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**RECONCEIVING THE CENTER: LEADERSHIP, STRATEGIC REFORM,
AND COHERENCE IN PUBLIC SECTOR REFORM**

GOVERNMENT OF THE FUTURE: GETTING FROM HERE TO THERE

Symposium to be held in Paris, 14-15 September 1999

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**RECONCEIVING THE CENTER: LEADERSHIP, STRATEGIC REVIEW
AND COHERENCE IN PUBLIC SECTOR REFORM**

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Introduction

Consensus on reform

1. After two decades of reform, the challenge of reforming the public sector remains on the agenda of most, if not all, governments of OECD Member countries at the close of the 1990s. However, the precise nature of the challenge is beguiling. On the one hand, there seems to be consensus on the desirable directions for reform. Most governments embrace the rhetoric of “managerialism” and the “new public management.” In other words, few governments disagree about the need to increase efficiency and to reduce deficits and debt, to improve service delivery (by adopting technology and relying on more autonomous agencies or non-state entities), to increase political control over bureaucracies and programs, to improve accountability, and to focus core public servants on policy development and performance management. The state of discourse is such that Fukuyama’s “end-of-history” thesis, which argued that, notwithstanding great diversity in governance practice, there no longer existed serious ideological rivals to the tenets of liberal democracy, could easily be applied to the debate on public sector reform.¹

Challenges remain

2. Despite the rhetorical consensus, the same governments have displayed varying degrees of commitment and urgency in adopting these reforms. They continue to play “catch up” with the significant and rapid changes wrought by technological innovation, freer trading regimes, and unceasing demands for alternative governance regimes. They remain besieged by conflicting claims from interest groups, and policy making seems more about contending with crises and managing communications, than making progress on fundamental problems. And, finally, they have yet to fully restore the confidence of citizens in political and administrative leaders, and public institutions more generally. Indeed, one senses that leaders and scholars alike are taking stock, well aware of the gap between the prevailing consensus on reform and the diversity in the experiences of every jurisdiction.

Unease at the center

3. Not surprisingly, there is palpable unease among the leaders of institutions responsible for corporate issues in public sector bureaucracies, for they must anticipate these pressures and move these systems in new directions. They know that change and reform will continue to preoccupy their governments, yet remain unsure of what shape the next wave of reform will take. It is for these reasons that a discussion on “strategic review and public sector reform” with political and administrative leaders from across the OECD is so timely. Never has the need for strategic review been greater; leaders need to develop focus and convey coherence during a time of rapid change and many possibilities, not only for the

sake of the public sector but also for civil society. They must also wisely deploy limited resources and energies, and one way to do this is to learn as much as possible from the experience of other governments with review and reform, while controlling for context when drawing these lessons. While central institutions of government will have a critical role in review and reform, little is known about how they have been affected by the changes noted above,² nor what sort of capacities they will need to undertake reviews and reform in the next decade and beyond. Despite the daunting nature of this topic, and the diversity of governance traditions and experience with reform embraced by the OECD, the goal of this paper is to provide a foundation for a wide-ranging, but disciplined, discussion of these matters.

Overview and genesis

4. A draft of this paper was first presented at a two-day roundtable of the PUMA group of country experts from several OECD countries, who also presented accounts of developments in their jurisdictions. It was informed by my observations of the Treasury Board of Canada Secretariat (see Annex 1) and some ideas I had developed about ways to depict how central agencies exercised their responsibilities during a time of change.³ My goal was to introduce a conceptual framework to assist practitioners to assess and compare the experience of their respective jurisdictions, and to guide further empirical study.⁴ I sought to acknowledge that reform had proceeded in different ways in each country – incremental, selective, and comprehensive – even though all jurisdictions were wrestling with similar challenges. I argued that governments sponsor different programs of reform due to different degrees of engagement on the part of political and administrative leaders, in part driven by distinctive institutional contexts and the fact that public sector reform is only one item on fluid political agendas. I suggested that leaders in all countries shared the challenge of rising above the day-to-day transactional demands of their governance systems to identify new strategic directions and offer coherence to constituencies inside and outside government. To do so, leaders can choose from an impressive menu of mechanisms for strategic review. Finally, I explored how the management imperatives would shift as governments moved from the phases of review, implementation, and consolidation.

Anglo-American bias?

5. I believe that the country experts found those ideas useful, but there was an interesting reaction to the conceptual framework I introduced, which was intended to capture the subtle ways in which central institutions have evolved and now influence public services. This is an important matter because, in many ways, central agencies were not just the instigators of reform but also the targets of managerialist and new public management (NPM) movements. The framework depicted central agencies as “baskets” of smaller bureaux with specific responsibilities and with varying degrees of reliance on administrative networks across the public service. At one level, this formulation was found attractive because of its emphasis on horizontal governance, collaboration, and learning. But several experts were perplexed and questioned the assumption that central institutions played a significant role in strategic review and reform. This led the country experts to more carefully explore how review and reform was handled in each jurisdiction, and by whom. We realised that the discourse on reform reflects an Anglo-American bias and that some governance systems distribute the responsibility for corporate administrative policies and reforms in very different ways, which serves not only to condition and constrain the scope for review and reform, but also creates different challenges for imparting coherence on public sector reform.

Final structure of paper

6. This led to a revision and elaboration of this discussion paper which includes: (i) a distinction between Type I and Type II governance systems; (ii) some exploration of the extent to which there appears to be convergence between these systems due to external pressures on governments; and

(iii) consideration of how challenges for strategic review might differ at different stages of the reform cycle (developing blueprints, implementation, and consolidation). Accordingly, the structure of this paper is as follows:

- Public Sector Reform: Pressures, Strategies, and Constraints
- The Question of Leadership and Public Sector Reform
- Moving Beyond Transactions: Mechanisms for Strategic Review
- Different Systems, Different Challenges for Strategic Review
- Managing Strategic Review and Public Sector Reform: Some Suggestions
- Concluding Remarks: Learning and Coherence Across Jurisdictions

Public Sector Reform: Pressures, Strategies, and Constraints

7. One cannot have a productive and nuanced discussion of how the center has changed, and what new roles and directions leaders might adopt, without recognising that each jurisdiction has unique experience with public sector reform, different configurations of central institutions in government, and different traditions of political and administrative leadership. Moreover, strategies for review and imparting coherence vary by the breadth and depth of public sector reform initiatives. We begin by reviewing pressures for reform, as well as the range of initiatives that can be launched by governments.

Diverse reforms

8. During the 1980s and the early 1990s, governments and central agencies in the OECD countries initiated public sector reforms of considerably different scope and complexity, notwithstanding the ubiquitous rhetoric of managerialism and the new public management (NPM). The timing and pace of reform differed in every jurisdiction, and, as Chart 1 demonstrates, the term “public sector reform” can embrace diverse activities. This list is undoubtedly incomplete; it may not draw attention to more specific innovations in each category. Moreover, entire books could be written on how particular initiatives were launched in different countries by one or more levels of government, on how these reforms intersected with (i.e., complemented or contradicted) each other, or on how well the reforms met expectations.

Common challenges

9. The diverse experience with public sector reform should not obscure the fact that most OECD countries have been contending with similar pressures to reform and sometimes restructure the public services that deliver them. These pressures are well known and include the changing demographic profiles that have affected the underpinnings of welfare policies and programs, the problem of mounting debt and deficits that have squeezed government budgets, and the possibilities afforded by new information technologies and freer trade regimes. These latter developments have transformed the international political economy, forcing governments to contend with the rapid movement of capital, harmonise policy and trade regimes, deal with citizens and groups with better access to information, and adopt new policy and administrative arrangements with supranational, sub-national, and non-state institutions. More generally, governments must respond more quickly to these challenges.

