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EDITOR’S FOREWORD

By comparing and contrasting approaches from around the world, Government in Action: Research and Practice bridges the divide between public policy researchers and practitioners. The International Institute of Administrative Sciences (IIAS), shares these goals and it is with great pleasure that we contribute to IGPDE’s important work by joining the partners of this publication.

Putting research to work for practitioners

The IIAS is Europe’s leading government and public policy research network. Like IGPDE, our ambition is to share the latest comparative analysis in the field – because, while the body of public policy research has grown immeasurably in recent decades, too little of that knowledge finds its way to practitioners.

It therefore comes as no surprise that we have teamed up with IGPDE, and this periodical, in an effort to bring the benefits of rigorous scientific research to those working on the front line. In doing so, we aim to put our expertise – and our academic network – to work for public policy practitioners and researchers alike.

Understanding the changing face of public policy implementation

This issue features an interview with Mike Bracken, the founder and inaugural director of the Government Digital Service, the agency tasked with transforming the provision of online public services in the UK. A noted trailblazer in public service design and an unapologetic proponent of the so-called “Platform State”, he draws on his experience as a practitioner to explore what a fully remodelled government might look like, and how authorities everywhere are grappling with the thorny question of online access to public services. Bracken also discusses these issues and more in a joint interview with Henri Verdier, the French Ambassador for Digital Affairs. A video of the interview, in English with French subtitles, is available on the IGPDE website.

In this issue, you will also find a comparative article by Christoph Demmke, professor of public management and scientific adviser to the German federal government. Prof. Demmke explores how governments are abandoning traditional models and standard practices, unveils the latest trends in human resource management, and looks ahead to what the future might hold.

I hope you enjoy reading this issue.

Geert Bouckaert, President, International Institute of Administrative Sciences
Digital by default: the digital strategy of the British Public administration

Interview with Mike Bracken

The Government Digital Service (GDS), founded in 2011, has led the charge on transforming the provision of online public services, inspiring similar central and interministerial units and agencies in many other countries, including France. In this interview we talked to Mike Bracken, the man who founded the GDS and served as its inaugural director, for his insights – gleaned from a long career in the public and private sectors – into how organisations are embracing digital transformation.

What motivated the creation of the Government Digital Service in United Kingdom?

We had – like many governments and organisations – decades of consistent failure of big IT projects.

So in 2011 – in late 2010, actually, we had a new government in the United Kingdom. It was a coalition government. It’s very, very rare to have a coalition government. And we had a series of characteristics that was very unusual. We’d had a financial crisis in 2009 and ‘10. So for the first time in years, the government didn’t have as much money as it used to do. So efficiency was the big issue.

We had a coalition government, which made consensus a big issue. And also, we had had – like many governments and organisations – decades of consistent failure of big IT projects. At the start of this administration, the NHS IT projects I think had written off around 10 billion pounds over a decade.

So there was no more tolerance for big IT programmes that were going to fail. At the same time, the Internet and the web had become mainstream in people’s lives. People inside and outside government were asking themselves, how can government services be so poor and not keep pace with the technology that I have in my pocket and available to me via a browser?
So these conditions were all acting on the environment in 2010-2011. I had spent part of my career helping civic tech organisations such as mySociety and others develop from outside government on the last 20 years, and I was approached by the government and the Civil Service to take the role of the head of digital for the UK government, which I did, but I negotiated that role, and to do that, I believed that we needed to found a new institution.

Martha Lane Fox, an Internet entrepreneur, and Francis Maude, our minister, had written a report and argued that the government should set up a new digital centre. Not an IT centre, a digital centre at the heart of government. It should have domain power and it should really be responsible not to any particular department but to the needs of the users.

And so from the start, we set up a new institution at the heart of government that was focused on servicing the needs of the government digitally but also – sorry to say that again – to focus on serving the needs of users of government services rather than any individual department.

That was a fundamental change for the UK government. So in part we were set up by necessity and in part by opportunity.

What were the main challenges for the Government Digital Service?

The challenges we faced were pretty profound.

We were starting from a very low base. Governments around the world had slavishly followed this era of outsourcing and procurement so that there were very few skills inside government when we actually got there.

The first problem was that there just simply wasn’t the right mix of skills – digital skills. So, developers, engineers, architects, product people, service, design – those skills were completely absent in many government departments. So we had to reskill the central government quickly and then re-establish a new normal that those people should be seen as important civil servants rather than seen as providers from a consultancy or so on.

The next challenge we faced was literally where to start because the UK government, like many governments, had had 20 years of indiscriminate use of the Web. At the point we started, there were several thousand websites, all of which were pretty poor, none of which had an element that looked the same. And the users were very confused. What the government was effectively saying to its users was, ‘You, via a browser, have to work out how we have structured ourselves to therefore determine how you can deal with us’. The arrogance of that is astonishing, and governments to this day do that.

So the first challenge was to recognise that we weren’t servicing the user needs. The user had – users have many needs. There are many types of user: benefit claimant, immigrant, prisoner, refugee. We give them lots of different names, but at the end of the day they’re users of government services.

And the very first need that all users have is to know that it’s the government that they are dealing with, and how to find it, how to deal with it. To do that, we had to reset the government as a digital brand, and we launched a single domain: gov.uk, and over two years, we moved two and a half thousand Web services and transactions onto a single domain. It’s still there today. It’ll never be finished. It changes every day but it’s all responsive, it’s all based on user need.

Setting that user need as our North Star, as the thing that we always follow, then allowed us to widen our brief and look past the websites and services and look at transactions and organisation, design, procurement, [and]technology. So we ended up taking a considerable reform agenda right across the mechanism of government. But we started off with the web estates and the digital estate.
What vision did you had in terms of digital transformation?

Our vision – along with Thomas Moore, whom I’ve worked with for 25 years – we had a very well understood vision that we were there to reform the mechanics of government. We literally have a government structure, an organisation, which is based on a cabinet system. It’s a Victorian model of government. It served us very well when we had an empire. But in a digital era, it is simply out of date. And it precludes us really developing as a nation.

And we understood because we’ve been working in this area and talking about it for decades, that this is an opportunity to do that. However, we just had so much basic hygiene stuff to do. Sorting out the digital estate, sorting out the websites, making some great transactions, getting to know our users, reskilling the organization... These are basics, and they’re no different from any other big environment, whether it be public or private. Getting the HR system reformed, procurement, finance... We did years worth of work on changing business case processes to move them from massive hundred million pound plus business case proposals to small teams leading iterative change.

That doesn’t sound much. It takes ages to do that. It’s such hard work. But our vision was that all of these reforms independently and concurrently will lead us to a place where the mechanics of the state would be questioned and changed more suitably for a digital age.

What did you learn from your experience as the head of the Government Digital Service? Do you have any regrets?

Plenty of regrets, things that have gone wrong. I think the big thing to say is that government departments and agencies all think of themselves as special and unique and different because they do something specific to a certain user group or need. And that may be true. The department that administers nuclear reactors and the department that takes away council waste – of course there’s nothing in connection with them. But actually in practice, the operations of those departments, how they organise themselves, their buildings, their people, their technology, their skills, and so on, are pretty much the same. They’re not advanced. There are a lot of soluble problems.

So the first thing to recognise is that many of the tasks we were taking are not fiendishly complex, they just require hard work that hadn’t been done for the last 20 years in some cases. The regrets I think were some of the choices made. Because I think there’s an old phrase “you regret what you didn’t do”. So even when we had a failure of some of our projects, I don’t regret it because we learned from it.

I regret not taking a bigger bet in two areas. The first is, we first did the digital estate and that took really 2012 and ‘13 – Sorry, 2011 and ‘12. And at the start of ‘13, we started off a programme with 25 of the major government transactions: tax, welfare, benefits, motoring – the big stuff. And it took two years. We brought 21 of them in. There are case studies of how you transform not just a service, a transaction, but an institution behind it.

What we didn’t do is pick 25 internal services that our colleagues use. So for instance, if you’re using a terrible ERP system in the back office of a government department, that needs a transformation. And we didn’t do enough of that. That meant that our users of government services are so much happier. That’s not just because my opinion, it’s a fact, and we have the evidence to show that it’s cheaper, that users are happier, (and) it’s quicker. What we didn’t do is take enough of our colleagues with us to make their daily working lives better. That was the first mistake.

