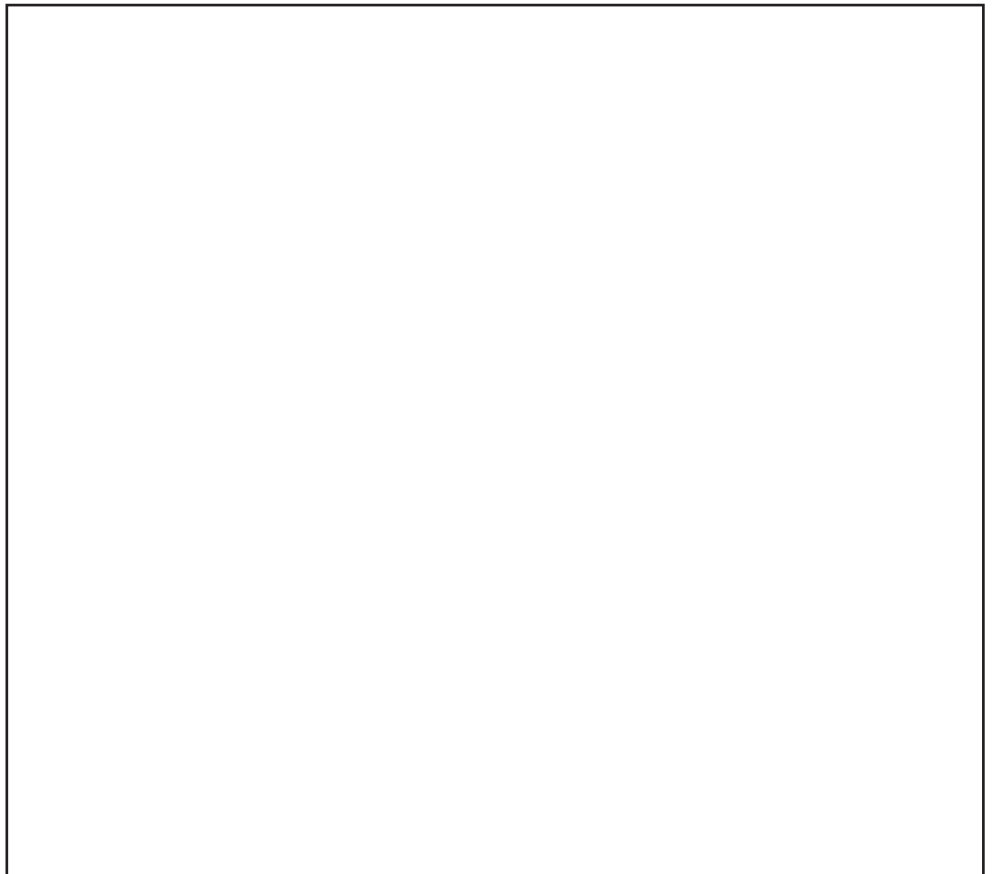




Eurofound

# Potential in European public sector research

*Concept Paper*



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## Contents

Introduction	1
1. Objectives of Eurofound activities	3
2. Scope of future research areas	5
3. Major challenges for the public sector	17
4. Summary of preliminary recommendations	25
Bibliography	29
Annex	31

## List of abbreviations

**CEEP** – European Centre of Employers and Enterprises providing Public services

**ECS** – European Company Survey

**ECJ** – European Court of Justice

**EIPA** – European Institute for Public Administration

**EQLS** – European Quality of Life Survey

**ERM** – European Restructuring Monitor

**EU** – European Union

**EUPAN** – European Public Administration Network

**EWCS** – European Working Conditions Survey

**GC** – Government controlled

**HR** – Human resources

**HR** – Human Resources Management

**ICT** – Information and Communications Technology

**ILO** – International Labour Organisation

**IMF** – International Monetary Found

**IR** – Industrial relations

**MS** – Member State

**NACE** – *Nomenclature statistique des activités économiques dans la Communauté européenne* (Statistical classification of economic activities in the European Community)

**NGOs** – Non-governmental organisations

**NMS** – New Member State

**NPM** – New public management

**NPI** – Non-profit institution

**OECD** – Organisation for Economic Co-operation and Development

**SGI** – Services of general interest

**SNA** – System of National Accounts

**SNGI** – Services not in general interest

# Introduction

This concept paper is an input to ongoing preparatory work for the new four-year work programme of Eurofound 2013–2016. It is based on the outcome of a joint working group between Eurofound and the European Institute for Public Administration (EIPA). In addition, the paper includes contributions and recommendation from a high-level expert seminar on relevant issues, which took place in Brussels on 21-22 June 2011.<sup>1</sup>

Both the joint working group and the experts believe in the high overall policy importance of research on the future of the public sector in Europe and the necessity of sustainable, efficient and effective public services. A well-functioning public sector, providing services of general interest, is a cornerstone of the European social model. Modern governments still depend to a great extent on the work of the national public services and the millions of public employees. In fact, the quality of life in Europe depends in many ways on those who work for public services and (semi-) public enterprises. Furthermore, public services have a democratic and ethical function: they serve society and the law, function in a sustainable manner, provide high quality services, guarantee access to affordable services and protect the population.

The public sector is a major contributor to economic growth (Foley, 2010). Moreover, public service is essential for social cohesion and a sustainable society. Education, health, security and other public services produce both desirable and essential outputs for society and the economy.

The public sector directly contributes to more than 26% of the EU27 GDP as a provider of services of general interest. Indirectly, they create employment in other sectors, through measures such as subcontracting activities and tasks, and buying products. According to a recent CEEP study (Bauby et al, 2010), public services employ around 30% of the EU workforce. This corresponds to more than 64 million employees. The main employment sectors are:

- health and social work (33% of all public services, with 20.5 million employees);
- public administration and defence (24% of all public services, with 15.4 million employees);
- education (23% of all public services, with 15 million employees);
- transport, railway, postal sector, telecommunications (9.6% of all public services, with 5.9 million employees).

Recent years have seen a trend towards privatising, decentralising, delegating, outsourcing and deregulating public services, and their management by private public partnerships. Despite this, it is already clear that public tasks will not disappear and that citizens' expectations of public authorities and good governance will even increase. However, in some countries the recent financial crisis evolved from being an extreme case to a sovereign debt crisis. It has led nearly all Member States to implement comprehensive austerity programmes with serious short and medium term repercussions for the public service sector.

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<sup>1</sup> Participating experts: David Anciaux (CEEP), Pierre Bauby (CEEP), Lorenzo Bordogna (Università degli Studi di Milano), Richard Boyle (IPA), Penny Clarke (EPSU), Christoph Demmke (EIPA), Jordan Holt (OECD), Werner Jann (University of Potsdam), Bernd Keller (University of Konstanz), Ian Kessler (University of Oxford), Timo Moilanen (EIPA), Domenico Rossetti Di Valdalbero (European Commission, DG Research), Steven van de Walle (Erasmus Universiteit Rotterdam) and François Ziegler (European Commission, DG Employment).

Today, rhetoric regarding good government is loaded with good but also conflicting intentions. We want better governance, better leadership, and representative and diverse administrations. We also want more flexibility, less hierarchy, more job autonomy, participatory management, effective anti-discrimination rules, more performance, better accountability structures, more transparency, more openness and more citizen orientation. In discussions on good governance, issues such as combating corruption, participatory governance and enabling a judicial framework are explicitly mentioned (Agere, 2000). In fact, the concepts of governance and good administration are becoming broader and broader and the call for reform more urgent. Nobody denies the need to reform the public sector; everybody wants the public sector to become more effective, efficient and transparent. Consequently, all reform projects are designed to reach these objectives. However, what are the problems in reaching these objectives? Is it even possible to design administrative reform and change as rational processes?

Currently, public discussions on public sector service reforms are full of paradoxes. People asking for more transparency means the intrusion into privacy rights. While people demand 'leaner' public services, they allow for the emergence of a new performance management bureaucracy. While people place higher demands on the quality of national public services, they agree to public budgets and public employment being reduced. While observers pledge for administrative simplification, they support the introduction of new complex concepts, such as sustainable public administration and value management. While people are constantly criticising political leadership they are also continuously raising the standards that define good leadership. While people call for less administrative burdens, administrative simplification and deregulation, they also ask for new laws and rules regarding issues such as the fight against terrorism, data protection, climate change and anti-discrimination. Moreover, few people criticise the constant call for new laws and rules regarding the regulation of corruption, conflicts of interests, citizen rights, anti-discrimination and diversity.