Chart 1

The Many Facets of Public Sector Reform

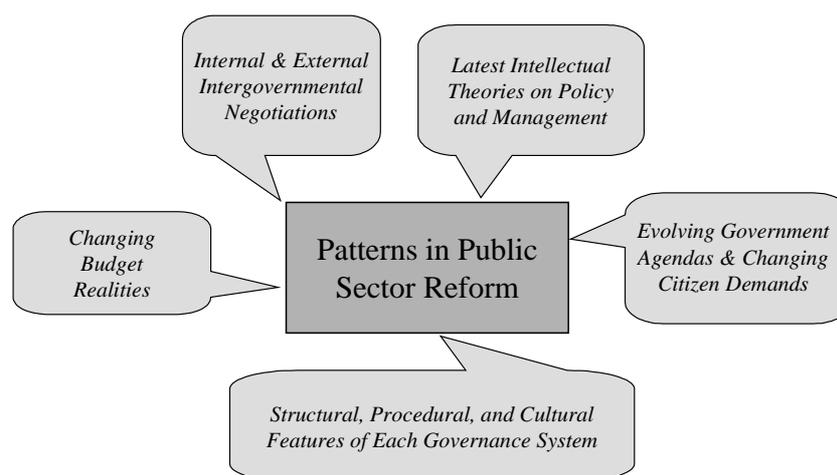
- reducing administrative overhead, delayering, co-location of offices and sharing of common services, reducing red-tape and outdated rules, and reducing reliance on paper-based processes;
- using information technology to improve financial systems, purchasing and payment systems, service delivery to clients and citizens, facilitating communications inside and outside the bureaucracy, etc;
- adoption of deficit and debt reduction strategies, attempts to overhaul tax systems in response to international pressures and taxpayer fatigue, and reviews of previously untouchable policy and programs;
- increased focus on improving program operations and service delivery by creating autonomous agencies such as special operating agencies, executive agencies, and state-owned enterprises;
- greater reliance on better financial practices, such as cost recovery, user fees, removing subsidies, greater fungibility in budget categories, allowing for carry-overs, and adoption of accrual accounting;
- the adoption of strategic planning, business planning, performance management regimes, and more transparent reporting to the public;
- greater reliance on alternatives to direct delivery of services by permanent public servants in the form of contracting out, devolution, partnership arrangements (with non-profit, for-profit, and other government organisations), privatisation, and autonomous agencies;
- shifting human resource management and compensation systems: appointments to level and more lateral appointments, granting greater latitude to operating departments in hiring and promotion, greater use of limited term contracts, and adoption of performance pay regimes;
- service quality precepts such as service standards, performance measures, re-engineering of forms and processes, a customer focus, single-window delivery of services, shifting of resources to front-line staff and regional operations; and
- horizontal perspective on governance, policy and operations that recognises the interdependencies of programs for achieving objectives, and at the administrative level, there have been attempts to reduce unnecessary overlap and duplication of effort.

Reform as confluence

10. How these assorted pressures coalesce into specific programs for public sector reform in each country depends greatly on how they get funnelled through domestic politics and institutions, which create and constrain opportunities to review and debate alternatives. A useful way to think about this is to identify several “streams” of pressures for change (see Chart 2). These streams include evolving budget realities, the arrival of new governments (whether majority or coalition) seeking to implement agendas but also responding to emerging citizen demands during mandates, ongoing demands from sub-national and supranational governments and institutions for new arrangements, and finally, the steady flow of ideas from experts about how government ought to be managed.⁵ In his work on agenda setting and policy development, John Kingdon argues that policy decisions, though not entirely random, are often the result of a *confluence* of events from two or more streams which create “windows” of opportunity. Likewise, for public sector reform, we can hypothesise that, while streams of ideas are ever present, reform will be contingent on the impact of other influences such as government ideology, intergovernmental negotiations, trade regimes, and deficit reduction strategies.

Chart 2

Streams of Influence on Public Sector Reform



Scope of reform

11. Reforms, then, may not emerge to the same extent or time due to different events in otherwise similar countries, even if general pressures are common. Moreover, countries with different political and administrative systems may “structure” the opportunities for new ideas and debate on public sector reform in different ways, because of different institutional processes and sources of power, and because of different political and administrative cultures. In short, we should anticipate that there could be considerable variation in the scope of reform, and it is useful to presume three levels of reform:

- *comprehensive*. This is a “big-bang” approach to public sector reform, which spans many facets of management and would affect most, if not all, departments and agencies.
- *selective*. Such reform can be significant, but tends to only focus on one or two policy domains, certain clusters of departments and agencies, and certain central bureaux.

- *ad hoc*. Such reform deals with particular programs or a department, or perhaps with only one or two central bureaux. However, many *ad hoc* reforms can proceed simultaneously.

12. It is crucial to understand that, with certain exceptions, it is difficult to make normative arguments about which path towards reform is optimal – that depends on the circumstances in each jurisdiction. An important set of empirical questions has to do with whether the center actively leads or resists reform, has the appropriate capacities to initiate and implement reform, or is itself affected by the broader reform initiatives. We might expect that, as reform initiatives become more comprehensive, the answers to these questions should vary.

Future pressures on government

13. All jurisdictions and their centers of government will continue to be under considerable pressure to reform how public services are delivered. Their governments must find ways to better serve citizens and communities increasingly aware of new technological and governance possibilities and practice in other jurisdictions, to ensure that its many components are better co-ordinated, to improve the accountability of government and other providers of public services, and to do all of this more quickly. An important ingredient of a responsive government rests with its leadership. But, as is discussed below, the locus for leadership for reform in governance systems itself can be quite variable.

The Question of Leadership and Public Sector Reform

14. It is often taken as self-evident that government leaders or the “centers of government” are responsible for public sector reform, but ascertaining just who these actors are or should be, requires some nuance. Indeed, different political and administrative systems as well as different situational contexts may well produce very different advocates and opportunities for reform. And, as I discuss later in this paper, central leaders must assume new roles, adopt more of a learning and facilitation posture, and develop and convey coherent images of myriad reforms in complex governance systems.

What constitutes the center?

15. It is useful to begin by distinguishing governments and their political leaders from central agencies and their administrative leaders. In some cases, public sector reform is promoted by reformist political leaders who persuade, cajole, or force administrative leaders to rethink structures, public policies, and programs. In other cases, whatever the rhetoric of political leaders, once elected they may evince little direct interest in reform (that is, it will not be a high political or policy priority) and defer to the judgement and energies of administrative leaders. There are limits, though: the more significant the reforms envisaged by administrative leaders, the more likely they will have policy and political implications, and therefore require the support of political leaders if they are to succeed.

Reinforcing leadership

16. A potent combination occurs when the government and administrative leaders agree on the need for reform and introduce a concerted program of restructuring, and this assessment is bolstered with support from all political parties. It is under these circumstances that public sector reform can be comprehensive in nature, though this need not be the case – selective reforms could be initiated over time. Indeed, while a strategy of comprehensive reform does convey commitment from the center of government, it can also increase the likelihood of unanticipated consequences and the prospect that the initiative will not meet all expectations.

Disinterest and risk

17. A worrisome situation can emerge when neither political leaders or administrative leaders take an interest in public sector reform, particularly when pressures for change and restructuring mount. This situation revolves around an interesting paradox: when out of power, politicians inevitably point to inefficient or misguided administration; once in power, ministers are wary of investing precious political capital on public sector reform, and act as if it is difficult to engage the media and the public on these matters. Thus, political interest in public sector reform is likely to be episodic or, even if leaders are convinced of the need for such reform and prepared to invest valuable personal time in advancing the cause, their support will be muted in the public domain. Otherwise, rare opportunities to seize windows of opportunity may pass, and instruments for change, such as altering patterns in recruitment, may not be utilised to full potential. If allowed to fester, one scenario might see external agents such as financial markets and the International Monetary Fund calling for reform programs that are sudden and dramatic, perhaps risking public backlash.

Leadership from below

18. There is another possible manner in which reform may occur, however it may not be due to political and administrative leadership at the center. Rather, reform – particularly if selective or ad hoc – may occur in a bottom-up manner, with the political or administrative leaders of departments and agencies using their autonomy and recruitment opportunities to significantly change management and culture. Such reform, even if not directed from the center, could eventually have system-wide effects. However, its diffuse nature may lead to little recognition of progress, nor produce a system-wide view of emerging competencies or potential to undertake further reform.

Constraints on administrative leadership

19. Chart 3 summarises these possibilities, showing that along the political dimension, public sector reform can range from being a collective priority of a government, to that of individual ministers, or not loom as a priority at all. Along the administrative dimension, public sector reform can be led from the center or by senior managers in departments/agencies. The less interest evinced by political leaders, the more constrained the scope for action of administrative leaders, whether at the center or not, particularly if legislation and resources are required to move forward with new initiatives.