The second mistake is, the vision of the government as a platform, the idea that government can work very differently - we only partially landed that idea. That’s simply because we ran out of time. We had to do too much remedial work, fix too much broken stuff, and we didn’t get the poli-
tical sponsorship right for the idea of what does a future digital state look like. Because at the moment, we have a problem that the role models for a digital state are often the city states or the very small countries.

We can talk about Estonia and Singapore and others, but they’re very small countries and not even as big as some of the cities in our respective countries. But we have, and had then, an opportunity to redefine what a modern, big nation state looks like in terms of its operation, its skills and its people.

Because this Victorian model of departments or agencies is not really tenable in the world we live in right now. It’s going to be increasingly untenable and we haven’t had enough political conversation and backing for a different kind of model. In the UK, in the period when I left after the 2015 election, there were senior ministers - senior politicians - from every quarter: Tony Blair, David Cameron, Nick Clegg... these three prime ministers in the last 15 years. They were all saying the same thing, that as a government, we’re just simply not set up right.

They were making the observation out of frustration that they couldn’t get things done that they wanted to do. But what they’re not saying is, “and this is how we need to be set up”. We failed to land that literally because we were doing too much fixing an old system. I regret that we didn’t do enough. And I’d like to hope we can work with Henri and other people here in France, too, and President Macron and others to try and have that conversation. Because literally the mechanics of our government systems are not fit for the challenges that we face now.

How to organise effectively the digital transformation of the public administration?

Tim O’Reilly who’s - Tim’s a very good friend of mine, he is a brilliant mind. He’s one of the core Internet thinkers. He coined the phrase «coming to the platform». Our variant of that, and what we published in the UK and the platform strategy that has largely been deployed, with notify, verify and pay and gov.uk is I would say a good model for big countries to look at.

But it’s very different from the sort of laissez-faire economics of the sort of West Coast Silicon Valley from where the original phrase was derived.

I think the future for any organisation - any government organisation - has got to recognise a simple truth: that one needs a central organisation. And by that, I mean an organisation that is aligned closely to the Finance or Treasury structure, to be able to effect network effects across a federated government.

Governments are federated for very good reasons. To get them to coordinate, to get them to work together, is a very difficult task even with political direction. Without a central digital team that has a view over that, it’s virtually impossible. There’s no surprise that the countries that are doing this the best are the ones who have got a digital team in the centre with the appropriate powers and skills, but also the appropriate alignment, usually to the prime minister, head of the Treasury or Finance Ministry.

Governments and organisations that take a digital view and put them at the periphery and say, “You’re the little innovation thing, we will put you in the window.” It’s very difficult to affect the mechanics of government from there. You’ve got to deal with - as Henri was saying - you’ve got to deal with passport data and tax systems - the very nuts and bolts of the mechanics of government. To do that, you need to be in the centre. Without that, I fear that most government transformations are actually simply innovation labs which show some nice stuff but don’t really change how the government really works.
How did you organize your action with the Government Digital Service?

The centre of GDS was a culture of teamwork and creating multidisciplinary teams. The way governments have approached digital change is to approach it like an IT project. And that’s problem number one.

The next problem is that IT projects have usually been put into multiple years, like five-year projects, with fixed budgets with false certainty. So we know exactly what we’ll get in five years’ time. That’s crazy because in a digital world, user needs change every two or three months. What then happens is, that is then given to an outsourced third party or technology contract. And the end results are not good.

What we did instead was to create small teams, ask them to deliver a new product or service, a first version of it within 6 to 12 weeks. If that product, or that service, did nothing else it tested an assumption. So if an assumption was that a certain group of users need a certain type of service, you could test that digitally. Testing it digitally is a much better way than writing a policy about it because writing a policy is still an abstract concept whereas testing utility with users proves an assumption.

If you prove it or you think you’re onto something, move it into a private beta, develop it more, then a public beta and so on. Keep developing it so that at some point you can just turn the old one off. And that’s the critical thing about teamwork is that the more people you have in it, the more of these teams you have, getting the right teams working together, if you’re using technology the right way and developing very quickly using open source techniques, things that are very open and quick – small pieces loosely joined - things that can be connected together, then what happens is that the speed of the development is massively accelerated. You get the best of your best people - your operations team, your legal, your finance, your development, your compliance – all in one multidisciplinary team and you deliver really quickly.

There are many, many problems with the tech industry. Many problems. Not least how it pertains to government. But one of the things that the big tech companies have got right is these ways of working. It’s the Amazon model, no more than one pizza per team, that sort of thing. For government to adopt that, it’s literally a no lose option because even if you get the first alpha or beta wrong and you fail, you learn so much more quickly and using teams to turn government into proper learning environments focused on user needs rather than outsourced technology contracts focused on procurement and policy.

That was the biggest change. I would argue that when you summarize GDS, we did two things: we redesigned and redeveloped public service for the digital age. They work now. And secondly, we stopped the dependency on big IT. How we did that was by having teams.

Did major digital platforms influence your action?

I think that the big platform players, in fact, the era of platform technology services, affects governments in a variety of way.

First, concentrate on the things that those companies have got right. Their relentless focus on their users, providing a better digital service, being able to react quickly to what users need. How they structure themselves internally, the fact that they’ve got the right disciplines and skills. Also the fact that they give engineers, product people and service design people the power to make decisions on behalf of the user. They are all things that governments can learn from.

In fact, I would argue any organisation can learn from them. Silicon Valley is not perfect, but these organisations have really developed some excellent ways of working. However, they have obligations under the law. But what they don’t have is a set of consistent values that apply to the service design, their thinking and their activi-
ties, in the same way that one does if it’s a public service.

And that’s the fundamental problem because as these organisations are basically providing a new Commons, a new set of common data, platform, services... they’re effectively shadowing existing public services.

What’s happening is that the inherent values of those public services are being lost in the mix. So they are too powerful, they’re not answerable to anybody as an individual, really, and they’re dealing on a sort of a framework of regulation which is unfit for cross-national platform plays.

I look at Stephven Quest in the Commission, and he gave an interview recently about the regulatory backlog, about how long it takes for all of Europe to catch up and deal as one with them. And it’s inevitable, I think, that we’ll get individual nation-states dealing with these platform companies differently - you’re already seeing that in France and the UK - in the next couple of years until there’s a more broad brush regulation across Europe. But that regulation is coming and it’s way overdue.

You worked in public digital transformation in various countries as well as in different types of public administration. What lessons did you learn from your experiences?

At Public Digital, we work with 20 governments, plus also some of the organisations that deal with multiple governments, such as the United Nations, the Inter-American Development Bank, the World Bank, and so on. So we see into a lot of different countries. It’s been a real lesson in terms of how to think about countries. All of us, wherever we are, have a mental list of who’s winning and who’s losing.

We think in terms of development or social indicators or finance or size or volume. The problem in digital government actually is that the poster children for digital governments are often the very small countries - Estonia, Singapore - and as much as they are impressive, they are little more than city states in terms of size.

Most of the most impressive work is done by teams which don’t share the limelight within bigger government but who have got some form of political mandate or some form sponsorship or protection within an existing system.

The thing it’s taught me to do, with working with organizations in - Daniel Abadi and his team in Argentina, Marushka Victoria Chocobar in Peru. Some of the teams down in Canberra, Australia. I could go on with more of them. Yolanda Martinez in Mexico. Is that there are small teams, aligned to the central government, working either for the prime minister, the president or with the finance minister, who are doing astonishingly good work.

The problem is sometimes they are in countries that we don’t believe are winning the global race, to use a phrase our prime minister said. And I think that what we’ve got to do in countries like France and the UK is recognise a central problem. Because we are big and wealthy and we are experienced and have relatively good functioning governments, that doesn’t mean we are winning now.

It means we’re ahead because of what we’ve done in the past. But it doesn’t mean we are winning anymore. Because in small and developing nations, unlike some other nations, there are teams that are creating new services, new platforms, new innovation using digital tools, and they’re moving to change the state much more quickly and much more beneficially than France and the UK is.

