

Management renewal in the European Commission and the New Public Management : an empirical and theoretical assessment

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Introduction

Thank you for inviting me here today, into the lion's den as it were. My overall purpose is to situate empirically the management renewal in the Commission in the context of the debates about public management reform and management change. My presentation today will try to achieve 5 objectives – which is already 2 too many, but never mind.

The first is to provide a balanced and accurate report card of the reforms using the most up-to-date published sources. Secondly, I will situate the reform package within the context of the NPM paradigm and come to a judgment about its orientation and overload effects. The third objective is to review what has actually been implemented using quantitative and qualitative indicators rather than simply accepting the Commission's own judgments at face value. Then, I will provide an analytical summary of the general characteristics of this reform activity; and finally, I will try and explain why things have happened the way they did by referring to tested models of management and organisational theory.

Alas, I cannot please all of the people all of the time, but I hope there will be something in here to please most of you some of the time.

Current achievements and unfinished business

So let me start first with a summary of the current state of the Commission's management reforms from the most recently published sources available. While I will refer to the shortcomings in much more detail later, my initial point of departure is the claim made by former Commissioner Neil Kinnock in the 2004 Progress Review that 96 out of the 98 White Paper action points had been implemented (European Commission, 2004). According to Commissioner Kinnock, 'whilst not perfect or complete, the changes are manifestly profound and continuing' (Kinnock, 2004a p.9). This analysis is supported by Kassim who argues that 'an overwhelming proportion of the measures... have been implemented in a very short space of time' (Kassim, 2004a, p.55), citing impressive figures for staff mobility, increased training, and career review since 2001 (1). In 2005, there was a series of further communications from the Commission and other sources, including the European Parliament.

On the positive side, it is claimed that progress has been made across a broad front in the successful implementation of the measures. According to the Commission's progress report of December 2005 (European Commission, 2005a), the strategic planning and programming (SPP) cycle 'founded on activity based management (ABM), the cornerstone of Commission's integrated performance management system' has now been put in place, along with the accrual-based accounting system (January 2005). A methodology for activity costing for administrative activity has been drawn up, and progress has been made on the simplification of working procedures, the improvement of information management and the use of *ex-ante* evaluation. Three new agencies have been created and are scheduled for operation in late 2005 / early 2006.

The new staff regulations came into force in May 2004, the staff appraisal system is currently in its third round, and a redeployment and early retirement exercise has

been carried out (no figures are given). There has been a further significant increase in management training activity with rises of over 100% and 30% respectively in the training budget and number of training days since 2001. The European Administrative School was established in January 2005 and has 18 staff. In terms of equal opportunities in management for women, the Commission's targets have been met.

In the area of financial management, the Internal Audit Service (IAS) has reported improved financial controls and circuits, and the network of internal audit units 'has developed considerably'; the first accounting cycle is apparently well on track, and the 2004 Annual Activity Reports (AARs), 'drew a globally satisfactory picture of the management and control situation' (European Commission, 2005a, p.8).

That is the good news. Let me now adumbrate just a few of the qualifications, difficulties and unfinished business identified by the Commission itself and other close observers over the past year or so. First, there is the area of performance management. In the both the 'Annual Report to the Discharge Authority of June 2005' and the December 2005 review, the Commission acknowledges on a number of occasions that the development and use of 'meaningful' performance information and indicators is limited (particularly in the case of impact indicators), and this in turn has hampered the implementation of the SPP, ABM and the budgetary procedure. Addressing this issue is a future priority along with the need to 'drive the culture of objective setting' (European Commission, 2005a, pp.6 and 14, European Commission, 2005b p6).