Moving Beyond Transactions: Mechanisms for Strategic Review

20. Governments and their leaders in OECD countries have unique challenges and traditions, but they will confront common pressures and continue to grapple with public sector reform for the foreseeable future. It is for this reason that they need to anticipate issues and challenges, to improve capabilities for growing towards the information and expertise necessary to redress problems, to use scarce resources wisely, to take advantage of political windows of opportunity when they open, and to develop and impart new understandings of how the public sector works. This places new demands on government leaders to create the capacities and time to be more strategic at the political or administrative levels when it comes to public sector reform.

Chart 3

Sources of Leadership on Public Sector Reform

		Administrative Leadership		
		Central Priority	Department Priority	Low Priority
Political Leadership	Collective Ministerial Priority			
	Individual Ministerial Priority			
	Low Priority			

Transactional challenges

21. All public service systems – and particularly central agencies and the upper echelons of ministries – must contend with two distinct streams of “transactions” or short-term pressures that work against strategic reform. They are:

- *Bureaucratic transactions.* These demands come from “below”, deriving from the need to maintain and cope with large-scale bureaucratic systems. They include preparing briefing notes and memoranda for ministers and cabinet decision-making, filing quarterly and annual reports (including budgets and performance reports), responding to auditors-general and appearing in front of legislative committees, and monitoring and regulating departments and agencies because they are mandated to do so due to past government decisions. Even if governments are persuaded that reform is necessary, the center must simultaneously continue to meet the steady-state transactional demands of the system.
- *Political transactions.* Another stream of demands come from “above”, in response to ministers, opposition politicians, interest groups, citizens, and the media. Once in power, governments seek to implement their policy programs, and so public servants must assist them in this enterprise, regardless of their strategic importance. A daily fact of political life is that outside groups and journalists strive to scrutinise the activities of government and draw public attention to political problems of all kinds. There is considerable and sustained pressure on public sector bureaucracies to brief ministers and respond, either with new policy or media strategies, as quickly as possible.

Transactional imperatives

22. Attending to administrative and political demands requires attention to transactions that can crowd-out strategic review and repositioning of governments and their bureaucratic systems. Administrative and political transactions may be bothersome, and not deal with the big issues and pressures, but if central bureaux and ministries fail to meet these challenges, their credibility will quickly

decline with political leaders and the public. On the other hand, we also know that the long-term consequences of not dealing with reform can be quite significant.

Striking a balance

23. The “transactional challenge” confronts all government systems, but political and administrative leaders must find ways to surmount or side-step these pressures in order to initiate desired reforms. Moreover, even if political or administrative leaders are interested in investigating the need and possibilities for reform, they may not have staff with the right skills and perspectives to support the needed review and planning for reform. How, then, can governments mobilise the expertise and capacities for public sector reform, and do so without compromising its ability to handle its transactions?

Instruments for review

24. As Chart 4 indicates, there is no shortage of means available for conducting strategic review. They differ primarily with respect to *who* takes on primary responsibility, and the amount of time available for the review. Thus, strategic reviews can be led by ministers or their most senior public servants, presumably supported by more junior officials. Such reviews can focus on a single department or portfolio, or can involve several or perhaps all departments and agencies. Strategic reviews may be led by central authorities, or they may be the responsibility of particular departments and agencies.

Creating space for review

25. One drawback of such engagement is the many other demands on leaders; it is unlikely that they can devote significant attention for extended periods of time on review. Unless it is an episodic moment for public sector reform, with significant political implications, reviews will likely be constrained with respect to substance. Such pressures imply that ways must be found to best use the incredibly scarce resource of ministerial and deputy ministerial time. One possibility, for example, is to adapt existing allocative and policy processes (i.e., budget and priority-setting processes), which may focus on the shorter term, for the purposes of reflective and more forward-looking strategic review.

External reviews

26. At times, governments may fully contract-out the responsibility for review to consultants or commissions. However, given the challenges peculiar to managing government systems, it is unlikely that such contracts or mandates would be granted without assurance that participants were familiar with the workings of public bureaucracies. Otherwise, governments can – depending on precisely who sponsors the review – mix “local” expertise with “outside” expertise, whether the latter includes experts from other parts of the public service, the private sector, non-profit sector, universities, or former officials by means of “hybrid teams.” If more thorough work is required over a longer time frame, then leaders can rely on expertise from inside or outside the government, although external reviews can adhere to strict timetables.

Chart 4

Menu of Instruments for Strategic Review

- *Cabinet committees.* A committee of ministers is appointed to oversee the reviews, or perhaps to review the plans from other actors, and then to put together a blueprint for reform.
- *Central bureaux.* Depending on the confidence that political leaders have in central agencies, and depending on their capacities, the government may rely on central bureaux to undertake the needed reviews and to develop the blueprint. The cabinet would still endorse and modify the blueprint.
- *Portfolio reviews.* Some governments rely on ministers (and perhaps a junior minister) in charge of portfolios, consisting of several departments and agencies to undertake reviews and propose the blueprint. Such change would require endorsement from cabinet.
- *Deputy minister committees.* Another approach is to rely on groups of deputy ministers or secretaries to undertake reviews and propose blueprints. They would have to be supported by small secretariats.
- *Department reviews.* Often used in combination with ministerial review committees, and usually with the assistance of a small central secretariat. The onus for undertaking reviews and developing alternative blueprints would fall to specific departments or agencies, and could proceed as part of regular business planning cycles.
- *Hybrid teams (with departments).* This approach is best illustrated by the “scrutinies” employed by the British government, which involves establishing review teams which match central resources with those of the department or agency under review, and work for concerted periods of time.
- *Hybrid teams (with the private sector).* This approach matches public sector officials (from the center and the relevant department or agencies) with participants from the private sector, so as to question the premises and needs of programs and delivery systems. Such teams can be used selectively or as part of a comprehensive review process.
- *Hybrid teams (with former officials).* This approach would match key central officials with experienced former public servants, who would be knowledgeable of the programs and structures in question, but who would no longer have a vested interest in the outcomes.
- *Consultants.* The government would contract out the responsibility for reviewing programs and structures, and for developing alternative models for reform. The proposed plans would be vetted by political and administrative leaders.
- *Commissions.* Governments can appoint independent commissions to review government priorities and administrative operations, and to develop blueprints for reform. They can be comprised of individuals from public sector and private sector representatives, and even academics, and supported by research staff.

Cultivating new values

27. Finally, reform occurs by means of gradual cultural change, by the adoption or insinuation of new values inside government. This may be achieved by altering patterns in recruitment and promotion,⁶ and by introducing new programs in training and development. Rather than announce reform initiatives, a disposition towards reform and review can be insinuated into the minds and work of political and administrative leaders. This would be manifested in a willingness to ask questions about performance and to consider new ideas. Effecting cultural change is a long-term strategy, one that needs to be sustained and supported by political and administrative leadership alike.

Different Systems, Different Challenges for Strategic Review

28. The foregoing constitutes a lengthy and flexible menu, one from which strategies can emerge in many variations and combinations. However, the “fit” of one or more of these instruments and the very demands for strategic review and public sector reform may vary considerably among the OECD countries. Chart 5 is a parsimonious attempt to capture the possibilities. One dimension indicates there can be variance in the dominance of the central institutions of government over departments and agencies. The other dimension shows that the responsibility for co-ordination across departments and agencies may reside at the center or be distributed among departments and agencies, the latter leading more to a regime of mutual adjustment.

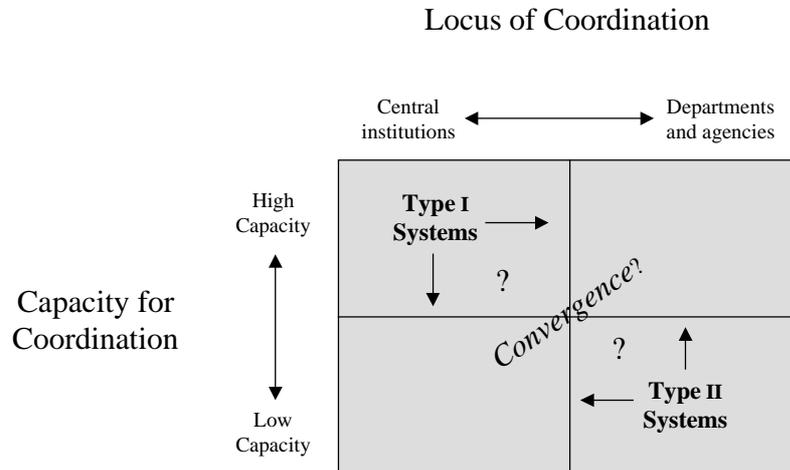
Two models

29. Although the chart suggests many possibilities, to sharpen our analysis it helps to identify two models that reflect distinct traditions of governance among the OECD countries. One model consists of strong centers of government that centralise co-ordinating and administrative policy functions at the center. This will be designated as Type I systems, which have as exemplars the governments of the United Kingdom, New Zealand, Australia, and Canada. Standing in direct contrast are Type II systems, which have relatively small central institutions, and distribute far more authority for policy and administrative development and co-ordination to departments and agencies. Here the exemplars might be countries such as Germany, Norway, and the Netherlands.

