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**WHY IS IT SO DIFFICULT TO REFORM PUBLIC ADMINISTRATION?  
GOVERNMENT OF THE FUTURE: GETTING FROM HERE TO THERE**

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

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## WHY IS IT SO DIFFICULT TO REFORM PUBLIC ADMINISTRATION?

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## 1. Introduction

1. It is not surprising that the reform of the State (public administrations) has been on the agenda to differing degrees and at various times in the different countries of the OECD. In fact, the profound changes observed throughout the world concern all organisations, whether public or private. Under the impact of globalisation, which is reflected every day in increasing pressure on the part of the client or the user or the shareholder to reduce costs and increase quality, we are witnessing a revolution in organisations.

2. This is reflected not only in the well-known “restructurings”, which are applauded loudly by the world’s major stock markets. It brings radical changes in the sphere of work even in developed countries. On the one hand, the actual ways of working are being rapidly redefined with regard to working and non-working hours, and their sequencing and also with regard to relationships with others. On the other hand, the relationship with enterprises is being transformed and made more precarious, consigning to the oblivion of history the well-known loyalty/protection bargain, which characterised employment relationships from the beginning of the century to the mid-1980s (Castel 1995).

3. As regards public administration, the surprising nature of the situation finds its roots in two aspects:

- The extent to which different countries are committed to reform varies dramatically. This ranges from a strong and sometimes rigid commitment (United Kingdom) to a situation in which the word “prudence” is a euphemism (France), to countries like Sweden and Germany whose strategies favour tests and experiments followed by their general implementation. Similarly, there are great differences between countries who emphasise management more than process (Ireland and, to a certain extent, the United States) and those countries who do the opposite.
- But above all, whatever the strategic choices made, no country can say that this is a simple task easily accomplished, even if the “players” themselves have an understanding of the need and a clear strategy exists. In general, when difficulties, conflicts and tough negotiations arise, they are not caused by an abstract resistance to change, but rather by the effects of such changes: if these effects are not properly understood outside the technocratic or ideological sphere, the transformation of our public administrations risks high costs in human and financial terms, especially in countries reluctant to reform.

## 2. Reforming public organisations: what is an organisation?

4. Transforming an organisation assumes that there is firstly agreement on the organisation’s objective and on what an organisation is. The very strong juridical (France) or legalistic (United States) cultures which characterise some countries have led to confusion which, even though long denounced (Waterman, Peters, Philips 1980), nonetheless continues to obscure the debate and complicate the task in hand: it involves equating organisation with structure, organigrams and sets of rules and procedures.

5. Equating an organisation with a structure is logical, especially in the administrative world, which is characterised by legalism, by the Weberian tradition as regards the concept of the State, and by the absence of a management culture. The consequence of this misunderstanding is to equate reform with a change in structures and to transform a policy of change into a more or less successful reconstruction of

administrative mechanisms: consolidating here, reshaping there, splitting elsewhere in the hope of achieving the ideal structure.

6. But the reality is different and, furthermore, by carefully observing what has happened in the private sector, public reformers can see that the attention focused on structures is on a downward trend, in contrast to the focus on working methods. This means, in simple terms, the way in which people work, interact, co-operate, make decisions, resolve their problems: the organisation thus becomes an embodiment of all the recurring practices of the “players” in a given field, sometimes called the “culture”, which we shall define here as the strategies developed every day by the different parties involved (March and Simon 1958, Crozier and Friedberg 1977).

7. The purpose of this paper is not to examine a definition of rational strategies, in the sociological meaning of the term. It is simply to indicate that, as soon as it is understood that this concept implies that, in an organisation, the “players” do what they do because they are intelligent, one can then understand why it is notoriously more difficult to change working methods than structures and why, consequently, changes in structure are more about symbolic politics than about real reform.

8. This understanding of the organisation as a set of rational strategies, and that change offers the possibility for evolving these strategies, leads to a two-sided question: what are the major characteristics of public administrations as organisations, in particular those which seem to be the most difficult to reform, and what levers can be pulled to produce real change, as defined above?