In Peru, a digital team in the central government launched a new transports system, a driving licence system, for one class of drivers in six weeks flat. That’s after sorting out its websites and single domain. Now in a country as troubled as Peru, that’s quite an outstanding achievement. In Mexico, even a regime such as the Peña Nieto regime coming to an end were able to launch digital birth certificates, a massive drag on economic efficiency in that country. In Uruguay, they rolled out one laptop per child. It’s the only country to do that for all people. They have a central agency called Agesic. Argentina, without a doubt, is one of my favourite countries because the Argentines have gone straight towards a platform play, argentina.gob.ar. You can see all your services –
an increasing number of your services - digitally on one customised platform.

These are radical changes in the mechanics of these states, and they have come about sometimes by necessity, sometimes by design. But modern countries, apart from the UK with GDS, most countries in Europe are not taking these steps. And they think that they don’t have to, and we’re ahead in the global race. And actually we’re not going to stay ahead for much longer if we continue to lack ambition and move as slowly as the slowest institutions that we have at our disposal.

It is about time that we redesign some new institutions digitally first, to allow our machineries of government to move much more quickly.
Interview

What does digital government look like?
Joint interview with Mike Bracken and Henri Verdier:
Modern government in the digital age:
comparative approaches in the UK and France

In this second interview, Mike Bracken talks about his experience as director of the UK’s Government Digital Service (GDS) with Henri Verdier, the French Ambassador for Digital Affairs. In his former position as head of the French Interministerial Directorate for Digital Technology and the Government Information and Communication System (DINSIC), Verdier held a similar role to Bracken – although not at the same time – and spearheaded the development of France’s e-government strategy.

In this joint interview, Bracken and Verdier discuss how digital transformation strategies differ in the public and private sectors, why the path to e-government is strewn with obstacles, and what they think the future of government will look like in the digital age. They also talk about the challenges they faced, and where they came unstuck, in their respective roles at the GDS and the DINSIC.

E-government initiatives in the UK and France
Joint interview
Mike Bracken and Henri Verdier

Interview in English with French subtitles
(35 minutes 47 seconds)

You can watch the full interview here:
Most European Union countries are abandoning conventional, bureaucratic (Weber-type) human resource management approaches. Yet there is no concerted shift towards a standardised model built on best practice. Nor are governments adopting privatised delivery of public services. Instead, the latest reforms show how governments are embracing more flexible models, and diverse practices and organisational arrangements. These trends also suggest that, in future, long-standing concepts – the separation of government and society, rationality, and even the rule of law – might no longer apply. In this article, the author examines the implications of today’s shift towards a more fragmented, flexible and individualised civil service.

Public administration is a constituent part of the system of government. As history shows, countries may survive without government but not without public administration. Until today, no government has completely privatized the delivery of public tasks and no public administration works like a private company. Despite its importance for millions of people, the nature of public administrations is not well known to the wider public and public administration as such rarely enjoys a high reputation. At best, public administration reform is an interesting subject for experts. Moreover, civil service and HR reforms are mostly dealt with by lawyers, HR specialists and civil servants themselves. This is strange, as public administration and civil services should serve the citizenry and therefore, public administration reform should be of great interest to the wider public. However, despite the importance of public administrations, many people are not interested in the workways of government. However, People have high expectations, for good reasons. People have a right to request that the delivery of public tasks follows ambitious objectives: They want employment systems that guarantee observation of the fundamental values, administrative law principles and ensure a focus on effectiveness, efficiency and accountability. Government policies should also ensure equal treatment and fairness, be attractive and competitive with respect to the private sector policies while managing tax payers’ money as prudently and while also rewarding individual performance. Increasingly, employment structures should also be diversified and representative while ensuring the merit principle, the equality of chances and the principle of non-discrimination (which is being defined much broader than decades ago).
The emergence of an independent civil service in the 19th and the 20th century

For a long time, it was relatively easy to define civil services. In all countries the civil service status was linked to the state as a sovereign power and the rule of law doctrine as well as to the principle of legality. The question who should be given a civil service status was always linked to the task of exercising national public powers, safeguarding the general interest of the state and a traditional nation-state philosophy.

In fact, in Europe the emergence of independent and impartial civil services is also closely linked to the emergence of the Republican State (firstly in France) and the Nation-State (especially after the Congress in Vienna in 1815) (Schulze, 2004:39). In France, the public law status was “invented” during the French Revolution in order to link the civil servants to the State and not to the Monarchy or other individual interests. Therefore, Bekke/van der Meer (2001) and Rosanvallon (2015) define modern civil service systems as depersonalised systems which differ from traditional modes of government. However, the realization of an independent, impartial and merit-based civil service was more difficult than expected. “Indeed, for much of the nineteenth century (...) the spoils system dominated personnel policy. (...) Public office was perceived into a private fiefdom as arrogance, greed, and opportunism prevailed over honor, openness and prudence. Favoritism, cronyism, intimidation, corruption, waste, scandals and rampant dismissals were widespread in that squalid era. Rather than governance; its highest priority was to reward its friends, to grant favors for favors given” (Bowman/West, 2008: 183).

In the 19th century, the biggest changes included the introduction of centralized recruitment procedures, the adoption of civil service laws, the centralization of HR policies and the introduction of merit principles (including entrance examinations, job tenure, career service, political neutrality) which were adopted – as a moral guardian to democracy – and which should shield employees from politically inspired employment actions. “Instrumental in effectuating these changes was the establishment of the Rechtsstaat or in Anglo-Saxon terms the rule of law (...). Step by step the legal position of civil servants in all countries was formalised and standardised (...). Merit instead of privilege was becoming the guiding principle” (Bekke van der Meer, 2001: 278). The status of the civil servants evolved into a protected status with many specific employment features that differed to ordinary employment patterns.

Overall, the purpose of the creating of this type of bureaucratic civil service was a response to the emergence of the liberal state which was based on the rule of law. All Member States designed their public organizations in specific ways because they expected a certain behavior on the part of civil servants would result from specific organizational features. In the 20th century, countries introduced hierarchical and formalized organizational structures, scientific management methods (according to Taylor and Fayol) clear and rigid career paths, life-time tenure, full-time employment, seniority, advantageous pension systems and rigid remuneration systems were introduced in order to reduce as far as possible the risk of too much political influence, corruption, misconduct, the exercise of private interests and instability of government. Following this, at a minimal level, administration was considered to be good and ethical if it achieved the implementation and enforcement of the existing laws and policy goals of the Government of the day. Moreover, ethically good or acceptable behavior was defined in terms of rationality, law obedience, impartiality and standardization. From the ethical point of view following law or superior’s orders is usually not problematic. It is still a very relevant guideline for public officials, as it highlights the importance of the rule of law and loyalty to democratically elected government.

Dicey expressed the meaning in this way: “when we speak of the “rule of law” as a characteristic of our country, not only that with us no man is above the law, but (which is a different thing) that, every man, whatever his rank or condition, is subject to the ordinary law of the realm and amenable to the jurisdiction of the ordinary tribunals. Thus no one is above the law, and all are subject to the same law administered in the same courts” (Bingham, 2010, 4).
Until today, this traditional rational, technical, legalistic and instrumental understanding of “public organizations” and of “people” have not completely vanished. With central public administrations still being closed off and separated from society and citizens, central public employees are still a relatively protected category of staff. Because of their still existing specific treatment, civil servants are supposed to have a specific Public Service Motivation (PSM) (Perry/Hondeghem, 2008), having different values and different personalities, being motivated by different incentives, working differently than employees in the private sector, being more security-minded, performing differently, being more rule-oriented and more oriented to the common good.

The psychologisation of HRM: a break from the traditional bureaucratic model

Current trends in HRM have opened public employment for ever more diverse employment innovations. Whereas most governments agree that politics should not try to form the character or cultivate the virtue of its citizens, the increasing popularity of behavioral ethics (Wieland, 2010), the “affective turn in economics” (Priddat, 2010) and the popularity of nudging (as an instrument), desstandardisation trends and the trend towards the delegation of own responsibilities to employees through different concepts such as engagement, life-long learning and competency-development (as HRM policies) show that current trends in HR policies are leading towards an individualization and “psychologisation” of HRM (Godard, 2014).

