

**European Public Management Models and Performance
A Comparative Analysis of Fourteen European Countries.**

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Introduction

The agenda of studies on public management was very much marked in the 1990s by the emergence of the so-called “new public management” (NPM). However, in recent years we have seen a return to research that is much closer to comparative politics (Barzelay and Fuechtner, 2003) or the study of public policy centred on policies of reform of the public sector (Pollit y Bouckaert, 2004).

NPM is associated with certain countries (United Kingdom, Australia, New Zealand, United States) and certain eras (the 1980s and 1990s) although some international institutions have understood NPM as a new paradigm for general application. Consequently it does not appear to provide the most suitable framework for studying public management of the European Union (EU) member states or the public management carried out by the institutions of the EU, especially the Commission. Indeed, in the Nordic countries and those in Southern, Central and Eastern Europe we can observe changes in the direction proposed by NPM, but the analysis of public management in Europe cannot be restricted to the criteria of NPM, since such criteria only represent part of the efforts to reform the public sector in Europe and do not take into account sufficiently the different initial political and administration contexts. Placing the Anglo-American world at the centre of the analysis introduces bias in the evaluation of the consequences of the processes of reform, since it fails to take into account possible alternative routes towards better public management.

For this reason, it would appear more appropriate to return to historical and empirically-based comparative analysis that allows to classify European countries according to their approach to public management and to explain the main patterns of the processes of reform by groups of countries. It also seems more appropriate to widen the list of

theoretically relevant factors and, where possible, to link such factors to some measure of system performance. This is the objective of this article. More specifically, based on data from 14 EU member states (those, with the exception of Luxembourg, that were members before the 2004 enlargement) the analysis presented below has a threefold objective:

- a) First, to draw from several studies that make a substantial contribution to clarifying the picture of European public management by establishing basic typologies. This allows to both incorporate the historical and cultural dimension and to illustrate the initial differences and the internal variety within Europe.
- b) Second, to explore the relationship between the main explanatory factors and the performance of the system. In order to achieve this, using factor analysis, variables have been constructed that may have an influence on the performance of the system. Such variables are: the levels of public spending, regional and local decentralization, the administrative culture – traditional and hierarchical to a greater or lesser degree – and the development of modernization policies.
- c) Third, to group together European countries according to the degree to which these factors explain their model of public management. Such a classification allows a comparison with other classifications based on other criteria, while at the same time it also allows to draw certain conclusions concerning the possible changes in institutional and modernization policies.

Approaches to the study of public management in European countries

This section presents a brief overview of the four main approaches to the study of public management that, despite being developed in different ways, share an interest in comparative analysis and in the classification of the public sector in Europe. Classification allows to discover the underlying logic and to progress in the identification of the patterns and tendencies that in turn permit to distinguish between different models of public management in Europe. The studies of public management analysed here are can be classified into four main groups according to the main area of concern:

1. The administrative culture and the civil service system
2. The European welfare regimes
3. The development and implementation of the NPM doctrine
4. Trajectories of modernization and systems of government

The administrative culture and the civil service system

Historical analysis of the paths to rationalization of the public sector points to the existence of two major classes of public bureaucracy: the “Napoleonic” path brought into existence the organisationally oriented continental bureaucracy in which high-ranking officials enjoy greater autonomy, while the British and North American path established a professionalized bureaucracy, although one that was much more under political control (Silberman, 1993). These two constructs, that have given rise to two distinct administrative cultures, are presented as being at the heart of the civil service systems: the so-called career and position systems.

In respective works on the 15 member states of the EU (EU-15) and on Eastern Europe, Bossaert and Demmke (2003), together with other colleagues at the European Institute of Public Administration (Bossaert *et al.* 2001), reach the conclusion that as a result of successive reforms, at the beginning of the twenty-first century no national civil-service regime can be described as a classic career model, although the French, German and Spanish come closest, while the Swedish model would be closest to the classic position system. The analysis of the national systems based on ten characteristics of the civil service¹ allows the authors to classify countries into two main groups. Taking the characteristics of the career system as a reference point, Austria, Belgium, France and Germany score maximum points, as do Greece, Luxemburg, Portugal and Spain. Ireland, with a score of seven out of ten, is closer to the career than the position system, while Denmark, Finland, Italy, the Netherlands, the United Kingdom and Sweden achieve low scores as career systems, and thus high scores as position systems.