Important questions

30. With these models in mind, we can better explore some of the challenges of strategic review. How might each type deal with a more rapidly changing environment, the possibilities presented by emerging information technologies, and the increasing demands to more effectively co-ordinate policy and administrative activities across the system? More importantly, are there opportunities for these systems and their centers to become more anticipatory and to increase the possibilities of strategic review? How can the right capacities be developed? And, later, I ask, is there any convergence across the system types?

Chart 5
Responsibility for Coordinating Horizontal Issues



Type I Systems: Reforming From the Center?

31. There has emerged a substantial comparative literature on public sector reform, program review and processes, and, to a lesser extent, central agencies. However, the emphasis has been on Westminster systems such as New Zealand, Australia, the United Kingdom, and Canada. In varying degrees, and at different times, the actions of these governments have been held out as models for each other, as well as for other countries.

The center as catalyst

32. Over the last decade, considerable attention focussed on how their governments initiated reforms under the precepts of “managerialism” and the “new public management.”⁷ Scholars and practitioners alike have explored and debated several important matters: designing new portfolios and department or agency structures, downsizing the core public service, introducing alternative human resource regimes, separating operational from policy functions, relying more on contracting-out and partnership arrangements, adopting customer-oriented and technology-based delivery systems, and improving accountability and reporting. In Type I systems, public sector reforms have been *instigated* from the center, with varying degrees of engagement from political leadership.

The center as culprit

33. Little is known, however, about the extent to which central institutions have been transformed as a consequence of reform. This is ironic, because managerialist and new public management approaches were reactions to the perception that centrally-controlled and rule-bound systems had not only stifled innovation by departments, agencies and front-line workers, but had also made governance costly and unresponsive. Central agencies had set the rules, guided and monitored the system, provided the incentives and sanctions for departments and agencies, and advised political leaders about how the public sector

should be managed. If governments were said to have failed or lurched out of control during the 1980s and early 1990s, then central agencies were heavily implicated, either for failing to anticipate difficulties, develop sufficient reforms, or persuade governments that more decisive action was warranted. Moreover, there were complaints about competition and overlap among central agencies, which did not necessarily improve policy development or respond to the demands of operating departments and agencies.

Central reform strategies

34. For many, then, a key element of the “object” of public sector reform should have been the central institutions of government. To be sure, there were bound to be different judgements on whether political leadership or central agencies were responsible for perceived failings, and concomitantly, parallel views on whether reforming the center or the larger public sector ought to be a high reform priority. Consider these possibilities:

- *Reform the center first.* Sustainable and significant reform cannot proceed unless significant changes were made in the disposition, policies, processes, structure and competencies of central agencies. Otherwise, the controlling tendencies of central agencies would re-assert themselves in the longer term, thus undermining the underlying logic of managerialist and NPM reforms.
- *Reforming the center can wait.* Central agencies may require significant reform, but building pressures and limited windows of opportunity to initiate reform may cause governments to assign higher priority to broader reforms of the public service, particularly if reform is comprehensive. Continuity at the center will be needed for leadership and for back-up; significant central agency reform should be left until after system reforms take root.⁸
- *Reform proceeds in tandem.* System-wide reform does proceed, but along with reform of *some* central functions and structures. This strategy leaves open the matter of which specific central functions and structures should be reformed, and at what pace. It also suggests that reform might occur in more subtle ways, including altering the culture of central agencies, as well as processes and reporting, as opposed to wholesale restructuring and reorganisation.

35. The preceding options presume that government leaders were deliberately strategic, making conscious decisions to proceed along one of these paths. But governments may have drifted into certain patterns of reform, or developed an “emergent” strategic perspective along the way.⁹ However, regardless of the amount of intentionality of governments, it is useful to identify patterns because we can better surmise what strategies – deliberate or emergent – worked best and under what circumstances.

Centers have changed

36. Determining which strategies were adopted in Type I systems requires substantial and sustained study, but following a decade of public sector restructuring, we can surmise that the centers of government were not unaffected. This should be the case, regardless of the relative engagement political and administrative leadership, and the precise commitment to reform. Using traditional approaches, we might seek to document structural changes (such as the elimination, consolidation or proliferation of central agencies), determine if budget and human resource allocations of central agencies increased or decreased relative to the public service, or assess the reputations of their political and administrative leaders. The question is, can such indicators capture the more subtle and perhaps important ways in which the centers of government may have evolved, and can they permit useful comparisons across jurisdictions?

Centers are opaque

37. While traditional approaches remain essential points of departure, there is much they do not capture. For example, the central institutions of government inevitably look powerful, proximate and concentrated from a distance in most systems (as is usually implied by the phrase “the center”). However, practitioners know this image is more complicated and confusing if one works in the center or, alternatively, for parts of departments or agencies that deal regularly with the center. Central institutions are difficult to fathom, for three reasons. First, they have broad spans of responsibilities and reach that make it difficult to generalise about practices and effectiveness across functions. Second, the responsibility for developing, implementing, and monitoring administrative policies is *shared* between the center and those they regulate, namely, departments and agencies (i.e., the human resource function). Finally, it is difficult to develop benchmarks for understanding the effectiveness of the center within a jurisdiction, because the tasks and size of central agencies vary across jurisdictions. In short, unless our concepts and data-gathering strategies acknowledge and model these realities, our understanding of the center may be out of step with how they operate.

Analyzing the Center in Type I Systems: An Alternative Approach

38. Elsewhere I have suggested that it may be more fruitful to identify the domains of responsibility held at the center,¹⁰ as well as more specific administrative policy regimes in each. The list provided in Chart 6 is not exhaustive, but should suffice to make the point. Each administrative policy domain is usually the responsibility of specific central bureaux (i.e., units within larger central agencies), which stand at the nodes of networks of interested or affected departments and agencies across a public service, which may include officials in other central bureaux.

Central bureaux and administrative networks

39. This approach draws on the literature on policy networks and communities to understand how specific central agency bureaux relate to actors within and outside the center. It suggests that influence may obtain more from information, consultation, best practices, idea sharing, and pockets of expertise *not* at the center, than from formal approvals, pre-transaction clearances, and limits dictated by central bureaux. It also anticipates that departments may possess greater competency and capacity than central bureaux, particularly if they are on the cutting edge of utilising information technology. This suggests that the center may often be in “catch-up” mode with other parts of the public service, and its policies simply ordaining practices already in place. On the other hand, some departments may be laggards, and require central support. This suggests that observers should determine the general status of bureaux at the center, and assess their relative capacities in comparison to the departments and agencies in its network.¹¹

Central agencies as “organisational baskets”

40. This way of looking at central agencies is striking for several reasons. First, each network represents different spheres of substantive and administrative policy, and each has its own communities-of-practice in the public service across central bureaux, departments and agencies. Rather than take an organisation-based view of central agencies and their influence, it suggests that we adopt a more functionally-based and knowledge-based view of specific clusters of tasks, and then explore how central bureaux relate to those it seeks to influence, regulate or control across a public service. Second, it suggests that we should pay relatively less attention to the number and size of central agencies, and instead see institutional structures (i.e., such as a cabinet office or management board) as organisational “baskets” for housing central bureaux and their responsibilities. Closer scrutiny of specific bureaux and their networks is warranted in order to determine how each is managed, how they respond to evolving demands,

and how they identify and adopt best practices. In short, this approach places less emphasis on formal structure, and more emphasis on capacities and learning.

