OECD Working Papers on Public Governance No. 12

Managing Change in OECD Governments: An Introductory Framework

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https://dx.doi.org/10.1787/227141782188

OECD

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June 2008

FOREWORD

In its programme of work and budget for 2007-2008 the Directorate for Public Governance and Territorial Development of the OECD (GOV) includes the realisation of a study on managing change in government. The objective is to explore the different ways in which OECD countries are managing the change produced by the introduction of major reform initiatives intended to transform the administrative culture of the public service to make it more efficient and effective.

In order to prepare the ground for study, GOV undertook a literature review and formulated a preliminary document submitted for discussion at the meeting of the Public Employment and Management (PEM) Working Party of the OECD in November 2007. Six OECD countries presented their experience on managing change: Finland, France, Italy, Portugal, Spain, and Switzerland. This paper draws preliminary conclusions that will require further exploration and discussion which may be part of a future work programme.

This project was led by Oscar Huerta Melchor (OECD, Secretariat) and reviewed by Elsa Pilichowski (OECD, Secretariat) under the supervision of Barry Anderson (OECD, Secretariat).The six case studies are revised versions of the reports presented at the PEM working party meeting in 2007 by the following government officials from OECD member countries:

- *Finland:* **Mr. Veikko Liuksia***, Director of Personnel Policy at the Ministry of Finance,* **Mr. Asko Lindqvist***, manager of the* Finwin *programme;*
- *France:* **Ms. Françoise Waintrop***, General Directorate of the Public Service;*
- *Italy:* **Mr. Francesco Verbaro***, Prime Minister's Office, Director of the Office for the Personnel of the Public Administration;*
- *Portugal:* **Ms. Joana Ramos***, General Directorate for Administration and Public Employment,* **Ms Teresa Ganhão***, Directorate for Public Administration;*
- *Spain:* **Mr. Emilio Viciana Duro***, Ministry for Public Administrations,* **Ms. Isabel Hernández***, Ministry for Public Administrations;*
- *Switzerland:* **Mr. Thierry Borel***, Federal Department of Finances.*

ABSTRACT

Reforming the public sector is a complex matter. OECD member and non-member countries are facing increasing challenges to make change happen. Adopting innovative reforms to respond to social demands is no longer enough; governments need to accompany their reform proposals with a strategy to manage change. Managing change dictates, to a large extent, the success or failure of a reform initiative.

This paper argues that reform and change are generally used as interchangeable concepts but that is not always appropriate as reforms do not always produce change and changes are not always the product of reform efforts. This study draws on the notion of receptivity to explain the practice of managing change in six OECD countries: Finland, France, Italy, Portugal, Spain, and Switzerland. Over the last few years, these six OECD countries have adopted major reform initiatives to modernise the management of their public service to meet society's growing expectations in a context of limited financial resources and political pressure. Receptivity is an underdeveloped concept that intends to reveal the factors that contribute to organizations being either low-change, non-change contexts or high-change, receptive contexts. Managing change, it is argued, is an independent variable to explain change in government as it largely determines policy success. Four interconnected factors of analysis are used to explain managing change in government: ideological vision, leading change, institutional politics, and implementation capacity.

The principal focus of change is the administrative culture as the traditional values, priorities, routines, and above all mindsets in public organisations are under pressure. The extent of change, however, remains unclear. This paper concludes that although the notion of receptivity provides an approach to analyse and explain change in government, it lacks explanatory power to determine whether change has actually happened. Furthermore, it states that OECD countries are underestimating the importance of managing change while designing and implementing policy reforms. This is because the instruments used to manage change are more a casuistic characteristic of policy formulation than a conscious strategy to deal with the effects produced by the implementation of a reform proposal. There was no evidence of a coherent strategy to manage change that accompanies the reform efforts.

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INTRODUCTION

1. Today's world is highly competitive and demanding. Society is better informed and expects more from public and private organisations alike. Traditional public processes and institutions are less effective in satisfying people's needs. Globalisation, the wide use of communication and information technologies, and the coming of the knowledge society, among other factors, are rapidly changing the world's order. This has created new challenges to nation-states as people's expectations from government have increased, job seekers are more demanding on job content, and societies call for more investment in education, health, and society but are unwilling to pay more taxes (OECD, 2005). Personnel systems are becoming less adaptive to these new challenges. Indeed, traditional practices in public administration are the product of a different context with different priorities. Now, governments have a new role in society and are taking on new responsibilities but generally without the necessary tools to manage them effectively. Public managers are expected to improve the performance of their organisations focusing on efficiency, effectiveness, and propriety which were not the priorities 50 years ago. Therefore, to be able to respond to a changing environment the public sector has to transform its structures, processes, procedures, and above all, its culture.

2. In this new order, the management of change has been identified as a critical variable for the success or failure of a reform policy. Managing change aims at ensuring that the necessary conditions for the success of a reform initiative are met. A reform policy may fail to achieve change, may generate unintended results or face resistance from organisations and/or individuals whose interests are affected. For that reason, policy-makers and politicians need to pay special attention to issues such as leadership, shared vision, sequencing, resources for change, and cultural values while designing and implementing a reform initiative.

3. The purpose of this paper is to provide a broad overview of how OECD countries are managing change in the public service. In particular this paper aims at: 1) identifying the critical variables for analysing the management of change in the public sector; 2) confronting those variables with the experience of OECD member countries to determine their validity; and, 3) drawing lessons from those experiences defining better practices for managing change in the public sector.

4. The main questions this paper seeks to answer are: How are OECD governments managing such profound changes, over which they have little or no control? How effectively are those changes being integrated into the culture of the public service? Who is doing the managing? And, do governments have in their staff the required skills to lead the public service through change? The answer to these questions derived form the discussion and conclusions reached at the OECD's Public Employment and Management (PEM) Working Party meeting on 28-29 November 2007.

5. This paper draws on the notion of 'receptivity' to explain how OECD countries are integrating and dealing with change. In that sense, it employs four receptivity factors (Pettigrew, 1997; Butler, 2003) to structure the analysis: ideological vision, leading change, institutional politics, and implementation capacity. The paper argues that reform and change are two distinctive but interlinked concepts. Reform is deemed as the way by which government may produce change. It is a conscious activity intended to modify processes, procedures, attitudes, and behaviours. Change, in turn, is the effect produced by the

implementation of the reform reflected in a new organisational environment or institutional arrangements. The management of change largely dictates policy success or policy failure because reforms are not risk-free and may produce unintended consequences or generate a negative perception. Hence, the paper argues that managing change is a way to reduce reforms' levels of risk and therefore it should be considered as an independent variable to explain policy success. It regards the idea of receptivity as central to explain and understand change management from where lessons could be drawn for future reform processes. Receptivity intends to account for the factors that contribute to organisations being either low-change, non-change contexts or high-change, receptive contexts.

6. The idea of receptivity allows disentangling the process of change into analytical factors, facilitates comparisons between different processes of change to establish generalities and particularities, and it incorporates a wide range of factors of analysis considered in the managing change literature such as leadership, communication, vision and commitment. However, as Pettigrew (1997) argues, there is not a solid academic tradition to build on as the notion of receptivity is still underdeveloped. Moreover, it requires extensive empirical data to underpin its arguments and conclusions that is not always available as there are no general patterns of causation in change production. The notion of receptivity is based on qualitative data and that may lead to subjectivity and partial conclusions due to limited observation.

7. The conclusions of this paper are built on the analysis of six case studies presented at the PEM working party meeting. The criteria for selecting case studies were: a) major reforms with potential to generate change in the culture of the public sector; b) reforms which cover different areas of governance; c) reforms implemented during the last ten years; and, d) reform initiatives from countries willing to present their experiences during the PEM Working Party meeting.

8. The advantage of working with these case studies is threefold. First, they cover different policy areas (budgeting, human resource management, institutional change etc) which exemplify the production of different types of change: operational, strategic, cultural and political. Second, they take place at different levels of governance which enriches the discussion and increases the validity of the conclusions. Finally, they are on-going reform programmes which confirm the update of the information.

9. This paper is divided into three main parts. Part I intends to provide an account for the theoretical elements to understand and explain change management in the public sector. It discusses the concepts of reform and change and explains the relevance of the notion of receptivity to understand change in the public sector. Part II is related to the practice of managing change in OECD countries. It presents a broad discussion of the case study findings and draws some general conclusions. Finally, Part III describes the experience of Finland, France, Italy, Portugal, Spain, and Switzerland on managing change in the public service as the evidence to underpin the conclusions.

10. The intention of this paper is to contribute to the discussion on managing change in the public sector bridging a gap in the literature on public management. Its originality and contribution lie in the use of the notion of receptivity to explain cases of managing change from a comparative perspective. The case studies are original pieces of work as those reform initiatives have not been analysed from a managing change perspective. In addition, the paper aims at contributing to the development of the notion of receptivity as a coherent framework for explaining and understanding change. The findings of this paper show that more research and debate is needed to build a methodology for managing change able to guide the work of decision-makers and policy-makers. In that sense, this paper opens a new field for research in the OECD as it introduces some questions or windows of opportunity for future work programmes.

PART I
UNDERSTANDING CHANGE IN GOVERMENT

1. WHAT IS MANAGING CHANGE IN GOVERNMENT?

Introduction

11. Introducing change into the public sector is highly controversial and complex as it affects, directly or indirectly, the interests and way of living of members of society. Public and private organisations cannot avoid changing if they are to survive in a more globalised, highly interdependent and fast changing world. This section aims at examining the concepts of reform and change, discussing the sources of change, defining what managing change is about, and establishing its importance in the context of the public service.

The notions of change and reform

12. Change and reform are two concepts commonly used in political and academic discourse. In politics, for instance, policy-making is described as a change-oriented activity aimed at transforming, modifying or altering the status quo. The notions of change and reform are usually used interchangeably but that, however, is not necessarily always appropriate. Reform is only one way of producing change; it implies a special approach to problem solving. Sometimes changes in organisations are part of any reform and some reforms produce little or no change at all. Whereas change as transformation or alteration may be an intended or unintended phenomenon, reform is a structured and conscious process of producing change no matter its extent. Reforms can occur in political, economic, social and administrative domains and contain ideas about problems and solutions. Butler (2003), in turn, argues that change is historical, contextual and processual.

> Change is historical because it interconnects horizontally through past, present and future time, is contextual because it interconnects vertically through different levels of society and is processual because it interconnects process and action. (Butler, 2003: S50)

13. There are two relevant aspects to be highlighted from the previous conceptualisation of change. The first one is that change may be presented as a process that describes how things change over time. Pettigrew (1997:338) defines process as "...a sequence of individual and collective events, actions, and activities unfolding over time in context." The second aspect is that change is context-dependent. In this sense, context and action are linked.

> Context is not just a stimulus environment but a nested arrangement of structures and processes where the subjective interpretations of actors perceiving, comprehending, learning and remembering help shape process. (Pettigrew, 1990 quoted in Butler, 2003: S50)

14. According to Brunsson (2006) a supply of problems, a wide range of solutions, and forgetfulness are the necessary elements for reforms to happen. The perception of problems in the present and future of an organisation, public or private, offers an incentive for pursuing changes. For instance, differences on what an organisation is supposed to deliver and on what it is actually doing may trigger the necessity for reforms. Reforms sometimes also produce unintended consequences justifying the adoption of further reform measures. Reforms also need a good supply of ideas for solutions to present or future problems and those solutions are sometimes highly dependent on intellectual and/or practical fashions to solve problems. Brunsson (2006) stresses that fashion may reduce or increase the diversity of solutions as it constraints the number of acceptable solutions. For example, at the end of the 1980s and beginning of the 1990s, New Public Management (NPM) was considered the 'flavour of the month' in public management literature (Peters, 1997; Pollitt and Bouckaert, 2004) which spread the use of a customer-focus approach, delegation and individualisation as the most suitable way to modernise public service management. Nowadays the new 'flavour of the month' is the *whole-of-government* approach (OECD, 2005; Christiensen and Laegreid, 2007) which proposes more horizontal rather than only vertical co-ordination as a response to the drawbacks of NPM.[1] Reforms may be also repetitions of earlier reforms with certain alterations. When a reform proposal loses its effectiveness and complexity increases, old solutions are brought to light again.[2] So, forgetfulness facilitates the occurrence of reforms.

15. Reforms are not risk-free. They can be supported or opposed by people depending on their point of view; may produce unintended results; may be difficult to implement; may generate the need for further reforms; or simply may not work at all endangering the survival and legitimacy of public organisations and its managerial and political leadership. Hence, one important aspect of reforms is the management of the change or effects produced by its implementation. This fact begs two questions: how to manage the change produced by a reform process, and what characteristics should a reform have so as to be manageable. This paper will particularly focus on cases of administrative reform as a deliberate activity or effort to transform the way public organisations work and are managed.

The origins of change

16. The origin of the necessity of change lies in the dissatisfaction with the current state or the perception of a problem. This situation, as Brunsson (2006) suggests, prompts for the adoption of a reform proposal which contains or describes the vision of an improved state. Dissatisfaction may derive from different sources like obsolete regulations, processes, procedures and/or ideologies. For instance, Stoker (2006) argues that citizens in mature democracies are growingly disenchanted with the political process what is reflected in low membership of political parties, less participation in

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[1] Britain exemplifies how intellectual and practical fashions influence policy-making, the Thatcher administration, for instance, was highly focused on NPM aspects to reform the public service whereas the New Labour policies under the Blair administration were driven by the *whole-of government* approach.

[2] This aspect may be exemplified by the phenomenon of nationalisation *vs.* privatisation. In Mexico, for instance, in 1982 the government decided to nationalise all private banks in order to deal with the economic crisis produced by corruption at the interior of the institutions and the fall in oil prices. Ten years later, Mexican government considered that the best way to reinforce the economic development of the country was to privatise the banks.

electoral processes, and distrust in politicians. This panorama has led governments to implement reforms with the purpose of changing the political scenario to a more open and inclusive.

17. Moreover, public organisations belong to a multi-level system of governance (Evans, 2004). The need for reform derives from external and/or internal factors located at different levels of governance. Developments at other levels of governance constitute the triggering force of change at other levels. Acknowledging the importance and influence of those elements in the policy formulation process, provides an understanding of why and how change occurs.

External sources

18. The external environment is changing fast and countries have a growing need for adaptations. However, countries are constrained by a complex interplay of agents from the public and private sectors at global, international, national and local levels. Constant interaction and dependence on resources have led national governments to be part of self-organising and interdependent policy networks.[3] This factor has imposed significant restrictions on countries' ability to define independently their reform agendas because the introduction of change will produce a reaction from other members of the network as they are interrelated. Failing to acknowledge other agents' interests may result in policy failure and resistance to change.

19. The transfer of ideas, innovations, and best practices among countries has been facilitated by global, international and transnational sources of policy change. The level of dependence among members of a policy network determines whether a process of policy transfer is coercive or voluntary and, in doing so, contributing to our understanding of the origins of change in government.[4]

[3] For a more detailed discussion on policy networks, governance and policy transfer, see Rhodes (1999) and Evans (2004).

[4] See Evans (2004) for a more detailed discussion on 'voluntary' and 'coercive' forms of policy transfer.

Box 1. Understanding "change" - the external sources

- *An effective management of change requires of the acknowledgement of the internal and external factors that triggered the necessity of change as they determine people's attachment to the reform initiative* (i.e. the New Zealand Treasury reform).
- *Changes external to the public service may trigger and define administrative reforms in public organisations* (i.e. the economic crisis of 1994-95 led Mexican government to reform the civil service and subsequently adopt measures to increase transparency in the public service).
- *Constant interaction with and dependence on resources from other agents at different levels of governance make national governments part of a policy network that formally and/or informally influences policy decisions and the necessity for change* (i.e. NAFTA, Mercosur and forums such as International Task Force on Global Public Goods).
- *Decisions and priorities should be defined in line with the interests of other agents within the policy network at different levels of governance to secure resources, diminish resistance to change and reduce the risk of policy failure* (i.e. NAFTA, Mercosur, and EU).
- *Global, international, and transnational forces provide opportunity structures for change to occur in the public sector* (i.e. the Greek environmental policy, the Mexican administrative reform programme, NPM reforms in South-East Asia, the New Zealand Treasury reform).
- *When the need for change is imposed by external forces (coercive transfer), it is more difficult for all stakeholders to commit to the reform initiative and can undermine the success of the reform initiative* (i.e. the Health Sector Reform in Kyrgyzstan).

Internal sources

20. Citizens' dissatisfaction, diminished trust in government and public participation in policy-making constitute a trigger force for change in government.[5] The ability to manage change effectively is determined, to a large extent, by the inclusion or exclusion of public participation in the definition of the reform agenda. Although an inclusive policy-making process demands more consultation and negotiation, it certainly encourages support for the reform initiative, particularly for long-term solutions, legitimizes the entire process of policy-making, strengthens commitment from all stakeholders to the reform, and smoothes the acceptance and management of change.[6] For instance, Waugh (2002: 379) argues that "...direct public participation in policy deliberations regarding environmental risk increases both the likelihood that the policy choices will fit local needs and the likelihood that local capacities to address community problems will expand."