It is interesting to observe that in Europe, at least until the end of the 1970s, the majority perceived the public sector as different and justified the differential treatment of civil

servants; this perception has changed as the state has evolved in terms of its responsibilities, progressively incorporating new staff in sectors such as education, health and social services. However, the Napoleonic culture and the differential treatment afforded to public-sector workers are more strongly maintained in certain national societies in which they are understood to be a guarantee of the values and principles of the rule of law and democratic society. The question arises as to the extent to which the traditional system is an obstacle to efficient public management.

The three worlds of European welfare

Esping Andersen's well-known study on the classification of welfare regimes (Esping Andersen, 1990) represents an advance on existing knowledge and capacity to analyse the extent to which social risks are absorbed and shared in European countries. Esping Andersen defined welfare regimes as different systems of sharing welfare between the state, the market and the family, and examined three characteristics: the principal solidarity mechanism (individual, universal or corporatist); the main promoter of solidarity (state, market or family); and the extent to which individuals and families were able to maintain an acceptable standard of living without participating in the labour market (degree of de-commodification).

In his original work, Esping Andersen distinguished between "three worlds", although later (1999) he would discuss the advantages of introducing more categories. Esping Andersen labelled the "three worlds" as "liberal," "social-democrat" and "conservative": the first corresponds to the English-speaking world in which the NPM was developed; the second with the Nordic European countries; and the third with states with a weak liberal tradition and a strong presence of the Catholic church. This category is justified given the fact that the governments in the period following the Second World War were dominated by conservative or Christian-democrat coalitions. In addition to Japan, this category includes France, and Belgium, Germany, Austria and the Netherlands, while the countries of Southern Europe formed an independent category.²

Esping Andersen's work opens the door for the development of its application to the area of European public management. One initial hypothesis might follow on from the

three worlds mentioned here: the liberal world in which NPM has been developed, alongside low levels of public spending and a preference for market solutions; the Nordic world in which the public sector maintains its greater size in quantitative terms, but is “light of touch” in terms of efficiency and management capacity; and the continental world, with the possibility of a Southern sub-group, with a tendency towards convergence with the Nordic model in social policies – health, education, family – but with “heavier”, more formal administrative structures despite federal or quasi-federal decentralization.

In methodological terms, this kind of analysis raises the same difficulties as Esping Andersen faced in the sense that we must avoid using excessively wide criteria given the risk that just one category emerges for Europe, and excessively strict criteria from which essentially individual comparisons might emerge. On the other hand, Esping Andersen’s work has the advantage of incorporating an historical perspective, although it fails to take into account changes over time and possible convergence in Europe in some policy areas and in public management models.³

The NPM influence

In the 1980s the technical and political crisis of Traditional Public Administration paved the way to a series of reforms in certain countries, especially the United Kingdom, Australia, New Zealand and the United States. Such reforms were later grouped together under the label of “new public management” and had a great influence on the debate over the reform of public management internationally.

The term NPM refers to a family of related ideas whose ultimate aim is to bring the public sector closer to private sector forms of management. This involves reducing the distinctive elements of the public sector and the density of public rules that limit the capacity of management across a number of sectors. Among the most characteristic proposals we find the introduction of the distinction between providers and purchasers of services, increasing competition between providers, giving users a greater amount of choice between different providers and, in general, to transform relations between organizations in a network of contracts that link incentives and performance and increase transparency on the basis of pricing the costs of products and measuring

products and results of public management (Aucoin, 1990, Barzelay, 2001; Dunleavy and Hood, 1994; Hood, 1991; 1996; Hood and Jackson 1991; Kettl, 1997; Pollit 1990).

A comparative analysis of the degree to which the tenets of NPM have been taken on board allows us to chart a map of its influence. Apart from the so-called NPM countries, it has had a notable influence in other countries with different original administrative cultures. In his analysis of variations in PM reform in the 1980s, Hood (1996) made a distinction between groups of countries with high, medium and low NPM emphasis which included Sweden in the first group with the Anglo countries except the US; France, Austria, Denmark, Finland, Italy, The Netherlands, Portugal and the U.S in the medium NPM emphasis group; and Greece, Germany, Japan, Spain, Switzerland and Turkey in the low.

However, while in the English-speaking countries, the beliefs of political and administrative elites largely coincided with the tenets of NPM, such a coincidence does not occur in other European countries, and as such a great deal of ideological and doctrinal controversy has been generated. Academic explanations of such differences have been based on the three institutionalisms: on the constitutional and institutional framework, historic settlements, civil service training, the cognitive framework and reference values – historic institutionalism –; on strategic relations and on negotiations between politicians and high-ranking officials – rational choice –; or on other explanations, closer to sociological institutionalism, which emphasise the role of imitation and adaptation of proposals that obtain international legitimization through the process of diffusion by international organizations to the specific context of each country (Hall and Taylor, 1996, 1998; Barzelay and Gallego, 2006).