For these reasons, the question of 'where do reforms lead?' is difficult to answer. Issues about effectiveness and efficiency are equally difficult. One could say that, at a minimal level, administration can be considered effective if it achieves the implementation and enforcement of the existing laws, rules and policy goals of the government of the day. In fact, for a long time, there was an implicit understanding that the ultimate aim of good administration consisted of rule orientation and rule enforcement. Consequently, the principle of rule of law definitely belongs to the core principles in European administrative law, and it is constitutionally guaranteed in every Member State of the European Union. The purpose of rule orientation was also to allocate rights to citizens and to restrain arbitrary administrative decisions, as well as to protect public employees against arbitrary political decisions. For instance, in Austria and in Finland the principle of rule of law is explicitly linked to public administration.

There are good reasons to criticise this focus on law and principles. In fact, too little attention may be paid to efficiency issues, especially in times of budgetary constraints. As regards efficiency, it suffices to say that public administration is largely about tax payers' money. It is already possible to recognise the public sector's duty to become more efficient. Thus, effectiveness and efficiency must go hand in hand. As a consequence, we may agree that all actions in the field of public administration should be guided by cost-benefit analysis, added-value, justice, fairness, equality and integrity.

In this paper, we discuss the arguments for a stronger involvement of Eurofound in research on the public sector. Before doing so, we need to discuss the definition of the public sector and whether Eurofound should concentrate its potential future activities on the whole of the sector, parts of it or only on specific actors within it. We will then continue to discuss and try to anticipate future challenges in the public sector. Following that, we will make proposals regarding how Eurofound should engage in this issue, and in which policy fields it should (or should not) do so.

# Objectives of Eurofound activities 1

Despite the notion often expressed today that comparative public administration research is a ‘dying field’, the growing number of comparative studies illustrates a certain comeback of this discipline. However, most existing studies and research projects are confronted with increasing challenges. Examples include: how to compare and analyse different definitions and understandings (e.g. the notion of the civil service); how to overcome language barriers; how to manage the mass of data from different countries; how to access data; how to overcome resistance of administrations to provide data; questions about the validity of data; and how to compare structures and processes in times of growing differentiation and fragmentation of the subject.

Because of these difficulties, many comparative studies still consider ‘apples against oranges’ – they compare incomparable sets of data. For example, countries are either praised for being reform-oriented or criticised for being reform laggards, even though the subject of comparison may be very different. Because of a lack of understanding of the complexities of the existing 27 different public services in the EU, scholars compare that which is not easily comparable: public services with civil services; civil servants with public employees; and centralised public services with decentralised public services.

Eurofound can play an important role in helping scholars to advance this field of research. After all, in the context of globalisation, the appetite for comparative studies will most likely increase in the future. Benchmarking will gain in importance; this, in particular, deserves more attention as many benchmarking studies are also empirically problematic.

The overall objective of Eurofound is to contribute to the European policy debate on sustainable, effective and efficient public sector services. This can be done in various ways, which are related to each other and have an internal logic.

Firstly, Eurofound should contribute to the development of an analytical concept, in order to deal with the issues at stake. Within this context it should critically discuss the normative base of existing concepts. Such a conceptualisation of the issues is a necessary condition for an effective European debate and for a comparative empirical approach. This challenge is discussed in succeeding sections, where we try to explore the possible scope of this field of research from theoretical, political, empirical and practical points of view.

Secondly, Eurofound should develop a more descriptive monitoring instrument, which would enable a comparative analytical approach. On a pragmatic level, this is related to the available comparative data from Eurofound, Eurostat, European Commission, the Organisation for Economic Cooperation and Development (OECD) and other EU wide surveys. This monitoring instrument could fill information gaps left by the OECD publication, ‘Government at a Glance’ (2011). It could include information from all Eurofound’s relevant monitoring instruments, such as the European Industrial Relations Observatory (EIRO), the working conditions and quality of life surveys and the European Restructuring Monitor (ERM).

Thirdly, Eurofound should provide high quality analytical reports dealing with a selected number of relevant policy issues in the medium and long term. Those issues have to be agreed with Eurofound’s stakeholders based on their policy relevance to the European debate and the identification of existing knowledge gaps.

Finally, Eurofound should use this programme to support an exchange, learning and development process in order to support the necessary reform of the public sector in the Member States of the EU. All relevant parties should effectively and equally participate in such a process. One important arena for organising an exchange and learning process could be the European Public Administration Network (EUPAN), which consists of high-level central government officials responsible for public services.

In addition to these more external objectives to serve the policy interest of our key stakeholders, the proposed programme should also be seen as a catalyst to promote more transversal activities between different research sections of Eurofound. Within the remit of a broad umbrella programme, different units within Eurofound would increase their level of practical day-to-day cooperation with the objective of contributing to European policy debate, to make effective use of differentiated experiences. If this is combined with a management approach based on professional respect and effective bottom-up participation, Eurofound could mobilise up to now hidden synergies to provide more comprehensive and integrated evidence based policy advice to its stakeholders.



# Scope of future research areas 2

The purpose of this section is to define and discuss the scope of future research areas for Eurofound. As this is not an easy task, it aims to serve as a platform for an ongoing discussion, rather than provide a final answer. In theory, Eurofound's project can have both an internal and an external focus. Within the internal focus, research could look at public sector service companies, institutions, workplaces and operational units, as well as the public sector service workforces. This approach would involve analysing the inputs, processes and outputs of the public sector services.

The external focus would look at the beneficiaries (users, consumers) and financial contributors (taxpayers) of the public sector service, in order to analyse public sector services outcomes.

## Overview

The potential scope and research areas of this new field can be addressed in different ways.

Firstly, the subject area of research can be defined. Is it focusing on the public sector or public services? Perhaps it is concerned with public administration, the civil service or services of general interest? Or perhaps it relates to elements within each category.

Secondly, in relation to service providers, the research can involve moving away from theoretical definitions and towards more operational ones. The subject area can thus be defined by identifying its constitutional parts. This can be done in two ways:

- by identifying companies, institutions, workplaces and operational units constituting the research subject; or
- by identifying specific groups of employees and workers constituting the research subject.

Finally, it can involve an external focus, focusing on individuals and institutions as beneficiaries (users and consumers), and contributors (those paying taxes and other social contributions).

In recent years, it has become increasingly difficult to define the terms 'public' and 'private', as the boundaries between them are blurring. Ironically, this does not concern the number of tasks that have been carried out by public, semi-public, public-private partnership or NGOs, which generally does not seem to have decreased. Neither does it relate to public expectations regarding the quality and number of public tasks, which seem to increase rather than to decrease.

The following issues should be considered when a specific approach is being chosen:

- policy relevance within the European and national debates on the public sector service;
- appropriateness to the research issues and topics;
- need for a consistent definition or changing the scope of our research area according to specific topics and issues; and
- the feasibility of conducting comparative research in EU27.

## Research subjects

By public administration we refer to organisations that are directly subordinated to political power and which are at the service of the executive regarding the policy design, policy making, policy implementation and the enforcement process. Therefore, public administration comprises the system of bodies, services and staff of the state and of other public bodies that regularly and constantly meet public needs. In a more material sense, public administration is the work carried out by these bodies, services and staff. Another more academic definition stems from Rosenbloom et al (2009, p.5):

*Public administration does involve activity, it is concerned with politics and policy making, it tends to be concentrated in the executive branch of government, it does differ from private administration, and it is concerned with implementing the law. We can be much more specific by offering our own definition: public administration is the use of managerial, political, and legal theories and processes to fulfil legislative, executive, and judicial mandates for the provision of governmental regulatory and service functions.*

This is not the case as regards the term civil service which is, again, defined very differently in national law. The definition of a civil servant has always been linked to the question of the special nature of the duties and the specific tasks concerned. While some Member States have clearly defined provisions regarding which tasks should be carried out by civil servants, other national laws and regulations only make general provisions.

Defining the public sector differs somewhat from defining public services. One of the most important distinctions is the fact that there is only one public sector, while there are a variety of public services. Different linguistic meanings play a more important role when defining public services than in definitions of public administration. For example, the term ‘public service’ is more broadly understood in the UK than in Germany. In the UK it also encompasses voluntary and honorary services for the public, but this is not the case in Germany (Reichard et al, 2009). However, the term ‘services of general interest’ is the only term that is relatively well defined by EU law (see the discussion below).

It is difficult to clearly define the differences between various existing terms, such as public administration and the civil service. Despite these difficulties, we propose to focus on the public sector service. Nonetheless, it remains important to further define its meaning by narrowing down the ‘subject area’ of our research; this will now be addressed .