Secondly, there are still many problems in the area of internal control. According to the Commission's account, the IAS found that the implementation of internal control standards, procedures and annual management plans (AMPS) needed to be more effective, and Commission-wide risk management was absent. More candidly, the former head of the IAS describes its first three years as an uphill struggle waged in hostile territory against 'vested wisdom and interests' (Muis, 2005). The IAS, he says 'had to repeat itself over and over again on some of the fundamental systemic issues in need of urgent fixes', including delegation risk, and internal audit and control. Highlighting 'important weaknesses' in the control environment, the Commission's 'Annual Report to the Discharge Authority' stated that a culture of effectiveness had to replace simple compliance (European Commission, 2005b p14). Muis also argues that the 'silver bullet' of DG assurance statements in the AARs have been turned into 'paintballs' as they have become 'perverted by spin' (Muis, 2005).

While the new accounting system has been welcomed, it is encountering 'practical difficulties' in implementation with benefits promised for the future rather than now. Thus, it is not clear for example whether ABM has been integrated with the new system yet, but until that does happen, it is very difficult to see how genuine ABM can be or could have been implemented in any meaningful way (it has supposedly been operative since 2004). According to both Muis and Ian Ball, Chief Executive of the International Federation of Accountants, the introduction of accrual accounting is in any case not sufficient in itself to change the whole financial management system which has to include reform of information and control systems as well. As Muis observes, it was only introduced after the White Paper 'when the Commission's back was against the wall' (Muis, 2005).

In human resource management, the review acknowledges that this function is still under-developed and is perceived as a compliance function, and that more work needs to be done. The sensitivity of the staff appraisal system and its evaluation to 'improve the link between merit and promotion' (European Commission, 2005 p7), suggests that its operation hitherto has not been an unqualified success (as I argued in 2003, the decision to average pointage awards fundamentally undermined the merit principle in the appraisal system). Changing the organisation towards a 'service –orientated administrative culture' (p12), is thus still work in progress, and the new staff regulations are to be further 'fine tuned' (rewritten again?) along with other reform measures, to ensure greater 'ownership' of this culture. On equal opportunities, the Commission has achieved its targets through a systematic lowering of them (see report by Commissioner Kallas of June 2005).

I'll come back to the general issue of reform design later. But let us move on by going back.

New Public Management, the Commission reforms and overload effects

Management reform as a means of alleviating capacity and capability shortcomings in the Commission was always going to be a difficult prospectus to realise. As others have shown, it has a long and chequered history (Stevens with Stevens 2001, Pollitt and Bouckaert, 2000 Kassim, 2004a and 2004b). Evidence from previous attempts suggests that there had been scepticism and overt sabotage in some operational DGs (Pollitt and Bouckaert, 2000 p.136). Stevens with Stevens (2001) discussion of the bureaucratic culture of the Commission argues that it is informed primarily by a combination of Napoleonic and Germanic values, with the former putting a premium on hierarchy, codification, intellectual rationality, centralisation and the creation of an *esprit de corps* among the elite of officials, and the latter stressing employee participation via works councils and the autonomy of each Commissioner.

As is well known, the immediate catalyst for these reforms was a major institutional crisis - the allegations of 'fraud, nepotism and mismanagement' examined by the Committee of Independent Experts (CIE) in 1999 in the context of the resignation of the Commission (MacMullen, 1999). The resulting CIE blueprint and the Commission White Paper of March 2000 were supposed to deal with those problems through improved financial management and control and new codes of behaviour. But there was also a strong underlying argument that only greater efficiency and effectiveness in all areas of management would enable the Commission to better discharge its burgeoning responsibilities – in the White Paper's words, to 'equip ourselves with a modern organisation and the resources to execute the tasks assigned to us by the Treaties' (European Commission, 2000a p.ii).

So there was a rhetorical commitment to, and identified need for 'modernisation' - - but how does it really fit with the NPM paradigm? Although there is no single definition of NPM (or even consensus that it is very 'new'), it is commonly agreed that it encompasses

- an embrace of private sector norms and values including a focus on 'customers' and a belief in market mechanisms,
- the fragmentation and decentralisation of public services.
- the transformation of working practices, and the

- elevation of performance management and measurement (see Hood 1991, 1995, Pollitt, 1993, Dunleavy, 1994, Common et al., 1992, Osbourne and Gaebler, 1992, Pollitt et al., 1998).