### **3. Public administrations are bureaucratic organisations: an operational definition which gives a better understanding of the difficulties of bringing about change**

9. We shall need to look generally at the dominant characteristics of public administrations, bearing in mind that there are often great differences from country to country. However, it should be remembered that, today, what defines the operation of administrations is neither principally nor fundamentally the set of rules which prevail, but the way in which they have been applied over the course of time. Whatever the country, this **has always tended to give priority to protecting the members of the organisation** over any other possible objective as regards quality or cost reduction.

10. From this point of view, we should say that public organisations are almost inherently bureaucratic in nature, and this constitutes the major difficulty for making real change. There is therefore a need to clarify this term and to provide a practical and operational definition rather than a theoretical or an ideological one.

11. Bureaucratic is not used here in the polemical sense of an organisation that produces lots of paper and is slow, cumbersome and unresponsive. It implies a far more fundamental phenomenon which lies at the heart of the difficulty in changing administrative worlds: a bureaucracy is an organisation whose main feature is **the inward-looking nature of all the criteria it uses**. Or, put more simply, it is an entity which, in all its actions, gives priority to its own problems, whether technical or human, in relation to those of its surroundings. This form of organisation stems from a moment in history characterised by the scarcity of products, whether goods or services (Reich 1993, Rifkin 1996). It corresponded with the transition to a new age of human existence, expressed on the economic level by the availability of a huge number of goods and services to which consumers might legitimately aspire, and on the political level by the implementation of a rule of law which set down rules and procedures and their application. This is why, according to both Max Weber and Henri Mintzberg, the term “bureaucracy” expresses a collective order, a legitimate domination based on a set of procedures, a professional organisation based on process.

12. The integrity of this mode of operation must guarantee equality for everyone before the law - to those governed by the bureaucracy and to its own members. The application of the principle of equality has gradually excluded differentiation, judgement and evaluation. In administrative language, this can be summed up by the term “arbitrary”.

13. However, over time, the values of these working methods have been questioned, and understandably so in the late 1970s when there was a scarcity of resources available to states both to feed the operation of these organisations and to supplement the resources distributed to society. The two dominant features of these organisations stood out sharply. They distributed low-quality services at very high cost, a fact that is closely linked to the inward-looking nature of the bureaucracies. In order to understand this, it is necessary to clarify the two constraints to which the administrative worlds traditionally give priority when developing their working methods.

14. Firstly, the strict observance of the sequence and specialisation of tasks. In a purely Taylorian concept, service production is broken down into “sequential actions”, and the organisation reproduces this sequence. The advantages and disadvantages of this approach are obvious. Advantages for the members of the organisation: **they need not co-operate**. They simply pass on files, once they have completed their part at their own pace, thus avoiding any situation of dependence on others. But in organisations, co-operation is in no way spontaneous, precisely because it induces dependence. It is difficult, and, quite understandably, the “players” protect themselves against it as far as possible. It needs to be understood that the segmented approach of bureaucratic organisations provides formidable protection for its members, not only with respect to the public (nobody is responsible for the “end product”), but also with respect to their own colleagues with whom they can have more solidarity, mainly because the organisation of work reduces the opportunities for inter-individual conflicts to zero.

15. It is vital to understand this function of bureaucratic protection. It has built up over time and only slowly adapted its initial rules. Similarly, it is reflected in many more countries than one might think, in personnel management methods which have gradually reduced involvement of the hierarchy as regards officials’ remuneration or career development, further strengthening their real autonomy.

16. There are advantages for officials, but disadvantages, even major ones, for those being governed, both individually and collectively. First of all, because this working method considerably reduces the quality of services. It produces slowness and lack of responsibility. The “client” has to follow a set sequence of steps, and go through the “bureaucratic steps” imposed by an organisation, which are based on its own requirements and not those of the person being served. It should be reiterated that **this is linked to the bureaucratic work style and not with the public nature of the organisation**. Recent examples, in the United Kingdom in particular, have shown that the privatisation of a state service is no guarantee of greater efficiency. There can still be lengthy delays, as there are in the French finance administration, for example, for taxpayers claiming reimbursement of VAT credits.