## Companies, institutions, workplaces and operational units in the public sector/service

The companies, institutions, workplaces and operational units in the public sector/service can be identified and defined using several approaches. In the receiver approach, a service is offered to the general public (beneficiaries of services). Under the functional approach, a service is assigned a specific functional role in the public interest (public interest role). The provider approach involves the provision of a service by an enterprise or entity, which is in public ownership (ownerships). In a legal approach, a service is provided by a public authority entity with a specific formal or legal status (status). Finally, a legal-control approach involves a service being provided by a publicly controlled entity (see United Nations, 2009). It includes complete ownership of directly controlled, public entities, as well as majority ownership of indirectly controlled entities. The latter also involves control of appointments, the removal of key personnel, control by a dominant customer, contractual agreements, degree of financing they receive and other forms of regulation and control.

Identifying companies, institutions, workplaces and operational units in the public sector service through the use of different approaches not only enables us to define the research areas, it also leads to a distinction being made between the public sector and public services.

## Functional approach (CEEP/NACE)

### *Public services*

Using the functional approach, certain services can be identified as having an important role in society, thereby being of general interest. Although different legal definitions and terms exist regarding public services and services of general interest, for research purposes, equivalent terms should be agreed on, as suggested by CEEP (2010).

General interest is a socio-cultural concept. It is unique to each individual society or culture and legally determined by national legislation. Furthermore, both the term ‘general interest’ and services pertaining to it have been defined at EU level. This has also been identified by the CEEP in their publication *Mapping of the Public Services* (2010), where they define (sub)sectors and (sub)divisions of services of general interest in the EU using the NACE code (see Table A1 in Annex).

According to this approach, public services have diverse providers, involving public and private providers, mixed government involvement and the third sector. However, this does not mean that service provision is equally divided among these actors. Possibilities for monopolies arise, depending on the liberalisation of the (sub)sector; examples include health, telecommunications, postal services and waste management.

The adoption of this approach in the proposed Eurofound project would have several advantages:

- it is based on the NACE code, which means it would be compatible with previous and ongoing Eurofound research, as well as EU-wide research;
- since using NACE is mandatory for all Member States, comparative data would be more reliable;
- it enables comparison across Member States for individual functional (sub)sectors;
- although it is a functional approach, it still enables identifying different providers; and
- a similar approach has already been used in the Eurofound publication, *Public Sector Reform Under EMU* (2005), which raises the possibility of learning from previous experience.

Using the public service approach in the proposed Eurofound project would have several disadvantages:

- Focusing on all sectors providing services of general interest, regardless of the status of the provider, would comprise a substantial field of research.
- The approach does not provide a clear demarcation of public/non-public providers, leaving a grey area of mixed providers.
- The public service approach does not include certain important sectors such as the financial sector, thereby excluding the European Central Bank (ECB). The approach does not include publicly owned or government controlled corporations that do not carry out services in general interest.
- As the provider’s legal status is not considered, the research could focus on the private sector, which could lead to a deviation from the theme of a sustainable, effective and efficient public sector.

## Legal-control approach

### *Public sector*

Defining the public sector somewhat differs from the task of defining public services. One of the most important distinctions is the fact that there is only one public sector, while a variety of public services exist. Under the legal-control approach<sup>2</sup> the definition of the public sector does not focus on its functions but rather on the status of the operational unit. Thus the public, private and third sector providers coexist within the same functional sector, be it health, education or transport for example. By contrast, the affiliation of an operational unit to the public sector is defined according to its status.

The System of National Accounts (SNA) is a statistical framework developed in cooperation among the United Nations, the European Commission, the OECD, the International Monetary Fund (IMF) and the World Bank. According to the SNA, the operational units affiliated to the public sector are determined by government control. Using the market/non-market orientation criteria, the SNA distinguishes within the public sector among the general government and government controlled corporations.

Table 1: *Public sector*

	Government control	Private control
Market oriented	GC corporations	Private sector
Non market oriented	General government	NPI* Serving households (Voluntary sector)
	<i>Public sector</i>	

\*NPI: Non profit institution

Source: *Based on the National Accounts System 2008 (United Nations, 2009)*

The general government is comprised of:

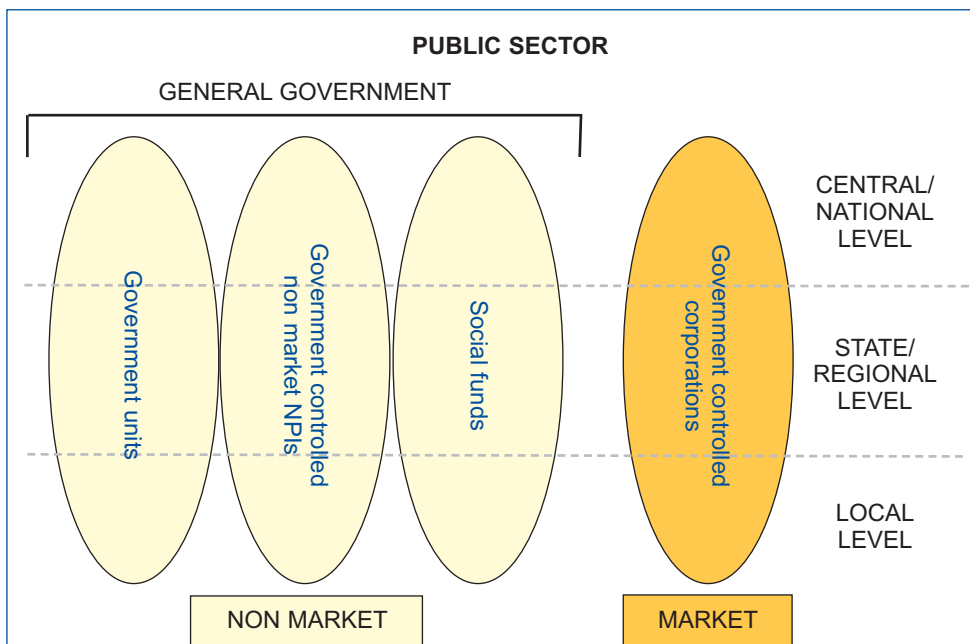
- governmental units;
- government controlled non market non profit institutions (NPIs); and
- social funds.

The general government takes place at various tiers, depending on the decentralisation of an individual Member State. In this aspect the government controlled units (NPIs or corporations) can be controlled either by the central, state or local government. Figure 1 summarises the scope of the public sector, taking into consideration the distinction between central, regional and local level.

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<sup>2</sup> Although legal control is one of the elements of the control approach, in this paper we use the term legal-control approach to emphasise the importance of this control approach component.

Figure 1: *Scope of the public sector*



Source: Based on SNA 2008 (United Nations, 2009)

The key concept in this approach is therefore the government control. This has several aspects, and should not be reduced to public ownership. The SNA identifies a range of indicators of government control. Corporation control indicators include:

- ownership of the majority of the voting interest;
- control of the board or other governing body;
- control of the appointment and removal of key personnel;
- control of key committees of the entity;
- golden shares and options;
- regulation and control;
- control by a dominant customer;
- control attached to borrowing from the government.

Non-profit institution control indicators include:

- the appointment of officers;
- other provisions of enabling instrument;
- contractual agreements;
- degree of financing;
- risk exposure.

The biggest advantage of using the legal-control approach to define the public sector is the fact that it is based on the SNA, which was developed by the most relevant international institutions in the economic area. This not only provides comparative opportunities but also enables use of existing data derived from the OECD. Another strong feature of this approach is a clear distinction between the public and non-public; this erases the 'grey area' of mixed provision that is typical of the public service approach.

While the legal-control approach clearly defines government control in theory, in practice it is difficult to determine whether or not an institution is controlled by the government, in spite of the existence of indicators. The question also arises as to whether or not it would be possible to measure such indicators with existing Eurofound data. It should also be noted that this approach includes government controlled corporations producing services that are not of general interest this could possibly lead to deformed data (e.g. regarding the size or cost of the public sector).

### **Possibility of combining the functional and legal-control approaches**

As none of the approaches described above define Eurofound's research area, the rational solution would be to combine them. It would be possible to combine the two approaches either through intersection or union.

#### *Intersection of the functional and legal-control approaches*

Using the exclusion criteria, we can exclude from the research area both those companies, institutions, workplaces and operational units, and the public sector service workforce that does not simultaneously fall under the public sector service definition according to both functional and legal-control approach. Thus we can define the research area as the intersection of the functional and the legal-control approaches. In this way, the research area would be narrowed down to the overlapping areas of the functional and the legal-control approaches (see Table A2 in Annex).