These explanations raise the possibility of observing changes in public management, for example along the lines of a greater degree of contractualization in relations and division between providers and purchasers of services, without a radical change taking place in the administrative culture and system of values. The historical continuity of the same cultural and administrative paradigm would, thus, be compatible with following multiple trajectories of modernization.

Trajectories of modernization

In their work on comparative analysis of public management reform, Christopher Pollit and Geert Bouckaert (2004) draw a map of European public management reform based on their classification into four main trajectories: changes in financial management, in personnel management, in the management of organizational structures and in the measurement of performance. In addition, they offer a discussion of the form in which such trajectories took place, the relationship between systems of government and the capacity to introduce reforms, and their intensity and dynamism.

Pollit and Bouckaert's detailed analysis of the initiatives undertaken by the countries studied leads them to distinguish between two main groups, to which a third, less interested in administrative modernization, is added. The first group is referred to as the "marketizers" and coincides with the NPM countries of the United Kingdom, Australia, New Zealand and the United States. The second, that includes virtually all the European countries studied – Belgium, Finland, France, Italy, the Netherlands and Sweden – are called the "modernizers", and are characterised by maintaining their belief in the role of the state and of high-ranking officials, while at the same time introducing changes in the administrative system, especially in the four areas considered: changes in financial management, more flexibility in personnel management, organizational specialization and the measurement of performance. The third group, represented by Germany, is identified as "conservative", due to the slow speed of reforms aimed mostly at financial savings and the rationalization of bureaucracy, while maintaining the status quo and existing structures.

The classification of the countries, and the justification of it, is perhaps less important than the description of the areas or components of reform, in that the authors explain and illustrate what developed countries understand by modernization. Indeed, the report, "Modernising Government, the Way Forward", published in 2005 (OECD, 2005b), a year after the second edition of Pollit and Bouckaert's book, follows a similar approach when highlighting the efforts to measure performance and discussing the different dimensions of modernization.

Pollit and Bouckaert's analysis, on the other hand, distinguishes between those countries with a clear idea of where they are heading and of their capacity to reach their

objectives from those countries with less clear objectives and that tend to encounter greater institutional difficulties when implementing reforms. The explanation of the variations uses arguments that are characteristic of historical institutionalism – the existence of multiple veto opportunities in decentralized systems, the administrative culture, the autonomy of the bureaucracy vis-à-vis the political class – that can be interpreted as determining factors not only of the outcome of policies of reform but also of the efficiency of the public sector as a whole.

Main questions and sources of data

The distinctions made by the studies described in the previous section allow us to put forward some of the factors that explain the current situation and the performance of the public management systems in the countries that we wish to analyse here: the administrative culture; the beliefs in society at large concerning the role of the state; the intensity of the development of modernization policies; and, among the latter, the policies that emphasize policies of externalization, competition in service provision, and the freedom to choose on the part of individual citizens.

These four dimensions are related, although they are relatively independent. For example, in some countries, such as France, there is a firmly held belief in the special nature of the public sector, in the sense that public organizations are different from private ones and have different goals. Historically, France and Sweden tend to coincide in the idea that it is possible to maintain a series of principles, such as democracy, the rule of law, equality and justice, and a central role for the state in the provision of public services. At the same time, however, Sweden does not share the same administrative culture as France, and shows a more open and flexible approach to the transformation of the public sector by adopting principles of private management along the lines of an entrepreneurial and innovative model of public administration.

This could be one of the main differences between the north and south of Europe. But to what extent are Nordic countries a paradigm of “good” public management? Is it possible to define criteria that are different from those used by NPM and that are applicable to all European countries? Can we group together and classify European countries according to their “model” of public management? Are there “worlds” of

public management in Europe? Does the south of Europe constitute a differentiated group?

The following analysis seeks to answer these questions. First, we have researched the relationship between two general indicators of performance of a country's public management system and the main factors identified in the literature reviewed in the above section. Second, each variable has been taken separately and the countries grouped together according to their scores, separating into groups of three those countries with the lowest and the highest scores. This allowed to add together the scores and to produce a final ranking.