21. Internal events such as economic crises, political turmoil, ineffective response to natural disasters, health and sanitary emergencies etc., may also provoke changes at the interior of the public sector to deal with problems more effectively. In such cases, managing change may turn a complicated issue as the lack of information and awareness, and even mental and emotional

[5] For the purposes of this paper, public participation is a generic concept that refers to groups of the civil society such as: political parties, NGOs, trade unions, academic groups, members of financial circles, entrepreneurs, and other non-state agents. For a further discussion on the advantages of public participation in policy-making see Waugh (2002). As for strengthening trust in government see OECD (2006).

[6] It is worth noting that it is almost impossible to reach decisions by unanimity; there will always be opposition to reform policies. A general consensus may allow governments to make the decision and start the reform process. To wait for unanimity may imply a rather slow process and the timing of the reform may pass.

preparation would hamper the acceptance of change. The introduction of a reform initiative poses the problem of adaptation to new circumstances. Incremental reforms, in contrast, would ease the understanding of change and diminish resistance.

Box 2. Understanding "change" - the internal sources

- *Changes in government represent an opportunity structure for policy change* (i.e. Britain's New Labour Government).
- *Lack of trust in government provides an opportunity for policy change to occur* (i.e. initiatives on access to information as an attempt to recuperate citizens' trust in government, the Belgium Copernicus reform in national government, the UK Citizens' Charter, the Mexican administrative reform).
- *When the need for change is originally recognised by native political, economic and social forces or groups, it is easier to commit all stakeholders to pursuing the desired results* (i.e. the Danish Flexicurity Initiative, the Dutch Early Retirement and Disability Benefits System).
- *The management of change is facilitated by the inclusion of agents affected by a reform initiative in the policy formulation process* (i.e. the Danish Flexicurity Initiative).
- *Incremental reforms facilitate the management and acceptability of change and permit adaptation* (i.e. the New Zealand Treasury reform).

Defining "Managing change"

22. As it was stated above, reform and change are distinctive but interlinked phenomena. In this sense, managing a reform is more related to the implementation of the reform proposal. Pressman and Wildavsky (1973: xiii) define implementation in terms of its synonyms as '... to carry out, accomplish, fulfil, produce, complete'. Weissert and Goggin (2002: 212), in turn, define implementation as "...a process of transforming plans into action, of translating an intended policy into an effective operating program." Managing change refers to the way of dealing with the intended or unintended consequences of a reform programme. Under this logic, it may be argued that managing change is part of the design and implementation process of a policy initiative. It is not the purpose of this paper to discuss reform management as it has been widely discussed in the implementation literature; it will, however, focus on change management as an integral part of the policy formulation and implementation processes.

23. Although managing change has been largely explored in business management (Garvin, 1993; Kotter, 1995; Butler, 2003; Nickols, 2006 on line; Goman, 2000 on line; Lorenzi and Riley, 2000 on line), nursing (Baulcomb, 2003), social care (McDonald and Harrison, 2004) and even museum management (Husion, 1999), it has not deserved the same level of attention in the public management literature. This is surprising as both private and public organisations face the challenge of changing in order to survive in "...the transitions taking place in world society" (Giddens, 2000: 122). In the private domain, customers are demanding more services and of better quality, leading organisations to change quickly to meet the needs of their customers and avoid being overcome by their competitors. In the public domain, citizens expect more from government inducing public organisations to modify its structures and procedures to respond effectively to those demands.

24. According to Nickols (2006 on line), managing change has at least two meanings. The first one refers to the making of changes in a planned and systematic fashion. For instance, the Finnish

regionalisation and productivity programmes are measures to prepare the public sector to face the challenges of an ageing population. The second meaning refers to the response to changes over which the organisation exercises little or no control, for example economic crisis and political upheavals. However, these definitions blur the difference between reform and change. If reform is a way of tackling a problem and change is the effect produced by the implementation of the reform, then what Nickols describes are not definitions of managing change but two types of reform: *proactive* and *reactive*.

25. Reed (1996) suggests that the management of culture and cultural transformation is a basic skill and characteristic of modern management. However, Driscoll and Morris (2001) claim that major changes in the public sector are problematic or unsustainable unless the values and beliefs systems of the organisational members experience a similar change. Hence, for this paper, the working definition of managing change is that it is the ability to influence people's mindsets, culture, attitudes and practices to adapt them to a new environment and arrangements. It begins by convincing people of the existence of a problem and of its more viable solution; and therefore of the necessity of a reform.

Box 3. Managing change in the public sector: the rationale

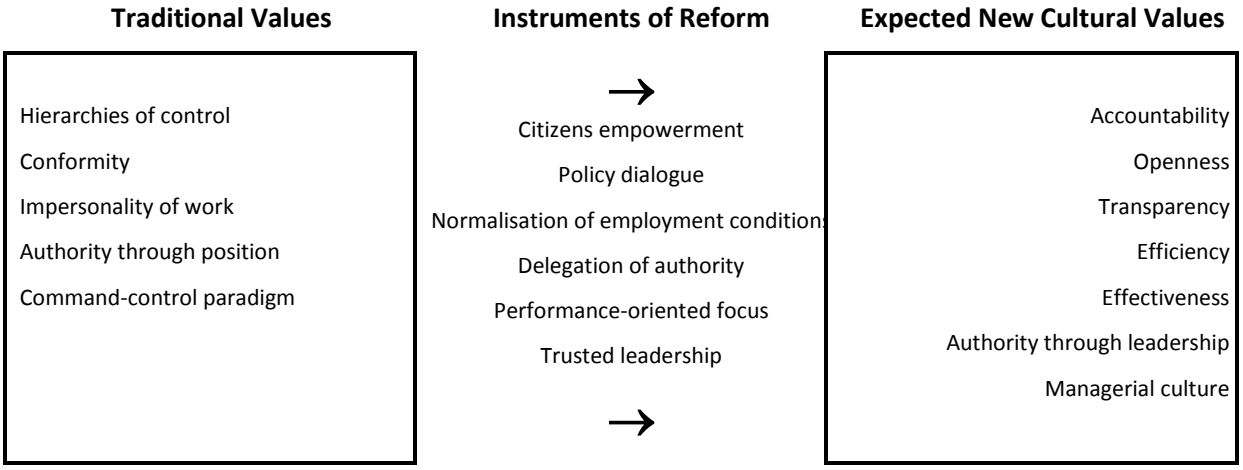
- *Understanding why change occurs provides the basis for defining the best approach to manage change* (i.e. the New Zealand Treasury reform).
- *Managing change refers to the adaptation of people's mindsets, culture and attitudes to a new environment, paving the way for reform initiatives to produce the desired results through facing undesired side-effects and resistance to change* (i.e. the Mexican and Portuguese administrative reform programmes, the new public management reforms in Hong Kong, Malaysia and Singapore, the Danish Flexicurity Initiative, the local government reform in Ukraine, Britain's New Deal).
- *The management of change is critical to the success or failure of a reform initiative* (i.e. the Danish Flexicurity Initiative, the Dutch Early Retirement and Disability Benefits System).
- *Simultaneous processes of change exacerbate the complexity of and the need for understanding and managing change in government* (i.e. processes of globalisation and tradition).
- *The success of a reform and the production of change require the support and commitment of politicians, civil servants and civil society* (i.e. the Danish Flexicurity Initiative).
- *Reforms have limitations and are fraught with risk as they may generate unintended negative effects that may require further reforms* (i.e. the Finnish regionalisation and productivity programmes).

Public service reform and change management

26. As a result of the adoption of NPM ideas and techniques, OECD countries have experienced a dramatic change in the form they operate and respond to society's demands compared to 30 years ago (Rhodes, 1999; OECD, 2005; Dussauge, 2007). Peters (1997) analysed the extension of the adoption of managerial ideas and techniques by OECD countries and concluded that although the type of reform varied from country to country, there was evidence of a transition to a more managerial oriented public sector. Figure 1 illustrates how the traditional values of government are expected to be radically transformed through the adoption of a number of policy reforms. Although the extent of the adoption of those instruments of reform varies, the aim is highly similar: the establishment of a strong, trusted public service able to meet citizens' expectations.

27. Currently OECD member and non-member countries are in the process of consolidating the NPM inspired reforms [7] or in transition to a new generation of reforms labelled as the *whole-of-government* approach.[8] This fact reflects that the public sector is in a constant process of change. The challenge governments currently face is to manage the change produced by the implementation of reform programmes.

Figure 1. Cultural transformation in government



Source: OECD (GOV)

28. Public sector reforms are complex, in many cases unpopular, contested, fraught with risk, and require a long time to produce results and prove their benefits.[9] This fact begs the question of how to maintain legitimacy, increase support, sustain the impetus for reform and avoid continuing losing people's trust while introducing controversial but necessary reform initiatives. Effective management of change techniques should contribute to keep up the *momentum* for reform while overcoming any opposition to change. Box 4 lists some of the factors that may give origin to a negative reaction to change.

29. The complexity of managing change in the public sector is exacerbated by the occurrence of simultaneous change processes that make the managing and understanding of change a daunting task, and that justify the need to examine how countries are in fact facing the effects of their reform initiatives. In this sense, this paper is based on two key premises. First, it argues that managing change should be considered as an independent variable to explain policy success as it determines, to a large extent, the achievement of the reform goals. And second, the idea of receptivity is central to explain and understand change management in the public sector as the adoption of a reform proposal depends on how receptive or open to change public organisations are. This is because the receptivity of indigenous institutions and public servants is a key determinant to change as in the cases of the Greek Environmental Reform Policy (Ladi, 2004), the Local Government Reform in Ukraine (Ivanova and Evans, 2004), and the Ecuadorian Education Reform (Lana and Evans, 2004). It

[7] For a detailed discussion, see OECD (2007), Pollitt and Bouckaert (2004) and Rhodes (1999).

[8] See Christensen and Laegreid (2007) for further discussion on the *whole-of-government* approach.

[9] For a more detailed discussion on reforming public service organizations see, Ferlie *et.al* (2003).

is expected that the notion of receptivity will provide the necessary elements to sketch out some proposals for building a methodology on managing change.

Box 4. Factors leading to resistance to change

- *Lack of coherence of the reform and consistency with other reform initiatives may produce confusion and generate opposition*.
- *Fear and uncertainty to a new work environment generate opposition to a reform initiative*.
- *The negative implications perceived by individuals and groups may trigger resistance to change.*
- *The complexity of a reform initiative may result in opposition if it is not clearly explained by leaders and managers and understood by all stakeholders*.
- *Imposition of change may generate opposition towards the reform initiative*.
- *Change may be perceived differently by people at different levels of the organisation.*
- *Diminishing the importance of the human factor in the process of change.*
- *Lack of information and communication may increase uncertainty and distrust causing resistance to change*.

2. EXPLAINING CHANGE IN GOVERNMENT – THE NOTION OF "RECEPTIVITY"

Introduction

30. Some critical questions need to be answered to understand and explain change in government: why change occurs or what causes change; who leads the change; what is required to manage change; and why people resist change. The aim of this section is to establish the theoretical underpinnings of the study based on the idea of receptivity. In this sense, it will discuss what receptivity is about. Then it will explain each of the four factors that integrate the notion of receptivity: the ideological vision, leading change, institutional politics, and implementation capacity.

The idea of receptivity

31. Oliver and Pemberton (2004: 415) argue that "…the means by which ideas become translated into policy, and the conditions for successful ideational and policy change remain unclear.' However, Butler (2003) suggests that the notion of receptivity is central to understand and manage change within public sector organisations. Receptivity ...is an emerging, but undeveloped, notion which attempts to reveal the factors that contribute to organizations being either low-change, non-change contexts or high-change, receptive contexts" (Butler, 2003: S48). Although still under development, the idea of receptivity may provide with the analytical tools to explain how open or receptive public organisations are to change and how they cope with it. Receptivity encompasses four factors of analysis: ideological vision, leading change, institutional politics, and implementation capacity.

32. There are three main advantages of using the notion of receptivity to explain change and the way it is managed. First, it allows disentangling the process of change into analytical aspects and establishing the relevance of each factor in the attainment of the reform goals and production of change. This is crucial because there is no general pattern of causation in change and the information regarding the individuals or organisational motivations for change are limited. Second, it facilitates comparison between different processes of change to establish general tendencies but also what is unique about individual reform experiences. And third, it accommodates other elements of analysis mentioned in the literature on managing change such as a trusted leadership, efficient channels of communication, management of knowledge and information, and commitment from stakeholders.

The ideological vision factor

33. Butler (2003: S52) claims that "Ideological vision ... refers to the being a strategic agenda, but recognizes that the agenda may arise from the interests of a definite group within an organization." This factor contains two aspects that are common in the literature: *vision* and *ideology* which reflect the culture of the public sector and act as the elements that hold the organisation or organisations together.

Box 5. The importance of coherence in managing change

- *Reform goals must be intelligible to all stakeholders and consistent with other reform initiatives to facilitate the acceptance and management of change* (i.e. the New Zealand Treasury reform, the Danish Flexicurity Initiative).
- *Consistency avoids confusion and negative side effects, paving the way for change to occur* (i.e. the New Zealand Treasury reform, the Mexican e-Government Initiatives).
- *Reforms generally inspire or force the adoption of further reforms in other areas and levels or governance, then, consistency reduces the probability of muddling situations and increases the prospects for reform acceptance* (i.e. the New Zealand Treasury reform, the Local Government Reform in Ukraine).

34. Pettigrew (1997) argues that vision implies that there is quality and coherence of policy. Indeed, consistency with more general reform policies is central for a reform initiative to be successful.[1] It must correspond to the dynamics and nature of the public sector to be embedded in the reform agenda and people's mindsets. Coherent reforms with the broader socio-economic reform policies are regarded as an element to pursue more general objectives that, in turn, facilitate the management of change. It is worth pointing out that reform initiatives in one area or level of governance generally inspire or cause the adoption of reforms in other areas or levels of governance due to the interdependence in the policy network membership.[2] Therefore, coherence is vital to avoid negative reactions from other members of the network and securing resources.

35. Ideology is a more complex concept as it refers to a set of beliefs held by a particular group or individual that influence behaviour. Ideology draws on the intellectual fashions in a given context and reflects the cultural aspect of change. The receptivity of indigenous institutions and public servants is a key determinant to change. As Driscoll and Morris (2001: 806) put it, "if behavioural change requires a change in organizational culture ... then the public sector might be in need of a 'cultural revolution'." Indeed, as it will be noted in the second part of this paper, in OECD member and non-member countries the main cultural shift has been the attempt to make public sector organisations more managerial and less bureaucratic. The *modus operandi* to transform the public sector was found in the NPM which was expected to provide a more dynamic organisational culture in the public sector. The Thatcher government in Britain and the Reagan administration in the USA may be considered as the turning points of this transformation. However, in recent years, NPM inspired policies have been considered as the reason for increasing fragmentation in the public sector and public services. This is because NPM tends to ignore the problem of horizontal co-ordination and tools like performance management and single-purpose organisations tend to focus mainly on vertical co-ordination.

The leading change factor

36. Leadership is a critical component for successful policy implementation and change management. Leading change refers to the idea that leaders may be individuals or small groups who may

[1] See Doig and Wilson (1998) and Wallis and Dollery (2001) for examples regarding the importance of policy coherence.

[2] Wallis and Dollery (2001: 204) found that during the New Zealand Treasury reform process, the advisory staff was '…freed to advise bold and innovative reform proposals provided that these were directed toward the advancement of the parallel process of liberalization, stabilization and refocusing government on its core business.' This feature was decisive for the success of the reform at the interior of the Treasury.

come from a broad occupational base and from any hierarchical level within an organization (Pettigrew, 1997; Butler, 2003). Leaders need to be able to influence people to change their focus on a common vision giving another meaning to what it is valued, believed in or aimed for. Whiteley (1995) argues that the division of "change strategists" (senior management), 'change implementers' and 'change recipients' maintains the *status quo* as recipients do not conduct any organisational design activity. To effectively manage change it is necessary that all organisational members fulfil to some degree the roles of strategists, implementers, and recipients. This factor of analysis stresses the need for all members of staff in producing change.

37. Leaders are now expected to obtain commitment rather than just compliance from their followers.[3] To face a changing environment effectively, leaders need to posses the necessary skills to influence their people through negotiation, persuasion and perseverance. Leaders are not necessarily the authors or managers of the reform, but the ones who can inspire and convince people and obtain their support. Whereas management focuses on formal systems and processes, leadership concentrates on influencing people through values and visions. Leaders are not only individuals but also organisations. Public organisations should keep the leading role in the formulation of the reform agenda so as not to lose authority and be able to manage change more effectively.[4]

38. It is the leaders' tasks to have their people accept change. Lorenzi and Riley (2000 on line) argue that a "...effective leadership can sharply reduce the behavioural resistance to change..." Similarly, the OECD (2001) concluded that "...leadership plays an important role in the implementation of public sector reform because it involves two of the most important aspects of reform *change* and *people*." To manage change, leaders should not impose changes or reforms but to seek adaptation. Leaders, in this sense, need to be able to persuade people to support a common cause or vision and in doing so tackling resistance to change.