In practice, this would mean that the research area would only include the government controlled entities that provide services of general interest. Relevant general government bodies include governmental units, government controlled non-market non-profit institutions (NPIs) providing services of general interest and social funds.

It would also include government controlled corporations providing services of general interest.

The research area would exclude:

- private units providing services of general interest;
- NPIs not controlled by government providing services of general interest;
- government controlled corporations providing services not of general interest.

#### *Union of the functional and legal-control approaches*

Using the inclusion criteria, we can include in the research area both those companies, institutions, workplaces and operational units, and the public sector service workforce that fall under the public sector service definition, either by the functional or legal-control approach. Thus we can define the research area as the union of the functional and the legal-control approaches. Using the union approach, the research area would be broadened to include all areas defined both by the functional and legal-control approaches (see Tables A3 and A4 in Annex).

The research area would thus include government controlled units providing services of general interest. This would include general government bodies – governmental units, government-controlled non-market NPIs providing services of general interest and social funds. It would also include government-controlled corporations providing services of general interest.

The research area would also encompass the following:

- private units providing services of general interest;
- government-controlled corporations providing services not of general interest
- government involved providers of services of general interest (thus enabling the inclusion of the ‘grey area’ of providers – those that cannot be classified purely as public (government-controlled) or non-public bodies.

### Research sub-areas

Within the public sector service concepts, several research sub-areas can be identified. Comparing existing European research on public sector service we can conclude that in most cases these sub-areas are actually the primary focus of the research. They are general government, central government, and public administration, the latter being based on NACE (the functional approach) and the former on the System of National Accounts (legal-control approach). Although data pertaining to public sector service sub-areas is extremely valuable, it does not provide a complete insight into the public sphere; rather, it serves as a supplement.

### Specific group of employees in the public sector service

In addition to a company and workplace approach focusing on the operational units in the public sector service, it is also advisable to focus, as a complement, on specific groups of employees in the sector. As with the previous approach, it is useful to distinguish broadly between legal and functional approaches.

#### Public employees and civil servants (legal approach)

The 2010 EIPA publication, *Civil Services in the EU of 27*, includes an in-depth study of the public sector employee systems in EU Member States. Following a thorough comparative analysis, the authors conclude that the vast majority of the Member States use a dual public sector employment system, consisting of:

- civil servants (referring to the group of public sector employees with special duties and responsibilities); and
- public employees (usually referring to the remaining public sector employees).

While several public sector employee systems distinguish between additional public sector employee groups, the term civil servant can be found in all of the Member States. Nevertheless, no EU-wide legal definition of a civil servant exists; this is why the proportion of civil servants represented in the public sector employment varies significantly across Member States.

Three dichotomy approaches of public sector employee statuses can be identified, as outlined below.

- |    |                                                           |     |                                                   |
|----|-----------------------------------------------------------|-----|---------------------------------------------------|
| 1. | Employment on the basis of public law                     | vs. | Employment on the basis of private law            |
| 2. | Employment on the basis of nomination and specific status | vs. | Employment on the basis of an employment contract |
| 3. | Permanent employment                                      | vs. | Temporary employment                              |

Adapted from: EIPA, 2010

In most public sector employee systems of EU Member States, civil servants are employed on the basis of public law, nominated to their position and can expect lifetime tenure or a very high degree of job security. Public employees on the other hand are most commonly employed under private (civic) law-based employment contracts, which include permanent contracts, fixed term contracts, and other types of atypical contracts.

The term civil service generally refers to a core group of government employees, and usually comprises only a small proportion of total public employment. Specific figures can range from 0.5% to 90%; France, Greece and the Netherlands have the highest number of civil servants among Member States.

According to the definition provided on the World Bank's website, 'several criteria continue to distinguish civil servant status from other employment arrangements'. These criteria can be summarised here.

Firstly, civil servants are appointed by decision of an authorised public institution in accordance with the civil service law. A decision by a representative of the State to appoint a civil servant must conform to established rules that structure the hiring process.

Once appointed, there are many constraints on dismissal. This is because civil servants are not simply employees of the state; they also have a constitutional role. The aim of civil service legislation is to balance the requirement that these employees are responsive to the government of the day, with the parallel condition that they respect and maintain state institutions over time. In other words, additional job security is provided in order to prevent short-term political pressures from leading to inappropriate personnel changes.

There are more constraints on the actions of civil servants than on other groups. Again, this is because of the strategic and constitutional role of civil servants. The Labour Relations (Public Service) Convention, 1982 (No. 151) provides details of the fundamental labour rights of civil servants: these include the right to organise, the right to participate in consultations or negotiations in relation to their terms of employment and the right to settlement of disputes. Article 1 of the Convention states that its provisions apply to 'all persons employed by public authorities' but it permits exemptions for 'high-level employees whose functions are normally considered as policy-making or managerial, or ... employees whose duties are of a highly confidential nature.'

The employees concerned are within civilian central government or sub-national government. There are many other employment arrangements in the public sector that provide something akin to civil servant status, under judicial career laws for example. However, common usage requires that civil servant status refers to employees within civilian central government, or sub-national government. The judiciary can often be employed under arrangements that also provide constitutionally-based constraints on dismissal, but are rarely known as civil servants.

At this point we should note that the public employee/civil servant distinction refers only to public employment. Public services can also be delivered by the private or the voluntary sectors. Therefore, in the context of public service delivery, four types of employment statuses can be identified:

- civil servants;
- public employees (permanent and temporary);
- private employees (permanent and temporary); and
- volunteers.



### Administrative employment versus service provision (functional approach)

As an alternative to the legal approach (based on the type of employment relationship), the OECD, in its 20110 publication *Value for Money in Government*, uses the functional approach, dividing public sector employment into:

- administrative employment; and
- service provision.

Administrative employment can be defined as all public employment concerned with policy development, administrative policy execution (handling of subsidies, grants, social benefits, tax assessments and other legal decrees in individual cases), regulatory/supervisory services, and support services related to these tasks. Service provision employment on the other hand comprises the actual service delivery.

Both administrative and service provision employment can be characterised by:

- collective service; or
- individual service.

In general, the administration of the provision of individual services will have the character of an individual service, whereas the administration of the provision of collective services will have the character of a collective service.

The NACE coding can be used to classify an individual employment within the administrative/provision concept. The UN's Classification of the Functions of Government (COFOG) can be used to distinguish between collective and individual services. Although the OECD uses the administrative employment/service provision dichotomy in the context of general government (as a part of the public sector), the concept can be used more widely, both in public sector and public service approaches.

### Combining the two approaches for specific groups of employees

Combining the legal and functional approaches to determine specific groups of employees could provide an in-depth insight into the public sector service workforce structure. The combined approach could enable the identification of trends and relations among different legal statuses of individuals active in the public sector service and thus contribute to both new public management (NPM) and governance debate.

Table 2: *Combined legal and functional approach to public sector service workforce*

Legal approach \ Functional approach	Administrative employment		Service provision	
	Collective services	Individual services	Collective services	Individual services
Civil servants				
Public employees				
Private employees				
Volunteers				

Source: *own elaboration*

## Defining the research area by workplace environment and workforce type

When conducting research on the public sector service, both workplace environment (companies, institutions, workplaces and operational units) and the workforce (specific groups of employees) should be considered. The matrix below should serve as a tool to define the research area using the previously described approaches.

Table 3: *Theoretical perspective on defining the research area by workplace environment and workforce type*

<b>Employee group approach</b> \ <b>Institution approach</b>	<b>Functional approach</b>	<b>Legal-control approach</b>	<b>Intersection of approaches</b>	<b>Union of approaches</b>
<b>Legal approach</b>				
<b>Functional approach</b>				
<b>Combined approach</b>				

Source: own elaboration

Table 4: *Operational perspective on defining the research area by workplace environment and workforce type*

<b>Employee group approach</b> \ <b>Institution approach</b>	<b>Public services</b>	<b>Public sector</b>	<b>Intersection of public services and public sector</b>	<b>Union of public services and public sector</b>
<b>Civil servants</b>				
<b>Public employees</b>				
<b>Private employees</b>				
<b>Volunteers</b>				
<b>Administrative employment</b>				
<b>Service provision</b>				
<b>Combined approach</b>				

Source: own elaboration

## External perspective

Existing research on public sector services most commonly focuses on the internal statuses and practices of the providers. It thus neglects the essence of the public sector service, which is to provide services to the wider public.

We can identify two external focal point subjects of research: individuals (natural persons) and institutions (legal entities). The former can be further classified as citizens, employees, entrepreneurs and non-working persons. The latter group can comprise non-profit institutions and for profit institutions.