This contrasts with a ‘traditional’ Weberian model of public administration which is

- instinctively conservative and centralist,
- bound by rules and procedures,
- focused on bureaucracy and legality, and
- driven by the ethos of public service.

Schematically:

Figure 1: Models of public management/administration

Dimension	NPM	Traditional PA
Rhetoric	Private business	Public service
Organisation	Decentralising	Centralising
Orientation	Customers	Procedures
Icon	Markets	Bureaucracy
Control mechanisms	Competition	Legality/rules
Workforce	Performance driven	Process driven

Certainly, this is ‘ideal type’-casting. In reality, as Guy Peters (1998) and others have pointed out, NPM (or any other) reform packages are never consistent. The research on cross-national patterns of design and implementation so far suggests a mixed picture of philosophies, measures, strategies and pace (see especially Pollitt and Bouckaert, 2000). And what is exactly ‘new’ about all this? Decentralisation and private sector modelling? – let’s go back to local government and social provision in the 19th century. Performance management? – how about FW Taylor’s theories of scientific management as applied to mass production from the early 20th century onwards?

The White Paper certainly fits well into this analysis. As we have argued elsewhere (Levy, 2002, 2003), the White Paper’s vision of modernisation was a *mélange* of pre-existing reform proposals and initiatives (the Williamson report, the DECODE exercise, SEM 2000 and MAP 2000). Additionally, a staff consultative survey drew in many disparate issues. The reforms were to be given shape by five underlying principles of ‘good governance’ (independence, responsibility, accountability, efficiency, and transparency), located within three areas – priority setting and resource allocation, human resources policies and practices, and the system and culture of financial management (European Commission, 2000a pp.2-4).

In simple quantitative terms, the distribution of White Paper actions (Table 1) shows a strong concentration in the two areas of financial management and anti-fraud, and human resources policies and practices.

Table 1: Distribution of White Paper actions (n)

Governance	7
Financial management and anti fraud	37
Human Resources policy and practice	42

Priority setting and resource allocation	5
Miscellaneous	7
Total	98

Source: European Commission (2000b)

So where can these proposals be located in terms of the 6 dimensions identified in figure 1? Our earlier (Levy, 2002 p.77) analysis of the 90 CIE recommendations suggested that they were overwhelmingly focused on a 'traditional' agenda with 47% calling for the strengthening of rules and procedures, 28% for the centralising of management functions, and 9% for more audit and control. This compares with 35%, 24% and 13% respectively of the 98 White Paper actions. Although it is still predominant (72% of all measures), there is 'less' of a traditional focus and there are some NPM elements. These include measures to decentralise and contract out management (12%), plus a variety of other 'modern' techniques and policies (14%) (e.g. ABM, the e-commission, staff appraisal, evaluation, equal opportunities).

Of course, a crude quantitative measure of this kind does not distinguish between the 'weight' of one measure against another. It could be argued that SPP, ABM, performance management, decentralisation are the fundamental elements, while the rule tightening, control and centralising measures are secondary. That is one view. Alternatively, billing the reform as an NPM 'package' may be more spin and style than real content. And the *fact* of change (of any kind) in itself may be deemed to be radical.

Let us explore this a bit further. In seeking to benchmark the Kinnock reforms, a useful starting point is the Sound and Efficient Management (SEM) 2000 initiative of January 1995 to improve financial management in the Commission. SEM 2000 was envisaged as a three phase process of 54 separate action points comprising rationalisation, simplification, improved training and the introduction of new accounting software (Phase 1), the reform of internal audit and the financial management culture in general with possible changes to the rules (Phase 2), and the reinforcement of partnership with the member states through 'protocol agreements' (Phase 3).

SEM 2000 was subject to independent evaluation in 1999. In brief, the evaluators' view was that SEM 2000 failed to improve either financial management and resource control or budget planning and prioritising, and there had been negative side effects including increased bureaucratisation, the demotivation of financial control officials, and a new communications gap between operational and resource units within Directorates-General (Evaluation Partnership, 1999 pp.74-5). At the root of this failed enterprise was the lack of proper organisational and personnel infrastructures - of the 19 recommendations for future improvement, nine focus on personnel and training issues.