[3] For an in-depth discussion on leadership in the public sector, see OECD (2001).

[4] See Wallis and Dollery (2001) for a further discussion on leadership at organisational level based on the case of the New Zealand Treasury reform and the change of paradigm in the public sector.

Box 6. The leading change factor in managing change

- *A strong, trusted and committed leadership is a key determinant for making a reform happen* (i.e. the Public Sector Reform Initiatives in South-East Asia, New Labour Policies in Britain).
- *Leadership is a key factor to reduce resistance to change* (i.e. the Public Sector Reform Initiatives in South-East Asia, the New Zealand Treasury reform).
- *An effective leadership implies obtaining people's commitment through persuasion, negotiation and influencing their values and culture* (i.e. New Labour Policies in Britain).
- *Although values are difficult to change, it is possible to give another meaning to what is valued and, in that way, transforming organisational culture* (i.e. the New Zealand Treasury reform).
- *Leadership development strategies are essential to prepare public sector leaders to take up their role as promoters of reform* (i.e. the French ENA; the Office of Personnel Management in the USA; the British Senior Civil Service Leadership Project; the Swedish National Council for Quality and Development).

39. Leadership is an integral part of human resource management systems. The influence and importance that leadership plays varies from country to country but its role is widely accepted in making change happen. Hence, the selection of leaders and the development of leadership skills are crucial for managing change. OECD countries like France, Germany, Mexico, New Zealand, Sweden, the United Kingdom, and the United States have adopted strategies for leadership development (OECD, 2001). The training of leaders in the public sector goes from direct intervention of the central government like in the case of the French *École Nationale d'Administration* (ENA), to countries like New Zealand that have adopted a market-type approach to develop leadership in the public service.

The institutional politics factor

40. Institutional politics account for the location of decision-making within both public and private organisations. Butler (2003: S52) argues that "Institutional politics refers to the importance of co-operative organizational networks." These networks are predominantly inter-organisational, but members of the network may also be located outside the organisation. The media, for instance, might constitute, properly handled, a very valuable member of a network that can advocate for change since part of its job is the definition of problems. The way the media perceives reform policies can be indicative of how society will react. It is leaders' task to persuade the media about supporting a reform initiative.

41. Organisational networks act as advocacy coalitions and are seminal in the introduction of a reform initiative and the management of change.[5] This is because, as Sabatier (1991: 151) argues:

> An advocacy coalition consists of actors from many public and private organizations at all levels of government who share a set of beliefs (policy goals plus causal and other perceptions) and who seek to manipulate the rules of various governmental institutions to achieve those goals over time.

42. Advocacy coalitions tend to have influence in different policy arenas and at different levels of governance, providing valuable economic and political support to a reform initiative throughout all stages of the policy-making process. Their task would be considered to be over once change is consolidated and the "new rules of the game" are embedded in the culture of government.

[5] See Sabatier (1991) for an in-depth discussion.

Box 7. The institutional politics factor in managing change

- *Public participation in agenda-setting is crucial to obtain legitimacy, support and commitment to change* (i.e. the Danish Flexicurity Initiative, the Mexican Disclosure Policy).
- *Negotiation between different groups within the organisation is necessary to reach agreement on the necessity to undertake reform programmes and obtain and maintain stakeholders' commitment to the reform proposal* (i.e. the Public Sector Reform Initiatives in South-East Asia, the New Zealand Treasury reform).
- *Advocacy coalitions in public organisations may also be integrated by external members from the media, opinion leaders and academics to push for changes in the public service (i.e* the formulation process of the Mexican Disclosure Policy).

The implementation capacity factor

43. Managing change demands the capacity for action. Butler (2003: S52) suggests that:

> Implementation capacity refers to the mechanisms used by those leading change to shape and influence strategy/policy implementation and to the behaviour of other stakeholders in the organizational network.

44. Implementation capacity recognises the importance of availability of skills and resources (financial, material, human, knowledge, and even time) within the organisation and their utilisation by policy actors. Financial, material, and trained staff are necessary elements for achieving policy objectives. However, for managing change, knowledge and time are even more significant. Knowledge derives from availability of information which allows stakeholders to understand the necessity of change, its rationale and the ways of achieving it.[6] Availability of information facilitates the establishment of learning processes at the interior of the organisation, generating the necessary structures for capacity-building and the production of local knowledge. Information does not constitute knowledge *per se*. It is the analysis of information and the lessons learnt from it that generates knowledge. This process may lead policy-makers to produce further reform alternatives more likely to be accepted by native policy communities as they would be regarded as local innovations. Indeed, Waugh (2002: 380) argues that "… learning systems … permit adaptation to changing circumstances. Communities are more likely to be innovative and responsive to local needs if they have adequate technical information." Leaders must, therefore, motivate people to create and share knowledge.

45. Learning is then central to manage change. There is, as Oliver and Pemberton (2004) argue, a relationship between policy learning and policy change. Similarly, Garvin (1993) suggests that to increase the likeliness of success, organisations should commit to learning. A learning organisation, he argues, is based on five building blocks: i) systematic problem solving; ii) experimentation; iii) learning from their own experience; iv) learning from the experience of others; and, v) transferring knowledge throughout the organisation. The creation of knowledge may allow public organisations to respond more efficiently and effectively to people's expectations.[7] However, new ideas require of political backup to be accepted. Indeed, Oliver and Pemberton (2004: 419) claim that the triumph of policy paradigms "...depends on the

[6] Simon (1997) argues that bureaucratic institutions and public servants live in a world of bounded rationality that means that the information available is not always adequate and may not be available at the right time.

[7] Learning in the public sector has been widely discussed in the literature on policy transfer and lesson-drawing; see Evans (2004) and Rose (2005) for an in-depth analysis.

preparedness of interests groups to adopt it, on their ability to promote the new idea and to secure its endorsement by those in power....” Thus, capacity for change should include political support as a vital element to secure the adoption of a reform initiative.

Box 8. The implementation capacity factor in managing change

- *An effective management of change requires organisations to have the capacity for change (specifically access to resources of all kind) and depends on the ability and commitment of the organisation to learning* (i.e. the Ecuadorian Education Reform, the Japanese Kaizen methodology).
- *Managing change requires time and knowledge resources more than anything else* (i.e. the Ecuadorian Education Reform, the Local Government Reform in Ukraine, the New Zealand Treasury reform, The Public Management Reforms in Mexico and South East-Asia).
- *Knowledge and information produce a learning system at the interior of the organisation which permits adaptation to changing circumstances* (i.e. the e-Government initiatives in Mexico).
- *Time for changing is generally scarce and producing change is very often a long-term process.* (i.e. the Local Government Reform in Ukraine, the New Zealand Treasury reform, The Public Management Reforms in Mexico and South East-Asia).

46. Time is a very valuable resource which is not always available. Producing change is a long term process and seeing the first results may take even longer. In this sense, Kotter (1995: 59) argues that “...the change process goes through a series of phases that, in total, usually require a considerable length of time.” An effective management of change must ensure to keep the *momentum* for reform throughout all this time. As Christensen and Laegreid (2007: 1063) put it “New skills, changes in organizational culture, and the building of mutual trust relations need patience. The role of a successful reform agent is to operate more as a gardener than as an engineer or an architect.” This is also a psychological work because if stakeholders do not see positive effects in the short term, they may start losing confidence in leadership and interest in the reform itself.

47. Moreover, policy objectives are highly dictated by political platforms from where other priorities may emerge depending on the prevailing political environment. Most of the times, the topic of administrative reform has to compete with topics of public policy which may be of a highest priority in the political agenda. Hence, leaders must convince politicians of the advantages of the reform despite having to wait for positive results in the long term.[8]

[8] Wallis and Dollery (2001: 201) argue that “…policymakers who are genuinely puzzled may thus be predisposed, at this time [crisis time], to look for leadership from radical reformers who advocate the reconstruction of public policy on the basis of a new paradigm provided that this paradigm is both coherent and authoritative.”

PART II
THE PRACTICE OF MANAGING CHANGE IN OECD COUNTRIES

3. HOW OECD COUNTRIES MANAGE CHANGE – A COMPARISON OF EXPERIENCES

Introduction

48. OECD countries are facing a growing number of challenges posed by globalization, devolution and the transformation of governance. Societies expect more from government in areas such as education, health, security, environment protection, among others. The role of government has dramatically changed as it has become part of policy networks where it is only one of the actors that participate in decision-making.

49. Reforming the public service is intended to improve the management of human resources, make a better use of public funds, deliver better public services and change the image of the public service as an employer. Economic constraints, growing social demands and increasing international dependency are making reforms essential if government is to respond effectively to those challenges.

50. The purpose of this section is to examine the experience of six OECD countries - Finland, France, Italy, Portugal, Spain and Switzerland- in managing the change produced by the implementation of reforms in the public service. In that sense, this section will present an overview of the reform initiatives. It will highlight some of the factors that led to reform the public service in these countries. Then it will analyse how these OECD countries are actually managing change based on the notion of receptivity. Finally, it will underline, as a conclusion, some lessons for the practice of managing change and it will sketch out a number of basic elements for the construction of a methodology on managing change.

The country experiences – An overview

51. Finland, France, Italy, Portugal, Spain and Switzerland have undergone a steady transformation in their administrative culture as their processes, procedures and institutional arrangements are at odds with their national needs and priorities. Their traditional personnel systems have proven less adaptive to respond to new national and international challenges. However, the introduction of change into the public service constitutes in itself a challenge as reform initiatives generally face opposition from public servants and other members of society who remain sceptical about their effectiveness and benefits.[1]

[1] Ganhão argues that "…resistance from civil servants is natural in all processes of change [especially] when it is at stake reforming sensitive areas related to civil servants' working conditions." Teresa Ganhão, Department of International Relations, Communication and Documentation, Portugal, while commenting on the Portuguese case study.

52. The design and objectives of the reform initiatives in these six OECD countries are largely based on their own political, historical, social and economic context. However, it is worth noting that despite their different backgrounds the reform programmes point to, in general terms, the improvement of the public service performance to meet society's growing expectations in a context of limited financial resources and political pressure.

53. The Finnish *Finwin* programme seeks to address the deficiencies in leadership and communication in the public service. The success of the programme depends almost entirely on its positive impact on change initiatives such as the regionalisation and productivity programmes. The Finnish experience in introducing change in the public service shows the dangers of lacking a communication strategy and a committed leadership. Policy formulation and the design of a communication strategy are two dependent processes necessary to produce change. However, they should be based on dialogue among all stakeholders and a committed leadership.

54. France has recently put in full operation the *Organic Law relative to the Finance Laws* (LOLF) which establishes a new budgetary logic. The LOLF aims at transforming a culture focused on procedures into a results-oriented culture. The gradual implementation of the LOLF permitted the development of a process of cultural adaptation before its full enforcement. Political support, committed leadership, a gradual implementation process, a communication strategy, training, and testing constitute the factors that have allowed French authorities to deal with the cultural change caused by the implementation of the LOLF.

55. The reform of the Italian civil service shows that producing change is a long-term process that requires, among other things, political commitment, the ability to learn from other experiences, and a self-critical approach. The implementation of managerial-inspired reforms is expected to change the culture of the public service. Nowadays the Italian civil service faces the challenge of consolidating the reforms initiated more than ten years ago. In order to do so, Italian authorities are adopting a new self-critical approach to assess their strengths and weaknesses and draw lessons from peer countries to improve their own reform process.

56. Portugal is currently renewing its public administration modernisation strategy. Five reform programmes are intended to facilitate the introduction of a performance management culture but the implementation has been gradual as only two of them are in operation. The success of these reform measures depends on successfully changing people's mentality. Although public servants' opinion of the reform has not been completely favourable, the media and economic actors consider the measures to be essential if economic growth is to be achieved. The Portuguese experience in managing change in the public sector shows the convenience of a gradual reform and the necessity to keep momentum if the desired results are to be achieved.

57. Spain has recently implemented a general regulatory framework for public employees at all levels of government. The *Basic Statute for the Public Employee* (EBEP) is intended to give coherence to diverse human resource management practices in the public service. This statute constitutes a major break in the traditional Spanish administrative culture as it introduces managerial-oriented practices into the public sector. The Spanish experience epitomises the convenience of establishing dialogue and consultation with all affected actors in the policy formulation process to manage change more effectively. Consultation and dialogue allow for the creation of a shared vision supported by the majority of political and social forces.

58. Financial pressures, rigid and costly procedures, and losing of competitiveness in the labour market have led Swiss government to reform, among other areas, its human resource management system. Two transversal projects aim at optimising personnel management, and simplifying the legal framework and are expected to change the image of the public service by 2015. Switzerland's experience reflects the need to create a vision to give direction to the reform efforts and the convenience of establishing a guiding coalition to lead the reform project.

Factors that prompted the necessity for change

59. The evidence available suggests that the drivers of reform in OECD countries are mainly internal structural factors. The range varies according to the local political, economic and social context of each country. However, the case studies analysed reveal that financial pressures constitute the main driver for reform (see especially the experience of France, Italy, Portugal, and Switzerland). Limited financial resources lead countries to look for better alternatives to do more with less. As payroll consumes a considerable percentage of a country's budget, governments have to reorganise the civil service to make better use of both financial and human resources. Political pressures may be categorized as the second main driver of reform. Indeed, an uneven distribution of power like in the case of France, pressure from political groups like in Spain, or economic actors and the media like in Portugal, triggered or reinforced the necessity and urgency for reform.

60. Dated administrative and budgetary processes and procedures constitute another source of change. They are a more technical-oriented drive of reform which has an incidence in political and economic sources of change. The dynamics of a more well-informed society, the necessity for a more efficient and effective response to citizens' expectations and the need of a better use of resources have led governments to change their traditional way of operating. Spain, for instance, required a general regulatory framework to give coherence to the different HRM practices at the three levels of government. France was in need of a modern budgetary framework to enhance flexibility, transparency, and accountability in the management of its financial resources. Italian authorities have acknowledged their limited efficiency in the management of public funds.

61. The Italian and Finnish cases present two particular drivers of change. On the one hand, Italy has been influenced by external sources of change such as lesson-drawing from the experience of peer European Union (EU) countries. Reform experiences in EU countries constitute a benchmark for Italian authorities to determine where they stand in relation to their EU counterparts. On the other hand, Finland draws lessons from its experience in the implementation of reform initiatives (the productivity and regionalisation programmes) to design a programme intended to fill the leadership and communication gaps in the public service and, in turn, pave the way for change to happen.

Table 1. Causation in Administrative Reform

Causes of change	Countries
Financial pressures	France, Italy, Portugal, Switzerland
Political pressures	France, Portugal, Spain
Dated processes and procedures	France, Spain
External influence	Italy
Local experience	Finland

Source: OECD (GOV)

62. Table 1 suggests that undertaking administrative reforms, particularly on HR issues, is not the main concern of governments *per se:* reforming the public service is a vehicle to respond to financial and political demands. In other words, the importance of HRM reforms, for instance, is that they facilitate or encourage the attainment of other reform objectives in the economic and political arenas. This fact begs the question whether without economic and political pressures reform in the public service in general, and in HRM in particular, would take place. The evidence available seems to suggest that without the existence of cohesive factors, like the ones listed in Table 1, reform in the public service is not likely to happen. Indeed, the six reform experiences appear to indicate that the best time to initiate a reform process is a time of economic limitations, political turmoil and/or social dissatisfaction. The need for major change was evident in the six countries analysed due to poor governmental performance in the management of public resources and an ineffective response to citizens' expectations. Indeed, the 'paradox of change' is that a situation of limited resources and poor performance facilitates convincing people of the need for change but give less manoeuvring room as there are not enough resources to operate. A time of economic development and social and political stability make harder to support the need for change despite having relatively enough resources to do it. Therefore, to start a reform process, it seems essential to establish the need and urgency for change to guarantee support for the reform process.

Comparing the experiences – How is change managed in OECD countries?

63. The experiences of six OECD countries presented in this paper differ in scope, timing and cover different administrative reform areas: HRM, budgetary issues, and leadership. However, using the notion of receptivity, it is possible to distinguish some common and divergent aspects regarding the practice of managing change in OECD countries.