These subjects appear in public sector services in a dual role. As users and consumers, they function as beneficiaries. Through payment of taxes and social contributions, they also act as contributors. Individuals and institutions have different demands and expectations as to the public sector services, depending on their role. As beneficiaries, individuals and institutions expect accessibility, inclusion, quality, equal treatment, effectiveness and value for money in their services. They expect services to be delivered either collectively (in the case of infrastructure, and safety) or individually (in the cases of education, health, financial transfers, and administrative procedures).

As financial contributors, the main concerns of individuals and institutions are democracy, transparency and efficiency.

### Variable scope of research area

One practical suggestion was to vary the choice and definition of the scope of research according to the research question and policy challenge being addressed. This would involve dealing with the public sector regarding some issues, and with the public service regarding others.

A good example for such an approach is provided by the OECD in its flagship publication, *Government at a Glance* (2011). In its analysis of public finance, it looks at general government at all levels. When describing new trends in public management practices and processes, it deals only with central government. Finally, in the analysis of employment figures, the OECD focuses on the public sector as a whole. This approach is not discussed in the text but it seems that it is mainly driven by feasibility considerations, in particular the availability of comparative data. One possible pitfall of this approach is that the report reader would have to constantly check the part of the public service or sector to which a finding relates. There is some danger that readers whose reading time is limited (e.g. policy makers) may reach misinformed conclusions.

During the high level expert seminar organised by Eurofound and EIPA, a number of experts favoured such a pragmatic and variable approach to defining the scope of research. In their view, any decision on the appropriate research scope should be guided by a two stage decision making process during the preparatory phase of the research, Firstly and most importantly, the optimal research scope should relate to the relevant research topic and related research questions. Secondly, the research scope should relate to the availability of good quality comparative data, where feasible

Table A5 in the Annex can be used as a tool to define variable research areas, using both the public sector service workforce and the potential research (sub)areas. An example for researching human resources (HR) practices, working conditions, industrial relations, size and the cost of the public sector service is given in the same table.

### Policy relevance of scope of research area for the on-going policy debate at EU-level

Over the past 20 years, the political debate at EU level has mainly adopted a functional approach, which can be also found in a recent CEEP report (2010). It focuses on the wider public sector using the concept of provision of services of general interest. It then presents the much discussed concept of services of general interest with its sub-categories:

- services of general economic interest; and
- non-economic services of general interest (including social services).

The Commission provides very clear definitions of different terms in its guide to the application of EU rules on state aid, public procurement and the internal market to services of general economic interest, particularly regarding social services of general interest (European Commission, 2010). They include health services, complementary security services covering the main risks of life and those services direct to the individual, such as social assistance services, employment and training services, social housing, childcare and long-term care services for the elderly, among others.

Within the context of services of general interests one has to consider:

- public service obligations; and
- universal service obligations.

Services of general economic interest are mentioned in Art. 106 TFEU and indirectly in Art. 93 TFEU. So far, the term public service is not defined in EU law although the treaty refers to the principle of free movement of workers which is not applicable to public service employment (Art. 45 4 TFEU), Administrative Cooperation (Art. 197 TFEU).

The legal interpretation by the European Court of Justice (ECJ) has certainly helped to clarify the terms ‘public employee’ and ‘civil servant’ as regards the legal interpretation of Art. 45 4 TFEU. However, the legal interpretation of both definitions is still up to the Member States’ interpretation and – consequently – different definitions of civil servants have developed across Europe. Even more, it seems the crisis of the public sector and the various reforms of the national civil service have led to a growing fragmentation and diversity of the meaning of the term ‘civil servant’. In addition, most European directives that have an impact on the national public services allow the Member States to apply their own definitions.

# Major challenges for the public sector 3

## Identifying change and reform developments

Certain challenges and changes seem to provoke major changes and therefore constitute big challenges for the public sector. It may be important for Eurofound to address these challenges. The management of the current financial crisis, for example, is indeed a big challenge, affecting many facets of the classical public sector which was designed very differently to the private sector. While expectations of government are increasing, the resources available to meet these expectations are diminishing. Public employees of the future will have to be at ease with more complexity and flexibility. They will have to be comfortable with change, often rapid change. At the same time they will take more autonomous decisions, be more responsible, accountable, performance-oriented, and subject to new competency and skill requirements.

Despite all alignment trends between the public and private sectors, public employees will never be able to compete with private sector companies in terms of flexibility. In fact, some specific bureaucratic features will remain in place in order to sustain core democratic values, like equality, fairness and legal security.

Overall, despite all popular images, work in the public sector will remain challenging, and ‘a key to a better society and world’ (Rosenbloom et al, 2009). Due to different national political agendas, the Member States will continue to differ sharply as regards reform pressure and reform priorities. However, reform policies such as anti-discrimination, reducing administrative burdens and performance-related pay are likely to continue to have a high priority on the reform agenda of many countries. At the same time, budgetary constraints will lead to a deterioration of working conditions in some countries and will not enhance the attractiveness of working in the national civil services of these countries. Moreover, growing financial constraints and budget pressures will force the national governments to cut resources further in more areas and policies. This may have a negative impact on the effectiveness of public policies. Many Member States will continue to employ a specific category of public law civil servants. However, the number of civil servants will be reduced as will the sectors that employ civil servants. In total, the future will see a pluralisation of statuses and the hollowing out of the traditional civil service status. It will also bring the alignment of working conditions between public and private employees.

Today, the national civil services no longer have a single, coherent paradigm or conceptual framework. As noted by Rosenbloom et al (2009, p.545),

*Disaggregation promotes decomposition of the civil service. Two concepts central to traditional management are now disappearing. One is that any particular government, whether federal, state, or local, should act as a single, unified employer. The other is the concomitant idea of a unified civil service.*

Consequently, ‘we may soon find ourselves with a hollow administrative structure processing huge transfers’, but with service provision increasingly conducted under the auspices of non-governmental actors (Peters, 2003).

Overall, these changes may also have positive effects; after all, Rosenbloom et al also note (2009, p. 548),

*The problems of the old “one-size-fits-all” approach are well documented and real. However, they will also fundamentally alter the concept of civil service and further fragment government.*

For example, if reliance on decentralisation and outsourcing grows, ‘as seems likely, the demands for personal responsibility are likely to increase and reach private individuals engaged in government work’ (ibid, p.548). Therefore, good leadership will become more important than ever before. At the same time, people will also become more critical of bad leadership and poor performance from their leaders.

Without doubt, the future will see the emergence of a growing paradox. Various factors will continue to put pressure on the public sector to continue with radical reforms. Examples here include growing financial and demographic pressures, as well as value changes. At the same time, the pace of change and growing uncertainties about the reform results will generate more discussions on the need to preserve traditional values, to keep the identity of civil servants and to maintain some features that are distinct from the private sector.

In all Member States, accusations that the public sector is not innovative, not ready to reform and suffering from reform inertia are clearly wrong. Nonetheless, the public sector is financed through public money (tax payers' money). Consequently, continuous pressures and criticism as to the need to raise efficiency are legitimate.

Today, the changing role of the state requires a changing conception of public services. The public perception is still that public employees work in an environment that is clearly separated from the private sector. In some countries, public employees, and to a greater degree, civil servants, are seen as a protected group, set apart from the outside world. In reality, customer and citizen orientation have increased, and working conditions have been aligned to those in the private sector. Nowadays the differences between public and private employees in terms of their status, working time, pay, pensions, holidays, recruitment and competency requirements are less than they were previously. In some countries, job security is even weaker in the public sector, for a majority of its workers. Consequently, in the first quarter of 2011 the public administration sector reported the highest number of job losses in comparison to all other sectors.

Reforms are implemented everywhere and at great speed. Overall, the current reform process in the national civil services can be identified as an opening-up process of the public sector. More and more public tasks are carried out by non-state bodies and more tasks, which have traditionally been carried out by civil servants, are conducted by other public employees or private service providers.

The current trend towards decentralisation and fragmentation has resulted in new discussions about the need for a new public service ethos and for common values. Much depends on the outcomes of reforms. So far, most HR reforms do not show clear results. Whereas some reform trends produce improvements, others simply bring about alteration or even deterioration of working conditions. Thus, the reform outcomes do not indicate that the post-bureaucratic times are much better – in many cases they are simply different.

The future will involve a constant strive towards finding the right balance amongst competing values and principles: between standardisation and citizen-orientation; flexibility and the need for stability; autonomy, individualism and fairness; centralisation and decentralisation; and secrecy and openness. Individual performance will also be an important factor.