The data used in this research come from different sources. The data on finance, public consumption and public-sector employment, spending on health and education are from OECD reports and Eurostat-*NewCronos*. The data on justice come from a Council of Europe report of 2004 and from the *European Source Book of Criminal Justice* of 2003. The data concerning the attitudes and levels of confidence of Europeans in different public services come from the *European Values Survey*, in the majority of cases from 2003.⁴

Analysis and results

One of the first methodological difficulties encountered on approaching the idea of causality concerned the choice of a variable that was able to capture the efficiency of public management in each country. In the present analysis two different indicators were used: one was a synthesis of quantitative measures; the other a synthesis of indicators of the confidence of individual citizens towards public services.

- The first is a combination of three rankings of overall performance for European and non-European countries. These are ordinal variables in which there may be large differences between two relative positions and which have been created using different methodologies by the World Bank (SCP, 2004), The European Central Bank (Afonso *et al.* 2003) and the Dutch government (SCP, 2004). Based on these three rankings, a new performance indicator has been created using factor analysis (*performance*).⁵

- The second is an indicator of confidence of citizens (*confidence*) that groups together the measures of citizen confidence in three public services that have been selected for the present study (European Values Survey, 1999 and 2003): justice – associated with the exercise of authority and core state power, – education and health – two public services that are considered essential in the provision of welfare.

With the objective of studying the relationship between the results – performance and confidence – and certain factors that, according to the literature, explain it, variables that synthesize the main concepts have been constructed. In order to do so, using factor analysis, we examined the degree of commonality of the different indicators that were held to be related to each concept.

Thus,

- The indicator of the degree to which the public administration in question is closest to the model of traditional administration is constructed on the basis of two distinct sources of information. On the one hand, the classification of civil service systems and their score on the Bossaert *et al.* (2001) scale concerning the extent to which they are more closed or open - and thus closer to a career-based system. This factor is related to the responses to the question asked in the *European Values Survey* (2004) concerning tolerance towards the acceptance of bribes in public administration (*traditional PA*). On the other, from the same survey answers are used concerning the evaluation of hierarchy and confidence in civil servants in order to construct an indicator measuring the extent to which the society in question values the respect of hierarchies as a mechanism of traditional co-ordination and of public authority (*value of hierarchy*).
- The indicator of the role of the state is used to represent the beliefs of society concerning the role of the state in the provision of public services. Two spending indicators were constructed by combining health spending – public health spending as a percentage of GDP (OECD 2005a) – education spending – public education spending as a percentage of GDP (OECD, 2005b) – and spending on the justice system – the combination of per capita spending in Euros on the

justice system (Council of Europe, 2004) and the number of judges and associated personnel (European Sourcebook, 2003). The factor analysis of the three spending variables shows that the first two (health and education) bear little relation to the third (justice), and as such the resulting variable (*spending factor*) was discarded. The alternative indicator was constructed on the basis of the mean of the three standardized spending variables (*spending mean*).⁶

- The indicator of modernization (*modernization*) contains information concerning the extent to which governments have developed policies of budget reform and of electronic administration.⁷ Electronic administration appears in the OECD report, *Modernizing Government* (2005) that also includes the trajectories highlighted by Pollit and Bouckaert (2004): budget and accounting reform, flexibilization of personnel management and organizational reform. The indicator does not include information about questions relating to personnel and organization, although such questions do come under the indicator concerning proximity to the traditional system.
- The analysis includes two indicators of decentralization (OECD, 2003): one concerning regional decentralization (*regional decentralization*) and the other concerning local decentralization (local decentralization). This is one of the three dimensions that Pollit and Bouckaert (2004) include in their trajectory of organizational change. For both concepts, budget data concerning public consumption by tier of government are used. At the regional level, two clearly separated groups of countries emerge, and as such a dummy variable is used to highlight the decentralized countries.

The analysis includes in part, using the hierarchy indicator, one of the other two dimensions referred to by Pollit and Bouckaert: changes in the co-ordination mechanisms – the substitution of traditional hierarchies by market mechanisms and organizational networks – and organizational specialization by creating multiple and, in general, small autonomous organizations. However, it has not been possible to include a valid measure of specialization. Some public management studies refer to the process of agency creation and the creation of specialized public structures, but their qualitative nature and, at time, their lack of comparative dimension do not allow a reliable

quantification⁸. Other reports, such as *Modernizing Government* (OECD, 2005b), use the data on budget spending on the purchase of services as a measure of externalization and of proximity to market-based solutions. However, such a measure is not without problems because it only includes the central administration. Thus, the differences could be the result of differences in the assignment of functions between the different levels of government instead of differences in the tendency to adopt market solutions.⁹

The analysis consisted of estimating a series of models of univariate regression from the two indicators of results (confidence and performance) in function of the indicators of proximity to the traditional system, evaluation of hierarchy, the role of the state according to level of public investment spending, budgetary and electronic administration modernization, and the level of regional and local decentralization. The first results are presented in Table 1. The interpretation of Table 1 offers some explanations as to the factors that have greatest weight in the results considered, in addition to verifying the consistency between the models for the two dependent variables.