Well, the Kinnock package certainly avoided the latter mistake! Going back to an earlier observations, there are Taylorist elements in the staff appraisal and activity costing reforms. Second, far more attention was given to how the reforms would be implemented. From lesson 1 of a starter course in successful change management, there was commitment from the top in the person of Commissioner Kinnock himself

(Kinnock, 2002, 2004a, 2004b), and his project team of reformers including outside experts (Kassim, 2004b, Bearfield, 2004). As I am sure you know and many have experienced, a communication strategy was developed aimed at engaging and winning over staff (this included a newsletter, a reform website, face to face meetings, more attitude surveys and the targeting of middle managers). Two of the key messages were that the reforms would benefit both the organisation and those working in it, and that no-one would lose financially as a result of the changes (the so-called Prodi-Kinnock guarantee) (Bearfield, 2004). I go back to the point about spin rather than substance.

Other lessons were rather poorly learnt. For example, rather than the 54 indigestible action points of SEM 2000, the White Paper had 98. The actions proposed are complex and varied. They range from establishing reviews and making proposals on the one hand, to implementing proposals and creating and closing down institutions on the other. In between are actions such as completing reviews etc., and adopting proposals. Milestones of around 12-18 months seem to have been the benchmarks for the achievement of most actions (less sophisticated than the SEM 2000 3 stage model), the performance indicator being simply whether the action was completed or not. Few other quantifiable indicators are specified, nor is there reference to any impact indicators (e.g. rises in productivity, quicker payments, more audits etc.) which could be used in an *ex post* evaluation of the package, although these measures have appeared in the 2004 review (see below). Unlike SEM 2000, there does not appear to have been an independent evaluation of the reforms as yet.

What is the overload problem?

A view is emerging from within the Commission that the reforms themselves are just another addition to the overload problem rather than mitigating its effects. Some have suggested that the reform process has been imposed from the outside, without regard to the Commission's real tasks and addressing an agenda which has little to do with them (Kassim, 2004a, Peterson, 2004).

Insofar as it refers to the mismatch between the number of tasks and the resources available to carry them out, the notion of overload has long since become part of everyday discourse. Yet it is worth recalling that the concept of governmental overload developed in the specific circumstances of crises afflicting western democratic states in the 1970s (see e.g. O'Connor, 1973). In summary, there were three dimensions to the overload concept – the absolute level of governmental workload, the number and complexity of dependency relationships, and the level of governmental legitimacy.

It is easy to transpose the model to the Commission's responsibilities and capabilities. First, in terms of absolute workload, it is certainly the case that the Commission has taken on an ever increasing range of policy making, policy management and policy enforcement responsibilities with each new treaty and the 5 membership enlargements since 1973. There have been huge nominal and real increases in programme area budgets since the 1970s, and Commission employee numbers have expanded too.

Second, to carry out these responsibilities, the Commission has become internally differentiated into ever more Directorates-General, enmeshed in numerous and

complex networks with other international, national, regional and local actors and managing agencies, and has created over a dozen autonomous implementing agencies, all of which makes management and co-ordination increasingly difficult.

From the point of view of legitimacy, the EU in general and the Commission in particular have always been in a different - more delicate - position to elected national governments (Schmidt, 2004). According to Eurobarometer survey data over the period 1999-2004, EU citizens have been marginally more satisfied with the functioning of democracy in their own countries compared to the EU level, and there was definite low point in satisfaction with the Commission in 1999 (Eurobarometer 2005).

More importantly, the efficacy and legitimacy of the Commission as perceived by key stakeholders and decision makers declined as its responsibilities grew. There had been a steady build up of criticism of the Commission's capabilities to manage effectively from the European Court of Auditors, the European Parliament, national authorities such as the House of Lords European Communities Select Committee in the UK, academics, journalists and latterly whistleblowers from within the Commission itself. The debris of failed and ineffective reforms to address these concerns (e.g. Sound and Efficient Management (SEM) 2000, Modernisation of Administration and Personnel Policy (MAP) 2000, UCLAF) was in plentiful evidence by 1999.