These developments run counter to a grand administrative tradition: For a long time, HRM in the public sector was dominated by rational, legal, standardized and technical approaches. Today, traditional HRM is in trouble, both theoretically and practically because it is challenged by ethical, financial and budgetary, behavioural, managerial narratives and developments in the neurosciences (Thompson, 2011, 363). Currently, the discipline of HRM integrates new evidence, especially from the behavioural sciences. This is a reaction to the traditional focus in the field which was based on technical and legal ideas that ignored psychological aspects, although evidence existed since the Hawthorne Experiments (and even well before) that individual behaviour is largely influenced by justice and fairness perceptions, emotions and feelings, such as hope, fear, aspirations, expectations etc. Today, instruments such as nudging have become tremendously popular. For example, in the field of ethics, approaches that are based on laws and compliance-based approaches are believed to be ineffective since they guard only against intentional forms of unethical behavior (and not unintentional forms). Disciplines like behavioural ethics explain why people overestimate their ability to do what is right and why they act unethical without meaning to (Bazerman and Tenbrunsel, 2011). This turn towards behavioural approaches can be explained as a counter-reaction and because of the shortcomings of traditional (bureaucratic) approaches.

However, they are neither new, nor without problems. Already decades ago, Lindblom suggested that “decisions within this political setting can never be wholly rational but (…) are of a “bounded rational” nature. That is to say, instead of insisting on an “optimal solution”, the public policy maker must be satisfied with what is “good enough”, or as Lindbloom suggested: must “muddle through” (Lindblom, 1959).

In the 1950th Simon did not deny the possibility of change processes as a result of rational processes. However, he showed that organisations never work purely rationally or perfectly: “We forget sometimes that an organisation is a group of people behaving, These people are not tools or machines. They have feelings, hopes, and fears. They get sick, hungry, angry, frustrated, happy, sad. Their behaviour is subject to a whole range of influences extending back to their births…” (Simon, 1973, 55). According to Simon, at the root of public administration are continuous conflicts and communication blockages due to - Barriers of language (misinterpretation and misunderstanding).
- Differing frames of reference (different mental understanding of definitions)
- Geographical distance impeding the communication process (over Units, Countries, Ministries)
- Status distance as a filtering process throughout hierarchical levels of organisation
- Self-protection (individuals tend to communicate more those things that are to their benefit)
- Pressure of work (people tend to overlook important matters)
- Censorship (limitations on the flow of information by authority or force).

Thus, already many years ago experts arrived at the conclusion that, in reality, work in the public sector is paradoxical, individual, value-laden, emotional, pluralistic, political and unpredictable. The classical bureaucratic approach (Weber and Taylor) neglected the importance of individuals because of their focus on the concept of “administrative neutrality” and the dominance of rational and legal approaches. There is no place to confront the two approaches and to discuss all pros and cons. In fact, the ultimate measure of any HR system is the quality, efficiency, impartiality, professionalism and responsiveness that it delivers and how it furthers the possibilities to reach and fulfill objectives and helps delivering services of good quality to citizens. New behavioral approaches (OECD, 2018) are to be welcomed as long as they do not lead to a new “moral relativism” and the revision of rational thinking as such. With the popularity of behavioral insights, classical concepts (and instruments) such as the rule of law and principles of administrative law are questioned.

Towards the destandardisation and individualisation of HRM?

As discussed, the key phenomena of modernity were assumptions about universal values, absolute norms, bureaucracy and rationality. Contrary to this, postmodernism is a term in which “fundamental assumptions are being discredited as final and absolute. Assumptions about some kind of objectively real and universal human nature, or natural law, or absolute values and ultimate truths [...] no longer hold...” (Cooper 2006, 45). According to Fukuyama (2018), universal concepts are being challenged by partial forms of recognition based on nation, religion, sect, race, ethnicity, or gender, or by individuals wanting to be recognized as superior. “The rise of identity politics in modern liberal democracies is one of the chief threats that they face...” (Fukuyama, 2018, xvi). Also, in the field of public management, the era in which obedience, hierarchical decision-making and treating all persons in the same way meant treating everybody fairly is not anymore the paradigm of our times (Menzel 2011). Consequently, theories on organizational justice are gaining in importance. “The age of standardization and the decline of patronage government were well suited for the belief in and practice that equal treatment for all is fair treatment. Postmodern societies along with ethnic, racial, gender, and age diversity have challenged elected officials and administrators around the world to rethink how to treat people unequally and yet to be fair” (Menzel, 2011, 122). However, as a consequence, a new challenge is to design fair HR systems under decentralized and individualized conditions, “the challenge in the longer run ...is to design organizations that combine the efficiency and service capacity of decentralized organizations with the uniform and legistic nature of hierarchical organizations” (Peters and Pierre, 2003:6).

In the field of HRM, destandardisation, diversity and individualisation reforms have been introduced in a wide range of HR policies and HR structures. These concern the:

- destandardisation and flexibilization of working time,
- destandardization and individualisation in pay (through trends towards the differentiation of pay and performance related-pay),
- destandardisation of recruitment methods and procedures which were based on qualifications and not on skill development and competencies,
- destandardisation and individualisation of training, e.g. coaching and career development policies,
- destandardisation and individualisation of skill development and competency management policies,
- flexibilisation of retirement policies and retirement ages,
- flexibilisation of contracts and employment policies,
- introduction of diversity policies,
- decentralisation of HR competences to line managers.

“In the field of public management, theories on organizational justice are gaining in importance”
- reform of the organisation of work and provisions for more job autonomy,
- the possibility for more public-private, interministerial, intraministerial and intra-career-mobility,
- the abolishment of traditional career progression policies such as automatic seniority progression.

All of these developments create new opportunities, but also new challenges. For example, European countries offer a greater variety of employment relationships. Given the diversity of contractual relationships, it happens more often that civil servants working side-by-side with public employees, or fixed term-contracts and all carry out the same tasks. Destandardisation trends have arguably placed the morality of legal approaches and standardized and merit-based HRM practices increasingly in the hand of managers, line managers and HR experts who have discretion and decision-making powers in these fields.

The decline of standardized approaches has left many employees more vulnerable to individual discretionary, opportunistic and subjective behavior. Moreover, digitalization and flexibilization trends are changing work systems and leading to an individualization of HR practices by facilitating the monitoring, measuring and recording of individual efforts and engagement practices (Sundararajan, 2016; Lupton, 2016).

A case in point are trends in some countries to increasingly measure the engagement levels of categories of staff, or even individual leaders.

### Measuring engagement of workforce diversity: Insights from the UK Civil Service People Survey

Cross-government analysis of the UK People Survey results can be produced for different diversity groups. This analysis sheds light on the different experiences of staff within the civil service. Overall, women are more engaged than men, as are ethnic minority staff when compared to their white colleagues. There is no strong difference in the views of lesbian gay and bisexual (LGB) staff compared to heterosexual staff, while disabled staff are substantially less engaged than those without a disability. These patterns have been relatively stable over the seven years that the survey has been running.

These global patterns mask some interesting insights when looking at further subgroups. For example, although women overall are more engaged than men when they are compared at each grade level, there is no difference in the engagement levels of women in senior management roles compared to men at that level. Again, overall ethnic minority staff are more engaged than their white counterparts, but senior ethnic minority staff are less engaged than white senior managers. When looking at LGB staff, there is no difference between them and their heterosexual colleagues, regardless of grade, while at every grade level, disabled staff are significantly less engaged than their non-disabled colleagues. Overall, while LGB staff do not appear to report different levels of engagement and overall attitudes towards their work, they are 1.5 times more likely to report experiencing discrimination or bullying at work.

These variations are not uniform across departments and agencies. For example, when looking at the differences between non-disabled and disabled staff at the civil service level, there was a -9 percentage point difference in levels of employee engagement in 2014: the Department for Communities and Local Government had a -16 percentage point difference, while the National Crime Agency only had a -2 percentage point difference.