Chart 6

Domains of Administrative Responsibilities

- *priority-setting* (implementing priorities, dealing with emergencies, allocating reserves);
- *budget-making* (expenditure analysis, estimates production, reserve management);
- *management innovation* (alternative delivery mechanisms, departmental assessments, service quality);
- *human resource management* (collective bargaining, benefits administration, classification, redeployment, training);
- *administrative policies* (purchasing, freedom-of-information and privacy, information technology, real property);
- *affirmative action* (women, minorities, disabled, aboriginals, and sometimes official languages);
- *financial management* (audit, evaluation, financial control systems, budgetary flexibilities);
- *legal services* (legal advice, contract management, defending against claims, etc.).

Integration challenges

41. While this framework challenges us to focus on the extent of “differentiation” across and within central institutions, it should also draw attention to the challenge of “integration”. It permits a more systematic response to a common criticism of central institutions, namely, that they fail to co-ordinate the policies and reporting requirements of many small central bureaux for departments and agencies, often encapsulated in the phrase “one hand does not know what the other is doing.” As I have argued elsewhere:¹²

“The tolerance for “unintegrated” regulation and management initiatives by central agencies is now very low because steady diets of repetitive budgeting and decremental resource reductions have proven to be a costly and not very effective way to manage change, because future reform of the public service is more likely to be fundamental than incremental, and because central agencies themselves are increasingly targets for resource reductions. The upshot is that governments and central agencies must delineate new integrative processes, structures and administrative policy regimes. This will raise issues about accountability and about what constitutes the essential roles of central agencies.”

42. These issues are also in keeping with the recent interest in horizontal governance and with the challenge of providing “single-window service” from the center for operating departments and agencies, or at the very least, more co-ordinated and congruent policies. How and whether the demands for better

integration and co-ordination can be handled through modified or new processes and policies, or by new structures (such as co-ordinating bureaux or committees), will vary according to the challenge at hand.

Increasingly strategic centers

43. Let me assert that in Type I systems, central institutions have evolved, in varying degrees, due to the adoption of broader managerialist and NPM reforms, or more pragmatically, reduced resources. The resulting view is that the center should be more strategic and avoid “micro-managing” the affairs of departments and agencies. The primary responsibilities of the center should involve identifying and implementing government priorities, ensuring that departments and agencies have credible business plans and can be held to account, encouraging learning about best practices throughout the public service, and undertaking strategic reviews. Strategic review, in the newer mode of thinking, is to be driven from the center but undertaken in a collaborative manner with departments and agencies. There are two reasons for this posture. First, the center can benefit from the expertise of departments and agencies, and avoid “ivory-tower” planning. Second, the center can secure “buy-in” from departments and agencies with more inclusive processes, since it too has suffered from downward pressures on budgets.

Accounting for “mixed signals”

44. This framework may also have practical implications for the political and administrative leaders of central institutions. The invocation of managerialist and NPM principles has led to confusion and frustration in public service systems, because although the center undertook to give departments and agencies more flexibility, it also reserved the right to interfere and regulate their activities. A common complaint of departments and agencies is that the center sends “mixed signals.” The traditional language and concepts employed to capture the work of central institutions does not clarify how central affairs are now conducted because there are, in fact, different functions with different imperatives. A framework that acknowledges there are different imperatives attached to each function, and different roles and accountabilities for the center, may serve to reduce tensions, rebuild trust, and better align the expectations of the center as well as other parts of the public service, including elected representatives and auditors general.

Type II Systems: The Challenges of Co-ordination and Coherence

45. While much of the rhetoric attached to managerialism and the NPM has been embraced by governments and academics throughout OECD countries, there has been considerable wariness outside Type I systems about the wisdom of adopting the full program of reforms. At root are concerns about their efficacy and fit with the political and administrative contexts of different jurisdictions.

A second look

46. Although the conceptual framework introduced above can be viewed as a reaction to traditional views on how the center should work in Type I systems, it too requires considerable adaptation for Type II systems. Indeed, not only is this a corrective to the tendency to hold out Type I systems as exemplars; one can also be provocative and cast recent developments in strategic review and public sector reform in those systems as highly constrained attempts to move the centers of Type I systems towards the practices of Type II systems.

Smaller centers

47. Type II systems do not have centers as substantial as those in Type I systems, either in terms of the clout of the Prime Minister's office, or the number and size of central agencies. The offices supporting Prime Ministers and cabinets are often relatively small, and focussed primarily on facilitating transactions and brokering, as opposed to launching major system initiatives. Authority for policy development and horizontal administrative matters rests with departments and agencies, including many of the responsibilities outlined in Chart 6. One reason for this is that Type II countries such as Germany, Sweden, Norway and the Netherlands have strong administrative law traditions that lead to administrative autonomy. They also typically have electoral systems that lead to coalition governments which serve to reinforce administrative autonomy; the appointment of ministers to specific departments and portfolios are part of negotiated deals, and therefore are seen as the "property", however temporary, of one party.

Distributed corporate responsibilities

48. For critics of overly strong centers in Type I systems, the Type II model must seem like the archetype their reforms seek to achieve. In Type II systems, departments and agencies need not fear the intrusions of strong central agencies or of central agencies resistant to reforms; even the ability of Prime Ministers to "micro-manage" is circumscribed. However, this does not mean there are fewer administrative policies or co-ordinating mechanisms; rather, many of the central authorities of Type I systems are *distributed* to departments and agencies. We can say, then, more precisely that many departments and agencies are responsible for "corporate administrative" policies.

Leading from Type II centers

49. While Type II systems may provide an interesting model for some critics of Type I systems, Type II systems are not as conducive to concerted pushes by the center for strategic reviews and public sector reform, even if reform may be warranted in the eyes of several constituencies inside and outside government. The combination of administrative autonomy and coalitional politics may mitigate against central initiatives. However, Type II systems are not impervious to budget pressures, new technological opportunities, and demands from citizens, interest groups, and other governments for better policies and administrative regimes. Like Type I systems, their political and administrative leaders must respond to new needs and demands, better co-ordinate policies and programs, and do so more quickly and cheaply. If they seek to launch system-wide public sector reforms, they must rely more on consensus and collaboration, and perhaps informal channels. Moreover, given that many corporate authorities are distributed to departments and agencies, it follows that the challenge of reducing overlap and better aligning administrative policies must be achieved through mutual adjustment rather than central fiat.

Alternative reform paths

50. This does not mean, however, that Type II systems smother review and reform; rather, political and administrative leaders respond to pressures and problems in other ways. For example, external pressures to co-ordinate or harmonise policies or services are more likely to be addressed through accommodation between two or more departments and agencies, than from pressure from central institutions, as would be the case in Type I systems. We would also predict that strategic review and reform are far more likely to be initiated within the domains of departments and agencies, because their political and administrative leaders have the autonomy to proceed with reforms. Accordingly, these leaders will rely more heavily on a subset of mechanisms in Chart 4 – such as portfolio reviews and, more locally, initiated department reviews, hybrid teams, and commissions – to lay the groundwork for reform.

Increasing demands for co-ordination

51. Globalisation, budgetary pressures and technological innovation have led to policy and administrative issues that require mutual adjustment, and even consensus, among relatively autonomous departments and agencies.¹³ Departments and agencies may find themselves dealing more regularly with new clients, and therefore with other departments and agencies. Without better co-ordination, opportunities for providing better decisions, improved service, increased efficiency, and quicker adjustment may be lost. At the very least, dealing with such challenges requires developing greater degrees of trust across departments and agencies as well as means for ensuring co-ordination, which could occur on an *ad hoc* basis with committees or task forces. The challenges may, however, be such that they require a more permanent set of co-ordinating mechanisms, such as standing committees across the public service and permanent secretariats spanning departments and agencies (what might be recognised as mini-central agencies or ministries of state in Type I systems). The need for improving co-ordination, however, should be balanced against the potential costs of such co-ordination; in addition to the touted benefits of co-ordination, mechanisms should also be evaluated with respect to how well they minimise the complexity and bureaucracy for co-ordination. Policy challenges will constantly shift, and there should be regular review of the performance of co-ordinating mechanisms.

Coherence and learning?