17. As well as the low quality produced, there are also excessive costs generated by this type of organisation: the protection from others characterised by non-cooperation always implies additional resources. Not depending on other “players”, to be autonomous, assumes having the means for such non-dependence, therefore multiplying equipment, offices, computers, photocopiers, in short, everything making for a self-sufficient life. It is little understood why, in the motor vehicle industry for example, after endless work in transforming these organisations and introducing increasing co-operation (transversality, projects, etc.), production costs were drastically reduced. Another way of expressing the same idea would be to say that the reduction of hospital costs in some countries (Belgium or France for example) would be far more effective if they were based on a fundamental transformation of hospital doctors’ methods of working together, and thus on a refocusing of the hospital around the patient, rather than being based on a model prescribed by the medical profession of strictly financial and bureaucratic control.

18. These ideas are little understood today, either by the officials themselves or by political authorities. In many countries, the equation remains the same. If there is a desire for a better quality of public service, including para-public, it will have to be accepted that more resources will have to be devoted to them. This concept is infinite and generates a vicious circle found in the most liberal OECD countries and also in those undertaking the least reform. Since public expenditure has to be reduced, staff cuts are made mechanically and frequently without discrimination. These cuts are made without affecting the working methods, i.e. without using any of the “key levers” which might cause the “players” to work in a different way, namely to co-operate more. The result is a deterioration in the services provided, which increases both the dissatisfaction of the public and the frustration of officials who feel that they are having to make do with fewer resources available to them. It is true that, in an administration which does not understand the organisational dimension of quality and of cost reduction, one always has to rely on individuals’ good will and devotion to duty. So, by pointing out the dissatisfaction of the public, officials will exert pressure to obtain additional resources - enabling them to continue with their segmented work with no co-operation. This lack of understanding of the problem is today causing paralysis in some countries (such as France). In other countries (such as Australia), solutions are being sought by the creation of “service delivery entities” and by the introduction of a managerial concept into their operation; we shall come back to this.

19. One can, therefore, sum up the essence of these bureaucracies in five points which are at the core of the difficulties in making changes mentioned earlier.

- *Compartmentalisation and verticality*, founded on a technical logic of specialisation and tasks.
- “*Transparency*”, perceived as an element of integrity, implying an awareness of who does what, and the need to differentiate tasks. This concept results in the establishment of internal monopolies which behave, within organisations, like market monopolies. They make the rest of the organisation, and eventually the community, pay the price of their monopolistic situation.
- *Non-cooperation*, which solves the individual problem of the difficulty in facing others, but at the same time dramatically increases the overall operating costs. “Co-ordinated” responses themselves generate extra costs and additional delays by multiplying meetings and mediation functions.
- *The inward-looking nature of the personnel management criteria*, which implies that the criteria are defined with respect to the constraints of the organisation’s members themselves and with respect to the missions which the organisation is supposed to fulfil - in other words, the lack of performance and its assessment in the management of officials’ careers.
- Finally, *externalisation phenomena*, which include and make possible the first four points by imposing the cost (not just financial) on the environment, i.e. actually on the community.

#### 4. New constraints and major difficulties

20. Today, it is the **excessive cost of poor service** which makes reform essential, insofar as competition for the allocation of state resources is becoming more intense, while new fiscal policies (if any) are increasing the scarcity of such resources. The fiscal policies are gradually leading to the idea that what has been possible in the business sector, **i.e. doing better with less**, should also be possible in the public sector. Add to this what may be called a “capillarity effect”: this means that the “client/user” cannot

tolerate indefinitely a widening of the gap between the products/services offered by an increasing proportion of suppliers and the products/services for which the state is responsible. Customised service, immediate availability and fair prices are today at the heart of client/taxpayer expectations. If the gap between what is provided by the private and public sectors were to widen even more, the political marketplace would then penalise the administrative world.