In early 2015, the civil service made publicly available extensive analyses of the People Survey for different diversity groups, in addition to their usual publication of civil service-level and department/agency-level results.

The destandardisation of remuneration and fairness perceptions

For a long time, civil servants in the same age cohort, with the same rank and the same qualification were paid the same salary (which, often, was increased regularly in conformity with the principle of seniority and automatic pay progression). Traditional remuneration systems were established decades ago and for a long time they changed very little. The traditional focus on careers, stability, seniority and positions made sense when the vast majority in the public service had similar qualifications and jobs. The classical pay system was adapted to the dominant values at the time: bureaucratization, standardization and equality. Thus, whereas public pay systems were based on the principle of equality, private sector pay systems were based on the principle of autonomy. Today, the era in which treating everybody the same meant treating everybody fairly is not anymore the paradigm of our times. Today, most people believe that everybody should be treated differently in order to be fair (Cooper, 2006, 53).

Consequently, traditional pay systems with their career ladders and time-based pay increases are increasingly reflecting a slowly disappearing concept of employment. Today, employees themselves expect immediate rewards and recognition for their individual accomplishments. So far, little research has been carried out on the impact of destandardisation trends and the change of merit-based approaches on workplace behavior and perceptions of organizational justice (amongst employees). Overall, pay diversity as such has increased within the national systems and amongst the different occupations and ranks (OECD, 2017). In the meantime, there is a large gap between senior managers compensation, middle managers compensation and technical staff. Also compensation amongst countries for the same categories of staff differs strongly.

Also, the structure of the systems has become more diverse. For example, today it is perceived as fair if civil servants earn higher salaries if he/she demonstrates outstanding performance and receives positive performance evaluations. However, this logic also leads to the question whether and how professional and fair performance assessment are possible at all is possible at all that justifies unequal pay. This trend towards pay dispersion creates problems as long as managers do not succeed to increase employees’ perception of legitimacy of pay dispersion (and organizational fairness perceptions), which suggests that procedural fairness of the HR systems can maximize the effectiveness of distribution of organizational resources, such as pay.

Public employees constantly compare their performance with the performance of their colleagues (Note: and mostly believe that they are better than others. On the other hand, managers always believe that they have the necessary skills to measure performance). Often, employees believe that their pay is not fair since they perform better than their colleagues. Many also believe that their performance is not managed, assessed and measured in a professional way. Consequently, fairness perceptions have changed and differ from the past. From now on, new feelings of being treated unfairly (for example by those who measure performance levels) emerge and, in many instances, people are even more demotivated and frustrated after the introduction of PRP. Since people constantly compare themselves with other colleagues, they also tend to believe that colleagues who receive bonuses and PRP do not deserve them. On the other hand, employees who do not receive PRP may also be demotivated since they expected to get bonuses etc. Another dilemma concerns the fact that many employees do not trust their superiors to take fair decisions on the allocation of PRP. Consequently, many people feel that they are treated unfairly because of unprofessional or unfair pay decisions of their superiors. In all of these cases, the expectation to be treated individually conflicts with the expectation to be treated equally. As it seems, the individualization of pay and growing differences in pay also produce higher levels of perceptions of distributional injustice.

The case of pay differentiation illustrates that people are increasingly attentive to the justice of events and situations in their everyday lives across a variety of contexts (Matrinko/Gundlach/Douglas, 2002). As a consequence, perceptions of unjust and unfair treatment can strongly influence the individual behavior and may exert a good or bad impact on individual and organizational performance (de Schrijver/Delbeke/Maesschalck/Pleysier, 2010).
The destandardisation of recruitment policies and fairness

In the past, national civil services always used common and standardized recruitment frameworks (such as concours). Overall, people were recruited based on qualification (and diplomas). Most countries also installed merit-based recruitment systems that set common standards for civil servants to meet through, for example, standardized testing. These systems were designed to ensure a high degree of professionalization (as opposed to politicization) of the civil service, and to ensure that all applicants are provided with equal opportunities. While such systems responded to values of internal equity, professionalism and equal access, they were criticized because they underperformed in a context of competition for particular skill sets (OECD, 2017c, 75). Moreover, they underperform because they are based on skills and qualifications (ratings) that were achieved (and evaluated) in the past and not on the development of new (social and technical) skills and (soft) competences.

Today, politicians and managers repeat the mantra that economic competitiveness depend crucially on the skills and investments in training of the workforce. Everywhere, governments, politicians and management experts agree upon the key role that skills, training and long-life-learning play in securing competitiveness and social-cohesion. Within this discourse, it seems that skills are the answer to a whole set of economic and social problems. With the increasing importance of skill policies, also the notion of skills has also become considerably broader and differentiated compared to the past. Today, the popular skill discourse uses very different notions like enlarging basic skills, employability skills, adapting skills, key skills, management skills, future skills, IT skills and leadership skills (Payne, 2000). The term skill as such has also become indistinguishable from personal characteristics, traits, competences, behaviors and attitudes.

“Why have skill development policies become so important, other than because of economic factors? One of the main reasons is the shift from traditional and hierarchical structures towards “flat” services and more job autonomy, with the need for employees to have more relational, communicative and problem solving soft skills. However, technological developments and organizational renewal are not the only factors that require skill renewal. Overall, the decentralization, fragmentation and individualization of structures and processes also require the decentralization and individualization of skill development and training policies.

In “Training and Human Resource Development in the European Union Member States”, Bossaert et al (2008) observes that trends towards more individualistic HRM approaches can also be seen in the field of training, “where the “catalogue” philosophy in the sense of standardized training activities is increasingly replaced by tailor-made “action” programmes, which are more frequently based on concrete individual needs and whose main concern is the transfer of competence” (Bossaert, 2008, 6). Moreover, countries increasingly try to recruit, promote and reward civil servants based on specific competency and skill sets - in a competitive market. For example, the digitalization of public administration requires employees to quickly adapt to digital change. Therefore, more countries are expecting their civil servants to take a proactive approach to their jobs (OECD, 2017, 15).”

Public administrations respond to the new challenges by a destandardisation and individualization of recruitment policies and the alignment and finetuning of recruitment methods to specific skills needed (OECD, 2017, 76). Increasingly, this is done by the introduction of more diverse and external recruitment practices, or separate practices, for exp. for top-officials. Moreover, different public administrations increasingly design specific competency profiles for different categories of employees. Today, countries wish to develop employment policies and recruitment frameworks that are driven by individual qualities, skills and expertise (OECD, 2017, 10) in order to match new skill requirements and competency developments. However, this trend towards different competency expectations, skill development ability and self-reliance on skill adaptation marks a clear departure from the traditional view of the compliant bureaucrat (OECD, 2017, 61) and standardized recruitment policies.
These trends challenge the fairness and merit-based recruitment systems and raise the question how individual skills - under decentralized and individualized conditions - are designed, evaluated and assessed (OECD, 2017, 67). At present, destandardised recruitment systems are more vulnerable to integrity violations than standardised systems. During the last years, especially the decentralized and destandardised central European civil services have been increasingly politicized and polarized (Itrich-Drabarek, 2015: 245).

The effects of change

Of course, the question where do all these reforms lead to? is difficult to answer: The question of what has resulted from the many reforms is obviously an absolutely fundamental one. Yet it is not at all simple. In reality, experts have no clear understanding of how public administration is changing. There is also little evidence as to whether change processes produce better results; and if so, which change processes and which reform instruments?

“A full discussion of ‘results’ therefore embraces the wider question of ‘results for whom, defined by whom, against what objectives?’” (Bouckaert/Pollitt, 2011).

The case of organizational reform illustrates that the problem with civil service reform is not that there are not enough reforms or too little innovation. In fact, the real challenge is the lack of evidence on the effects of the above-mentioned trends: overall de-bureaucratization, the emergence of hybrid new work systems, de-standardization of work practices, individualization and psychologisation of HRM and the increasing influence of behavioral economics in the field of civil service reform.