52. I have argued that strategic review and reform in Type II systems tends not to be comprehensive or get initiated with dramatic central flourish in the manner of Type I systems. However, this does not mean that review and reform do not occur in Type II systems; indeed, these activities could well be more pervasive than in Type I systems, since administrative autonomy ought to be more conducive to local initiatives in response to local challenges. This poses a problem for political and administrative leaders, whether or not they are located at the center: they must find ways to develop new corporate policies, promote learning across the system, and ensure accountability and improve credibility to citizens and legislators. To do so requires developing system-wide overviews, reports on progress, and strategic sensibilities that transcend the activities of any one portfolio, department or agency. Whether the less substantial Type II centers, or the departments and agencies with distributed corporate responsibilities, can provide such strategic coherence, is an interesting question.

Common horizontal challenges

53. The framework outlined above should prove useful for thinking about strategic review, reform, and the role of the center in Type II systems, albeit with one or two important modifications. The very reality of distributed central authorities and a greater degree of administrative autonomy means that departments and agencies have long worked in horizontal ways to achieve their objectives. It would provide the basis for comparing how different administrative networks function, and how well the bureaux responsible for designing, monitoring, and enforcing policies do their work. At the same time, it suggests two questions: To what extent do the myriad corporate bureaux throughout the system worry about integration and the cumulative impact of those policies on specific departments and agencies? To what extent do they strive to convey the extent of reform to outside constituencies?

Taking a step back: convergence in Type I and Type II systems?

54. I have argued that, when thinking about review and reform across jurisdictions, it is important to be aware of different governance contexts. However, all governments are contending with better informed citizens and interest groups, more complicated issues and forces that cause policy development to

transcend conventional boundaries, and higher standards on the part of citizens for responding quickly and fairly.

Projecting coherent images

55. One outcome is that all governments must find new ways to review priorities and practices, to co-ordinate practices and reform, and to project coherent images to external constituencies. A shared value across jurisdictions should be that governments actively seek ways to best use tax dollars and public resources, no matter the political, historical or administrative context.

Limits to the convergence thesis

56. An implication of this analysis is that the convergence in rhetoric on reform (i.e., the end of ideology on public sector reform) could be matched by a convergence in the practices of Type I and Type II systems. Type I systems are seeking to reduce the amount of interference from the center and give departments and agencies more latitude (see Annex 1 for a general discussion of the Canadian case), while Type II systems are seeking to improve co-ordination across departmental and agency boundaries. These tendencies are unlikely to override the more fundamental differences in governance systems, which shape the possibilities not only for the nature of strategic review and public sector reform, but also the scope and locus of leadership on these matters. However, convergence may well be occurring in certain functional domains (i.e., human resources or information technology, etc.), which suggests the need for more systematic research and closer discussion across jurisdictions. This is why Chart 5 depicts these matters as open empirical questions.

Making better comparisons

57. It is for this reason the framework should prove useful for comprehending and learning from the experience of each system. It draws attention to the distribution and co-ordination of different administrative responsibilities, and more accurately describes how governments work. When combined with an “outside-looking-in” perspective on government – that is, a view of government from the perspectives of clients, citizens or communities – political and administrative leaders should have a good set of tools for evaluating options for strategic reviews, mechanisms for co-ordination, and strategies for imparting coherence related to public sector reform.

Managing Strategic Review and Public Sector Reform: Some Suggestions

58. Another way to approach the question of strategic review and reform is to consider the challenges for leaders posed by different stages of review and reform. Although a more elaborate framework could be developed, below I consider the phases of review and planning, implementation, and consolidation. Many of the suggestions for improving review and reform should be equally relevant for Type I and Type II systems, but if this appears not to be so, the different pressures will be noted.

Conditions for undertaking reviews and developing blueprints

59. It is impossible to expect certainty when the political and economic environments of governments can change quickly. However, strategic reviews should be launched with a keen sense of the possibilities for their success, and of the likely support from political and administrative leaders, not only for the reviews themselves, but also the reforms they may produce. This is a matter of ensuring that scarce resources are allocated wisely, but also entails minimising the risk of political surprise and of

disappointment to public servants and constituencies interested in reform. The extent of such support will condition the scope for reform and constrain the capacity available to design and implement reforms.

Extent of engagement

60. Several factors influence the extent of political interest in administrative reform, and thus the choice of review mechanisms. First, the political culture of different jurisdictions may create different expectations about the degree of engagement required of political leaders on public sector reform issues. Second, the smaller the jurisdiction, the more likely political leaders will be engaged on such issues, since administrative matters are far more comprehensible. Third, the larger the scope of the review and envisioned reforms, the greater the implications for political agendas, so the more attentive political leaders will be. Finally, if the bureaux directed to undertake or oversee the reviews have significant slack resources and the confidence of political leaders, there will be less need to turn to external review mechanisms.

Management considerations

61. There is not the space to review the advantages and disadvantages of each instrument identified in Chart 4, particularly since they can be used in combination, but there are general management issues that should be acknowledged. First, the more comprehensive the review (or, in other words, the larger the number of teams or committees involved in the process), the more likely that precious political moments to move public sector reform forward may be missed. Second, as noted earlier, there is a clear trade-off between having ministers and senior officials involved in review and planning, and turning to “off-line” alternatives that protect those responsible for review from transactional pressures of regular jobs – a middle course is to support “on-line” leaders with dedicated staff support. Even if a fully independent review is thought desirable, it is difficult to imagine the review team or commission working in isolation from the corporate bureaux or departments responsible for the area under review – they will need access to information if the review is to reach its full potential.

Risks of external review

62. First, not only may external or more independent reviews take longer to produce conclusions, but it may take longer to secure support for the recommendations from administrative leaders. As a result, key opportunities to advance the agenda may be lost. Second, outside advisors are more likely to underestimate political and bureaucratic realities, and the recommended options will likely enter the public domain before political leaders are prepared to take firm positions, which may lead to premature rejection of proposed reforms. In short, it is not surprising that, given more fluid political environments, governments are less inclined to turn to independent commissions or committees to conduct reviews than they were two or more decades earlier.

Public engagement

63. Many governments have learned that for public sector reform initiatives to be successful, the measures and the process must be seen to be fair and consistent to insiders and outsiders alike – this extends to the review process as well. For example, governments found it easier to proceed with deficit reduction during the late 1980s and the early 1990s, when their publics generally supported the strategies and perceived that certain groups or sectors did not bear more than a fair share of the burden. Conversely, middle level public servants are more likely to embrace with greater enthusiasm reviews and reforms when political and senior administrative leaders recognise their contributions and acknowledge previous reviews and “reform announcements,” even if they promise to create uncertainty about their positions. Thus, the

interplay between the government's broader posture and more specific reviews matters greatly; it means that departments and agencies, too, will take the reviews and targets more seriously.

Implementing reform

64. Once a blueprint is approved by the government, then implementation planning begins. By blueprint, I mean a plan of action, but one which may not necessarily involve tightly choreographed, immediate, and well-thought-out series of reforms. Indeed, the blueprint for some governments may be to initiate and implement a series of seemingly unrelated initiatives over the course of a mandate, whereas others may launch several initiatives under one banner at once, without working out all the details nor anticipating interaction effects across the initiatives – the timing and rationale, from a political perspective, may be propitious. In these latter cases, the blueprints will undoubtedly be modified over a mandate.

Supporting selective reform

65. The more selective the reforms envisaged in a blueprint, the more likely that corporate bureaux will be able to use existing resources and administrative policy networks to assist with implementation. Moreover, even if such reform represents a significant departure from past practice, the system should be capable of diverting sufficient resources to assist properly with implementation and adjustment, without affecting its ability to handle transactions and political demands. To the extent that selective reform and transition involves innovation, it would be easier for other corporate bureaux to monitor and learn from the experience. For these reasons, selective reform strategies seem attractive. On the other hand, selective reforms share with *ad hoc* reforms the lack of an overarching framework or vision that conveys to public servants and citizens alike how a government and its public service have evolved.

Supporting comprehensive reform

66. As blueprints for reform become more comprehensive and ambitious, there will be greater need for alternative structures and processes to assist with implementation. In Type I and II systems alike, it will be crucial early on to determine whether or not to use existing decision-making forums, processes and timetable to handle implementation. For example, regular priority-setting exercises for approving ministerial initiatives, or annual budget development and supply processes, could be modified to handle a larger and more episodic challenge. This presumes that the corporate bureaux administering those processes have sufficient slack resources and talent to take up the new challenge.