It appears then, that the Commission was suffering from all the classic symptoms of overload. As Christiansen has argued, the 1999 crisis brought the Commission to a crossroads, one way pointing to 'a rolling back of its competences and a greater degree of oversight by the member states', and the other to internal reform as a means of strengthening the capabilities of the Commission to carry out the expanded range of tasks it had acquired (Christiansen 2004, p107). Unsurprisingly CIE reports and the White Paper of 2000 both took the latter view.

On the first overload indicator (absolute workload), no less than 80 (i.e. just over 80%) of the WP actions have increased the workload of officials, at least temporarily until the achievement milestones are reached. In the overwhelming majority of instances, the lead services were DG Administration, DG Budgets and the Secretariat General. However, it would be naïve to assume that other services were not mobilised to progress documents, sit on working parties, provide information and of course, to implement change once measures had been formulated and approved. Only ten actions appeared to result in an immediate reduction in workload through the cessation of some particular task or other, and the remaining eight actions were neutral. Thus, in simple volume measures, those actions increasing workload outnumbered those reducing it in a ratio of 8:1. On this measure then, there is a decisive increase in overload.

Looking at the second overload indicator (dependency relationships), 14 of the actions can be identified as specifically aimed at raising capacity to improve the handling of these through rule clarification, the establishment of alternative circuits, or reducing the number of such relationships. However, there were 15 other measures which add to the number of dependency relationships through the creation of new processes (particularly 'externalisation' which will lead to the establishment of more agencies), committees and accountability mechanisms. For example, the strategic planning

process (SPP) creates a completely new cycle of dependency relationships involving the policy DGs, the functional DGs, the Internal Audit Service, the Secretariat General and the College of Commissioners. Thus, in simple volume terms, the reform has added to the dependency relationship problem rather than reduced it.

On the other hand, it can be argued that by creating more dependency relationships, the reform was trying to increase capacity to cope with such relationships. This is not an entirely flippant observation. The 'ethical dimension' as Cini has termed it was central to the resignation crisis and the concerns of the CIE reports (Cini, 2004). When the total Kinnock package is mapped against the legitimacy indicator, it is striking just how many actions are supposed to improve Commission legitimacy. Almost a third (31) of the actions are designed to augment legitimacy, and quite a few of those add to the number of dependency relationships through the stiffening of accountability mechanisms.

The overall tone is set in the first three actions of the White Paper which deal with fundamental issues of standards of behaviour in public life and the openness and transparency of Commission business. Many of the HR reforms are similarly targeted, for example improving the transparency and fairness of selection processes, promoting equal opportunities (on grounds of gender, race, disability and sexual orientation), and restating the merit principle for promotion. Similarly, all the measures designed to improve the financial circuits and strengthen anti-fraud capacities are as much about raising institutional legitimacy as they are about the technical improvement of financial management.

Thus, if the balance of workload and dependency relationship overload is raised by the White Paper, it may be counteracted by a longer term improvement in legitimacy. However, there is a nearer term risk: by raising expectations for a higher level of legitimacy through improved practices and standards, non-achievement will store up an even greater legitimacy crisis for the future. In this context, the postponement for implementing a proposal for a Committee of Standards in Public Life (Cini, 2004, p51), is an ominous sign.

'Beyond mere compliance'

In order to better understand what was proposed and has been achieved, these actions have been classified in a matrix (Table 2) which distinguishes between *preliminary*, *intermediate* and *final* actions. *Preliminary actions* are defined as those that involve thinking about and conceptualising reform rather than implementing any specific measures. Typically, this means carrying out reviews, consultations and studies, and drafting proposals for change. This stage is antecedent to those *intermediate actions* where reviews and consultations are drawn to a conclusion and proposals are adopted but not yet implemented. *Final actions* are those involving the actual creation or destruction of systems and institutions, and the implementation of proposals that have already been adopted.