64. Ideological Vision. As stated above, the ideological vision refers to the existence of a strategic agenda, defined according to the interests of a specific group within the organisation, where solutions to a perceived problem and the culture of the organisation are stated. Indeed, the case studies reveal that the creation of a common vision is of paramount importance to give direction to the reform efforts. This has been the case in Switzerland, France and Finland where reforms are underpinned by a vision of a better and desired state. This vision has to be shared by all members of a guiding coalition or leaders who must communicate it to all stakeholders and actors affected by the proposed reforms. Lacking a vision transforms the reform efforts into confusing and incompatible projects. As Liuksia puts it: "a common vision tells us where we are going, what we want, and where we will be in ten years."[2] The French LOLF is also based on a vision of the future of managing public finances in a more transparent and flexible manner. Proponents of the LOLF are considered as visionaries who were able to raise the need for change and explain the risks of maintaining the *status quo*. Swiss authorities have created a vision of their public service by 2015 and now every reform effort has to point towards that direction. Finland is constructing a vision of the public service through the discussions held during the seminars which are part of the *Finwin* programme. Horizontal and vertical dialogue among managers is allowing Finnish authorities to define a general picture of the public service for the future.[3] The experience of Finland, France, Portugal and Switzerland reveals the necessity of communicating the vision and sharing information to all possible actors involved or affected by the transformation process. Finland, for instance, faced difficulties in

[2] Presentation given by Veikko Liuksia, from the Finnish Ministry of Finance, at the PEM working party meeting, OECD headquarters, 28-29 November, 2007.

implementing its regionalisation and productivity programmes for under-communicating the objectives of the programmes.

Box 9. The Irish Public Service Modernisation

Since 2002 Ireland has conducted a thorough modernisation programme of the public service under a social partnership approach. The objectives of the reform are a) to support government in national development, b) to make a more effective use of resources, and c) to improve the quality of public services. The vision of the reform is to convert the public service into a high performing, open and flexible organisation with the highest standards of integrity, equity and accountability. The new approach implies the participation of several actors into policy-making: government plus business/employer, trade unions, farming, community and voluntary sectors. The real change is expected to be reflected in the quality of customer services.

65. The cases of France, Italy, Portugal, Spain and Switzerland pursue the establishment or introduction of managerial practices in the public service which are expected to improve service delivery and make a better use of human and financial resources. These reforms reflect, in general terms, the ideology in fashion in political, economic and academic circles which is the managerial approach to reform the public service. The reason may be that in order to respond to financial and political pressures, political and economic elites prefer a technical-oriented reform type as it does not challenge their interests. It is difficult to oppose a reform whose aim is to improve the public service to respond more effectively and efficiently to citizens needs and, indirectly, ameliorate the use of financial resources. That may be the reason why it has been widely accepted in OECD countries as a viable way to reform the public sector (Peters, 1997). However, it remains unclear whether managerialism is the appropriate mean to produce change in the public service. There are two main reasons for that. On the one hand, managerialism, as it was pointed out earlier, has been the source of fragmentation and lack of horizontal co-ordination in public organisations, ignoring that "…reforms must be designed to change the behaviour of a variety of actors. Changes in part of the system will have an impact on others" (OECD, 2005). On the other, the case studies analysed are on-going reforms in their early stages of their implementation process whose benefits or limitations will only be visible in the long term. For instance, the French LOLF intends a transition from a culture of means to a culture of results but this change may take a long time to be institutionalised.

66. Leading Change. This factor of analysis locates decision-making and analyses the actions of leaders. The evidence presented in the case studies indicates that decision-making is located in political and senior managerial circles. Consultation processes, like in the case of Spain, intent to justify or legitimise a decision already made. Of course, the reforms may suffer some modifications in their technical aspects but the identification of the problem, the necessity to reform, the approach to the solution, and the time to implement it are activities carried out by members of the political and managerial elites as Table 2 illustrates. The leading role of the ministry of finance in the reforms analysed reinforces the suggestion that administrative reforms are an instrument of wider policy goals. HRM issues are linked to financial and economic goals; therefore, their dominant role in the reform process. This fact, to a certain extent, is beneficial to keep the *momentum* for reform in public administration. However, it creates the danger that the administrative reform may be defined more in accordance with economic priorities rather than on the real requirements of public administration to make it more efficient and effective.

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[3] The *Finwin* programme also exemplifies the reform agenda definition under a whole-of government approach as managers from different ministries and levels of the hierarchy are expected to define the priorities of change in the public service.

67. Moreover, the six country experiences presented coincide in giving the public sector a leading role in defining the strategies to face future challenges such as an ageing population, the search of equity, and economic development. Indeed, an OECD study concluded that after 20 years of reform society's expectations from government have increased what makes government's role larger and of a different nature (OECD, 2005).

Table 2. Leading change in OECD countries

OECD countries	Location of decision-making	Who implements the reform?
Finland	Managerial elite (Ministerial Committee for Economic Policy)	Ministry of Finance
France	Political elite (members of the National Assembly)	Ministry of Economics and Finances
Italy	Managerial elites (elected public officials)	Ministry for Reform and Innovation in Public Administration, through the Department of the Public Function
Portugal	Political-managerial elite (elected public officials)	Ministry of Finances and Public Administration
Spain	Political elites at the three levels of government.	Ministry for the Public Administrations in co-ordination with autonomous regions and local entities.
Switzerland	Political (Swiss parliament) and managerial elites (Federal Council)	Federal Department of Finances

Source: OECD (GOV)

68. This fact, however, raises the issue whether economic leaders are prepared to lead the change. There is no doubt they are technically trained to implement a sophisticated reform proposal, like the French LOLF, but whether they are prepared to deal with the change produced by the reform is a different matter. The fact that the Finnish regionalisation and productivity programmes presented difficulties in its implementation was not due to the lack of technical knowledge but to limited leadership skills and the absence of a strategy to manage change. One possible explanation may be their educational profile as they may have not been trained to be organisational leaders but their training focused on technical aspects and not on how to manage the effects of their decisions.[4] Finland, France, Spain and Switzerland consider the development of the leadership skills of managers as pivotal for easing the way for change. This has a double meaning. First, it means that no matter how capable or dedicated civil servants are, but without a committed and trusted leadership the reform efforts may prove fruitless. And second, managers should be able to act as leaders. According to the Finnish experience, leadership is a skill that can be learnt, therefore the importance of training.

[4] This hypothesis requires further empirical research to be confirmed. An analysis of the managers' educational background may shed some light in the issue whether universities and colleges are preparing not only highly trained personnel in technical aspects (for instance: economics, finance, law) but also leaders able to manage public organisations.

Box 10. Employing Real Managers in the Public Sector

The 1st International Meeting on Public Management, organised by the *Institut de la Gestion Publique et du Développement Economique* in 2002, concluded that the managerial dimension of positions of responsibility necessarily entails a string of radical changes, like appointing managers on the basis of their managerial skills. However, this conclusion only tells one part of the story. Managerial skills are *per se* insufficient to produce and manage change; they should be complemented by leadership skills. Managers should not only do things right, but they should also inspire their people. They should have moral authority to expect people's trust and demand their support in the achievement of a vision. Without public support managers are unable to effectively manage reform programmes. Managerial and leadership skills are then the two sides of a coin.

69. The leading change factor also refers to the notion that leaders are not only individuals but groups and this claim has been proved by the six case studies. Leaders are not only individuals but also groups which act as guiding or advocacy coalitions to explain the need for reform, create a vision, communicate it to all stakeholders, and obtain and maintain social and political support. None of the reform experiences analysed reported the primacy role of one individual leading the reform process. In the case of France, for instance, two members of the National Assembly proposed reforms to the LOLF and drafted the initial document that was later discussed, amended, and approved. But for the reform to be passed by parliament they required the support of the different political groups that constituted an advocacy coalition that led to the implementation of the reform initiative.

70. Institutional Politics. This factor intends to explain the importance of co-operative organisational networks. Indeed, dialogue, political support and social participation in policy-making have proved seminal to create a sense of belonging and generate legitimacy for the reform proposals. This suggests that the public service is intimately connected with the aspirations, pressures and contingencies of the political world. In the six countries analysed, decision-making is located at the top of the organisational hierarchy. This factor illustrates the predominance of a top-down approach in the policy formulation process where political and managerial elites have a dominant role in decision-making. OECD countries appear to use several mechanisms to create formal and informal co-operative networks like the use of the media, forums for consultation and/or political alliances.

71. In the case of Spain, for instance, an extensive consultation with representatives of the civil society created consensus regarding the reform objectives and the way to achieve them, diminishing political opposition to the initiative. In France, dialogue and negotiation among the different political forces facilitated the acceptance of the LOLF. During these negotiation processes and dialogue, the need for change had to be clearly expressed to convince stakeholders of the necessity to reform. This is the moment when proponents of a reform initiative have to explain the risks of maintaining the *status quo* and the advantages of changing to convince all actors involved and obtain and maintain their support. This factor suggests that political elites are, to a certain extent, open to new workable ideas as long as they do not challenge their privileges.

72. In OECD countries, the creation of informal networks to pursue change in the public sector reflects a more active or participative strategy in policy-making what proves that political and social support are essential to secure the adoption of a reform initiative. This is, however, a matter of an effective leadership and ideological vision as the reform proposal should be convincing enough so that people are lured into supporting it. France, Italy, Portugal and Spain required in the inclusion of agents from outside the public sector to build a coalition to create consensus or legitimate a decision already taken. In any case, a participative strategy facilitates the beginning of a reform process bringing everyone

on board. Hence, the lesson to draw from those experiences is that the construction of a co-operative network to bring about consensus regarding the necessity of a reform to solve a perceived problem requires effective communication channels between all stakeholders involved. A participative policy-making strategy demonstrates transparency, accountability and responsibility encouraging social and political back-up for the reform and change.

73. Implementation Capacity. This factor refers to the mechanisms used by leaders to shape and influence policy implementation and actors' behaviour. The evidence from the case studies reveals that the training of managers has been a widely used instrument for managing change. In general, training has had two aims: to explain the reform initiative in its political and technical dimensions, and to encourage horizontal and vertical dialogue among managers. Some of the reform programmes are highly complex and managers must be trained before and during the implementation of the initiative: this is the case of Finland, France, Portugal, Spain and Switzerland. Training courses also permit dialogue and the share of experiences among managers, like in the case of Finland and France. Training courses constitute forums of discussion from where lessons can be drawn to improve the reform initiative. One of the added values of training is that they enable to explain the necessity for change in more detail to people who are responsible for the implementation of the programme. In Finland, the *Finwin* programme apart from being a forum for the exchange of experiences, has the task of generating a sense of urgency to reform among managers from different administrative levels.

74. Implementing reform initiatives in a gradual manner has facilitated the management of change. As the French and Spanish cases epitomise, implementing change progressively permits adaptation, a more detailed comprehension of the reform, and even the improvement of some technical aspects of the initiative. Moreover, it appears that OECD countries are aware of the risks of declaring victory too soon. It is not enough, for instance, to obtain political and social support, but the challenge is actually to maintain it throughout the reform process. A viable alternative, according to the Finnish, French and Portuguese experience, is through the training of managers and a communication strategy.

France, on its part, tested the reform programme in some areas of the public service. Change generally implies innovation, thus experimenting helps to improve the initiative before its full enforcement. Garvin (1993) claims that experimenting is one of the building blocks of a learning organisation which determines the success of a reform programme. Since the LOLF contemplates the adoption of innovative budgetary practices, testing its conceptual and technical parts permitted managers and civil servants in general to understand the reform and make the necessary improvements.

Assessing the strategies on managing change

75. The case studies presented do not provide evidence of a clear strategy for managing change. They refer to the adoption of, to a certain extent, tools for facilitating the implementation of the reform initiatives. It is true that it is part of the aim of a managing change strategy but those tools by themselves have limited power to incorporate new values into the administrative culture without a defined and conscious strategy. In this sense, it is not possible to talk about good or bad practices on managing change but of more or less interesting measures to implement a reform proposal. This suggests that OECD countries are underestimating the importance of considering the managing change issue in the policy-making and implementation processes. Even more, if reforms aim at policy change then it is hard to know whether change has indeed taken place. A strategy for managing change should describe a coherent and comprehensive process of how to cope with the change that is produced or intended to be produced by the adoption of a reform, including its side-effects. Table 3 highlights the main advantages

and limitations of each of the reform initiatives presented in this paper. It reflects the lack of a strategy to face the effects of conducting reforms in the public service.

Table 3. Evaluating the strategies on managing change in OECD countries

OECD Country	Strengths	Weaknesses
Finland	– Addresses the leadership flaws at the top of the managerial hierarchy. – Facilitates horizontal and vertical dialogue. – Focuses on creating a shred-vision. – Creates a guiding coalition for a vision of the future.	– Negative perception of the programme by some managers and employees representatives. – Under-communicating the aims of the programme to all actors involved. – Limited duration of the programme as no continuation is expected.
France	– Strong political underpinnings. – Original conceptual framework. – Based on a vision. – Contemplates a communication strategy. – Considers piloting the initiative. – Contemplates training to raise awareness on the aims of the reform. – Proponents took time to mature the reform.	– Originality poses some threats to the full understanding of the reform and convincing public servants of the need to change. – Although politicians support the initiative, public servants were not involved in the definition of the reform what may cause resistance to change. – Training is minimal on leadership aspects to introduce change. – The implementation of the LOLF may trigger the need for further reforms in other areas of budgeting and finances what may increase the complexity of the reform.
Italy	– Reforms based on evidence derived from the experience of other EU countries. – Adopts a self-critical approach. – Strong political underpinnings – Contemplates continuous training.	– Lack of a defined vision on the future of the public service to give coherence to the reform efforts. – No piloting of the most complex technical aspects of the reform. – Reform measures were not consulted with the affected actors (i.e. trade unions leaders) compromising the support to the reform. – Training does not address leadership flaws in the public service to manage change.
Portugal	– Creates an advocacy coalition to support the reform (the media, economic actors and politicians). – Vocational training addresses the leadership flaws in the public service. – Gives continuity to previous reform efforts. – Committed political leadership.	– Lack of support from public servants who perceive their interests affected. – Lack of a defined vision on the future of the public service to give coherence to the reform efforts. – Delays in the reform implementation are mainly due to political priorities and bureaucratic procedures than to a strategy to allow adaptation.

Table 3. Evaluating the strategies on managing change in OECD countries (cont'd)

OECD Country	Strengths	Weaknesses
Spain	– Reform consulted with a wide number of actors (politicians, civil servants and members of civil society). – Creation of an advocacy coalition to pass and implement the new law. – Several dispositions of the reform are being piloted before their full implementation.	– Highly complex. – Requires specific regulations and measures for HRM at the federal level and in the autonomous communities. – Training focuses on technical aspects of the reform but not on leadership. – No communication strategy.
Switzerland	– Vision defined and shared by all ministries. – Reform defined in conjunction with employees' representatives. – There are defined roles on what every level of the hierarchy should do to reach the reform goals. – Reforming the public service has been done gradually to allow adaptation.	– Minimal focus on leadership issues. – There is no piloting of the reform initiatives. – It does not contemplate a communication strategy

Source: OECD (GOV).

76. As it can be observed in Table 3, none of the reform initiatives is accompanied by a plan to manage change. The fact that every reform programme or initiative has strengths and deficiencies in policy-formulation is not new, but what is remarkable is the minimal consideration to the management of change and of its likely side-effects. The absence of such a strategy begs the question of to what extent this drawback will impact the results of the reform. If managing change is an influential variable, then, why there has been so little consideration by policy-makers and decision-makers regarding this issue. This is probably one of the reasons why some reforms fail to achieve their goals, or it may also be that managing change is not that determinant to achieving policy change. These questions, however, require of further theoretical and empirical research to be answered.

4. CONCLUDING REMARKS AND PROPOSALS

77. This paper used the notion of receptivity in order to explain and understand how OECD countries are managing change in government. The case study findings have implications for the theory and practice of managing change. Although the conclusions are not expected to be exhaustive, they may underpin and guide future research and debate on the area. They also permit to suggest some windows of opportunity for further research.

On the theoretical framework

78. The notion of receptivity provides an approach to analyse change in government. The four factors—ideological vision, leading change, institutional politics, and implementation capacity—facilitate the understanding of change as they permit a schematic analysis and integrate most of the elements considered in the literature on managing change. This analytical framework allows explaining cases of reform derived from different contexts and policy areas as it does not suppose the use of any ideological basis or determines the use of certain assumptions. In consequence, this framework may prove useful in explaining change in both public and private organisations.

79. However, the notion of receptivity by itself cannot give a full account for the actual occurrence of change. Indeed, to explain or suggest whether change has actually occurred and the extent of it, the notion of receptivity requires the comparative-historical method of analysis. The production of change takes time; thus, the most viable manner to prove it is by analysing the evolution of a reform initiative and its effects through time. A comparative-historical approach would provide the necessary elements to assert whether managerialism is a viable alternative to transform the public service into a more efficient and effective body. This is an aspect that should be linked to policy evaluation and will require further theoretical and empirical research. Moreover, this fact reinforces the claim that a managing strategy should exist in parallel throughout the policy cycle as it is a crucial element of the policy-making process.

On the practice of managing change in OECD countries

80. Change in government implies the transformation of culture and attitudes. The implementation of a reform initiative invariably generates opposition from people who perceive that their interests are affected and their values contradicted. Thus, overcoming resistance and obtaining and maintaining people's support for a reform initiative indicates an effective management of change. Leadership seems to have a crucial role in making change happen by influencing people's mindsets and assuring their commitment and support.

