportunities, and indeed to sustain growth in the longer term.

#### **Fourth challenge: Managing public services organisations strategically**

Strategic management is a discipline of growing significance to the management of public services organisations, or at least so I argue elsewhere together with Ewan Ferlie, in a book where we propose a schools-of-thought approach to strategic management for public service organisations (Ferlie & Ongaro, 2015), paralleling the famous work by Mintzberg and colleagues (2009) for commercial sector organisations. The basic argument is that there is both a growing demand for strategic management knowledge on the side of public services organisations and a wider offer of strategic management models rooted in the broader social sciences beyond industrial economy. For example, the resource-based view (appropriate in knowledge-based organisations as in many public services organisations), the strategy-as-practice movement (focused on micro-level strategic activities, such as SWOT analyses or away days), and the corporate governance view, which enables the study of the role of boards, both in conventional public agencies and also in novel organisational forms such as large outsourcing firms that have now built up a large set of government contracts, are all approaches to strategic management that may be appropriate for public service organisations.

This enhanced offer of strategic management models also matches the demand side for strategic management knowledge from managers in current public agencies. Most obviously, this is an effect of privatisation, hybridisation and NPM reforms, which have made public agencies in some countries more like private firms (see Rosenberg Hansen & Ferlie, 2014, on the UK and Denmark) so that many strategic management models have greater applicability. Responses to fiscal crises in many European countries (in turn triggered by the banking crisis, which required many states to bail out private financial corporations, as well as to expand public spending to compensate for the slump in private consumption) have also placed demands on public managers to find innovative ways of managing public organisations.



In sum, there seems to be an increased supply and demand of strategic management knowledge. The challenge ahead therefore lies more and more in making use of this knowledge for strategically managing public services organisations, in the broadest sense of strategic management (whereby strategic management is a multi-faceted approach, to which each school of thought in strategic management adds a piece). This does not necessarily mean more formal plans; rather it means more strategic learning and strategically using practices, interpreting the role of boards in public agencies, and making the most of the distinctive resources that a public organisation is endowed with and their dynamic renewal, and so on. In sum, strategically managing public service organisations in an era of scarce resources is both a challenge and an opportunity for public services organisations.

### **Fifth challenge: Motivating public personnel**

The fifth challenge lies in the risk of a motivation ‘crisis’ of public personnel – though I should immediately recognise that the usage of the term ‘crisis’ may be improper and excessive here. Pollitt (2015) examines some recent (as of 2015) apparent trends affecting the status of many European public servants. These include the diminishing differences between public and private sector employment; the increasing politicisation of the upper echelons of ministerial advisers, and the increase in the numbers and influence of political appointments; the impact of technological change on public service work (shifts in the locations, the substance of the work done, the training required, the relationship with the citizen/service user, as well as the cost structure of the operation – often necessitating changes in the rules and regulations; see Pollitt, 2012, pp. 54–70) and austerity, which has had a pervasive effect on public servants in most European countries.

As Pollitt (2015) notes:

All these things have worked together to make public service careers less attractive. The leadership and change rhetoric cannot disguise the fact that leaders are having to lead in what are under dismal circumstances for most of their followers... Furthermore the very business of many public servants – providing services to citizens – has become less satisfying, as the name of the game

changed from developing services to finding ways of cutting back on expenditure. It may be true to say that many working in the private sector have suffered even more acutely, but that is hardly a strong source of comfort for those whose own terms and conditions of employment have rapidly declined, usually with no particular prospect of reversal.

Moreover:

When we consider the broad-but-not-universal trends described above we can see the outlines of a bigger picture still. Whilst much diversity remains, and whilst a recognizably Weberian career service continues to exist in a number of countries, in most places the 'balance of power' has shifted away from that particular form. For better or worse, stability and continuity have diminished. Top civil servants have found themselves in more intense competition for the attention of their ministers. At top, middle and lower grade levels, compared with 30 years ago, security of tenure has diminished or disappeared. At the same time austerity has meant that staff numbers have been cut, material rewards have been frozen or reduced, and job satisfaction (and morale) has frequently declined. The degree to which these trends have manifested themselves varies enormously, being most severe in Greece, Italy, Portugal and Spain, and almost invisible in Germany and Norway, but the general direction is widespread. Public services and their cultures are often very resilient... Nevertheless, recent experiences have often been both depressing and diminishing for very many of the public servants concerned. Visions of a return to previous levels of resourcing are rare, and measures of morale are, unsurprisingly, declining. To put it the other way round, it is hard to point to a major public service anywhere in Europe and say that it is growing in resources, confidence and public and political esteem. We are in a period when the name of the game is contraction and survival, occasionally sweetened with a light dusting of organizational and technological innovation. The gradual return of economic growth to the EU does not seem likely fundamentally to change that picture. Against this sea change, talk of innovation, partnership and leadership may lighten the gloom slightly, but is hardly enough to convince the rank and file that 'transformation' is just round the corner. (Pollitt, 2015).

The reader will excuse the long citation, but it would be difficult to find a better worked out argument for why motivating public servants is a huge challenge ahead in contemporary Europe. This represents in a sense a premise to all four of the other above outlined challenges, as a deeply deprived and demotivated public service is unlikely to be up to the task of coping with the daunting challenges ahead.

### Concluding remarks

The challenges outlined above are far from an exhaustive list, and do not have the pretension to be the most important – nor indeed to be underpinned by strong and sound scientific evidence, which may be varied (to be generous) for each of them. They do resonate, however, quite well to the ears of a not indifferent cohort of academics and practitioners across Europe, and collectively they may be right in claiming that each of these is a key area that academics and practitioners alike concerned with the bettering of public administration and public services should address. As a minimum, outlining these challenges provides, hopefully, food for thought for the public administration communities across Europe, and for the European community of public administration as a whole, gathered around the European Group for Public Administration and other associations. These areas of challenge for the managing of public services may be taken into account in the shaping of research agendas, as well as in the designing and effecting of administrative reforms across the continent.

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