In the White Paper and the 2003 Progress Review the majority of actions fall into the 'preliminary' and 'intermediate' categories, although the balance changes. In the case of the White Paper, our analysis shows 48 proposed actions are 'preliminary' and a further 7 are 'intermediate', while the corresponding figures for the 2003 Progress

Review are 11 and 39 respectively. This disparity reflects the fact that the overwhelming majority (30 out of 35) of adopted measures in the 2003 Progress Review appeared in the White Paper as preliminary actions (to make a proposal or set up a review). In this sense, the reform exceeded many of the targets it set itself at the outset; indeed, in two cases (proposals nos. 6 and 91, respectively on a European Parliament – Commission framework agreement and financial management training), the objective to draft a proposal had been carried through to implementation according to our reading of the Review. By the time of the 2004 progress review, there was a rough balance between preliminary/intermediate (41) and final actions (39), with 18 further actions either partially achieved or not achieved at all.

Table 2. Classification of reform actions (n)

Type of action planned / achieved	White Paper Action Plan	2003 Progress Review – status	2004 Progress Review - status
PRELIMINARY			
Set up a review/consultation	19	5	-
Make a proposal	29	6	14
INTERMEDIATE			
Establish/ complete a review /consultation	1	4	2
Adopt a proposal /proposal adopted	6	35	25
FINAL			
Create institution or system/ system or institution created	24	14	16
Close down institution/ system	2	1	1
Implement a proposal/ proposal implemented	17	8	22
Planned action partially achieved		14	17
Planned action not achieved		11	1
Total	98	98	98

Sources: European Commission (2000b),(2003), (2004).

The review's reporting of adopted proposals should be treated with caution. In many cases this actually meant that while the Commission had adopted the proposals, they were still awaiting approval by the European Parliament and the Council of Ministers. In these circumstances, the final outcome to adopt let alone implement is by no means certain. Lengthy further delay and significant modification are both likely, as proved to be the case with the HR reforms. This explains why the number of preliminary actions of the 'make a proposal' variety rose between the 2003 and 2004 reviews (from 6 to 14), as proposals adopted by the Commission had then to be reformulated into something acceptable to the Council and Parliament. The overwhelming majority of the 'adopted proposals' remaining in 2004 were in the list of 'adopted proposals' for 2003. As there is no indication in the Action Plan of how or when the *next* stage of the proposed measures will be implemented additional overload is likely to remain well beyond the achievement milestones.

In the case of 'final' actions, the White Paper identified 43 of these, of which 17 were proposals that already existed and simply awaited implementation. The White Paper proposed the creation of 24 new institutions and systems and the scrapping of only two, of which our analysis could confirm the establishment of 16 and the abolition of one by 2004. Our analysis of the 2003 Progress Review suggests the full delivery of only 23 final actions, a success rate of 53%. By the 2004 review, the figure for final actions had risen to 39, with 22 of these falling into the 'proposal implemented' category. Of the 18 actions remaining partially achieved or not achieved at all, the latter one (predictably an IT tool in support of Activity Based Management) had to be withdrawn after introduction in 2003. 15 of the other 17 were in the HR and financial management areas, not surprising given their loadings in the White Paper.

There is one further general point. The quality of reform is difficult to measure because of the absence of pre-determined performance measures. Indeed, the list of performance indicators is not consistent between the 2003 and 2004 progress reviews. Within the 2004 review, 12 measures constructed *ex post* are referred to which in the main show some slow improvements since 2002 (European Commission, 2004, Annex 6). However, when some of these are viewed in a longer perspective (since the late 1990s), there has been no improvement at all.

Let us also take ABM, a cornerstone of the reform strategy (European Commission, 2001). Irrespective of the slippage in implementation, the Commission's conception of ABM bears only a scant resemblance to the systems practiced in private sector organisations. According to its leading proponents such as Gary Cokins, ABM is grounded in mathematically-based costing models which assign costs to cost objects such as products, services. These cost data are then used to identify opportunities for productivity improvements, and integrated with other measures 'such as cycle time, quality, agility, flexibility and customer service' (Cokins, 1996 p.40; see also Player and Keys (eds.), 1999) in order to make strategic business decisions. As ABM has a 'cost centric' root, it follows that a decent accounting system is absolutely fundamental to its successful implementation.