- First, the two models are consistent in terms of the effect of modernization. Thus, the greater the degree of modernization - understood here as the sum of the implementation of policies promoting electronic administration and the reform of the budgetary process in order to achieve greater flexibility and a more performance-focussed negotiation – the greater the degree of confidence of citizens towards public services and lower the value (and thus a better relative position) in the rankings concerning the performance of the public sector drawn up by international organizations.

Table 1. Explanatory factors of confidence and positions in performance rankings. Univariate regression models.

	Confidence			Performance		
	Coef.	Sig.	R ²	Coef.	Sig.	R ²
Modernization	0,679	***	0,35	-0,821	***	0,49
Spending factor	0,435		0,14	-0,289		0,06
Spending mean	0,571		0,15	-0,354		0,06
Regional decentralization	0,500		0,06	0,043		0,00

Local decentralization	0,014	0,11	-0,025 **	0,31
Traditional PA	-0,287	0,08	0,527 *	0,25
Value of hierarchy	0,588 **	0,29	-0,275	0,06

Source: Own. * Significant at $\alpha = 0,10$; ** significant at $\alpha = 0,05$; *** significant at $\alpha = 0,01$.

- Second, decentralization to the local level has a positive effect in the model that takes as the dependent variable the performance of the system of public management. More specifically, the greater the share of local administration consumption in total public consumption spending, the higher the relative position of the country – and thus a lower score - in the rankings.
- Third, neither of the two indicators of spending on education, health and justice appears to influence the results of the system of public management, and as such, we could say that greater levels of spending does not necessarily mean better public management.
- Fourth, the traditional character of the administrative system (civil service regulated according to a career system and a greater relative tolerance to bribes, although the differences between developed democracies are very small) has a negative effect on the position in the rankings, which means in this case a higher score. On the contrary, the other factor related to the formal character of the system and that has been called the “hierarchical system”, given that it represents the idea of respect for authority, has a positive effect on confidence. That is, the greater the degree of hierarchy in the system, the greater the level of confidence shown by citizens towards it.

Given that there exists a strong correlation ($r = -0.80$) between the two indicators of results (the confidence in public services and the positions in the performance rankings), the same analysis was repeated after combining the two indicators into one (*public management results*). The estimate of the univariate regression model for the new variable is presented in Table 2.

Table 2. Explanatory factors of results in public management. Univariate regression models.

	Public Management Results		
	Coef.	Sig.	R ²
Modernization	0,791	***	0,47
Spending factor	0,383		0,10
Spending mean	0,489		0,11
Regional decentralization	0,245		0,02
Local decentralization	0,020	*	0,21
Traditional PA	-0,428		0,17
Value of hierarchy	0,457		0,17

Source: Own. * Significant at $\alpha = 0,10$; ** significant at $\alpha = 0,05$; *** significant at $\alpha = 0,01$

From this table we can reach the following conclusions:

- First, policies of modernization – electronic administration and performance measures linked to the budgetary system – are an explanatory factor of the level of public management of a country, and consequently we can expect results to improve as such policies are implemented effectively. Given that the coefficient is significant to the level of $\alpha = 0,01$, we can safely say that these results are consistent with the previous ones. Also consistent with the results of Table 1 is the lack of significance of variables of levels of public spending and regional decentralization.
- Second, with regard to those variables that in the first table had significant coefficients in one of the two models, decentralization to the local level is the only one that appears to have a positive influence on the results, although to a relatively small degree (10%).

In order to definitively rule out the possible effects of the level of public spending on public management, the effects of investment or spending on education, health and justice were analysed separately. It was concluded that the investment factor that had been constructed only explained 31 percent of the total variation and that, as such, it did

not represent a good synthesis of the three spending variables, and especially of spending on justice. The results presented in Table 3 indicate that while spending on justice and health do not appear to be related to the levels of citizen confidence and the position of the country in the performance rankings, spending in education does improve the results of the system.¹⁰

Table 3. Relation between spending and results in public management. Univariate regression models.