Unfortunately, the field of civil service reform is loaded with theories that reflect personal opinions, images and perceptions. To avoid making ideological or personal judgments about the effects of reforms it may be wiser to start from a general point of view to which the outcomes of civil service- and HR reforms can be positive and/or negative, effective and/or ineffective, but they may also produce a number of unintentional positive and negative side-effects, such as more bureaucracy, higher stress levels, more job intensity, less job control, higher leadership skill expectations, more ethical challenges, conflicts of interests etc. Thus, the difficulty seems to be to accept that current reforms have various reform effects at the same time (Hesse/Hood/Peters, 2011).

Moreover, effects of reforms do not only depend on the impact of budgetary constraints but also on many other variables such as leadership, skills, perception of organizational justice, organizational culture, qualification, age, function, ranking, experience etc. In “Organizing Leviathan” (2018) Dahlström and Lapuente show that systems that are based on merit have lower levels of corruption and higher levels of government effectiveness. Despite the fact, that merit is an important element of bureaucratic systems, bureaucratic systems have no positive effect. Also, the understanding of “merit” is changing. Paradoxically, the more the concept of meritocracy has become a reality, the more it seems to legitimate a hierarchy of privilege. The dilemma with the principle of meritocracy lies with the problem that our systems which reward talented people leave no hiding place for those who fail in the competitive struggle. Thus, the consequent application of the merit principle seems to undermine one of the most important foundations of the national public administrations: the principles of equality and equity. Bovens and Wille (2009) show that Plato’s ideal of the state which is run by the best and the brightest has (almost) become a reality.

A further serious deficiency in the ethical grounds of meritocracy is its virtual absence of discourse on what areas of “merit do not do justice to vast differences in status, reward and power...” (Menzel, 2011). Another problem is that the principle of meritocracy can, at times, be self-defeating, “The more opportunity there is for people to succeed in society, the less value such success is likely to have for them” (Dench, 2006). If all people invest in more and better education and invest in their competences and skills, the process ends as a race to the top. Everybody is likely to become disappointed quickly. “If there is one thing worse than being blocked, it is seeing others succeed where you have failed” (Dench, 2006: 190).

Merit, as the basis for employment decisions, is one of the core values. Yet employee faith in the application of merit principle is relatively low and appears to be in decline in many countries. Thus, the new civil services are neither fairer, nor immune against politicization. Therefore, perceptions of organizational injustice and lack of
“Employee faith in the application of merit principle is relatively low and appears to be in decline in many countries.”

Drivers of innovation in the field of HRM

An important driver of innovation is a certain degree of worker autonomy. “Further analysis found that the way how work is organised implemented in bundles and combined with practices that promote employee participation, the probability of innovation is increased further. The explanation for this impact is thought to lie in the opportunities for learning and knowledge-sharing combined with the scope to act independently that such practices give to employees. Workers absorb new ideas when they are exposed to external developments in their area of expertise and beyond, and when they interact with other organisations. The ability to exercise autonomy motivates people to use their discretionary effort – the effort above and beyond that required by the job – which makes this knowledge-enriched environment a fertile ground for innovative thinking. Other practices, such as provision of training, use of incentive pay and employing a high-skills workforce – collectively described as human resource practices – also boost innovation both individually and when implemented collectively along with practices to promote employee participation. Again, these are practices that enhance the knowledge and skills in an organisation, building innovative capacity, while rewarding initiative and workers’ ability to act independently.”

European Foundation for the Improvement of Living and Working Conditions in Europe (2017), Living and Working, Luxemburg, p.33
While expectations of government are increasing, the resources available to meet these expectations are diminishing. Civil servants of the future will have to be at ease with more job intensity, stress, complexity and flexibility. They must 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. The central workforce will be smaller, mobile, better qualified and more diverse than ever before. If budgetary constraints persist, it is likely that levels of job satisfaction, job commitment, trust in the organization and trust in leadership will further decline. Countries must take these developments seriously and introduce measures to halt these preoccupying trends (Demmke 2016).

Instead, what is needed is saving resources while introducing “smart” austerity measures, create innovative workplaces, reform and modernize work systems and professionalize HR policies. Professionalizing HR policies can only be done together with the employees and not – in a top-down manner – without employees. For example, if organizations want engaged, satisfied and committed employees they must accept that “employee engagement is best seen as an outcome of managerial activity to build perceptions of trust, fairness and organizational justice, especially procedurally and interactional or interpersonal justice. These are the antecedents of engagement. The question remains on how trust, fairness and justice are built. Each are essentially processes of the quality of interactions between management and employees” (Purcell, 2012:13). Unfortunately, reforms in times of budgetary constraints target less trust and, often, the quality of interactions is lacking.

Current trends are paradoxical: Whereas the boundaries between the public and private sector are blurring (and countries continue to align working conditions between the public and private sector), they nonetheless subscribe to the idea that “Government” differs to the “Private Sector” and civil servants are needed with specific working conditions. In a way, this is good news: Still, presently government employment systems are corresponding better to a Rawlsian principle of justice and are more “employee friendly” than current trends in many other private sectors which produce many forms of injustice, stress and job intensity, bureaucracy and sometimes perverse results about the rewarding of individual performance.

“Reforms in times of budgetary constraints lead to less trust and, often, the quality of interactions is lacking.”

Components of the Work Intensity Index, by sector, EU 28 (%)

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<th>Working with a high speed (% of time +)</th>
<th>Working to tight deadlines (% of time +)</th>
<th>Three or more pace determinants</th>
<th>Enought time to do job (most of time always)</th>
<th>Hide emotions (never/rarely)</th>
<th>Handling angry clients (% of time +)</th>
<th>Emotionally disturbing situations (% of time +)</th>
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Despite all shortcomings of the current reform processes, this does not suggest that we plead for a return of the traditional concept of bureaucracy.

Rather for better ex-ante evaluations of present reform processes, Overall, civil service reform is about political choices and civil service reform is also a political reform process.
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For a detailed bibliography, see this article on the journal’s website :
THE RESEARCHER’S VIEW

In this section, we review the latest peer-reviewed articles and theses in the field of government and public policy-making and look ahead to forthcoming events.

Article reviews

**Budget and performance**

**Blockchain and Financial Intermediation**

*Marianne Verdier*, Professor, University Paris 2 Panthéon-As-sas, and Researcher, Paris Center for Law and Economics, France

**Subject**

Blockchain first appeared in the late 2000s as a way to carry out and record transactions in digital format without having recourse to a trusted third party. Although the technology has applications in fields as diverse as private data storage and land registry archives, its impact has been felt most keenly in finance, where it has prompted a rethink of the role played by banks and other traditional financial intermediaries.

**Data**

The author begins with an overview of the applications of blockchain technology in money transfers, property ownership records, cryptocurrency fundraising and other financial transactions. The article then looks at the processes by which trust is established in a decentralised blockchain-type system and compares them with similar processes in systems involving traditional intermediaries, before demonstrating the technology’s potential to reduce the costs of financial intermediation. The author concludes with a look at how the risks associated with cryptocurrencies and cryptocurrency-denominated fundraising can pose regulatory issues.

**Findings**

The author argues that while blockchain will not eliminate trusted third-party intermediaries altogether, it is changing their role in financial transactions. She outlines how the technology could benefit the financial system on a number of fronts, including by “eroding intermediaries’ monopoly over information, introducing greater transparency into financial audits, and paving the way for innovative new services and funding models”. The article stresses, however, that blockchain technology can only benefit society as a whole if the associated risks are limited through proper regulation.

This article was published in *Revue d’économie financière* – 2018/1 (No129), pp 67-87 and is available online at: https://www.cairn.info/revue-d-economie-financiere-2018-1-page-67.htm?contenu=auteurs
Cyberattack: is risk management still possible? Analysis and lessons from the Sony Pictures case

Jean-Marc Lehu, Assistant Professor of Management Science, Panthéon-Sorbonne University, Paris, France

Subject
Avec l’essor de l’informatique et l’avènement du World Wide Web, les attaques de systèmes d’informations informatisés, ou cyberattaques, sont devenues des menaces potentielles réelles et d’importance pour les entreprises ou les organisations, quelle que soit leur forme. Si une cyberattaque peut être assimilée à « un acte de piraterie moderne dont le but est essentiellement le vol et/ou la destruction d’informations, via un accès réseau », les motivations sous-jacentes peuvent varier d’une attaque à l’autre. L’auteur propose d’analyser le cas de la cyberattaque de Sony Pictures pour mieux appréhender le danger global et les conséquences potentielles auxquelles les organisations concernées peuvent être confrontées.