For the Commission on the other hand, ABM is seen primarily as a tool for defining policy objectives and priorities, then selecting the activities necessary to pursue them and allocating resources to the activities (European Commission, 2001). The accounting system is not referred to in this document, yet weaknesses in the Commission's system have been repeatedly exposed to public view..

So after 4 years, a lot of proposals had been made and policies adopted (some of which were already there just waiting to be implemented); over half (56) of the 98 actions have either been implemented or are being implemented. This is a rather different picture to the claim in the 2004 Progress Review that 96 of the 98 actions had been implemented.

In its summary conclusion, the Review observed that 'bringing Commission services beyond mere compliance to a deeper level of understanding must be the main aim of the reform project in 2004 and beyond' (European Commission, 2004 p.22). This highlights the bureaucratic nature of the reforms so far and the appetite for process over outcome. To emphasise this point: while the Strategic Planning and Programming system was 'functioning', the delivery of the Commission's work

programme was 'below expectations and must be improved... work is still needed to further embed SPP into the administrative culture' (European Commission, 2004 p.6).

Garbage cans, rationality and risk aversion

Why did reform happen at all? Why did it happen in the way it did? Why did it produce greater overload? According to Pollitt and Bouckaert's institutional perspective on public management reform (2000), Commission reform was unlikely either to occur or succeed because the particular institutional configuration of the EU would act as a primary constraint. And if it did, we concurred with Pollitt and Bouckaert that it would be limited in scope and unlikely to be successful (Levy, 2003b). Given that a reform process *did* occur, what needs to be explained is the nature of the decision making processes that informed it.

We may approach this question by asking in what sense Commission reform and its implementation was a rational process. Let us review the evidence from this perspective. In summary, it suggests that the reform package (a) was drawn up in response to a political and organisational crisis (b) drew on many pre-existing ideas and proposals (c) produced some dysfunctional unintended results including greater workload (d) was not universally supported in the Commission (e) reinterpreted some generic management ideas in its own way (f) was implemented in a bureaucratic style which was comfortable and familiar (g) was short on pre-determined performance indicators and (h) delivered less than was claimed in its own reviews.

In this case, it would be difficult to argue that the reforms conformed to a classical rational model where an optimal choice was made on the basis of complete information, full option appraisal based on measurable and objective criteria, advance identification of potential problems, and evaluation tools built in to programme design. Given the problems of the organisation, one may reasonably observe that it would not be capable of reforming itself in this way. Thus, insofar as rationality informed decision making, it was of the bounded variety (Simon 1947), where information is imperfect and incomplete about alternatives and consequences, actors have different preference schedules and motivations, skills and habits are variable, and problems are complex (see also Mintzberg, 1990).

Dunleavy's (1991) bureau shaping model adapts the rational choice perspective to cope with differentiated, rank-structured environments and identifies a range of individual and collective strategies which can be used by officials to improve their welfare. Among these are self-advancing career oriented strategies and engagement in organisational redesign, the improvement of general working conditions and budget-maximising strategies. In the pursuit of these goals, interest coalitions are created which decision makers are themselves attached to or seek to accommodate. The result of the process of negotiation and accommodation is ambiguity and inconsistency, something Guy Peters observed in his discussion of public management reform (1998). In terms of Commission reform, the bureau shaping model would explain the occurrence of (d), (f) and (g) above quite well.

Let us develop this approach a little bit more. Synthesising from many case studies, Feldman and March (1981) argued that the nexus between information and decision making was anything but clear and rational. Information is better seen as a commodity

collected by decision makers for its own sake or to exercise power over others rather than used to inform rational choices. This behaviour seems to be irrational, but is understandable in the context of the typical hierarchical organisation described by Crozier (1964), where information flowing up from the base is subject to distortion and unreliability as competing sections engineer information to lobby for resources from the next level of managers. In this case, managers discount the information they receive to fit with decisions they have already made. This model would partially explain the occurrence of (b), (c) and (h).