A variety of responses have been made to these challenges by public sector management. In many parts of the public sector, diversity, anti-discrimination and new HR management techniques are seen as necessary to cope with the predicted long-term reduced labour supply, which is due to demographic change and the emphasis on 'value for money in government'. In other Member States, privatisation and outsourcing strategies, combined with innovative HR and customer-oriented strategies, have been discussed or even implemented. In many parts of Europe, social dialogue in the public sector is still regarded as important in the effective management of this change process.

There is also an ongoing public debate on the importance of high quality and accessible public services for a competitive European economy embedded in a European Social Model. Important economic journals like the *Economist* stress the necessity of good public services for society as a whole, for sustainable economic growth and for the attraction of more mobile capital.

## Identifying reform challenges

Most experts claim that, from a medium-term perspective, the public sector services in the Member States face several major challenges. These challenges provide the social, political and economic context in which governments operate. They can be analysed by Eurofound in a comprehensive way by assessing their individual or their combined effects on the public sector in the Member States of the EU.

The following major challenges are identified by most experts:

- demographic change;
- financial and sovereign debt crisis resulting in budget cuts;
- technological change;
- democratic society and relations to citizens;
- migration;
- deregulation and reregulation; and
- from government to governance.

This is not an exhaustive list. For example, emergency management might be considered a future challenge. In fact, the potential list is long. Relevant questions here include whether or not we are facing more challenges, whether certain issues lost importance and if the public sector contributed to their improvement. For example, it is certainly difficult to say that deregulation or governance would be a challenge. In fact, when considered in light of the definition of challenges provided above, both concepts can also be seen as solutions.

Moreover, the link between challenges and reforms must be considered, particularly the extent to which challenges are translated into reform priorities? For example, is the ageing of society leading to concrete measures and policies in fields such as age management and fatherhood?

Public service reforms are supposed to be the outcome of a rational decision-making process. However, our hypothesis is that they are embedded in a turbulent environment, which makes it difficult to follow a clearly defined reform trajectory. This environment is characterised by changing and competing values and new reform priorities on the political agenda. Therefore, reforms are rarely the product of well designed and carefully implemented strategies. Consequently, challenges are not always translated into policy priorities.

Member States face similar challenges. In response, they adopt a great variety of reform priorities, although similar trends emerge. For example, in all of the Member States the need to reduce administrative burdens ranks very high on the reform agenda. On the other hand, issues such as the fight against corruption or the reform of civil service laws are only important for some Member States. In fact, the Member States of the EU respond differently to reform pressures, as economic pressures, different political agendas, and administrative structures and norms differ among them. Therefore, convergence and differentiation can go hand in hand. Benchmarking studies may be possible in one area and be much more complicated in others.



These policy responses to recent and fundamental challenges to the public sector go hand in hand with a changing role for governments in public policy. The term government has been replaced in the public management debate by the term governance, which has to be viewed, 'in terms of relationships and thus includes more than public administration and the institutions, methods and instruments of government' (OECD, 2011, p. 15). It assumes, 'that government can be more effective by being open and accessible, by widening the circle of participants in policy making and service delivery, and by using a much broader range of tools to steer society' (OECD, 2011: 15). According to the OECD, such an approach takes different forms and involves different actors including private business but also increasingly NGOs and the non-commercial private sector (otherwise known as the social economy or third sector). This questions the identification of the public sector services through a service provider, as many public services may be provided by private organisations.

### Demographic challenge

The *Demography Report 2008* by Eurostat indicates that the working age population (20-64 years) will start to shrink by 2014, as the large baby-boom cohorts born immediately after World War II are now entering their sixties and retiring. The number of people aged 60 years and above in the EU is now rising by more than two million every year. This indicates several challenges for the public sector services, both from a labour and a consumer perspective. Population ageing is predicted to cause a reduction in overall labour supply in the economy, leading to competition between the private and public sectors for qualified labour<sup>3</sup>, as well as an internal ageing workforce.

General population ageing will, from the consumer perspective, increase the demands for specific social services like health and social care. This will affect service provision and will increase the costs of the public sector service.

The public sector service should tackle these challenges by adopting and implementing suitable policies. Regarding the labour supply issues there is a demand for new specific HR practices, both in recruitment and retention policy on qualified labour and education and training policies on ageing labour. Considering service provision, new forms of work organisation and service delivery, for example through an intercultural opening of the administration, must be considered. Regarding the ageing population, new preventative health and safety policies are in order, whereas pension reforms, both generally and in the public sector, seem to be an ongoing and challenging process.

### Financial and sovereign debt crisis

The reduction of the public sector is an everlasting popular item on the political agenda, particularly since the financial and economic crisis. The latter has been the justification for the recent intensification of processes that have been taking place since the 1980s (1990s in new Member States), and the emergence of the New Public Management<sup>4</sup> movement.

However, while the New Public Management concept encompasses several aspects of the public sector service, the recent austerity measures focus primarily on cost reduction, namely on public spending on personnel and related policies and reduction in public spending in the provision of services.

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<sup>3</sup> It should be noted that concerning the population growth, the low fertility rate is somewhat supplemented by migration (with the net of one million per year accounting for the largest proportion of the EU's population growth); however immigrants tend to be less well educated and to be employed in jobs below their qualifications (Eurostat 2010).

<sup>4</sup> See the longer version of this paper (pp.2-3) for further detail on the New Public Management discourse and its role in transforming the public sector in historical terms.



Several mechanisms for personnel cost reduction can be identified: outsourcing; privatisation; public-private partnerships; restructuring, encompassing lay-offs; soft retirement schemes; and job transfers. A reduction in spending in the provision of public services can result in either a reduction in the level or quality of services.

Cost-cutting is being generated by two similar paradigms: more value for money; and doing more with less. However, as the OECD (2011) notes, there is a strong possibility of these concepts lapsing into doing less with less in practice. Restructuring takes places at all levels of government, supported also by Eurofound data (see the longer version of this paper for further detail).

Within the political and economic context of the financial crisis, the social partners also make their voice heard. Trade unions in the public sector fear that established collective bargaining and consultation procedures are circumvented by public employers. This leads to unilateral changes in wages, working conditions and benefits with negative outcomes for public sector employees. This is combined with the fear of wage and benefit reductions in the public sector spilling over into the private sector. In conjunction with a previous spill-over effect from private sector wage reductions into the public sector, such a downward spiral could lead, in macro-economic terms, to a sustained reduction in overall demand. From a trade union point of view such a scenario will lead to negative growth effects for the economy, less tax revenues for the government and therefore an aggravation of the crisis in public finance.

### **Technological change**

In the 2005 Manchester Declaration, EU Member State governments committed themselves to using information and communications technology (ICT) to provide public services for citizens and businesses. In 2006, the European Commission adopted the eGovernment Action Plan 2006 – 2010 as a part of the i2010 initiative for jobs and growth, followed by the eGovernment Action Plan 2011 – 2015.

The impacts of the new technologies on the public sector services are still widely discussed. Today, a popular belief is that ICT will have a tremendous positive effect on public administrations. In fact, it seems more rational to assume that the introduction and implementation of ICT offers a wide range of options. Some may be good and some may be less welcome. The internet, email, computers, eGovernment and other 'dotcom' developments will undoubtedly have a significant impact on public administration, civil service and HR management. However, it seems that – although the introduction of e-government has several dimensions – information technologies have neither led to an 'overarching transformation of government' nor to a radical reform of bureaucracies. (Margetts, 2003)

Although eGovernment is sought to contribute to an open and inclusive government, the question arises as to whether this is a new concept or an old paradigm in new disguise. Do we actually see a change from a government-centric to a citizen-centric approach?

The ongoing and constantly changing digitalisation trend in our societies sets additional challenges to our conceptual understanding of work, structure and organisation in the public services. In the future, not only more public services but also classical civil service tasks (which involve the exercise of public powers) will be carried out at home, in social networks or on the street, via smartphones such as the iPhone.

### **Challenges to the democratic society and relations with citizens**

In representative democracies, mutual trust among citizens and the state (and its institutions) is an extremely important issue. It can be seen as a safeguard of social capital, preventing what is known as a social trap, whereby conflicting parties pursuing their own self-interest become trapped in negative behaviours or outcomes. This leads to a decrease in public sector service efficiency.

### *Low levels of trust*

According to Eurostat's survey *Eurobarometer 74* (2010), only 28% of EU citizens trust their government and 31% trust their parliament. The lack of trust may be related to the low level of trust in political parties (15%). On the other hand, according to the *European Values Study* (2008), 47% of Europeans have confidence in the civil service.