81. Table 4 shows the elements or factors that permit OECD countries to manage change. They validate the conclusions already reached in the literature (Garvin, 1993; Drucker, 1995; Kotter, 1995; Whiteley, 1995; Hushion, 1999; Driscoll and Morris, 2001; Baulcomb, 2003; Brunsson, 2006) and in that sense it may be argued that they have little to add to the knowledge on the area. However, they reveal that managing change in the public sector is just as important as managing change in the private one. Even more, that managing change in public organisations is more complex as it involves a wider variety of actors (public and private) and whatever its results, they have implications for society as a whole.

82. An important aspect to underline is that OECD countries are underestimating the importance of managing change and its role in policy-making. The way OECD countries manage change, as illustrated in

Table 4, reflects that those instruments are more casuistic characteristics of policy formulation than a conscious strategy to face the effects produced by the implementation of a reform proposal. It has not been possible to prove the existence of a comprehensive strategy. Politics is not a substitute for managing change but only an aspect of it. Similarly, a sophisticated reform is not enough to ensure the production of change as, for instance, more evidence does not necessarily lead to better policies. This problem may be due to the lack of a methodology or at least guiding principles on managing change. A further aspect to highlight is that there seems to be a problem with leadership in the public sector. The lesson derived from these six experiences is that senior managers in OECD countries are not necessarily good leaders but to achieve change they must assume both roles. Therefore, reinforcing senior managers' leadership skills is crucial to make change happen. The problem is exacerbated by the weak legitimacy and trust from citizens (OECD, 2001, 2006). This endangers, for instance, the introduction of performance-oriented culture into the public service as trust in managers is crucial for its success. Furthermore, the information available does not permit to determine or estimate whether change is actually taking place in government. As it was stated earlier in this paper, producing change is a long term process; thus, these six reform experiences will have to be analysed in the future, as they are still in their early stage, to assess whether administrative reforms have produced the expected effect in the culture of the public service. If the notion of receptivity is to be used, it will have to include elements that validate the occurrence of change and not only how it occurs and is managed.

Table 4. Lessons from the experience of OECD countries on managing change.

OECD countries	Main lessons for managing change
Finland	✓ The lack of a communication strategy and a common vision undermines and compromises the reforn efforts. ✓ Communication and dialogue among all stakeholders from early stages of the reform are of paramoun importance to generate change. ✓ A Committed leadership is essential to make change happen. ✓ Senior civil servants must be able to assume the roles of managers and leaders.
France	✓ It is essential to create a vision and a strategy to achieve it to give direction to the reform process. ✓ Political support and a guiding coalition are necessary to lead the reform process. ✓ A strong and committed leadership is necessary to encourage coalition members to work together as team. ✓ A gradual implementation of the reform facilitates understanding, adaptation and the generation of sense of belonging. ✓ The convenience of using different communication channels to explain the reform and shar information. ✓ The use of training to remove the obstacles to reform. ✓ The convenience of testing the initiative to encourage the generation of a learning system.
Italy	✓ Peer reviews and benchmarking constitute external drivers for change. ✓ Producing change requires long time and political commitment should be maintained throughout the reform process. ✓ Managing change demands self-criticism.
Portugal	✓ To keep the momentum and the effectiveness of the reforms is necessary to continuously adapt o renovate ongoing reforms. ✓ A gradual implementation of the reform initiatives increases the possibilities of an effective incorporation of change into the culture of the public service.
Spain	✓ Dialogue with and the inclusion of different social and political forces lead to a shared vision an commitment. ✓ A gradual implementation of the reform increases receptivity towards change. ✓ It is necessary to maintain policy coherence with general and particular practices or programmes t facilitate acceptance and understanding.
Switzerland	✓ Creating a vision is paramount to give direction to the reform efforts. ✓ A guiding coalition provides the necessary leadership and dialogue to increase acceptance and fac resistance to change. ✓ Policy coherence is necessary to avoid muddling situations. ✓ Middle and long-term objectives allow time for reform to mature, make improvements and b understood by all affected actors.

Source: OECD (GOV)

Proposals

83. Based on the combined experiences of the six OECD countries and on the evidence found in the literature, this paper suggests that a reform, particularly an administrative reform, should have the following attributes to be manageable or, in other words, easier to be initiated and reach its goals:

- **It should be simple.** A reform proposal cannot reflect the full complexity of the public service. Reform proposals reflect principles or ideas regarding an improved state; hence, they should avoid including detailed information regarding technical matters. When reform proposals are too complex they are more likely to produce misunderstandings and in consequence resistance to change.

- **It should be consistent**. It means that a reform should invoke a single set of values and principles (Brunsson, 2006). This is particularly important as reform proposals tend to change the cultural underpinnings of an organisation. That is the reasons why reforms constitute a special approach to

problems. Moreover, it is not possible or convenient to undertake several reforms at the same time to deal with the same problem.

- **It should be based on evidence**. A reform should provide convincing arguments regarding a problem, present or future, and its solution. One way of doing so is drawing lessons from the other experiences, internal and external. That demands getting involved into a process of lesson-drawing (Rose, 2005). However, it must be considered that successful experiences in other settings may not necessary produce the same results in others. The search for evidence should cover cases of success and failure as it is possible to draw lesson from negative experiences, and consider the cultural and contextual differences among countries.

- **It should be realistic**. Generally reforms are naive regarding their objectives and what they can actually achieve in a specific context and period of time. Reforms should be politically and technically viable. Thus, policy-makers and decision-makers should ask themselves what they can really achieve and in what period of time considering the strengths and limitations of the reform proposal. This is crucial so as not to lose support for the reform by the creation of false expectations.

- **It should consider a way of action to face possible side-effects**. Reforms are, to a certain extent, a gamble because they are not free-risk and may generate side-effects. Reforming one aspect of the administrative structure may have implications on other aspects. For instance, performance appraisal may serve as a tool to increase efficiency in the public service but may generate a system of patronage if the right measures are not taken to avoid it. Indeed, reforms have limitations and certainly cannot solve everything, and then reforms may lead to more reforms. Having said that, it should be acknowledged that not all side-effects may be negative, positive consequences may also occur.

- **It should focus on the future**. Reforming the public organisations is a long-term process and results cannot be expected to be immediate. Persistence from leaders is needed if reforms are to take place and changes to be achieved. This is because reforms promise future benefits which sometimes will be palpable even further off the completion of the implementation process (Brunsson, 2006).

84. These attributes may facilitate both the management of a reform and the management of change. This is because a reform that is simple, consistent, based on evidence, realistic and that proposes solutions on a long-term approach is relatively easier to explain and understand. These elements could probably be further developed in the policy-making literature as they should be an integral part of the policy-formulation process. They may also be seen as common sense, but to distinguish what characterises a manageable from a non-manageable reform and use it as a basis for reform definition may reduce the level of risk.

85. The case studies suggest that the policy-making process should be complemented with a strategy to manage change. This is of particular importance because, as stated at the beginning of this paper, reform and change are two different but interrelated notions. The lessons derived from the experience of the six OECD countries analysed in this paper may constitute the basis for building a methodology on managing change despite their differences in content and context. The methodology, far from being prescriptive, should act as a benchmark for assessing policy success and failure. The construction of such methodology might be guided by the following questions and considerations:

1. Was the need for change carefully established? How was it defined?
   - It is necessary to identify a crisis or a potential crisis or at least windows of opportunity for improvement to start a reform.
   - External and internal factors may lead to the adoption of a reform.

2. Is there a vision that gives direction to the reform efforts? Is it shared by everyone involved in the reform process and members of the community?
   - A vision gives coherence to the reform efforts and reflects the prevailing ideology.
   - The vision should be communicated to all possible actors involved or affected by the reform process.
   - Sharing information would keep everyone on board and assist in making the reform understandable.
   - Reform proposals should be consistent with the organisational culture, thus particular attention must be paid when drawing lessons from other settings.

3. Have members of society had the opportunity to express an opinion regarding the reform proposal? Do they see the same problem and agree with the proposed solution?
   - Members of society (academics, trade union leaders, entrepreneurs, etc.) should be consulted to enrich and improve the reform proposal.
   - Consultation generates legitimacy and brings about support for the reform initiative.
   - Public servants in general should be consulted regarding the feasibility of the proposed initiative and making them part of the formulation process to obtain their support.

4. Is there a guiding coalition (leadership) with enough moral and political power to lead the reform effort?
   - An effective leadership can reduce the behavioural resistance to change as this is an ongoing problem.
   - The generation of change requires the creation of a guiding or advocacy coalition integrated by actors from within and outside the public service to lead the reform efforts.
   - The aim of the guiding coalition should be to encourage all actors involved to pursue the achievement of the vision.
   - The guiding coalition should identify the obstacles to change and work to eliminate them.

5. Is the reform proposal implemented gradually to allow adaptation and improvement? Has the reform been piloted?
   - A gradual implementation of a reform allows adaptation which is crucial in making change happen.
   - Piloting the reform permits improving the technical aspects of the initiative, and facilitates familiarization with the reform proposal.

6. Are enough resources available to implement the reform and bring about the desired effects?
   - The implementation of a reform demands certain skills and resources of (financial, political, human, knowledge, and time).

- Knowledge and time are central to the production of change. Innovation is critical to avoid repeating old practices. Time is fundamental to institutionalise the new arrangements and mature the reform.

7. Have the side effects of the reform been considered? Are reform proponents aware of the limitations of the reform?
   - Reforms are not risk free and may generate unintended consequences. Hence, a managing change strategy should consider likely ways of action regarding negative side-effects.
   - A managing change strategy should aim at diminishing risk and dealing with unexpected effects.
   - A reform project has limitations and cannot possibly solve all problems, therefore the necessity to be realistic regarding what the reform can actually deliver. This has implications in terms of obtaining and maintaining political and social support.

8. Is the reform programme assessed regularly to improve its technical aspects and see if it is producing the desired results?
   - Improvement requires a commitment to learning and generating information and knowledge.
   - Public organisations should be able to create, acquire and transfer knowledge, and mould their behaviour on that basis.

86. These questions are only intended to provide some guidance in the construction of a methodology for managing change. Even more, questions like the previous ones may guide the establishment of a strategy to manage change. Based on the case studies, it may be argued that a strategy for managing change should include elements of experimentation, continuous learning and improvement, communication and constant evaluation. However, more theoretical and empirical research is needed in that respect.

The way forward on managing change

87. The construction of a methodology on managing change on a broader empirical basis is critical to guide the work of policy-makers and decision-makers. It is also worth noting that none of the six experiences analysed in this paper made reference to how to establish whether change has actually happened. There are not real instruments or parameters to determine real attitudinal or cultural change produced by the adoption of performance management strategies into the public service. This is both a theoretical and practical issue. It seems that governments are involved into processes of change without little consideration of how to assess the impact a reform initiative has had in the culture of the public service. How to measure success is an important aspect for policy evaluation but also for maintaining political and social support. One of the reasons for that may be, as Skinner (2004) argues, that conducting any evaluation process is a complex activity influenced by issues of power, politics and value judgements. Although changing culture is a qualitative issue that depends greatly on perceptions, future studies on managing change may require quantitative information to make generalisations. Therefore a mixed research methodology would allow reaching more solid conclusions. Future research in the area may need to answer questions like these: How to argue that a reform initiative is producing the desired results? How to maintain citizens' positive opinion towards political projects and leadership without tangible proofs of successful policy change? How to assess policy change initiatives away from political considerations? The assessment of policy reform projects is crucial to create shared understanding and build consensus towards the institutionalization of change and the generation of more change. This topic,

however, requires more extensive theoretical and empirical research as the conception of policy success varies according to different points of view.

PART III
THE EVIDENCE: CASE STUDIES ON MANAGING CHANGE

5. FINLAND -- THE CASE OF THE *FINWIN* PROGRAMME

Introduction

88. Finland has been implementing reform initiatives to tackle the challenges posed by an ageing population. There have been some difficulties in the implementation, though, such as deficiencies in communication, understanding and a common vision at the interior of the public sector, which have impeded a smooth preparation to face the imminently lost of skilled staff in the near future. This case study aims at examining how Finland is paving the way to implement change addressing the leadership and communication deficiencies in the public service and, in turn, drawing lessons from experience.

The driving force – Finland's ageing population

89. Finland has the fastest ageing population in the European Union which has created a number of challenges for the country, particularly for the public service. By 2015 a large part of the senior civil servants will have retired with the subsequent lost of experience and skills required for the operation of the public service. The number of people aged over 65 is projected to increase by 57% by 2020 and the age group between 20 and 49 is expected to decrease by 20% in the same period. Central government has 5.2% of the total labour force whose average age is 42.9, two years more than the average of the labour market as a whole. Large-scale retirements will begin earlier in the civil service, at the central government level, than in the broader labour force.[5] This scenario poses a huge challenge for the civil service in terms of human resource management and public service provision.

90. An ageing civil service can be considered as an opportunity to better adapt public services to the needs of an ageing population, reorganise the workforce and reduce the number of staff where it is needed. However, it represents a challenge in terms of maintaining capacity in key areas despite the expected lost of skilled and experienced staff. In this sense, the Finnish government implemented regionalisation and productivity programmes to make a better use of its human resources.

Facing an ageing civil service – Two reform initiatives

91. The regionalisation programme aims at relocating state functions to other areas in the country by 2015 which implies moving 10% approximately of all state functions outside the capital area. Separate

[5] For further information see OECD (2007c).

service centres have been created in regional areas according to the new services required by the population and the needs of the public service. Existing personnel have been asked to move to the service centres to continue working. Nevertheless, government cannot force civil servants to change residence and there has been a rather limited response from the personnel´s side to the regionalisation programme. This fact has created problems concerning human resource management and a leadership gap on a wider scale.

92. Due to the demographic development and its negative repercussions for the public service, the productivity programme has the purpose of reforming state functions to a shape that in practice requires less personnel as the reduction of skilled staff is expected to worsen. The programme was launched with the basic idea that ministries and agencies would prepare themselves for the upcoming change in staffing. However, the programme has in some quarters been seen as a head count reduction initiative. This has created the need for a renewed sense of change management and leadership.

93. The implementation of these reform programmes, while proceeding as planned, has also faced some difficulties because of inadequate argumentation, communication and discussion with all affected actors, producing a gap in information, understanding and vision. For instance, there was disagreement regarding the amount of staff that needed to be cut and top managers sometimes lacked commitment to the initiatives.

Addressing the leadership gap – the Finwin programme

94. Finnish authorities realised that there was a need for increased dissemination of information on concrete means and tools for the management of change to safeguard the implementation of the programmes. Hence, in December 2006, the Ministerial Committee for Economic Policy established the change management programme called *Finwin - towards a new leadership*. Its aim is to bring about a shared understanding and vision concerning the future challenges and the way to manage them. In other words, *Finwin* intends to facilitate the implementation of change through the dissemination of information and the exchange of positive and negative lessons on reform programmes in different areas and levels of government.

95. *Finwin* is directed to top level civil servants and employee representatives. It started in June 2007 and it is expected to be finished by May 2008 with a turnout of 1,200 participants approximately. The programme is organised around seminars which serve as forums for discussion on topics like well-being at work, social innovations, functions of the state sector and regional administration reform. There are also other working methods such as learning cafes and workshops that complement the discussions held at the seminars.

96. This leadership initiative focuses on creating a common understanding and vision in 150 ministries and agencies which belong to specific administrative branches and are highly independent in their operations. The message is that all efforts should point to a common aim. *Finwin* concentrates particularly on training top managers on managing change. It intends to provide them with the necessary communication and leadership skills to face a changing environment under a common vision.

97. One of the advantages of the programme is that it facilitates horizontal dialogue. Senior managers from different ministries and agencies have the opportunity to discuss a common vision on where they are going, what they want from the future, where they will be in 10 years, and the desired level of quality to operate. The seminars give them the opportunity to share experiences and fears regarding the future and the challenges ahead.

The public perception of the Programme

98. *Finwin* is managed the Ministry of Finance with the assistance of a private consultancy firm. Moreover, a cross-sectoral working group and a steering group were created from the outset to co-ordinate the programme. The working group, which meets every two weeks, consists of representatives from the Ministry of Finance, the State Treasury, the Finnish Road Administration and one employee representative. On the other hand, the steering group, which meets once a month is integrated by top level directors from different state agencies, chairman of a union and chaired by the permanent secretary of the Ministry of Environment.

99. During the course of the program there has been some, although not generalised resistance towards it. Some top managers and employees representatives have perceived it as a 'cover story' for the productivity programme. Since *Finwin* was created by the Ministry of Finance, it may have been considered as an intervention and an instrument of control rather than a support instrument for agencies and ministries to manage change. The absence of a number of top level directors from some seminars may be an indicator of the somewhat cynical perception and the lack of commitment to the initiative. Once again, communication was underestimated. It was then evident for Finnish authorities that a clear and timely communication was essential to manage change.

100. Thanks to the topics discussed in the seminars such as well-being at work, the general interest towards the program has been high. The involvement of employee participants and union representatives in the preparatory stages and in the seminars has been pivotal. Making people active partners of the whole exercise favoured the acceptance of the programme. Political backup, unions' support as well as sufficient financial resources have also proved seminal in the implementation of *Finwin*.