Taking this dysfunctional view a stage further brings us to the garbage can model adumbrated by Cohen et. al (1972), intended for organisations characterised by an absence of either shared goals ('problematic preferences'), shared and understood processes ('unclear technology'), or a constant decision making group ('fluid participation'). There is 'organised anarchy' with 'collections of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work' (Cohen et. al, 1972, p.1). This model works well for describing the state of the Commission at the moments of organisational crisis, breakdown, restructuring and reform design ((a), (b) and (e) respectively) in the early stages of the process. Once a semblance of order was restored however, the reform proceeded in a stylised bureaucratic manner well in tune with established ways of working.

The fact that the key decision making took place at the point of crisis, when there was a change of the Commissioners, is surely significant. To reiterate the White Paper, it was essentially recycling existing ideas which had been politely ignored hitherto – but it was also a 'once in a generation' opportunity. In this context, Barzelay's observation (2003) that public management reform is essentially a political project which coincides with newly installed governments and is part of a wider programme of change is useful. It explains both the timing of the reform (also of the Santer reforms for that matter), and the massaging of the results so far. There is a caveat however: as Kassim observes (2004b), reform has been a heroic but thankless task because there is no visible political reward at the end for the Commissioners.

Conclusions

The intention of the Kinnock reforms was to create a bright new world of efficient, effective and accountable modern management through a process of permanent revolution. Excepting the latter, the reality so far has been rather different. The overload analysis has shown that the reforms have added substantially to existing workload, created new dependency relationships while trying to bolster legitimacy through improving transparency and accountability. In an organisation already buckling under strain, scarce resources have been diverted to the suite of reform activities.

The content of reform was assembled from many diverse sources and grafted onto a traditional Napoleonic-style public bureaucracy. Two of these stand out as fitting uncomfortably with this tradition – namely the Strategic Planning and Programming (SPP) system which devolves responsibility to DG-based cost centres, and the creation of more external agencies via the 'externalisation' policy. The way the

reforms have been handled within has in the main been very traditional – the 98 actions have turned up as proposals, codes, regulations, amendments etc. using existing channels and decision processes. Indeed, there is an emphasis on process rather than outcomes, with very few ‘hard’ outcome measures or thinking beyond the initial proposal-driven agenda in the White Paper. Some of these have come later.

In terms of decision making theory, this case shows the relevance of different models at different stages of reform: at the moments of crisis, political transformation and reform design, the garbage can model explains events quite well, and the top-down ‘low trust’ implications of the Crozier and Feldman and March models are also relevant to the initial reform design, and the subsequent unintended consequences which have flowed from it. Once the reform process was underway, the bureau shaping model is more useful in explaining patterns of behaviour as it was picked over by pre-existing interests and fitted into preferences and comfort zones. The enduring influence of the *political* nature of the decision to initiate reform however, is evident in its association with the Prodi Commission and Neil Kinnock in particular, and in the hagiography of its own reviews.

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Notes

1). A more cautious view was taken by the Court of Auditors - the 2002 annual report acknowledged there had been substantial progress, but signalled that much work remained to be done (European Court of Auditors, 2003). More sceptically still, Peterson claims that officials have been 'overwhelmed by onerous new reporting and control systems' with reforms 'undermined by allegations of inadequate spending controls as well as Prodi's own cronyism' (Peterson 2004, p.30). Strike action by the trade unions during the reform period also suggests that not all the attempts to enthuse and engage staff were well-received, and Peterson's account of the reforms observed low morale and cynicism among middle ranking officials: '(m)any officials moaned that they were justifying their existence rather than doing the job they were paid to do, all so that Kinnock would be able to produce a list of all of the improvements that he had introduced' (Peterson, 2004 p.26). This view has been supported by Christiansen and Gray who argue that the reform process 'is widely seen to have sapped the morale of officials throughout the Commission' (Christiansen and Gray 2004, p21).

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