	Public Management Results		
	Coef.	Sig.	R ²
Spending in justice	0,188		0,02
Spending in education	0,455	*	0,23
Spending in health	0,059		0,00

Source: Own. * Significant at $\alpha = 0,10$

In order to conclude the analysis of the factors that explain the performance of public management, models of multiple regression analysis were constructed with the aim of examining the extent to which variations in results can be explained by the three aspects that were shown to have significant effects in the simple regressions: modernization, education spending, and local decentralization. Despite having insufficient data to perform a multiple regression ($n=14$), which makes it more difficult for the coefficients to be significant, as can be observed in Table 4, the modernization effect is significant. Of all those considered it is the only one with signification remaining constant.¹¹ Thus, at constant levels of education spending and decentralization to the local level, modernization policies improve results (and the position in the performance rankings).¹²

Table 4. Explanatory factors of the level of public management Multivariate regression models

	Confidence		Performance		Public Management Results	
	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.
Constant	0,000		0,000		0,000	
Modernization	0,751		-0,804	*	0,820	*
Spending in education	0,288		0,076		0,114	
Local decentralization	-0,331		-0,085		-0,132	
R ²	0,44		0,50		0,48	

Source: Own. * Significant at $\alpha = 0,10$;

The second part of the analysis consisted in categorizing each variable that was considered *a priori* to be relevant, with the aim of separating the countries studied into terciles.

Table 5. Countries in the bottom and top tercile for each public management factor

	Modernization	Spending: Justice	Spending: Education	Spending: Health
Bottom Tercile	Greece	Denmark	Greece	Greece
	Portugal	France	Germany	Austria
	Spain	Spain	Spain	Spain
	Italy	Ireland	Ireland	Finland
	Ireland			
Top Tercile	Sweden	Sweden	Sweden	Sweden
	Denmark,	Austria	Denmark	Denmark
	Finland	Finland	Finland	France
	The Netherlands	Belgium	Belgium	Belgium
	Germany	Germany		Germany

Source: Own.

Table 5. Countries in the bottom and top tercile for each public management factor (continued)

	Regional Decentralization	Local Decentralization	Traditional PA Open civil service	Value of Hierarchy
Bottom Tercile	Greece	Greece	Greece	Finland
	Portugal	Portugal	Belgium	Greece
	Italy	Spain	Spain	Italy
	Ireland	Germany	France	Sweden
	France		Austria	
	Denmark			
	Finland			
	Sweden			
	The Netherlands			
	UK			
Top Tercile	Spain	Denmark	Denmark	Belgium
	Belgium	Italy	Italy	Denmark
	Austria	Finland	The Netherlands	France
	Germany	The Netherlands	Sweden	Ireland
		Sweden		Portugal

Source: Own.

The repetition of this simple process for each of the variables allows us to group together countries for each subject and to observe possible recurring patterns with the groups. Using the simple procedure of adding up the scores granted for each tercile (1 point for being in the lower tercile, 2 points for the second, and 3 for the third) it is possible to arrange the countries in the order shown in Table 6.

Table 6. Classification of fourteen European countries in public management

	Moderni- zation	Spending Justice	Spending Education	Spending Health	Decentra- lization local	Decentra- lization regional	Civil Service (open)	Value of Hierarchy	Sum	Index
Greece	1	2	1	1	1	1	1	1	9	0,37
Spain	1	1	1	1	1	3	1	2	11	0,45
Ireland	1	1	1	2	2	1	2	3	13	0,54
Portugal	1	2	2	2	1	1	2	3	14	0,58
France	2	1	2	3	2	1	1	3	15	0,62
RU	2	2	2	2	2	1	2	2	15	0,62
Italy	1	2	2	2	3	1	3	1	15	0,62
Austria	2	3	2	1	2	3	1	2	16	0,66
Finland	3	3	3	1	3	1	2	1	17	0,71
Netherlands	3	2	2	2	3	1	3	2	18	0,75
Germany	3	3	1	3	1	3	2	2	18	0,75
Belgium	2	3	3	3	2	3	1	3	20	0,75
Denmark	3	1	3	3	3	1	3	3	20	0,75
Sweden	3	3	3	3	3	1	3	1	20	0,83

Source: Own.