Levels of trust are higher for individual public services. It is at 70% for the army and 64% for the police (Eurostat 2010). A total of 6% of Europeans have confidence in their education system and 57% have confidence in their health system (European Values Survey, 2008).

Several factors contribute to the level of (dis)trust in public institutions, namely their lack of accountability or transparency and the level of corruption therein; this remains the 'Augean stables'<sup>5</sup> of modern society. According to the *Corruption Perception Index* (Transparency International, 2010), the EU is highly diverse regarding corruption.

Another important issue contributing to the low level of trust among citizens in public institutions is the lack of transparency in the decision-making process. Interest group representation in the policy making process is seen as a societal contribution to the concept of governance. Private economic (corporate) lobbies, on the other hand, are publicly perceived as a threat to the democratic process and carriers of clientelism and corruption.

### *Reduced financial democracy*

Considering the increasing levels of state debt in the EU, the space for manoeuvre in policy-making has been reduced, especially regarding the role of the national parliament in the relation to the government. Moreover, several EU Member States turned to international organisations for financial assistance, such as EU financial mechanisms, the International Monetary Fund (IMF) and the World Bank. This increased the level of influence of these bodies in economy-related policies, thus reducing the influence of national governments and parliaments and consequently, the citizen (Streek, 2010).

### *Citizen demands*

More public services have been decentralised and are being provided by local authorities in order to bring them closer to citizens. The level of direct involvement of citizens in public services is increasing through the phenomena of reverse privatisation. There are known examples where a private provider was not able to maintain previously publicly owned infrastructure (e.g. water and electricity supply), leading to increased service provision prices and lowered quality. In these cases both consumers and employees intervened with local authorities, which led to the reverse privatisation.

### **Migration and the change of citizenship leading to a more multicultural society**

National citizenship is still the last bastion of states' sovereignty, meaning that EU institutions cannot exercise any direct influence on national citizenship legislation in the EU Member States. This can be best seen in Art. 45 4 TFEU, which allows the Member States to restrict the principle of free movement of workers to employment in the public services. On the other hand, the process of political integration in the EU, international human rights development and globalisation are claimed to have indirectly challenged states' exclusive competences in that legal area.

### **Deregulation and regulation as challenges and possible solutions**

Bureaucracy is a highly ambivalent issue. Today, many public service reformers call for administrative simplification, deregulation and the reduction of administrative burdens. The public, while supporting this appeal, is constantly calling for new laws and rules regarding issues such as the fight against terrorism, data protection and climate change.

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<sup>5</sup> This is a proverbial term derived from Greek mythology, used to describe a difficult or supposedly impossible task.

The demand for the further liberalisation and deregulation of services is continuously on the agenda. At the same time, new issues demanding regulation, such as consumer protection, climate change and terrorism are entering the public sphere. These processes have different responses from the public. However, the tendency seems to be that the greater the level of regulation, the greater the appeal for de-regulation. Conversely, the more de-regulation is provided to ease burdens for companies, the greater the number of requests for re-regulation in situations of insecurity and fear (such as emergencies, disasters, wars and immigration). It is also well known that many managers complain about the adverse effects of the complex web of controls, procedures and regulations in the fields of recruitment, promotion and determination of pay. Research on bureaucracy also supports the view that public organisations are more strongly regulated than private ones.

Regulatory Impact Analysis (RIA), promoted by the OECD and adopted by the European Commission, is an important mechanism in the (de)regulation process. It helps policy-makers assess the impact of existing or proposed regulations on both the entities subject to the rules and overall economic conditions. The question remains: is the RIA actually used as a tool in the decision-making process or is it considered as an administrative burden?<sup>6</sup>

### **From government to governance <sup>7</sup>**

The most significant feature of governance is that it signifies a move from a top-down hierarchical approach to a more horizontal, network-based style of inclusion, enabling the participation of various stakeholders in all stages of the policy process.

The concept of governance represents a joint effort of state, private and non-governmental actors to produce the best policy. This contributes to the concept of input legitimacy (Scharpf 1999), which implies that citizens possess political equality and that they effectively participate in, and exercise control of, political decisions. Input legitimacy thus emphasises government by the people.

Governance does not however guarantee output legitimacy (Scharpf 1999), which implies that a decision obtains legitimacy by effectively, and efficiently realising the citizens' goals and solving their problems (government for the people). Hence effective policies are not necessarily the priority of governance. From the partner perspective, governance is about satisfying particular interests, while the government focus seems to be on the diffusion of accountability and reducing costs.

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<sup>6</sup> Here, it may make sense to make a distinction between regulatory reforms (and the reduction of bureaucracy) and the reduction of administrative burdens. The first topic has been on the agenda for 20 years and has been relatively unsuccessful, while the latter has produced some tangible results.

<sup>7</sup> Maybe the concept of Collaborative Government is appropriate here.

# Summary of preliminary recommendations 4

- a) Eurofound's stakeholders should include the public sector services in its new four year working programme, as one key axis of activities. Public services make up a constituent part of our societies. Modern government still depends to a great extent on the work of national public services and the millions of public employees. Still, public service jobs range from the exploration of outer space to sweeping the streets. In fact, the quality of life in Europe depends in many ways on those who work for public services and (semi-) public enterprises and on how government works as such. Furthermore, public services have a democratic and ethical function; they should serve society and the law, function in a sustainable manner, provide high quality services, guarantee access to (affordable) services and protect the population. No government functions as a private company or under labour law. Public services of general interest also comprise a key element of the European economy, both directly and indirectly. Directly, they contribute to more than 26% of the EU27 GDP and employ around 30% of the EU workforce. There is no denying that the public sector – despite all ongoing reforms – will continue to play an important role in the future. For example, the current financial crisis illustrates the importance of the public sector in managing (financial) change.
- b) Eurofound's mandate is to contribute to the planning and design of better living and working conditions in Europe. Consequently, it focuses its activities in areas such as public employment, working conditions, industrial relations and quality of life. Despite some overlap in the field of public employment with other organisations (most of all with the OECD) we recommend that Eurofound should build on its role in these areas. In doing so, it should focus on its accumulated expertise and use its key competences in the development of new targeted activities regarding the public sector, employees and services.
- c) Eurofound should continue to contribute to the ongoing medium and long-term policy debate in Europe by providing practical and evidence based policy advice for the EU institutions and for the Member States. In the future, Eurofound should provide high quality analytical reports dealing with a selected number of relevant public policy issues in the medium and long term. Those issues have to be agreed with Eurofound's stakeholders based on the policy relevance in the European debate and the identification of existing knowledge gaps.
- d) Eurofound can close serious empirical knowledge gaps through a comparative European analysis in important policy areas in the European public sector. These include: working, employment and restructuring conditions; important HR practices; availability, access and use of service provisions and their perceived quality by citizens and business; and the state of industrial relations, collective bargaining and consultation in the public sector in Europe. The analysis should include (insofar as is possible and feasible) a dynamic analysis of opportunities over time in the fields of working, employment and restructuring conditions. In addition, one may consider describing and analysing the interrelation between improved competitiveness and efficient or effective public services within the underlying social contract of the European social model.
- e) So far, we acknowledge a knowledge and data deficit in international organisations and research institutes in Europe as regards comparative evidence on living and working conditions in the public sector. Therefore, in the future, Eurofound could play a more proactive role by filling this gap in comparative research in these areas.
- f) Eurofound should be aware that broad research conceptions also lead to new difficulties in the field of comparative research. For example, some such risks occur in the fields of data collection, data management. There is also a danger of becoming too superficial. In order to avoid this, we propose the inclusion of case studies and the restriction of some research approaches to sectors (such as the health sector) or specific actors. Such an approach could allow for the innovative combination of representative results from quantitative surveys and more in-depth qualitative case study research.
- g) The term public sector service can be defined in many broad and narrow ways. The outcomes of the expert seminar in Brussels on 20 and 21 June have clearly shown that future activities within Eurofound should cover the wider public sector public services and include services of general interest. In order to define the specific research scope, Eurofound should adopt a pragmatic and flexible approach in considering the chosen policy-relevant research topic and the availability of necessary comparative data.