Data
This article examines the 2014 cyberattack on entertainment company Sony Pictures. The attack began in September 2014 and lasted until 24 November 2014, when hackers rendered 3,262 of the studio’s 6,797 computers, and 837 of its 1,555 servers, unusable in less than an hour. The author examines the information stolen during the attack – some 306,681 internal documents and 173,132 emails, subsequently published on the WikiLeaks website and elsewhere – to reconstruct an accurate timeline of the events. He then compares this timeline, based on internal correspondence, with Sony Pictures’ public statements and information revealed by the press.

Findings
Aside from Sony Pictures’ failure to learn the lessons of previous attacks, the author finds that IT security was woefully under-resourced and under-staffed, with a team of just 11 people responsible for preventing cyberattacks at an organisation employing over 6,800 people. He also reveals that, by failing to constantly update its models, the company was unable to adequately test its cyberdefences and identify and protect against attacks. The author makes two key recommendations. First, on the issue of threat preparedness, organisations should “implement quasi-real-time threat detection systems”. And second, for improved crisis management, they should set up a stand-by crisis management unit, draft an emergency response plan, and train employees on an ongoing basis.

This article was published in La Revue des sciences de gestion - 2018/3-4 (No 291-292), pp 41-50, and is available online at: https://www.cairn.info/revue-des-sciences-de-gestion-2018-3-page-41.htm?contenu=resume
Technological capacity in the public sector: the case of Estonia

Veiko Lember, Research Fellow, Public Governance Institute, KU Leuven, Belgium
Rainer Kattel, Professor, University College London, UK
Piret Tõnurist, Research Fellow, Tallinn University of Technology, Estonia, and Economist and Policy Analyst, OECD

Subject
Technology is a critical factor in the lives of organisations. In this article, the authors investigate a question that, in their view, too few researchers have addressed: “how technological change in the public sector is influenced by complex feedback and selection mechanisms”. Using a new concept, “technological capacity”, they examine first how technology influences administrative capacity in the public sector and second why some organisations have chosen to adopt new technologies while others have not.

Data
The authors use Estonia – internationally associated with a strong e-state profile – as a test case for their conceptual framework. Drawing on evidence from interviews and the literature, they analyse and review trends in nine different areas of Estonia’s public sector: public transport, tax collection, internal security, e-residence, employment, postal services, social security, social services and emergency medical services.

Findings
The authors conclude that technology is an intrinsic factor in how administrative capacity evolves, although they observe key differences in the speed and direction of how technology’s impacts unfold in different organisations and services. Some organisations master developing dynamic technological capacities and experience rapid and transformative changes, while others do not and accordingly go through incremental changes. They demonstrate how dynamic and static change in technological capacities is influenced by four different public sector feedback and selection mechanisms: citizen/user feedback, policy networks when a strong supportive coalition emerges, hierarchical feedback, and whether or not organisations possess the authority to act autonomously and/or selectively.

This article was published in International Review of Administrative Sciences – 2018/2 (Vol. 84), pp. 221-239, and is available online at: https://www.cairn.info/revue-internationale-des-sciences-administratives-2018-2-page-221.htm?contenu=article
Public sector employment

The impact of the digitalisation of organisations on the relationship to work: between alienation and emancipation

Martine Brasseur, Professor of Management Science, Université Paris Descartes, France
Fatine Biaz, PhD student in management science, Université Paris Descartes, France

Subject
Since the 2000s, the massive introduction of technologies has profoundly transformed management practices and professional relations within organisations. While some observers blame technology for job losses and rising unemployment, others point to its power to spur new business opportunities and economic growth. In this article, the authors examine the impact of technology not on employment, but on people’s relationship with work.

Data
In this article, people’s relationship with work is explored in three dimensions: the “instrumental” dimension (referring to “work as a source of income”), the “social” dimension (sociability and interpersonal relationships at work, among other things), and the “symbolic” dimension (the “positive or negative symbolism that people associate with work”). The authors review relevant scientific literature to examine how this relationship is changing as organisations embrace more and more digital technologies. After first examining the broad question of the digital organisation, they look at how technology affects people’s relationship with work before drilling down into its impact on a specific population group: executives.

Findings
The emergence of start-ups with businesses built around online platforms has pushed digital technologies into the mainstream. In response, traditional companies have been left with no option but to embrace new forms of organisation. The authors argue that digital disruption has shifted the balance between three dimensions of people’s relationship with work: instrumental, symbolic and social. They argue that the instrumental dimension now carries less weight, in relative terms, than the symbolic and social dimensions, which have to do with how people assert their identity, contribute to society, or achieve personal fulfilment through work. The authors stress, however, that digital disruption has had some unexpected and adverse consequences. To support their argument, they point to the erosion of trust between executives and their employers between the 1960s and the 1980s, as organisations adopted – and developed an addiction to – new technologies, prompting fundamental changes in management and employment practices and placing increasing mental strain on executives. The authors also highlight the often contradictory demands that companies place on senior employees, such as expecting them to be creative while adhering to corporate culture. They conclude that technological innovation is both a factor of emancipation and a potential source of alienation.
Coworking spaces: the role of proximities for collaboration dynamics

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Subject
Coworking spaces have grown in number and popularity in recent years, giving rise to collaborative dynamics among communities of independent professionals sharing knowledge and resources. The authors draw on the findings of cluster-based research to show that spatial proximity is not enough to generate collaborations between coworkers. They look at the ambivalent role that different forms of proximity (spatial, cognitive, organisational, social and institutional) play in shaping collaborative dynamics and innovation.

Data
The authors carried out interviews at seven coworking spaces in small and medium-sized cities in France and Germany, asking members, facilitators and founders questions on a broad range of issues: from their motivations, backgrounds and roles, to what life at their coworking space is like, how it functions, and how members network and collaborate. They also analysed secondary sources including websites, newsletters and press articles.

Findings
The authors demonstrate that spatial (or geographical) proximity is not enough to generate collaborations, and that other forms of proximity are required. They find that cognitive proximity (which they define as “peer learning between people who share the same knowledge base”) and organisational proximity (organisational arrangements that ease coordination and reduce transactions costs in knowledge-sharing) are critically important, and that “opportunity proximity favours collaboration and innovation”.

The authors conclude that their findings should encourage coworking space founders and managers to “take stock of the pivotal role that facilitators play in sparking collaboration”.

This article was published in Revue française de gestion – 2018/3 (No 272), pp. 121-137, and is available online at: https://www.cairn.info/revue-francaise-de-gestion-2018-3-page-121.htm?contenu=article
IN FOCUS : Social Credit in China

Here, we review two articles about China’s emerging social credit system, an initiative that is stirring controversy worldwide.

The Global Age of the Algorithm: Social Credit and the Financialisation of Governance in China

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Stefan Brehm, Researcher, Centre for East and South-East Asian Studies, Lund University, Sweden

Subject
This article looks at the Chinese government’s ongoing attempts to create a social credit system whose stated aim is to “provide the trustworthy with benefits and discipline the untrustworthy”. The authors argue that Chinese social credit should not be exoticised or viewed in isolation. Rather, it must be understood as merely one manifestation of the global age of the algorithm.

Data
Under the proposed system, the Chinese government will assign honesty and trustworthiness ratings to individuals, organisations and businesses using big data generated from three main sources: commercial information, social media profiles, and surveillance and legal compliance records. The authors describe it as a “technocratic fix” that uses algorithms to mould good citizens. What makes the social credit system different is that citizens’ value is reduced to a political calculation arrived at by combining financial and social information. In other words, the system represents the financialisation of human worth.