21. The enforced privatisation of a number of public services in Anglo-Saxon countries was a consequence of this type of penalty, but taking a step back, it resembles similar attempts that Gaullist reformism sought to impose on France in the 1960s by creating specialised quangos to handle the most crucial problems of modernising the country (employment, or town and country planning).

22. But, if we look in parallel at the dominant characteristics of public bureaucracies identified above and the new pressures just referred to, we can identify the basic difficulties that real changes in the world of administration come up against.

23. These difficulties are, first of all, intellectual, and therefore relate to a large extent to the training given to public officials; this is true in countries as apparently different as France and the United States. The organisation around a task, as initially set out by Taylor, is perceived by its supporters as scientific in nature and thus as the only possible one. The question asked of the reformer becomes “is it feasible to do it differently, and how?”. This leads to an acceptance of fuzziness, redundancy and conflict which are the opposite of traditional administrative cultures. From this point of view, it is definitely a transition from **legalism** to **management**, and some countries are well aware of this, making it the main thrust of their reform strategies (Ireland, Netherlands, New Zealand, Sweden).

24. But the difficulties are also practical and often more mundane: **this means overthrowing the habit of not necessarily doing better but always with more (resources)**. The link between quality and abundance of resources is at the heart of the problems in the public sector. This is called “the comfort link”, since it allows more to be promised, while putting the extra cost on the community. Today, as we have said, we have to do better with less, and it is only a radical change (thus costly in human terms) in the working methods, and not in the structures, which will enable this apparent contradiction to be resolved. This makes it clear that officials’ resistance is not a matter of abstract and theoretical resistance to change. This is one of the signs, more accentuated in the public sector than elsewhere, for reasons already given, of resistance to the fundamental transformation of work functions in our developed societies. Traditionally, such work always had two functions: one of production (making goods and services available to those who want them) and one of protection (protecting workers from life’s risks through salaries and social systems - affiliation, as Robert Castel would say - but also protecting them with respect to others, their equals, by making non-cooperation possible). Today, under the pressure of the factors already mentioned, the protective function of work is becoming blurred compared with the productive function, and instability is gaining ground. In the case of public officials, it is not the instability of the labour market, but of the actual working conditions, with the emergence of **simultaneity**, **co-operation** and **conflict situations**. This cannot happen without clashes and, also, it is understandable that, if no alternative is put forward (a “new deal” for those whose implicit agreement with their State/employer would be destroyed) it will be all the more difficult for them to accept any reform strategy at all.

25. Finally, we must not overlook the everyday “emotional difficulty”, arising from the change in the face-to-face contact between officials and those being administered, who now become clients. In the traditional system referred to, which was set up during a period of scarcity of resources, officials were able to impose their concepts, their timescales and their constraints on those being administered, who had no option but to accept them. The result is a very classic dominator/dominated relationship between the expert and the applicant, which is reflected in everyday terms in queues, opening times and file processing, and also in the vocabulary used. Administrative reform results in an inversion of this relationship or, at least, its

management on the basis of equality between the two partners. Once again, this limits the possibilities of hiding behind the rules, the schedules, “etc”.

26. Relationships with those being governed will be based increasingly on the latter’s terms (individual service) and, **unless the organisation is able to meet these requirements through suitable working methods, the pressure on the official will increase and finally become confrontational and painful.**

## 5. Paths

27. The crux of the matter is, therefore, how to change organisations and working methods, given the constraints involved. This is not easy of course, and one can see why some states balk at the task while, for others, the reform of the state is not even on the agenda, despite the abstract or inspirational rhetoric. Nonetheless, the examples available to us point to three possibilities for a process of change:

- The first relates to training for public officials and, more particularly for those in positions of responsibility. The fact that civil servants are given specific training can only result in specific behaviours, often characterised by conventionality and a desire for self-protection. This conventionality, reinforced by the inward-looking nature which characterises the recruitment of public officials in some countries, makes the very idea of reform unattractive, because there is a need to protect the benefits acquired and also because a dominant intellectual model is imposed, a way of thinking which is not subjected to competition with another and therefore has no difficulty in dominating. It is worth noting that, at a time when the United States wanted to dramatically change the operation of the IRS (Internal Revenue Service), they appointed a consultant to head this administration, with the established profile of... a consultant. Other countries are trying to counter-balance the legalistic platitudes in initial training by developing comprehensive programmes meant to introduce “managerial thinking” into these organisations. In fact, the results sometimes seem quite poor compared with the resources committed, and there are two main reasons for this. On the one hand, the implementation of such programmes, when entrusted to specialised bodies in the administrations themselves, is quickly neutralised and very soon becomes a repetition of the dominant thinking. On the other hand, if it is accepted that the ultimate purpose of management is to get “players” to do what you want them to do, then particular levers need to be brought into play, even beyond the management awareness which can be acquired through training.
- These levers, mainly involving human resource management systems, aim to put “players” in public administrations into new contexts, thereby changing their behaviour (their strategies). But the actual evolution of these systems over time has tended to neutralise all the management possibilities which they might offer relating to assessment, promotion or remuneration. Several points deserve mention here:
  - a) Even though it may be a tough statement, no bureaucracy (in the sense we attribute to the term) has ever been seen to change without a profound change in the human resource management systems to which we have just referred. These have, in fact, always tended to protect officials from politics, arbitration, bosses, etc., to the extent that the concept of hierarchy is deprived of all meaning. Changing them, and the opposition which this provokes, greatly contribute to weakening the work protection function referred to above.

- b) The privatisation or sub-contracting of services is one way of getting around the problem. The idea behind this process, which is not only applied in the Anglo-Saxon countries, is that the distinguishing factor between public and private is the employees' level of protection and, consequently, the number of restrictions (not only financial) which can be imposed on them. The fundamental idea behind these strategies is that change in public administrations is an illusion and that one is obliged to replace and abolish them. At the same time, a possible consequence is that only the tasks at the lowest level and those of low added-value remain in the public sector.
  - c) This is why some countries have chosen to implement step-by-step negotiations for even modest changes in the "regulations", enabling the reintroduction of the concept of management and therefore responsibility into the management of employees. In this respect it is worth noting that, in a country amongst the least receptive to the concept of administrative reform, France in this case, it is in the *Ministère de l'Équipement*, on the initiative of its tenacious and skilful personnel director, that most progress has been made. However, this administration probably has the greatest proportion of its activities in a competitive marketplace. Here too, necessity dictates the action.
- The last key point in the implementation of change relates to structures. This has not been given very much attention here so as to avoid going back to the idea that organisational change means structural change. But countries such as Australia or New Zealand have shown that there are alternative structures to those based only on sequences of tasks. The "operations and delivery services" already mentioned demonstrate that even an administrative world can be designed according to the users' logic and the transition of this logic into concrete working methods, that is to say the way in which people work together on a daily basis.

28. In fact, progress is possible and has been achieved, apparent not only in the civil servant's friendlier attitude towards the public, which is just one aspect and very much an individual observation of administrative change. At a recent symposium devoted to a comparison of tax administrations, the question was raised as to how an efficient tax administration could be defined. The answer was that "efficient" does not mean making the client happy by reducing the rate of tax collection, but rather making sure that the working methods used to recover those taxes do not increase the cost.

29. For example, "benchmarking" carried out in 1999 by the French *Inspection Générale du Ministère de l'Économie, des Finances et de l'Industrie*, has shown that this cost may vary from 1 for the best performing (United States, Sweden) to 3 for the least exemplary (France). The differences cannot be explained simply by the complexity of the fiscal legislation in the countries concerned. They indicate the extent of progress made in the very organisation of the work of public administrations.

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