- h) Nevertheless, we propose a combination of top-down and bottom-up approaches. This means gathering data on both the company perspective as well as the employee perspective. A very narrow approach (e.g. one with a focus on the national civil services or the core governmental sector) was rejected as this approach relates back to a restricted and elitist concept. Besides, a very narrow focus would exclude too great a proportion of the public sector and public employees.
- i) Despite our general recommendation to apply a broad approach to the scope of Eurofound's research, we also recommend that Eurofound should stay within its own mandate. It should focus on its strengths, and avoid overlaps with other organisations, institutes and universities. At the same time, it should enhance cooperation with the most relevant players in the area of comparative public sector research; these include the OECD, the EIPA, the EGPA, the ILO, the European Commission, and CEEP, among others.
- j) As regards the choice of policy areas to be tackled, it is obvious that many policy areas are of potential interest to Eurofound's activities in a future multi-annual work programme. For example, we strongly recommend continuing work on social dialogue (in the public sector), the concept of flexicurity (in the public sector) and status developments (in the public sector). Eurofound has already done excellent work in these areas. It is now time to conduct research in these areas that relates specifically to the public sector field.
- k) We propose that the overarching theme for Eurofound's new work programme should be: managing the financial crisis and its impact on the public sector. This topic should be broken down into concrete issues and applied to sectors and individual actors. Despite the (obvious) importance and attractiveness of the topic, little research evidence exists regarding the link between the financial crisis and the outcomes of reforms in the national public sectors.
- l) Eurofound could also continue some of the work done by EIPA to contrast objective conditions with the assessment of perceived policy challenges ('reform pressures'), conditions, issues and priorities ('reform fashions') by policy makers, management and trade unions in the public sector in Europe.
- m) For the sake of avoiding overlaps with other European research bodies, it is important for Eurofound to more clearly define its own niches. Identifying niches is not easy and requires a good overview of the present research situation in Europe, as well as reform trends, reform outcomes and the development of general challenges in European society.
- n) Eurofound can play an important role in helping scholars advance the field of comparative public sector research. After all, in the context of globalisation, the appetite for comparative studies will most likely increase in the future. Benchmarking will gain in importance and deserves more attention as many benchmarking studies are still problematic (from a methodological point of view). Here, Eurofound can contribute to a more rational and constructive debate on benchmarking, best practice and the adoption of common indicators. This could also be applied to the field of flexicurity. In addition, Eurofound could contribute to the European policy debate on sustainable, effective and efficient public sector services.
- o) Eurofound could develop a more descriptive monitoring instrument, which would enable a comparative analytical approach. On a pragmatic level, this should relate to the available comparative data in Eurofound, Eurostat, the European Commission, the OECD and other EU-wide surveys. This monitoring instrument could fill information gaps such as those left by the OECD annual publication, Government at a Glance, or in EIPA's Civil Services in the EU of 27. It could collate information from all relevant monitoring instruments of Eurofound, such as the EIRO, working conditions and quality of life surveys and the ERM.
- p) With this programme, Eurofound could support an exchange, learning and development process in order to support the necessary reform of the public sector service in the Member States of the EU. All relevant parties should effectively and equally participate in such a process. One important arena for organising an exchange and learning process could be the EUPAN network, which consists of high level central government officials responsible for public services.

- q) Finally, we propose to Eurofound to take a leadership role as a ‘think tank’ in the area of evaluation of reform outcomes/benchmarking. Little remains known as to the effects of benchmarking activities in the fields of flexicurity and public performance. As a neutral and independent body, Eurofound would be the ideal institution for this task of carefully evaluating the present and increasing trend towards benchmarking in the public sector.

These external objectives serve the policy interest of the key stakeholders. In addition, the proposed programme should be seen as a catalyst to promote more transversal activities between different research sections of Eurofound. Within the remit of a broad umbrella programme, different parts of Eurofound would intensify their practical day-to-day cooperation; the objective here would be to make effective use of differentiated experiences. If this is combined with a management approach based on professional respect and effective bottom-up participation, Eurofound could mobilise up-to-now hidden synergies to provide more comprehensive and integrated evidence based policy advice to its stakeholders.



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Table A1: *Public services as a part of the economy*

Sector	Operators/providers			
A - Agriculture, forestry and fishing	Not in general interest - Private			
B - Mining and quarrying	Not in general interest - Private			
C - Manufacturing	Not in general interest - Private			
D - Electricity, gas steam and air conditioning supply	Public services			
	Public Central/State/Local	Government involved	Private	
E - Water supply; sewerage, waste management and remediation activities	Public services			
	Public Central/State/Local	Government involved	Private	
F - Construction	Not in general interest - Private			
G - Wholesale and retail trade; repair of motor vehicles, motorcycles	Not in general interest - Private			
H - Transportation and storage	Public services			Not in general interest - Private
	Public Central/State/Local	Government involved	Private	
I - Accommodation and food service activities	Not in general interest - Private			
J - Information and communication	Public services			Not in general interest - Private
	Public Central/State/Local	Government involved	Private	
K - Financial and insurance activities	Not in general interest - Private			
L - Real estate activities	Not in general interest - Private			
M - Professional, scientific and technical activities	Public services			Not in general interest - Private
	Public Central/State/Local	Government involved	Private	
N – Administrative and support service activities	Public services			Not in general interest - Private
	Public Central/State/Local	Government involved	Private	
O - Public administration and defence; compulsory social security	Public services			
	Public Central/State/Local	Government involved	Private	
P – Education	Public services			
	Public Central/State/Local	Government involved	Private	
Q - Human health and social work activities	Public services			
	Public Central/State/Local	Government involved	Private	
R - Arts, entertainment and recreation	Public services			Not in general interest - Private
	Public Central/State/Local	Government involved	Private	
S - Other service activities	Public services			Not in general interest - Private
	Public Central/State/Local	Government involved	Private	
T - Activities of households as employers	Not in general interest - Private			
Q - Activities of extraterritorial organisations and bodies	Not in general interest - Private			

Source: *Based on CEEP 2010 (adapted to NACE 2.0)*



Table A2: Research area based on the intersection of the functional and the legal-control approach: public sector service companies, institutions, workplaces and operational units and functional sectors

Functional sector \ Entity	Central/National Level		State/Regional Level		Local Level	
	Central government*	Central government controlled corporations	State government*	State government controlled corporations	Local government*	Local government controlled corporations
Electricity, gas, steam and air conditioning supply						
Water supply; sewerage, waste management and remediation activities						
Transportation and storage (partly)						
Information and communication (partly)						
Professional, scientific and technical activities (partly)						
Administrative and support service activities (partly)						
Public administration and defence; compulsory social security						
Education						
Human health and social work activities						
Arts, entertainment and recreation (partly)						
Other service activities (partly)						

\*Comprised of governmental units, non-market government controlled NPIs and social funds

Source: *own elaboration*

Table A3: Research area based on the union of the functional and the legal-control approach: public sector service companies, institutions, workplaces and operational units and functional sectors (first part)

Functional sector \ Entity	Central/National Level				State/Regional Level				Local Level			
	Central govt.	Central govt. controlled corp.	Govt. involved corp.	Private corp.	State govt.*	State govt. controlled corp.	Govt. involved corp.	Private corp.	Local govt.*	Local govt. controlled corp.	Govt. involved corp.	Private corp.
Electricity, gas, steam and air conditioning supply												
Water supply; sewerage, waste management and remediation activities												
Transportation and storage (partly)												
Information and communication (partly)												
Professional, scientific and technical activities (partly)												
Administrative and support service activities (partly)												

\*Comprised of governmental units, non-market government controlled NPIs and social funds

Source: *own elaboration*

Table A4: Research area based on the intersection of the functional and the legal-control approach: public sector service companies, institutions, workplaces and operational units and functional sectors (second part)

Entity Functional sector	Central/National Level				State/Regional Level				Local Level			
	Central govt.	Central govt. controlled corp.	Govt. involved corp.	Private corp.	State govt.*	State govt. controlled corp.	Govt. involved corp.	Private corp.	Local govt.*	Local govt. controlled corp.	Govt. involved corp.	Private corp.
Public administration and defence; compulsory social security												
Education												
Human health and social work activities												
Arts, entertainment and recreation (partly)												
Other service activities (partly)												
Other activities and services of non-general interest	/		/	/	/		/	/	/		/	/

\*Comprised of governmental units, non-market government controlled NPIs and social funds

Source: own elaboration

Table A5: Variable research area matrix - examples

Employee groups Research areas	Public employees		Civil servants		Private employees		Volunteers		All
	AE	SP	AE	SP	AE	SP	AE	SP	
General government									
Central government			<i>HR practices</i>						
State government									
Local government									
Public administration	<i>IR</i>		<i>IR</i>						
Government controlled corporations providing SGI									<i>working conditions</i>
Private entities providing SGI									<i>working conditions</i>
Government involved providers of SGI									<i>working conditions</i>
Government controlled corporations providing SNGI									
Public sector service	<i>Cost</i>								<i>size</i>

AE: Administrative employment

SP: Service provision

SGI: services of general interest

SNGI: services not in general interest

Source: own elaboration.