Table 6 fails to offer a clear-cut result in the sense that, in accordance with the above analysis, it cannot be concluded that public management in a country is better when it has more of one characteristic, say for example decentralisation. However, we can say that the modernisation factor can be considered to have the greatest effect both on the confidence of citizens and on the position of the country in the performance rankings. Based on this criterion, the countries found in the highest tercile are Germany, the Netherlands, Finland, Denmark and Sweden; United Kingdom, France, Austria and Belgium are to found in the intermediate tercile; and Greece, Ireland, Italy, Spain and Portugal are in the lower tercile.

On the other hand, Table 6 does offer an idea of the proximity between European countries according to each of the characteristics. Thus, Ireland, for example, is closer to the countries of Southern Europe than to the United Kingdom. Italy is closer to France, UK and Austria than to the countries of Southern Europe. Denmark and Sweden form a Nordic group but they are also very close to Belgium, The Netherlands and Germany.

Neither the classification of European countries according to the criterion of modernization nor the overall index coincide with the classification based on the

application of NPM criteria or Pollit and Bouckaert's classification based on the application of qualitative criteria to their reform trajectories. However, we understand that it is a better reflection of the reality of public management in Europe, as it is more impartial from the point of view of the criteria that it uses.

Conclusions

The fourteen European countries studied here, when observed from outside Europe, differ only slightly in their system of public management. The differences in their scores on key questions, such as tolerance of bribery or the perceptions of corruption, are minimal, which contradicts certain stereotypes that today are difficult to maintain. If, on the other hand, we take a close look at the internal differences in the models and in those factors that have an impact on their performance, the analysis reflects significant variations that should be taken into account when discussing policies of reform.

All those analysis that try to highlight differences may run the risk of going too far in any one direction, as often occurs with studies that centre exclusively on privatization and flexibility. Unfortunately, we do not have too many good comparative measures of many of the elements that we feel to be important, such as the training of civil servants – there has been a great deal of speculation on the importance of legal culture in certain administrations – or the quality of service for end users, except for some surveys of business or of the users of specific services such as healthcare. The review of the literature and data from different international sources allow us, however, to construct several variables from which we may proceed to conduct a thorough analysis of the public management in certain European countries.

Thus, the analysis developed in this article has allowed us to demonstrate that there exists a relationship between the evaluation by international organizations of the overall performance of the public sector and efforts to modernize, specifically in the areas of budget management and electronic administration. From this we can conclude that there are two reform policies that work: the first concerns attempts to change the decision-making process in order to take performance more into account; and the other is that which introduces greater accessibility and transparency using new technology. This can

be done across all levels of government, and some countries show how modernization policies can be successfully combined with local and regional decentralization, although it cannot be affirmed that the latter factor can be directly translated into efficiency gains for the public sector.

The analysis has also allowed us to group together the countries studied according to the characteristics analyzed. For each attribute, the groups vary. For example, Spain coincides with Germany in certain factors, such as the civil service system, the appraisal of hierarchy or the level of decentralization, but not in others, such as public spending on justice, health and education or the development of modernization policies. Overall, however, the index created – that evaluates each attribute according to the causal analysis carried out previously – allows us to order the fourteen European countries along a continuum, with Greece, Spain, Ireland and Portugal at one extreme, Belgium, Denmark and Sweden at the other.

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Appendix

Table 7. Values of the variables used in the analysis for the fourteen countries

	Confidence	Performance	Public management results	Modernization	Spending factor	Spending mean	Regional decentralization	Local decentralization	Traditional PA	Value of Hierarchy
Austria	1,17	-0,81	1,05	-0,24	-0,41	0,02	1	19,55	0,23	-0,06
Belgium	0,65	0,01	0,34	-0,22	0,58	0,56	1	20,30	0,78	0,48
Denmark	0,39	-1,05	0,75	1,33	1,09	0,56	0	70,99	-1,28	0,31
Finland	1,22	-0,96	1,15	0,77	-0,01	0,07	0	61,59	-0,41	-0,52
France	0,21	0,37	-0,08	0,00	0,66	0,27	0	24,95	1,60	0,48
Germany	-0,22	0,47	-0,36	0,13	0,59	0,70	1	19,48	0,00	-0,05
Greece	-2,29	1,30	-1,90	-1,52	-1,24	-0,90	0	6,56	1,44	-2,14
Ireland	0,49	-0,98	0,77	-0,74	-0,90	-0,83	0	35,95	-0,02	1,53
Italy	-1,31	1,34	-1,40	-0,50	-0,42	-0,37	0	54,31	-0,66	-0,57
Netherlands	0,33	-1,01	0,70	1,22	-0,48	-0,37	0	42,63	-1,07	-0,03
Portugal	-0,46	1,46	-1,01	-0,65	0,31	0,24	0	18,13	0,18	1,00
Spain	-0,17	0,45	-0,33	-0,50	-0,97	-0,98	1	18,02	0,71	-0,02
Sweden	0,29	-0,92	0,63	0,92	1,38	1,15	0	71,67	-0,91	-0,58
UK	-0,28	0,32	-0,32	-0,03	-0,16	-0,12	0	39,16	-0,59	0,17