101. The success of the *Finwin* programme depends on its positive impact on the implementation of the change projects, for instance the regionalisation programme. This judgement is a function of a number of parameters which vary from case to case and therefore it can only be made at a larger scale. The assessment of how successful the programme was will be based on the feedback collected in each seminar and interviews with major stakeholders. There have been voices calling for a continuation of the programme in one way or another, but the modality has not been decided yet.

102. It is expected that one of the concrete results of *Finwin* will be the elaboration of a five point programme for better management. At the beginning of the programme, the minister of finance asked participants to elaborate a five-point programme to improve management which included inter alia, development of processes and better utilization of IT, development of structures and organisations, improvement of age management and transfer of knowledge to the young, focus on recruitment and employer image, among others. This programme has to be concrete and its creation demands the commitment of participants.

In conclusion -- What lessons for managing change?

103. The implementation of the regionalisation and productivity programmes and the launch of *Finwin* to contribute to their success provide valuable lessons for managing change. First, they show the dangers and consequences of lacking a communication strategy and vision while intending to produce change. Vision should give managers and people a sense of direction, which was not always the case in Finland. A communication strategy should be designed in parallel to the reform policy in order to provide timely information to all stakeholders and avoid misunderstandings and negative perceptions. Employees

would not make sacrifices such as changing residence unless they are convinced that useful change is possible.

104. Second, the Finnish experience also shows the necessity of dialogue among all stakeholders during the whole process of change. Communication and dialogue are two interlinking factors. Well functioning communication channels contribute to the dialogue. Adequate dialogue and communication from the early stages of the policy formulation process are important prerequisites for the implementation.

105. Third, the implementation of the regionalisation and productivity programmes underlines the relevance of leadership in making change happen. There was not enough preparation to facilitate managers the take up of their new role as leaders of the change process. Top or senior managers are not necessarily the authors of the reform initiatives but they play the pivotal role of implementing them; therefore, they should understand and be committed to lead the change process. Moreover, top managers need to have the necessary tools to cope with the process of change.

106. Finally, the Finnish experience shows that senior civil servants must be both managers and leaders. As managers they must minimize risk in implementing the new programmes and as leaders they should create the basis for a new culture in the public service. It may be also argued that, indirectly, *Finwin* is now creating a guiding coalition to restructure and implement the strategy to face the challenges of an ageing population.

6. FRANCE - THE CASE OF THE ORGANIC LAW RELATIVE TO THE FINANCE LAWS

Introduction

107. In 2001 France undertook a major reform regarding the management of public finances. The Organic Law relative to the Finance Laws (LOLF for its initials in French)[6] put an end to a long-standing regulatory framework and established a new budgetary logic which represents, to a large extent, a cultural change in the French public sector. The aims of this case study are to examine how change is being managed and integrated into the culture of the public sector, and to outline some lessons for managing change in the public service.

The LOLF – A new budgetary culture

108. For more than 40 years the rules and procedures for the management of the French budget and public expenses were established by what was called the 1959 "Organic Edit". This regulatory framework remained almost unchanged throughout all its period of validity.[7] In 1998 the National Assembly established a working party to examine the budgetary efficiency and parliamentary control over of public expenses. It concluded that Parliament had a limited contribution on improving the efficiency of public expenditure, and restricted means to foster transparency in the budgetary process and evaluate its performance. Moreover, the fragmentation of the budget into more than 800 chapters was considered no longer useful. The desire of introducing accountability and a performance-oriented culture into the public service and the necessity of granting parliament a more active role in the budgetary process led to the enactment of the LOLF.

109. The LOLF is the product of political negotiation and agreement between the different political forces represented in the National Assembly, fact that is considered as a 'petit miracle' in French politics. The new regulatory financial framework establishes a budgetary logic by which budget is presented based on missions, programmes and actions. It sets up a budgetary process around two key elements: i) the logic of the public performance management, and ii) transparency in the budgetary information which grants parliament control over the process. The LOLF aims at reducing government expenditure, notably the wage bill, with the purpose of alleviating the debts of the State.

110. The logic of the public performance management intends to institute a budgetary culture focused on results rather than to the logic of means, which was a major stumbling block in the 1959 regulation. This makes the administrators accountable for the use of financial resources given to them to operate. In doing so, two projects are put in operation, the Annual Performance Projects (PAP for its initials in French)[8] which present the activities of the different administrations for the following year; and,

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[6] Loi organique relative aux lois de finances (LOLF).

[7] There were more than 38 reform proposals to the 1959 financial regulatory framework during the 40 year period that were rejected.

[8] Projets Annuels de Performance (PAP).

the Annual Performance Reports (RAP for its initials in French)[9] which make an evaluation of the objectives the year after. The main idea is to separate the functions of the state from its structures through the establishment of missions.

111. The LOLF reinforces budgetary transparency and strengthens parliamentary control over public finances. It makes compulsory for government to present to the Parliament, during the introduction of the project of the financial law, a report on the economic, social and financial perspectives for the next four years. It is expected that this measure will increase transparency in budget management. Under this logic, parliament is better informed and has an active role in budget allocation as it has the authority to amend any repartition of funds among programmes.

Preparing the ground for change

112. The LOLF represents a change from a culture of procedures to a culture of results. It is argued that the LOLF has been made by visionaries who conceptualised a new regulatory framework to manage public funds in a more transparent, efficient and effective manner.[10] Parliament passed the LOLF on 1st August 2001 and allowed five years to prepare the ground for the presentation of the first budget under the LOLF model. The implementation strategy consisted of four main elements: a) development of the conceptual framework; b) information/communication; c) experimentation; and, d) training.

113. The introduction of the LOLF demanded a new conceptual framework. Indeed, there was a lack of concepts, tools and procedures to implement the LOLF. Hence, French authorities had to provide an original concept of performance which raised the importance of efficiency, quality and impact on society.[11] All objectives and indicators have to point to the achievement of these elements. Moreover, it was necessary to design a new accounting system and above all a new relation between government and parliament. It was also needed a project leader, the director of the budgetary reform, in charge of diffusion, information and formation.

114. One of the consequences of the LOLF was the emergence of new actors in the French administrative landscape. For instance, the programme director had to find and make its place between the director of finance and the HRM director. Moreover, *prefects* had a new role as co-ordinators of public policy in charge of securing consistency both vertically and horizontally within the administrative structure. These new actors had different roles and their first difficulty was to find their own legitimacy and place within the organisation. The implementation of the LOLF also introduced new topics into the public service such as: performance control and quality. Inspection had to be changed from an ex-*ante* to an *ex-post* control.

115. The information-communication strategy consisted in the organisation of colloquia to explain the reform. The first colloquium took place in October 2001 to launch the LOLF. At the beginning of 2002 the communication plan was launched which consisted in working with the media, opinion leaders, local authorities and parliament. The internet was a useful tool to reach a wider audience, as it was possible to public letters of information to explain the new developments in terms of budget management and its implications for society. Several pedagogic documents were published and there was a wide diffusion of good practices in terms of budgetary management and experimentation.

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9 Rapports Annuels de Performance (RAP).

10 The LOLF derives from a parliamentary initiative proposed by Deputy Didier Migaud and Senator Alain Lambert with the approval of the president of the National Assembly, Laurent Fabius.

11 This is what it is known as "*performance à la française*".

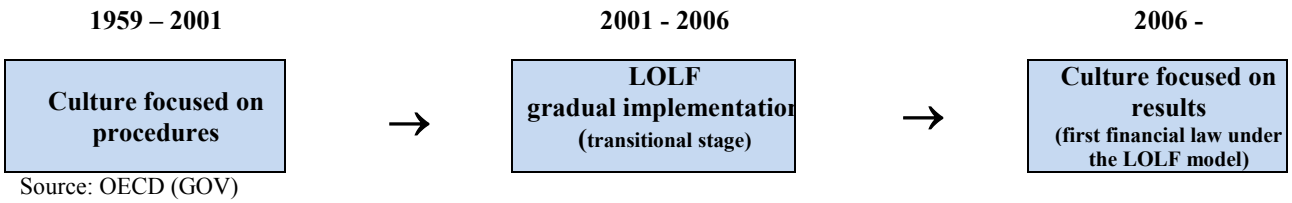
116. The preparatory works including testing the new concepts and procedures contemplated in the LOLF. For France this was also a new step in implementing public policy. This meant to pilot the new concepts and procedures to see how they worked together. Several organisations volunteered to test the new budgetary concepts, procedures and tools. There were a number of meetings between the experimenting organisations to discuss the most complex aspects of the LOLF, particularly the relations between aims and indicators. These discussions led to mutual learning, particularly on performance.[12] The co-ordination of the piloting works was under the responsibility of the Budgetary Reform Directorate (DRB for its initials in French)[13] within the Ministry of Economics and Finances.

117. Training was another crucial aspect in the preparatory works to the operation of the LOLF. The process of training was divided into two stages. The first one was a movement towards sensibilitation about the new regulation. The figure of the "ambassadeurs" of the LOLF was created who required a special training.[14] The school of the LOLF was created under the basis of structuring the training offer. The second stage was the creation of communities of practices to forge a doctrine where formation was more focused on the training of programme directors, operators of budget and accountants. For instance, in 2005 French authorities published a Practical Guide for Operating Budgets of Programmes which defined a methodology for the budgetary process and the relations between the officials accountable for programmes and those for the budget.

The current state of affairs

118. The LOLF was fully implemented in 2006. The DRB, which was in charge of the experimentation stage, was abolished and the Budget Direction took over the responsibilities of managing the LOLF. In its place the General Direction for the State Modernisation within the Ministry for Economics and Finances was created. The implementation of the LOLF has represented a challenge for French authorities as they had to change an old and deep rooted culture that gave extreme importance to procedures rather than to results.

Figure 2: The LOLF as an instrument for cultural change



Source: OECD (GOV)

119. It may be argued that the new budgetary mechanism is finally integrated into the practices of the public service. However, the link and relevance of the objectives and performance indicators are still under examination, and the emergence of new actors demands the construction of a charter in some ministries to specify the their role.

120. The LOLF has also brought about important changes within the human resource management (HRM) domain. The management system changed as it now brings into focus individual performance and

[12] The meetings were organised by the Ministry of Economics and Finances and were attended by around 600 people all together.

[13] Direction de la réforme budgétaire (DRB).

[14] There were about 5 or 6 "ambassadeurs" per ministry.

stresses the necessity of new tools to manage the pay bill, a conceptual framework to manage performance in HR, and a re-structuration of the training courses to reinforce formation.

121. Although the opinion of the media has been favourable, practitioners have doubts regarding the implementation of the LOLF. It will require further changes which may include a new law of the public function, a revision of the public accounting system and a continuous review process of the LOLF itself.

122. In general terms, the LOLF has represented a cultural revolution at the interior of the French public service. It has meant the redefinition of values as they are now linked to performance. It was necessary to make every actor have a sense of belonging to the reform process giving another meaning to their individual values. As Waintrop put it: "we can't change culture without changing values."[15] It was believed that the modernisation process should have a meaning to all civil servants to avoid considering it as a pure technocratic reform. Focusing on results implies a radical change in people's mindsets. It requires changing values, attitudes, priorities and the creation of a new value system in line with a culture based on performance.

123. The current challenge that the LOLF faces is to pass from experimentation to generalisation. This has produced a sort of stagnation stage. While being operating as a pilot programme in some areas, the LOLF was regarded favourably and most of the actors agreed with the new conceptual framework but at the moment of making it applicable to all generated resistance and attempts to block it.

What facilitated the implementation of the reform?

124. The LOLF is a response to the drawbacks of a dated regulatory framework that for most of its period of validity remained largely unchanged and was not responding to the necessities of a more balanced distribution of power. Indeed, the balance of power between the executive and the legislative was uneven, at least in the management of public finances. Moreover, there were more than 30 unsuccessful attempts to amend the old regulatory framework. These elements provided the arguments for the need to reform, creating a sense of urgency. Changing the long-standing tradition of focusing on procedures rather than on results was only possible through the combination of several factors that facilitated the generation of change, such as: vision, political consensus, leadership, time, knowledge and a wide discussion. In addition, the objective of the LOLF of making a better use of public money clearly goes in line with the efforts to cut public expenses and generate economies in government.

125. The experience of the LOLF shows the importance of having a clear vision or idea about the desired future and be able to communicate it to obtain political back-up. The fact that it was a bipartisan reform proposal and approved by the majority of members of the National Assembly granted it legality and more importantly legitimacy. It was clear what the reformers wanted: a fairer balance of power through parliamentary control over budget and public finances. The necessity of change was perceived by most of the political actors. Opposition parties, although aware of the need to reform, may have supported the initiative to use parliament control on public budget as a political instrument.[16] The National Assembly is the major winner in this process; after all it is a parliamentarian initiative, as it obtains more control over the executive. Bipartisanship constitutes in this case a form of advocacy coalition to provide political support to the initiative.

[15] Francoise Waintrop, presentation at the PEM/WP meeting, 28-29 November, Paris.
[16] This argument still requires further analysis and empirical evidence.

126. A reform initiative like the LOLF would not have been possible without a committed leadership. Even if a couple of members of the National Assembly may be qualified as the visionaries of the reform, leadership was embodied in the legislative power itself. The later involvement of top and middle managers came to reinforce leadership. If political opposition was minimal, resistance may only come from the actors that were to implement and operate the new budgetary process as the new regulations might be seen as too complicated, disrupt their traditional working procedures and create uncertainty regarding their working conditions. A diffusion campaign in the media and the organization of colloquia permitted to explain the reform and reduce resistance to change.

127. The preparatory works of the LOLF evidence the convenience of a gradual implementation of a reform initiative so that stakeholders understand in its conceptual and technical aspects. At the same time, it permits a process of adaptation to a new culture, values and working environment and practices. French authorities required of five years to explain the reform, train staff, communicate and inform civil servants and society of the changes and the need of them before the first financial law under the LOLF model was finally implemented. Share of information and dissemination of knowledge were key elements for, to a large extent, a smooth transition towards the full implementation of the LOLF. Training managers was a critical aspect not only to explain the technical aspects of the budgetary process but also for creating a sense of belonging to the reform and the new ideas themselves.

128. Piloting the initiative was an innovation in French policy-making and was a seminal element for managing change as it allowed adaptation and a progressive understanding of the reform. Experimentation is possible when reform policies are implemented gradually, it should be accompanied by a wide discussion on the results and the exchange of experience and information. Indeed, French financial authorities lacked a comprehensive conceptual framework to implement the LOLF; it demanded a huge intellectual work to build the conceptual basis for the reform based on the local context.[17] The concepts and procedures were new and required testing before their implementation were generalised. A further aspect to consider is that experimentation encourages discussion and learning and the improvement of the reform.

In conclusion - What lessons for the future?

129. At this stage it is possible to argue that change has been integrated into the budgetary procedures but it still requires more time to be fully incorporated into the culture of the public service and people's minds. At least seven lessons for managing change in government may be drawn from the implementation of the LOLF. They have been outlined throughout the case study but they can be summarised as follows:

- The necessity of creating a vision and developing a strategy to achieve it.
- The need of political support and the formation of a guiding coalition to lead the change effort.
- The need of a strong and committed leadership with enough moral and legal authority to encourage the coalition members to work together as a team.
- The convenience of a gradual implementation of the reform as it facilitates understanding, adaptation and the generation of a sense of belonging. Enough time is necessary to adapt people's minds to a new environment.

[17] That is the reason why French policy-makers talk about concepts such as "'*performance à la française*'".

- The use of different communication channels to explain the reform and share information, for instance: the media, colloquia, opinion leaders and internet.
- The use of training as a tool to remove the obstacles to reform and explain the reform more thoroughly.
- The convenience of testing the initiative to encourage the generation of a learning system through the share of experiences and the improvement of the reform initiative.

7. ITALY - THE CASE OF THE CIVIL SERVICE REFORM

Introduction

130. The Italian public service has been under a continuous process of transformation for more than a decade. Economic constraints and peer influence have prompted adaptations in the management of the civil service. However, the new reforms have faced resistance in the political, cultural and behavioural fronts compromising the consolidation of the reform efforts. The Italian experience shows the relevance of obtaining political support to produce and manage change in the public service but also the need to maintain that political support throughout the reform process to achieve the reforms objectives. The aim of this case study is to examine how Italian authorities are coping with change and facing opposition to the reform initiatives.

What is the reform about?

131. The first stage of the reform of the Italian public service began in early 1990s and it was considered to be finished in 1998. The second stage refers to a consolidation process and the improvement of reform measures according to political, economic and social priorities; this process is, however, not yet concluded. The reason for this is that many of the reform objectives have not been achieved, for instance: the establishment of a strong evaluation system of services and customer satisfaction; the normalisation of Human Resource Management (HRM) practices; more efficiency in HRM; and, further reductions in labour costs.