67. Another possibility, though, is for the government to establish independent structures to guide, at the least, the first phase of implementation. As reforms become more comprehensive and dramatic, there will be more substantial co-ordination challenges: more corporate bureaux must be co-ordinated, more negotiations must take place at the center and among affected departments and agencies, and there is greater risk that timetables will slip. Several possibilities exist for handling these challenges:

- *Create an implementation secretariat.* Such a secretariat would develop a timetable and ensure that departments and agencies met budgetary and other targets, that they responded to spirit of the reforms, and depending on the size of the secretariat, support departments and agencies with more detailed planning assistance. The secretariat could have a short or more lengthy existence.
- *Provide arbitration assistance.* If reform involves negotiations among departments and agencies, central bureaux may want to assist with dedicated “tables,” otherwise they will be

left to “fight it out” which might favour larger or better-positioned departments. Arbitration services could be provided by creating temporary units staffed by officials on secondment.

- *Develop single windows.* Departments and agencies may have to deal with representatives from several corporate bureaux, whether permanent or temporary. There are two options here: one is to create “virtual” teams across the bureaux to deal with each department, so they can easily tap into pertinent expertise. Another approach would be to create temporary “off-line” teams so that their staff are fully dedicated to assisting the department or agency with the transition.¹⁴
- *Flexibility and firmness.* The center should resist the temptation to rely on a “one-size-fits-all” approach to implementation, except where deadlines are concerned. Unless central bureaux have been extremely thorough, flexibility on reporting formats and process is wise. “Pre-consultation” on some of these matters could save considerable time, acrimony, and energy.

68. These devices and strategies could be used in isolation or in combination. However, it should be easier to adopt these devices and strategies in Type I systems, which have strong centers and recourse to fiat in this regard, as opposed to Type II systems, which would probably have to negotiate the creation of such arrangements among departments and agencies. In both cases, though, such organising involves the system modifying itself on a temporary basis, and sometimes significantly so, in order to move in new directions. It also implies there may be considerable merit in ensuring that the system has slack resources to deploy under such circumstances.

Risks of comprehensive reform

69. Comprehensive initiatives necessarily embrace more departments and agencies, thereby ensuring more diversity in the policy and management challenges, all of which cannot be fully anticipated. Even if supplemented, the bureaux driving the reforms will have limited resources for monitoring and managing the implementation – there are bound to be reforms that do not achieve desired results nor will all transitions in departments and agencies be smooth.¹⁵ Moreover, as the political capital to be gained from ministers openly advocating the reforms begins to wane, corporate bureaux will find it more difficult to sustain the momentum behind a comprehensive push for reform.

Consolidating reform

70. Once reforms are implemented, and the transition is over, transactional and political demands begin to re-assert themselves for corporate bureaux. The co-ordinating devices and drive to achieve results will wither or disappear, as staff recruited to fill the associated roles either return to former positions or take up new opportunities. Unless new issues emerge, corporate bureaux inside and outside the center return to their envelope of responsibilities and administrative networks. If this scenario unfolds, however, an important strategic opportunity will have been lost.

Looking back

71. It is precisely at this juncture that the instigators of reform should arrange for participants to assess their recent experiences, from the beginning of the review process through to the implementation of the chosen reforms. This could be achieved by means of roundtables, contracting for written accounts of the process, or sponsoring evaluations. One goal should be to learn about how participants might better approach similar problems in the future. Another goal should be to ensure that this learning – about

innovations and mistakes alike – is diffused beyond those directly involved, so that others in the system can approach their reform efforts with a broad knowledge base. One of the risks attached to systems that rely on incremental or *ad hoc* reforms is that they are less likely to develop and communicate a coherent picture of progress and accomplishments to constituencies inside and outside government.

Nurturing institutional memory

72. Retrospection further develops institutional memory, which may be at risk in systems with rapid turnover in positions or significant retirements. The ability to undertake reassessment is the natural domain of strong centers in Type I systems, since they are likely to have initiated the reforms, and include institutions devoted to executive development and grooming future prospects. But such a role could also be performed by a bureau in the centers of Type II systems; it would be a non-threatening activity to the rest of the system, and arguably the political and administrative center should have a strong understanding and view on the status of reform.

Looking forward

73. Such reflection need not only be retrospective; it can provide opportunities for managers and staff alike to be prospective – to identify emerging pressures and needs, to propose new strategic priorities and expectations for performance, and to consider what kinds of skills will be required to meet the implied demands. It can also provide an opportunity to determine if recent, innovative practices of corporate bureaux to handle the pressures of review and reform ought to be diffused more widely or perhaps rectified by structural or process change for more routine matters. Finally, even if recent reform was little more than a series of *ad hoc* initiatives, political and administrative leaders could still create opportunities to take stock and identify the directions in which the system has drifted, which should lead to greater strategic awareness.

Broadening reform constituencies

74. Consolidation may also involve expanding the constituency for monitoring reform. In recent years, as governments have contracted-out the responsibility for delivering services, or relied more heavily on autonomous entities, corporate and policy bureaux have sought to delineate performance expectations into their reporting systems, thereby establishing a foundation for better accountability and learning. However, if bureaux must reduce their own costs and resource effort, their traditional monitoring and policy capacities will diminish. They will need to find alternative ways to monitor departments, agencies and other service providers, particularly if the goal is to *increase* the level of accountability. It is in this connection that business planning and performance management regimes can be used, not only for internal purposes, but also as a means for cultivating a broader constituency for the information it produces, including legislators, journalists, academics, interest groups, and citizens. Such an outward focus may be awkward for political leaders directly accountable for the performance of departments and agencies, but should present less of a problem in systems where departments and agencies have more autonomy from governments.

Concluding Remarks: Learning and Coherence Across Jurisdictions

75. This paper has examined strategic review and public sector reform from many vantage points. We began by considering what public sector reform entails and acknowledged, first, that it can encompass many different types of initiatives and be of considerably different scope, and, second, that it will always be only one of many problems and priorities of political and administrative leaders. Second, we teased out the notion that the impetus for review and reform can vary considerably with respect to whether political

leaders are directly engaged (though full engagement may have some downsides), and whether initiatives emanate from within or outside central institutions. Third, it was argued that political and administrative leaders are consumed with the short-term transactions demanded by governance, and strategic review can be seen as a means for looking beyond those transactions to identify opportunities for reform – to this end we identified a menu of review mechanisms. Fourth, we illustrated the importance of institutional context by delineating Type I and Type II systems, and considered how each empowers and constrains different actors with respect to review and reform. Finally, we addressed several management issues associated with strategic review and reform from a cyclical perspective, and emphasised the need for coherence.

76. This paper could only touch on the many facets of strategic review and public sector reform, thereby pointing to its complexities. Even though the principles are similar in different countries, reform means different things in different jurisdictions. This explains the uneasy reaction of some jurisdictions to the more radical models of reform presented by New Zealand and the United Kingdom during the past two decades, which have dominated discourse about reform. It points to the importance of having forums like those organised by the PUMA group at the OECD, which can ensure that a diverse range of models is represented around the table. However, without directly culling out these complexities and attempting to carefully situate analysis and discussion about diverse experiences, practitioners and academics alike are bound to miss important subtleties and forsake opportunities for learning. Along with the exchange of practices and ideas should come efforts to develop robust, yet contextual, comparative renderings of discussions.

77. This paper is a case in point. It sought to introduce a new conceptual framework for understanding the role of central bureaux. Motivated by the Canadian experience, I argued that the center had changed significantly, but that it has been due less to an innovative strategic vision, and more as a result of reforms elsewhere in the public service and expenditure reductions. However, the framework – though arguably a relevant improvement for understanding how centers worked – reflected a pronounced contextual bias, which greatly limited its application to other systems. Comparative discussion laid bare these biases and led to revision in the approach. The attempt to apply the framework to Type II systems also served to highlight limits on the arguments of those who seek to diminish the center in Type I systems, because the systems with less substantial centers reflect significantly different governance arrangements.