Sources in the text. All variables except for regional decentralization and local decentralization are standardized.

Notes

¹ The ten characteristics are:

1. Recruitment only to entry-level positions or, in addition, to mid-career jobs.
2. Requirement of diplomas for pre-defined careers or specific sets of skills for specific posts.
3. Maximum age limits.
4. Recognition of professional experience outside the public sector.
5. Statutory remuneration scheme or differentiated/individual pay.
6. Automatic progression in pay.
7. Statutory promotion system based mainly on seniority.
8. Permanent tenure.
9. Special statutory pension scheme.
10. Disciplinary system.

² The basic characteristics of Esping Andersen's three worlds are the following:

a. In the liberal world, the market has a dominant position, which means that welfare is distributed through the market and only "bad risks" are distributed through the public system when the market fails. The provision of public services depends on means testing of the individual or family in question. The eligibility criteria are strict and the definition of social risks is narrow.

b. The Nordic countries, by tradition Protestant and liberal, are characterized by the continuity over time of social democratic governments. These governments distribute welfare through the state. The levels of spending and public employment are high and efforts are made to minimize the reliance on the market. The principles of universality and equality mean that all citizens enjoy the same rights and benefits that, in general, are generous.

c. The conservative world is characterized by corporatism and the strong role of familiarism. Social assistance is organized on the basis of contributory systems, which means that some social organizations have a quasi-public role, that corporatist differences emerge depending on levels of education and employment, and that civil servants have their own specific systems. Familiarism means a preference for the distribution of welfare based on the family, in detriment to market solutions.

³ In "liberal" countries" active employment policies were adopted, which in theory is a feature more closely associated with the Nordic model; in the "social-democratic" countries market solutions were introduced in pensions, for example; some "conservative" countries adopted universal guaranteed minimum income, while Southern "conservative" countries universalized health and education. At the same time, in all groups, there has been a tendency towards targeting – means-tested provision – when this is, in theory, more characteristic of the liberal system. See Ferrara, 1998 and Eitheim and Kuhnle, 2002.

⁴ For further details on the data, see the tables and the appendix.

⁵ Alternatively, it could be used the mean of the positions in the three rankings. The first indicator is used since the result is almost the same ($r=0.98$) and it is standardized.

⁶ In the case of education an attempt has been made to combine public spending on education with the number of primary and secondary teachers. However, the indicator was not used because education spending is not correlated with indicators of ratios between pupils and teachers or related personnel.

⁷ The indicator of electronic administration is the mean of the positions of each country in three rankings drawn up by the United Nations and the American Society for Public Administration (2002), the Harvard's University Centre for International Development (2003) and the Economist Intelligence Unit and IBM (2003). The indicator of budget reform is a synthesis of two sources of information from the same report, published by the OECD and the World Bank (2003), and concerns the inclusion of information on performance and the possibility for flexibility at the end of the financial year.

⁸ See for example, the OECD report *Distributed Public Governance. Agencies, authorities and other government bodies* published in 2002.

⁹ The indicator is based in budget data on the purchase of goods and services from external suppliers, and excludes transfers and interest payments. However, this amount includes a high percentage of purchases that cannot be considered to be externalization, as the OECD report itself recognises (2005b).

¹⁰ The coefficients for the *public management results* dependent variable are presented. Models for the *confidence* and *performance* variables were also calculated with similar results.

¹¹ The model in which the confidence of citizens is taken as the dependent variable comes very close, with a significance of 0.11.

¹² Greece has a level of confidence (in the judicial system, education and health services) which is extremely low when compared with the rest of European countries considered. This low score has an influence in the analysis where confidence is the dependent variable as it can be seen when Greece is excluded from the analysis. However, this problem is not present in the models that use performance as dependent variable and therefore it can be stated that modernization affects more performance than confidence given that the confidence model is conditioned by the low score of Greece.