132. The general aims have been to make public administration close to citizens, increase efficiency and effectiveness in public service delivery, and reduce public expenditure in terms of payroll. In this vein, some of the measures adopted are: i) a modernisation process of the organisation structures, functions and procedures; ii) service delivery under a focus-oriented approach; iii) a redefinition of public bodies' mission; iv) quality improvement of public services; and, v) the empowerment of managers in human resource management. All in all, this has represented a cultural change at the interior of the Italian public administration.

133. The civil service has been one of the areas of reform in recent years. The Italian civil service has been experiencing changes under a public management orientation. The management of civil servants in terms of rules and evaluation is becoming more alike to the private sector practices. To limit political influence in the civil service, the new measures include a differentiation of the roles of political and managerial positions. Moreover, the introduction of a collective bargaining process with representatives of trade unions, the inclusion of a performance assessment process and the adoption of a sort of performance-related pay scheme are some of the measures intended to consolidate the overall reform process, transforming traditional administrative culture in the civil service.

What are the drivers of the reform?

134. Internal and external structural factors have prompted reforms in the Italian civil service. Budgetary constraints and limited efficiency in the management of public funds are the two main internal factors that triggered the reform. Peer influence from European Union (EU) counterparts and voluntary lesson-drawing from other countries constitute the main external elements that have facilitated the reform process.

135. According to the Department for the Public Function (DFP for its initials in Italian)[18] there is a high correlation between the level of competitiveness of the country and the performance of the public administration. Hence, it considers necessary to improve the quality of the public policies and service delivery to underpin the efforts to reinforce the economic competitiveness and growth of the country. The necessity to produce savings in public expenditure has led to a redistribution of the human resources across agencies and ministries as well as across levels of government.

136. The experience of EU member countries has also inspired reforms at the interior of the public service. In fact, the *peer review system* is considered as one of the instruments to promote self-evaluation by the Italian government. In other words, processes of policy learning or voluntary policy transfer have prompted changes in the public service, creating opportunities to improve, update and reinforced the consolidation of the reform process.

What has changed?

137. The reforms implemented more than ten years ago have changed administrative culture in the Italian public service. Change is reflected in the working conditions of public servants, the introduction of a performance-oriented management, and a service-oriented administration. Traditional practices and idiosyncrasy have experienced a radical change to make public service more responsive and accountable. However, this process of change is ongoing and demands constant reinforcement or adaptation of reform programmes. Indeed, civil servants are currently accountable to citizens for delays in administrative services but less accountable for the results due to the lack of an evaluation system. Figure 2 illustrates how the culture of the Italian public sector has been under a continuous process of change over the last decade.

138. Although there is still a long way to go to consolidate the reforms initiated in the 1990s, some progress has been made in transforming the way of doing things in the public service. To consolidate the reforms and avoid going backwards, the Italian government has revised its programmes and procedures to improve and reinforce the reform process. There is a growing awareness of the importance of self-assessment (autovalutazione) through the use of the EU's Common Assessment Framework (CAF), peer evaluation and benchmarking. The objective is to establish a culture of continuous improvement and learning at the interior of the public service which allows providing better quality public services.

[18] Dipartimento de la Funzione Pubblica (DFP).

Figure 3. Evolution of the Italian public service under a managerialist approach.

Public service before 1990s		Public service 15 years later	Remaining challenges	*Expected effects*
		Transitional stage	**Consolidation**	***Culture of Continuous Improvement***
• Highly centralised • Highly influenced by political events • Clientelism • Public servants influenced by political patronage • Inefficiency in resources management • Limited responsiveness, transparency and accountability • Limited mobility	*Implementation of reforms under a managerialist approach*	• More flexibility in HRM. • Costumer-oriented • More decentralised public service • Improved efficiency in resource management • Quality-oriented in public service delivery • Improved effectiveness • Differentiation of political and managerial functions	• A more inclusive policy-making process • Separation of politics from management • More transparency • More accountability and responsiveness • Improvement of quality in public service delivery at all levels of government • Improvement in efficiency and effectiveness in HRM	*Satisfaction of people's needs* *Recuperation of people's trust in public administration* *More legitimacy*

Source: OECD (GOV)

How is change being managed?

139. Changes in the public service have faced political, cultural and behavioural resistance. Politicians and representatives of trade unions have perceived their interests to be affected by the increasing mobility or distribution of civil servants in different sectors and/or levels of government and have therefore opposed the reforms. Cultural resistance has been manifested through the idea that public administration has a social role in the distribution of economic resources. Moreover, the idea of changing long-standing habits and practices has produced behavioural resistance from managers, civil servants and union trade leaders. Hence, traditional culture in the public service has also constituted an obstacle for change. The institutionalised practices and the way of thinking have turned difficult to modify, particularly because of an ageing civil service. The openness and reception of individuals to new ideas have been rather limited.

140. To face resistance, Italian government has undertaken two measures: the involvement of civil society and all stakeholders and the use of the media as a communication channel to explain the reforms. Dialogue and share of information have been central in overcoming resistance to reforms as all stakeholders and other actors affected need to understand what is changing and why. The media, for instance, has been central to make decision-making processes, labour costs and appointments more transparent. Moreover, continuous training has been crucial to familiarise managers with the conceptual and technical aspects of the reform. There is, however, the problem that continuous training is

sometimes of lower relevance than seniority to career development and therefore fails to motivate people to attend the training sessions.

141. As it was stated above, the reform of the Italian civil service has been under way for more than a decade. Progressive and incremental reforms should allow for a gradual receptivity and better adaptation of individuals and institutions to new ideas. However, little progress has been made in Italy where an ageing population and the persistence of ancient practices hamper the development of new managerial practices and the institutionalization of a culture of continuous improvement.

In conclusion – What lessons for the future?

142. The Italian experience shows that for a reform to succeed is necessary to obtain political support but at the same time to avoid being influenced by political or elitists interest. Some political actors may see their interests and influence negatively affected by their reform and therefore may try to change the direction of the reform. Therefore, managing change requires not only political support but also to maintain that support by negotiation processes led by a trusted leadership. Leaders should be careful to prevent political forces from influencing and leading the reform process to a direction that only favours certain groups within the political arena.

143. There are at least three more interrelated lessons for managing change that can be drawn from the Italian experience. Peer reviews and benchmarking constitute, to a certain point, external drivers for change. Learning from other countries experiences allows for voluntary processes of transfer and, in consequence, create structural forces for change to occur. Italian authorities have recognised the importance of these instruments of reform to get ideas and lessons for continuous improvement.

144. Furthermore, the Italian reform shows that producing change requires time and political commitment. Finally, the reform of the Italian civil service reform makes evident that managing change demands self-criticism. In other words, governments need to develop the capacity for self-assessment and detect where improvements are needed to reinforce the reform process. Thus, it is necessary to be open to external and internal assessment to improve ongoing reform processes. Even more, change may be viewed as an activity of continuous experimentation from where to draw positive and negative lessons.

8. PORTUGAL - THE CASE OF THE PUBLIC ADMINISTRATION REFORM PROCESS

Introduction

145. Over the last decades Portuguese authorities have been undertaking specific public service reform measures. However, an integrated modernization process only started in the second semester of 2005 with the purpose of ensuring efficiency in public administration and underpinning the economic growth strategy. The measures adopted, despite of having faced some resistance from civil servants, are nevertheless deemed necessary by the economic agents and civil society. The media, members of civil society and economic actors have made considerable pressure on government to speed up the reform. This case study aims at examining how Portuguese authorities are integrating change into the culture of the public sector and facing resistance to the reform initiatives. Some important lessons for managing change derive from the Portuguese experience.

What is the reform about?

146. In 2005 the new elected Portuguese government took the first steps towards the renovation of the public administration modernisation strategy. It established the reform of the public administration as a priority and introduced major changes in the legal system of public functions. The aim was to gradually introduce a new culture of management by objectives, as well as a culture of assessment and accountability in the public sector that creates a better relationship between state and citizens, facilitates public service delivery and promotes economic development.

147. In this sense, the Portuguese public administration reform is based on five pillars: i) the restructuring of the state central administration (PRACE); ii) mobility; iii) the revision of the career and remuneration system; iv) the performance assessment system; and v) the administrative simplification/e-administration.

148. The Programme of Restructuring State Central Administration (PRACE) that started in the second semester of 2005 intends to promote economic development and improve the quality of public services. It seeks to reduce the number of public services of direct administration and the resources assigned to them, namely the number of staff in the civil service who perform functions in those public services. In general terms, it looks for the reduction of expenses, de-centralisation of functions, co-ordinated de-concentration and modernization and automation of procedures, as well as an increase in efficiency through better management and co-ordination processes.

149. The Human Resource Mobility System (SME) aims at a better use and distribution of human resources through a redefinition of structures and the introduction of a new mobility framework. The objective is to redefine staffing requirements on the basis of new governmental services. To that purpose, top managers have been granted the authority to evaluate and adjust the existing organisational structure and staffing requirements.

150. The public administration reform contemplates the revision of the current career and remuneration system. The career system revision is mainly due to its multiple kinds of legal status, the excessive number of careers, the lack of transparency in its remuneration system, and the extreme relevance of seniority for promotions. The reforms contemplate the adoption of only two legal instruments: an employment contract for public functions and a special status (nomination) for functions related to sovereignty (foreign affairs, armed forces, security, justice and inspection). In addition, the new measures reduce the number of career types to general and special careers; adopt one remuneration scale; and allow for flexibility in recruitment and salary determination. The new career and remuneration system will come into force in early 2008.

151. At the same time, the new Integrated System of Performance Assessment in the Public Administration (SIADAP) has entered into force at the end of 2007. It is one of the major assets in the public administration modernisation strategy. The previous system only focused on the assessment of middle managers and employees and has been criticized for being a complex and bureaucratic system. The new measures include the performance assessment of services, top and middle level managers and employees. These measures intend to create an environment of competition as the performance appraisal results will have an impact on staff remunerations and career advancement as well as on contract renewals. The new SIADAP aims at developing, in a coherent and integrated manner, an overall assessment system to improve professional motivation and public administration performance.

152. Regarding the modernization and administrative simplification, the Better Legislation Programme aims at improving the quality of acts passed by government, de-bureaucratizing the State and facilitating the lives of citizens and companies. Along with administrative simplification, electronic administration is also a decisive step towards higher standards of competitiveness, economic growth and quality of life. In this sense, the “Simplex” Programme has been designed to reduce bureaucracy, increase State’s transparency and foster efficiency in public administration.

What are the drivers of the reform?

153. Change in the Portuguese public sector has been mainly triggered by internal factors: budgetary constraints, the need of increasing efficiency and the unfavourable perception of the public service. This has led Portuguese government to look for alternatives to cut its spending without forgetting its social policy objectives. One way of doing so has been the reform of the public service in terms of regulation, procedures and human resource management.

154. Public opinion has considered the public sector as an extremely oversized body and a hindrance to economic development. This situation has raised questions regarding the efficiency and effectiveness of government’s performance and diminished citizens’ trust in the public service, jeopardizing governments’ legitimacy and its reform efforts in the economic and social fronts. This negative perception has become evident through the results derived from surveys and the number of claims from citizens, particularly businessmen and business associations.

155. Hence, to recuperate citizens’ favourable opinion on the public administration and achieve its budgetary targets, Portuguese government adopted measures to reinforce the public administration modernisation strategy aimed at making it more cost-effective, transparent and accountable.

What has changed?

156. The Portuguese public service has experienced a cultural transformation since 2004 due to the broad package of reforms.[19] The management by objectives represented a great matrix of change laid down in the reform. The implementation of management by objectives has introduced a methodological rigour in the assessment of ministries, organisations and organic units and in the performance assessment at individual level. The widening of the scope of the performance appraisal to services, top and middle managers and lower level staff, and its link to remunerations and to the career advancement represent also a major change in Portuguese administrative culture. These measures aim at institutionalizing a reliable model of assessment which is essential to introduce a culture of performance management.

157. The changes in the administrative culture have promoted new values in the public service. Accountability, openness, transparency, flexibility, leadership and a managerial approach are becoming integral elements of the new administrative culture. The notions of measuring performance, fixing targets, accountability, more responsibility and autonomy for top and middle managers, linking career development to performance and budgetary disponibilities are beginning to be assimilated in the public service although with some resistance.

158. Portuguese government is undertaking an incremental and integrated reform process. The reforms are being led by the Secretary of State for Public Administration, with the Prime Minister's political backup. In order to facilitate the comprehension of the reforms, the General Directorate for Administration and Public Employment (DGAEP) has been organising seminars for all public administration as well as informative sessions in the services that request it and provides technical assistance to the public services through the preparation of technical orientations to facilitate the interpretation of the reform measures. The National Institute for Public Administration (INA), as a training body, has organized vocational training courses on specific reform issues such as: performance assessment, the individual employment contract, the mobility system and the new civil service legal system.

How is change being managed?

159. The implementation of these reforms has undoubtedly produced changes in the traditional culture of the Portuguese public service. Nevertheless, public servants are not enthusiast with the initiatives as they perceived some of the reforms affect their working conditions and labour rights. For instance, as part of the public expenditure reduction efforts, the pension system for public servants has been transformed to make it more similar to the common social security system which is less favourable. Moreover, current reform efforts in the public sector are perceived as giving more power to managers (too much from the point of view of the employee) who will have a more decisive role on career advancement. The media and economic actors are favourable to the reforms which are felt necessary and

[19] The Portuguese public administration has been under a continuous process of reform but the approach has changed through time depending on the priorities of the government at the time. In the late 1980s and early 1990s reform efforts were aimed mainly at restructuring the remuneration system and clarifying the career system and the legal status of the civil servants as well as improving the mobility system. From the second half of the 1990s until 2000-2002 the tendency changed through the creation of a large number of services using the labour contracts as a rule and with more autonomy. Budgetary constraints triggered the necessity for more control in personnel admissions.

have therefore acted as facilitators of change.[20] The public administration reforms have been frequently reported in the media, usually urging government to speed up the reform process.

160. Senior and middle managers are responsible for implementing the reform initiatives. However, they do not always have the necessary skills to take up the role of leaders to facilitate the production and management of change. Thus, training, through special courses and seminars, aims at providing new knowledge and skills (for instance leadership), motivating staff and facilitating the interiorization of change. In addition, vocational training has been made compulsory for managers. There are also projects of refresher courses for new and present managers. In sum, vocational training is an integral part of the public administration reform strategy which has a decisive role in the management of change and, to a large extent, in the success of the reform programmes.

In conclusion - What lessons for the future?

161. Some lessons for managing change may be drawn from the Portuguese experience in reforming the public service. On the one hand, to keep the *momentum* and the effectiveness of the reforms is necessary to take advantage of the initiatives that have already been taken by former governments, which were deemed essential and important, adapting them to the new political agenda. It was the case, for instance, of the administrative organisation, the revision of the managers' statute and the performance assessment. It avoids waste of resources and time. Internal factors such as a budgetary deficit and the need to increase efficiency of public services prompted changes in the reform programmes.

162. On the other hand, Portuguese experience shows that to effectively incorporate change into the culture of the public sector, it is advisable to do it gradually along with a good strategy of communication/information, where all stakeholders understand what has changed and why. This is in order to foster a climate of adhesion and adaptation of public service staff mindsets, culture and attitudes to a new environment and working conditions.

163. Instead of specific reform measures, that have been implemented during the last four years, an integrated public administration reform consistent with other policy reforms has showed to be more efficient and productive due to its great impact on the public administration system. It is, at the same time, more coherent and understandable to the citizens.

164. A committed leadership has also been considered an essential factor for the success of reforms and for the management of change. That is why so many investments have been made to strengthen the competences of managers particularly at management level, motivation and new methodologies of work. Changes also require time for its consolidation, namely those ones which imply the adoption of new values and culture, since these ones are not made by decree. It is necessary to allow affected actors to understand the need for reform and to give them time for adaptation to new working conditions. Adaptation, however, does not mean postponing the introduction of a reform. A gradual implementation of the reform allows for adaptation of people's mindsets, attitudes and behaviour to a new environment while, at the same time, sets the wheels in motion for change to happen.

[20] Business associations like "Compromisso Portugal" have had an influential role in establishing the need for change.

9. SPAIN - THE CASE OF THE BASIC STATUTE FOR THE PUBLIC EMPLOYEE

Introduction

165. Spain is currently undertaken a major reform process in the management of human resources in the public sector. The Basic Statute for the Public Employee is expected to give coherence to a number of diverse practices in human resource management at the three levels of government. It introduces private sector inspired techniques to modernise the traditional administrative culture. However, this cultural transformation, although in its early days, presents some challenges as unfamiliarity with the new practices has created uncertainty in the public service. The aim of this case study is to analyse how Spanish authorities are integrating change into the culture of the public service and draw lessons for managing change.

What is the reform about?

166. The Basic Statute for the Public Employee (EBEP for its initials in Spanish)[21] took effect on 13 May 2007 and constitutes one of the major reforms in human resource management (HRM) in the Spanish public sector in recent years. It is a single management framework applicable to 2,5 million civil servants and public employees from the central administration, autonomous regions (called "autonomous communities") and local entities. It aims at improving the working conditions for public employees and, at the same time, the quality of the public services by adopting a performance-oriented culture in the public service.