78. Such discussions, as well as this paper, should be seen as preliminary efforts to comprehend and learn about complex phenomena. Further efforts to probe the processes of review and reform could be rooted in three strategies. First, roundtables with diverse representation could focus on a handful of specific areas of administrative policy, as outlined in Chart 6, thereby allowing for the exchange of more detailed information despite the diversity in governance systems. Second, roundtables could explore the recent experiences of governments that have utilised specific instruments for strategic review, and also perhaps identify three or four policy sectors (i.e., health, youth unemployment, etc.) that could be used as case studies across jurisdictions. Finally, there is great need for more systematic empirical studies of central and corporate bureaux alike. They should include studies that better document their size and scope of responsibilities, and others that provide more nuanced accounts of how they relate to departments and agencies, perhaps by means of case studies of the management of certain administrative policy areas.

**ANNEX 1:
A PERSPECTIVE ON CENTRAL AGENCIES FROM CANADA**

79. Central agencies have changed significantly, but that has been due less to bold, innovative strategic vision for central agencies, and more as a result of reforms to the rest of the public service and to steady pressure to reduce the budgets of central bureaux. The number of central agencies has not appreciably changed, nor has the size of the center declined relative to other parts of the public service. Central bureaux have not been relieved of non-strategic statutory responsibilities, but the pressure to downsize and manage public sector restructuring has led to the adoption of more efficient and smarter ways to handle traditional tasks (such as electronic mail and new financial, human resource and real property information systems), and liberated scarce human resources to deal with newer tasks, such as public sector reform initiatives.

80. Central bureaux are now less involved in micro-managing departments and agencies, partly due to much higher thresholds for pre-clearance of transactions, and partly due to business planning regimes that place greater emphasis on strategic issues. One consequence, however, is that central bureaux acquire less data and intelligence on the operations of departments and agencies from smaller transactions. The multi-year expenditure limits imposed on departments and agencies as a result of deficit reduction strategies has not, ironically, increased control by the center; if departments and agencies meet their budgets, central bureaux have little leverage over their activities.

81. With less information and resources at their disposal, the most senior as well as mid-ranking staff at the center have learned that co-operation, persuasion and tapping into administrative networks are critical and productive strategies when launching new initiatives. Indeed, they see themselves more as catalysts and information nodes, and less as planners or gate-keepers. Central bureaux are more likely to cast themselves as learning institutions, and as investors in knowledge, particularly of pertinent practices across the system and in other jurisdictions. They also initiate consultations to anticipate problems and develop better solutions. Central officials have greater enthusiasm for more transparent government, and advocate for improved performance management regimes. More information about the programs the government administers have been posted onto web sites. However, there is palpable unease in central bureaux about whether anyone – legislators, journalists, academics, interest groups, and officials at the center – will monitor and properly evaluate the activities and performance of departments and agencies.

82. Notwithstanding these developments, colleagues in departments and agencies remain greatly frustrated. They complain about never-ending streams of management and other initiatives from the center, that many activities of central bureaux continue to be uncoordinated, and that the center is uninformed about cumulative impacts of its own on the programs managed by departments and agencies. They believe that transactions and reporting requests are, if anything, increasing, but that their value-added is depressingly low. Aside from facilitating transactions at the center, officials inside and outside the center alike worry about whether central bureaux can meaningfully assist them in dealing with their challenges.

83. Central officials have new ways of understanding their roles and tasks, and have adopted new strategies. The Treasury Board of Canada, for example, has conveyed itself as a “management board” emphasising the themes of horizontal management, service quality, performance management, and comptrollership. However, many colleagues in other departments and agencies have yet to be persuaded that the touted new image has moved from vision to reality. In part, this is because many of the traditional roles – such as gate-keepers, controllers, and micro-managers – persist. In part, this is because it is difficult to convey the subtle ways in which central bureaux influence the government, as well as the work

of departments and agencies. Notwithstanding the great emphasis on leadership, co-ordination, and facilitation, central bureaux need up-to-date information on practice in various domains and must demonstrate control. The basis for respect remains competence and integrity, and all that has changed during the last decade is that such respect must be secured in somewhat different ways.

NOTES

1. See Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).
2. A review of the literature shows that it is difficult to understand central agencies as other than important actors, but most accounts focus on how reforms affected the public service and larger public sector, and whether they met expectations. See, for example, Donald J. Savoie, *Reagan, Thatcher, Mulroney: In Search of a New Bureaucracy* (Toronto: University of Toronto Press, 1994); Peter Aucoin, *The New Public Management: Canada in Comparative Perspective* (Montreal: Institute for Research on Public Policy, 1995); and Jonathan Boston, John Martin, June Pallot, and Pat Walsh, *Public Management: The New Zealand Model* (Auckland: Oxford University Press, 1996). There has been far less interest in determining how central agencies were affected by these reforms.
3. I was the 1992-94 Visiting Fellow at the Treasury Board of Canada and currently sit on the Secretary's Academic Advisory Panel. I have written several studies on the Treasury Board and its initiatives, including "On the Cutting Edge: Program Review, Government Restructuring, and the Treasury Board of Canada" in Gene Swimmer (ed.), *How Ottawa Spends 1996-97: Life Under the Knife* (Ottawa: Carleton University Press, 1996), pp. 205-252; "Business Planning Comes to Ottawa: Critical Issues and Future Directions" in Peter Aucoin and Donald Savoie (eds.), *Managing Strategic Change: Learning from Program Review* (Ottawa: Canadian Center for Management Development), pp. 143-168; and "Expenditure Management in the Millennium: Vision and Strategy for Integrated Business Planning," a discussion paper for the Treasury Board of Canada Secretariat, February 19, 1998.
4. Professor Donald Savoie (University of Moncton) and I recently secured a three-year grant from the Social Sciences and Humanities Research Council of Canada to undertake a study on "Central Agencies in Transition: A Comparative Study."
5. Adapted from Evert A. Lindquist, "Administrative reform as decentralization: Who is spreading what around to whom and why?" *Canadian Public Administration*, vol. 37, no. 3 (Fall 1994), p. 425.
6. See Evert A. Lindquist and James A. Desveaux, *Recruitment and Policy Capacity in Government* (Ottawa: Public Management Research Center and Public Policy Forum, 1998).
7. See, for example, Donald J. Savoie, "What is wrong with the new public management," *Canadian Public Administration*, vol. 38, no. 1 (Spring 1995), pp. 112-121; and Christopher Pollitt, "Management Techniques for the Public Sector: Pulpit and Practice" in B. Guy Peters and Donald J. Savoie (eds.), *Governance in a Changing Environment* (Montreal and Kingston: McGill-Queen's University Press, 1995), pp. 203-238.
8. Critics would say such thinking is yet another example of where the center initiates reforms in such a way that it would not apply to its own operations.

9. Henry Mintzberg and Jan Jorgensen, "Emergent strategy for public policy," *Canadian Public Administration*, vol. 30, no. 2 (Summer 1987), pp. 214-229.
10. See Evert A. Lindquist, "New Agendas for Research on Policy Communities: Policy Analysis, Administration, and Governance" in Laurent Dobuzinkis, Michael Howlett, and David Laycock (eds.), *Policy Studies in Canada: The State of the Art* (Toronto: University of Toronto Press, 1996), pp. 219-241.
11. Each central bureau will have different tasks and authorities, and a unique basis for interacting with departments – and therefore the character of the network should change accordingly. For example, in the area of human resources, central bureaux usually delegate many tasks to officials in operating departments, monitor their activities, and help to organize councils across the system. In contrast, estimates divisions monitor and liaise with departments on a bilateral basis, and do not ordinarily facilitate the exchange of ideas and practices across programs and departments.
12. Lindquist, "New Agendas for Research on Policy Communities," op.cit.
13. Analogous concerns have emerged in the literature on policy networks, where academics have identified instances where autonomous policy networks have converged due to globalization, freer trade, and technological innovation. See George Hoberg and Edward Morawski, "Policy Change Through Sector Intersection: Forest and Aboriginal Policy in Clayoquot Sound," *Canadian Public Administration*, vol.40, no.3 (Fall 1997), pp. 387-414, and Matthew Zafonte and Paul Sabatier, "Shared Beliefs and Functional Interdependence as Determinants of Ally Networks in Overlapping Subsystems: An Analysis of San Francisco Bay-Delta Water Policy," University of California, Davis: Unpublished Manuscript, 1997.
14. On this option, see E.A. Lindquist, "On the Cutting Edge," op.cit.
15. Restructuring central agencies should not occur in parallel with restructuring operational departments and portfolios. Indeed, such restructuring should either take place well before or well after operational restructuring so the full energies of central agencies are focussed on managing the restructuring for the rest of the public service.