Findings
The authors show that China’s emerging social credit system is still far from unified and standardised. In principle, the system uses social, economic and commercial data to assign a business or individual an overall score. In practice, however, over 30 local governments are piloting their own versions of the system, utilising different approaches to arrive at their social credit scores and using the scores to achieve different outcomes. They also demonstrate how social credit is, in fact, merely the latest incarnation of a consumer credit scoring system that emerged in the United States in the early 2010s. The authors argue that only a small elite would be needed to manage governance by algorithm, and call for algorithmic audits to protect against a dramatic concentration of power.

Constructing Trustworthy and Safe Communities on a Blockchain-Enabled Social Credits System

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Subject
This article examines ongoing Chinese government efforts to establish a social credit system, under which citizens who have transgressed – such as failing to pay their taxes properly or getting a speeding ticket – are subject to penalties that, in turn, forbid them from receiving various services like travelling by plane or renting a car. The authors propose testing a proof of concept for what they call a “Blockchain-Enabled Social Credits System” (BLESS), arguing that such a system would help to build more trustworthy and safer communities because it is based on secure, transparent and decentralised – and therefore tamper-proof – information in a trustless network environment.

Data
Currently, only the government, large corporations and authorised agencies are capable of assigning social credit scores. The system as it stands relies on combining fragmented public and private data from disparate sources. The underlying variables and processes are opaque and individuals do not participate in the rating procedure, meaning they cannot oversee those in power. The authors argue that the proposed BLESS scheme has three advantages: it leverages the decentralised architecture of the blockchain network, the entire process is transparent while remaining anonymous, and it prevents unauthorised entities from accessing the credit system. In other words, the model provides tamper-proof transaction data in a trustless network environment.

Findings
The authors propose using BLESS as the basis for a general rollout of a social credit system. BLESS has three main components: blockchain-enabled data sharing, smart contract-enabled credit score rating, and a rewarding and punishing strategy. Under this model, citizens would be able to improve their credit scores in two ways: by spending time serving their community, and by standing up for social justice (such as speaking out against corruption, broken promises, or other transgressions). The authors conclude that, at present, the BLESS model faces challenges in public acceptance and mass adoption.
Three essays on housing markets and housing policies


This thesis contains three empirical essays on housing markets and housing policies.

In the first essay, the author investigates the effects of rent control on rents using historical panel data in Lyon over a 78-year period. He uses multiple regressions with fixed effects as the main form of analysis. His results show that the causal effect of rent control on rents in Lyon is significantly negative.

In the second essay, the author studies how age influences housing demand based on household level data from China. The two-stage hedonic house price model used in this essay allows him to estimate the pure age effect on housing demand, after housing quality and other households’ characteristics are controlled for. The results demonstrate that the willingness-to-pay for a constant-quality house will decrease slightly or keep constant when a representative household head becomes old, if the household head’s educational attainment is not controlled for. Therefore, this essay concludes that the total housing demand will not decrease with population ageing, because the current middle-aged generation is more educated than the current old generation.

Finally, in the third essay, in the framework of Rosen-Roback model, the author analyses how housing costs affect the ratio of high-skilled to low-skilled workers, explicitly the skill intensity ratio (SIR), across cities in China. To avoid endogeneity issues, he uses both share of unavailable land and historical housing prices as instruments of current housing prices. The results show that average housing prices have significant positive effects on the SIR in 2010 when workers’ mobility is relaxed, but insignificant effects on the SIR in 2000 when workers’ mobility was tightly regulated.
High-frequency trading: a threat to financial stability?

Thesis by Gianluca Virgilio, University of Hertfordshire. Supervised by Georgios Katechos, Maria Schilstra and Aarti Rughoo, Senior Lecturers, University of Hertfordshire, United Kingdom. Thesis defence date: 1 February 2017.

The purpose of this thesis is to produce an in-depth data analysis and computer-based simulations of the market environment to investigate whether financial stability is affected by the presence of high-frequency investors. The author verifies how high-frequency trading and financial stability interact with each other under non-linear conditions, and uses audit trail and simulation data to determine whether non-illicit behaviours can still lead to potentially destabilising effects. Simulations are provided to test whether high-frequency trading: (a) has an impact on market volatility, (b) leads to market splitting into two tiers, and (c) takes the lion's share of arbitrage opportunities.

Audit trail data is analysed to verify some hypotheses on the dynamics of the flash crash. The simulation on the impact of high-frequency trading on market volatility confirms that when markets are under stress, high-frequency trading may cause volatility to significantly increase. However, as the number of ultra-fast participants increases, this phenomenon tends to disappear and volatility realigns to its standard values. The market tiering simulation suggests that high-frequency traders have some tendency to deal with each other, and that causes low-frequency traders also to deal with other slow traders, albeit to a lesser extent. High-frequency trading potentially allows a few fast traders to grab all the arbitrage-led profits, so falsifying the efficient market hypothesis. This phenomenon may disappear as more high-frequency traders enter the competition, leading to declining profits. Yet, the whole matter seems a dispute for abnormal gains only between few sub-second traders.

From the data analysis, the impact of high-frequency trading on the flash crash seems significant. Overall, it can be concluded that high-frequency trading shows some controversial aspects impacting on financial stability. The results are to a certain extent confirmed by the audit trail data analysis, although only indirectly, since details allowing high-frequency traders to be matched with their behaviour are confidential and not publicly available. Nevertheless, the findings about HFT-induced volatility, market segmentation and sub-optimal market efficiency, albeit not definitive, suggest that careful monitoring by regulators and policy-makers might be required.
Modelling the emergence of expertise and its governance in innovative organisations: from communities to proto-epistemic societies of experts


In science-based industries, the pace of innovation is characterised by accelerated renewal of products and the destabilisation of dominant designs. In this context of intensive innovation, industrial organisations have to develop new breakthrough innovation capabilities to organise the emergence of new technological expertise allowing the innovative design of new products and technologies. Paradoxically, expertise and innovation issues can sometimes seem to be in opposition or at least in tension. Expertise seems to preserve the dominant designs, but it also allows the generation of conceptual expansion. Behind this aporia, there are crucial questions about the contemporary management of the emergence of expertise in science-based organisations in a situation of intensive innovation.

From an exploratory approach based on a longitudinal case study at STMicroelectronics, this thesis focuses on governance models for the emergence of expertise in science-based organisations. Based on an empirical analysis carried out by STMicroelectronics, this work shows that the emergence of new expertise is effected by a reorganisation and a profound restructuring of the expertise structures. In other words, new areas of expertise emerge from the reconfiguration of interdependent relationships between existing areas of expertise. Moreover, this research suggests a formal model for the emergence of expertise in science-based organisations.

This model helps to identify new managerial challenges and to highlight organisational models to support these forms by which expertise emerges. Then, new management solutions are tested and analysed at STMicroelectronics. Finally, the thesis analyses scientific experts’ roles and missions in innovation strategies within science-based organisations.
IGPDE’s Public Management collection is a series of books on the modernisation of public administration. Most of the titles are also published in open-access format on OpenEdition Books: https://books.openedition.org/igpde/77
En finir avec le New Public Management

The 13th International Public Management Symposium (RIGP), held in May 2014, focused on the theme: “How to end with New Public Management: new perspectives for public action”. This new book, published in French only, is edited by Nicolas Matyjasik and Marcel Guenoun. It draws on discussion and debate between the researchers and practitioners who attended the event.

New Public Management (NPM) is no longer held up as the gold standard for public sector reform. Yet the end of NPM is also a cause for optimism, potentially signalling the advent of new models for public action. Setting competing interpretations aside, NPM can broadly be defined as a process by which private-sector tools, management practices and organisational arrangements are transposed into the public sector. This book, which focuses entirely on the problems that NPM poses, is divided into three sections. The first delves deep into NPM itself, looking at where it came from, what it entails, and the extent of its impact on governments in France, elsewhere in Europe and around the world. The second uncovers NPM’s hidden defects and unforeseen effects. The third, meanwhile, explores what government and public policy-making might look like in a post-NPM world.

This 244-page book is part of the Public Management collection published by IGPDE and the Committee for France’s Economic and Financial History (CHEFF). It was released on 21 May 2019 and retails for €28.
https://books.openedition.org/igpde/5756
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Free quarterly publication – ISSN 2647-3135

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