167. Political parties, autonomous communities, local entities, social agents, trade unions and citizens took part in the discussions through forums co-ordinated by the Ministry for Public Administrations (MAP for its initials in Spanish) to enrich the initial draft of the EBEP. The parliamentary debate resulted in more than 300 amendments to the draft which was finally approved in April 2007. For instance, one of the most polemic issues was the scope of application of the EBEP. It was decided, after a long debate, to include all members of the staff working for the public administration: functionaries and temporary staff.

What are the drivers of the reform?

168. Internal factors have been the main triggering forces of the reform in the Spanish public sector. Legal gaps, political pressure and dated administrative processes were the main factors that led to the creation of the EBEP. Although the Spanish Constitution of 1978 demands the creation of a statue for the civil service, the civil service was still regulated by a pre-constitutional Civil Service Law of 1964, partially amended by a Law of 1984. Therefore, the EBEP comes to fill a gap in the legislation for the public service and public employment by creating a single normative framework that establishes the principles for the management of the public service.

[21] Estatuto Básico del Empleado Público (EBEP).

169. The autonomous communities have been transferred a significant number of competences in different areas since they were created by the 1978 Constitution.[22] Hence, it was necessary to integrate those changes into a single basic framework Law. The EBEP is now the basic regulation on civil service and public employment what, it is expected, will be completed by central and regional laws and regulations. It may hopefully facilitate mobility and career development opportunities in the Spanish public service across the three levels of government (central, regional and municipal).

170. The governments of the autonomous communities have more than half of the public employees in the country. The local municipalities have also experienced a considerable grow in the number of staff what has created differences in HRM practices. Besides, a very much traditionally centralised bureaucratic organisation had been fragmented by the creation of organisms of very different nature that required re-organisation and co-ordination.

What has changed?

171. The introduction of the EBEP is a major break in the traditional Spanish administrative culture because of three main reasons. Firstly, it creates a minimally homogenous managerial model of public function applicable to all public employees in the country located at the three levels of government. Secondly, it establishes a performance appraisal system by which public employees are accountable for the results of their performance.[23] Finally, the EBEP incorporates a new wages system partly linked to the results of the appraisal, which derives in the adoption of a sort of performance-related pay scheme.

172. Other main changes include: a) a joint regulation for civil servants and public employees; b) a clarification of duties and responsibilities of civil servants and public employees; c) more flexibility in determining salaries to regions and municipalities; d) a new staff classification; e) a new framework for collective negotiation and trade unions rights; and, e) the necessity of continuous training according to the economic, social and technological context.

173. The implementation of the EBEP has, however, faced several complications, but it is too early to be assessed in full. The inclusion of horizontal and vertical mobility may cause conflict give n the traditionally lack of mobility in the civil service. Moreover, the design of a single performance appraisal system has proved to be difficult as every independent unit has different organisational characteristics.

How is change being introduced?

174. There are three main lines of work aimed at easing the way to introduce change in the Spanish public sector: co-ordination among the three levels of territorial government, the training of public managers and piloting several dispositions of the reform before its full implementation.

175. There are several committees integrated by representatives from the central state, autonomous regions and local entities. The central state has a co-ordination role but respecting the autonomy of each region. These committees work on the development of the new lines of the EBEP enhancing dialogue and co-operation.

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[22] Mainly basic services such as education, health and future dependency.

[23] The use of performance management had only been addressed partially by the 1984 Law.

176. The implementation of the EBEP requires the training of those responsible for the management of human resources at the different levels of government. The objective is to facilitate the understanding of the technical aspects of the new regulation such as: staff classification, rules of recruitment, performance appraisal, among others. However, more structured training needs to be adopted as, at the moment, people who participated in the elaboration of the EBEP is meeting staff responsible of HRM at every level of government to answer their questions personally.

177. The EBEP establishes the obligation in the three territorial levels of Administration, to introduce systems of performance appraisal. The central state administration is running some performance appraisal tests in delegations of the autonomous regions. The results of the appraisal for being part of a pilot programme are not linked to the wages or considered for promotions yet. These tests will allow drawing lessons from experience to refine the initiative and the technicalities of the appraisal but also they will permit a gradual familiarization with and adaptation to the practice, something considered officially crucial for managing change. Moreover, it should be highlighted that the appraisal system is being perceived as an increment in administrative work with effectiveness difficult to measure.

How is change being managed?

178. Although the EBEP is still in its early days of its implementation, it is possible to distinguish some elements for managing change that may pave the way for policy development.

- Political commitment and social participation: The approval and introduction of the EBEP has been facilitated by an inclusive process of policy-making. The participation of a number of political actors and members of civil society in the discussions on the reform draft has proved crucial to obtain legitimacy, support and political commitment from authorities at every level of government. The necessity for change was perceived internally by political and social forces at different levels of government committing all stakeholders in pursuing the same goals. According to the Ministry for Public Administration (MAP for its initials in Spanish)[24] there was consensus at three levels: institutional (between the autonomous communities and the Spanish federation of provinces and municipalities); social (with the unions); and political (with all political parties).

- Incremental implementation of the reform: The introduction of the EBEP could mean a cultural change in the Spanish public sector. A gradual implementation of the law is aimed at facilitating adaptation and familiarization of public servants with the changes. Moreover, it will allow testing the technical aspects of the new legislation from which to draw positive and negative lessons.

- Policy coherence: The EBEP is a general normative framework that summarises the administrative developments in the three levels of government. Thus, its acceptance is due, to a certain extent, to its consistency with local practices.

- Training of managers: This is an important aspect to make the reform understandable and facilitate the acceptance of change.

In conclusion - What lessons for the future?

179. There are at least three important lessons to draw from the implementation of the EBEP. It shows that managing change begins during the policy formulation process. Dialogue with and the

[24] Ministerio de las Administraciones Públicas (MAP).

inclusion of different social and political forces allows for the creation of a shared vision and the commitment of all stakeholders to pursuing it. This indirectly reduces the risk of a negative perception of the reform and, in consequence, the generation of resistance to change.

180. The second lesson is the convenience of a gradual implementation of the reform initiative to increase the receptivity towards change by local institutions and public servants. An incremental approach towards change facilitates adaptation to a new environment and getting acquainted with the conceptual and technical aspects of the reform. Those are two essential elements for an effective management of change.

181. Finally, it may be highlighted that, as the formulation and implementation of the EBEP has showed, policy coherence does not have to be only with more general reforms but with particular practices at lower levels of government when they are directly affected by the proposed changes. This facilitates the acceptance and understanding of change.

182. The main challenge that the EBEP has ahead is the institutionalization of the new administrative culture. It means a complete integration of aspects such as the management of senior officials, the performance appraisal and the strategic planification of HR. This requires specific regulation at federal level and in the autonomous communities.

10. SWITZERLAND - THE CASE OF THE PERSONNEL MANAGEMENT REFORM

Introduction

183. In 2005 the Swiss Federal Council adopted a general strategy to reform the public service whose structures and processes were becoming more complex and rigid affecting government's response to citizens' needs. The strategy aims at simplifying procedures, better structuring processes and eliminating 'double employments'.[1] The reform of the federal administration is part of a more general reform programme to consolidate the budget of the Confederation. In this sense, this case study aims at examining how Swiss government is integrating and managing change within the public service.

What is the reform about?

184. In September 2005 the Federal Council, in line with the general administrative reform strategy, approved more than 30 specific projects to reform the federal administration. From them, nine projects are expected to have repercussions in the administration as a whole (transversal projects) whereas 24 departmental projects are intended to improve the structures and processes of the federal administration. The main objective of the reform is to reinforce policy direction, remove administrative tasks from the Federal Council and increase the efficiency of the administration. Although this is not the main motive of the reform, the Swiss Parliament expects some budgetary savings. The nine transversal projects (TPs) refer to:

TP1: Re-examination of departmental structures and management.

TP2: Optimisation of personnel management.

TP3: Simplification and reduction of legal framework related to personnel management.

TP4: Fair and clear distribution of tasks, competences and responsibilities among the different domains.

TP5: Simplification of the organisation of acquisitions (procurement).

TP6: Simplification of procedures and documents.

TP7: Examination of extra parliamentary commissions.

TP8: Concentration of libraries and documentation services.

TP9: Formal examination of the federal law.

185. In November 2006, the Federal Department of Finances (DFF), within the framework of the federal administration reform 2005-2007, implemented two transversal projects related to the human resource management (HRM) domain: TP2 optimisation of personnel management and, TP3 simplification and reduction of legal framework related to personnel management. These projects are expected to give the Confederation, in its role as an employer, more flexibility in setting and modifying

[1] Double employment refers to an activity that it is done in two different organisational units.

working relationships with its employees. Moreover, these projects intend to make the public service more attractive and competitive within the broad labour market.

What are the drivers of the reform?

186. The last reform of the government goes back to the end of the nineties. However, a more complex socio-political environment and financial pressures created the opportunities for reform. Indeed, the need to consolidate the budget; to change partially rigid, complicated, costly and time consuming procedures; and the risk to lose competitiveness are the main triggering forces of the reform in HRM in the Swiss public sector. The current dispositions constraint the Confederation to adapt its HRM practises to the challenges of growing competitiveness in the broad labour market. Under the traditional practices government is time-consuming and complicated to remove poor performers or to modify unilaterally labour contracts even if those measures are fully justified. According to the DFF there are two main drawbacks in the law on personnel management: the exhaustive listing of the reasons for finishing a labour contract, and; the principle by which the Confederation is not authorised to dismiss any employee without having exhausted all possible alternatives to prevent the firing or having explored other alternative job positions suitable to his/her abilities.

187. Since 2003, the Federal Council is operating a budgetary consolidation strategy. This economic measure became necessary because of the recession of fiscal receipts, which was caused by the fall of stock-exchange prices and by the economic gloom. The program of budgetary lowering includes essentially reductions of spending; however, the spending dedicated to education, research and the development of new technologies is expected to grow. The economic measures contemplate a reduction in the number of posts, limiting raises in salaries to increase savings. In fact, the reform of the federal administration contemplates cutting expenses and reducing the number of posts by 13% (4,200 posts approximately) in 2009.[2]

What has changed?

188. In November 2006, the DFF began the implementation of the TP2 on optimisation of personnel management aimed at creating an efficient personnel management system focused on results. It assigns the Federal Personnel Office (OFPER) the role of central body in charge of policy formulation regarding HRM; line departments and offices are granted more flexibility to manage their personnel based on their specific needs and the general strategic objectives. Moreover, TP2 gives every administrative level (Confederation, department and office) specific tasks, competencies and responsibilities in personnel management, including the training of their staff. OFPER, in turn, is responsible for the training of senior managers, personnel specialists, apprentices and trainers. In general, the re-examination and redistribution of tasks, competences and responsibilities regarding personnel management are intended to simplify and increase the efficiency of personnel management. According to the DFF, after a year of reform TP2 has contributed not only to reduce the number of posts and eliminate unnecessary tasks, but also to create a more customer-oriented culture in the public service. There is more efficiency and consciousness of the desired outcome and, above all, there is more awareness of the role of HRM in the public administration.[3]

189. The personnel management procedures of the Confederation are considered to be more time-consuming and less effective than those of the private sector. Hence, the TP3 on simplification and

[2] By the end of 2007, the Swiss government has already cut 2,600 posts from the public service.

[3] For further information see DFF (2007b).

reduction of the legal framework related to personnel management aims at creating a new working relationship so as to secure more flexibility in terms of personnel management. The DFF in co-operation with the trade unions conducted a comparative study on HRM practices in different federal offices, including the Personnel Federal Office. The conclusions reached showed that the current procedures are time consuming and resource demanding. Hence, the Federal Council demanded a revision of the Law on Personnel Management in order to simplify formalities and procedures in decision-making on personnel management. In 2008, it is expected that the DFF will conduct a consultation process of the Law among the interest-groups, public institutions, and political parties among others, before submitting the changes to the Parliament for approval.

190. The TP 2 and TP 3 constitute a reorientation of HRM practices, processes and procedures to increase competitiveness, efficiency and effectiveness. Changing the administrative culture of the public sector implies more than to obviate procedures linked to attaining budgetary targets. Table 5 describes the current situation of the Swiss HRM system and depicts the vision for 2015 in this respect.

Table 5. Characteristics of the Swiss HRM system

Initial Situation of the HRM System		Vision 2015 in HRM
Strengths	**Weaknesses**	
• Clear normative base • Instruments (pay, MBO etc.) • IT-Systems for personnel management	• Not clearly defined roles in personnel management • Same tasks at different organizational levels ("double employs") • Standards for service-delivery and quality	▪ The Federal Administration as an attractive, competitive employer. ▪ Recognition of federal staff competences. ▪ Working relationships based on respect, loyalty and self-esteem.

Source: OECD (GOV) Based on the presentation of the Swiss delegate given at the PEM/WP meeting on 28-29 November 2007 at the OECD headquarters.

191. TP2 and TP3 are clearly focused on changing the image of the federal administration and make it more attractive to job seekers. In general terms, Swiss authorities aim at increasing the competitiveness of the public service in the job market to attract and retain highly qualified staff by changing working relationships and recognising good performers. TP2 has been rapidly deployed as a project that may give fast and essential results. It involves the adoption of a performance-oriented approach, performance management techniques and the devolution of authority to line ministries and agencies in managing their HR.

How is change being managed?

192. One of the most important aspects of the reform process in the Swiss public sector is the fact of having created a vision for their HRM system.[4] All departments and the federal chancellery agreed on a vision which gives consistency and direction to the reform efforts. The objectives of the transversal and departmental projects point to the transformation of the federal administration into an attractive and competitive employer where good performance is recognised and working relations are based on respect, loyalty and self-esteem. The very fact that the seven ministries in conjunction with employees'

[4] For further information see DFF (2007a).

representatives agreed on this vision grants the reform projects political back-up, creating a guiding coalition that supports, defends and explains the necessity for change to public servants and citizens.

193. Having several transversal and departmental reform projects creates the necessity for a central direction. A central project-team and also a committee called "Ausschuss" integrated by three ministers and the Federal Chancellor were formed to accompany the whole reform. The OFPER is responsible for leading TP2 and TP3. However, the Federal Council, integrated by the seven ministries, retains all responsibility regarding the whole administrative reform. At the same time, the Federal Council establishes itself as the leader of the reform. Moreover, the reform process empowers every ministry and agency to act on the vision and get rid of the obstacles to implement change. It may also be argued that TP2 and TP3 are examples of policy coherence in managing change. Indeed, these are specific projects in line with more general reform strategies, in this case the reform of the federal administration and the more global economic measures. Coherence avoids confusion and the creation of a negative perception by making reform objectives intelligible to all stakeholders.

194. Introducing change requires the capacity to do so in terms of time, knowledge, financial and human resources. In this case, the expenses generated by the implementation of the transversal projects are funded by all departments and the federal chancellery, whereas the costs of the departmental projects are covered by the ordinary budget of each department. The reforms are designed and implemented by the same staff of the federal administration. The delegation of responsibilities in personnel management to the line managers has led to a new distribution of tasks within the HRM domain. Managers will require training before taking over their new role within the public sector.

195. It appears that time has not been an obstacle to the reform, as there has been a continuous process of change. For instance, the new law for personnel management was introduced in 2002, the budget consolidation process began in 2003, and the public service reform in 2005. This has allowed establishing middle and long-term short-term objectives, all directed towards the transformation of the image of the public service, especially HRM by 2015.

In conclusion - What lessons for the future?

196. According to the DFF, at the end of 2007, the targets of the reform of the administration have been attained.[5] The Swiss reform experience, particularly regarding TP2, allows drawing some lessons for managing change in government:

- Creating a vision is central to give direction to the reform efforts facilitating the establishment of strategies for achieving the desired results.
- The establishment of a guiding coalition provides the necessary leadership and dialogue to increase acceptance and face likely resistance to change.
- Policy coherence is necessary to avoid muddling situations and increase the probability of success.
- Middle and long-term objectives increase the possibilities for change to occur as they allow time for reform to mature, make improvements and be understood by all affected actors.

[5] For further information see the media communiqué from the DFF of 14 December 2007.

Presentations at the Public Employment and Management (PEM) Working Party Meeting 28 – 29 November 2007, OECD headquarters, Paris

Veikko Liuksia	Director of Personnel Policy at the Ministry of Finance, Finland	Managing Change in the Finnish State Sector
Françoise Waintrop	General Directorate of the Public Function, France	La LOLF ou comment accompagner un changement de culture
Francesco Verbaro	Director of the Office for the Personnel of the Public Administration, Italy	Managing Change in the Public Sector
Joana Ramos	General Directorate for Administration and Public Employment, Portugal	The Portuguese Public Administration Reforms – points of change
Emilio Viciana Duro	Public Administrations Ministry, Spain	Managing Change in the Spanish Public Sector: the implementation of the Basic Statute of the Public Employee.
Thierry Borel	Federal Department of Finances, Switzerland	La politique du personnel de la Confédération dans une période de changement: projets-clés au sein de l'Office fédéral du personnel

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Interviews

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