



School of Management and Governance

Master Thesis

Administrative reform within the European Commission

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List of Abbreviations

ABM – Activity Based Management

DG– Directorate General

EC – European Commission

EP – European Parliament

EU – European Union

SEM 2000 - Sound and Efficient Financial Management

MAP 2000 - Modernization of Administration and Personnel Policy

DECODE - Designing tomorrow's Commission

1.Introduction

1.1. Aim and topic of thesis

In the time of intensive globalisation, deepening economic and energy problems, political and social tensions around the globe, and the ever going rush for technical innovations, the European Commission as “the motor of European integration”¹ have to be successful and effective in order to overcome this world-wide challenges.

However, for more then 40 years the EC was untouched by the tide of management reforms. As a latecomer in administrative reform the EC could not fulfill the expectations, and as a direct consequence there were allegations of fraud and financial mismanagement which resulted in a resignation of Santer Commission.

At the juncture in 2000, the Commission proposed the most comprehensive change of organizational structures and processes since its formative years. The goal was to produce the best civil service in Europe, which will fulfill its tasks with maximum effectiveness in efficient, transparent and independent manner². European officials described administrative reform as an ambitious reform package that was without precedent and “a once-in-a-generation programme³”. Therefore, the intention of the Kinnock reforms was to create efficient, effective and accountable modern civil service through a process of administrative transformation. Once implemented, this administrative transformation will help to further reinforce the Commission’s performance in the service of the European Union as an actor on a global stage.

However, although there has been a process of administrative transformation, the reality so far has been rather different. The findings imply a significant gap between rhetoric of reformers and the reality of its implementation. It seems that the content of reform package is not completely appropriate and coherent, pace of implementation is considerably slow; in addition, this reform process caused unintended negative consequences. Therefore, administrative reform of the European Commission is unlikely to be successfully implemented as planned; in other words, the possibility of achieving

¹ COM (2000) 200, final/2, Vol. I, p.5 - Commission of the European Communities (2000b) Reforming the Commission: White Paper, Vol. I, COM (2000) 200 final/2.

² ibid. p. 3

³ ibid. p.26

the administrative reform as envisioned is remarkably small. This observation can be well confirmed by several respected scholars such as Michelle Cini (2004), Roger Levy (2002, 2003, 2006), Pollitt and Bouckaert (2004), Ellinas and Suleiman (2007) etc.

Following this, looking from historical perspective, the European Commission was created in 1957, and was composed of just six Member States. The European Commission has grown extraordinarily, both in terms of magnitude and tasks over the past 50 years. In addition, looking in wider context the EU has grown significantly in terms of population, territory and economy. However, as I already said the financial, organizational and human resources of the Commission has not grown accordingly. Nowadays, the total population of EU member states numbers 495 millions⁴. From starting six countries EU enlargement has lead to situation that the Commission has responsibilities on territory of 27 countries and its basic structure and basic administration regulations have not changed.

Table 1
Expansion of the EC in terms of human and financial recourses⁵

	Formative years	late 1970	late 1980s	late 1990s	2003
Financial transaction per year	app. 3,000	/	60,000	620,000	over 1,000,000
Staff number of the EC	3,000	8,300	15,000	/	32,000

This table shows that the approximate number of the EC staff is 32000 which is not a large number when one knows the range of tasks and responsibilities which the Commission deals, especially the example, which shows misbalance between growth of staff and financial transactions. Therefore, despite the radical and fundamental changes in wider EU, the Commission's organizational systems has undergone very few changes over the decades, and human resource policies, developed in formative years for a much smaller institution, has barely changed. That leads to a question whether it is possible that the EC deals with the tasks and responsibilities of global importance in efficient, effective and transparent way since there have been no fundamental changes? However, I will

⁴ Eurostat

⁵ http://ec.europa.eu/civil_service/index_en.htm; Coull and Lewis 2003, p.2 ; Hay (1989)

focus on difficulties in formulating and implementing administrative reform within the EC.

There is a need to mention that my Master thesis is established as a comprehensive study of a particular institution. Additionally, if I want to conduct a thorough and feasible analysis, it is not possible to cover the whole range of issues concerning all conceivable dimensions of the chosen topic. Hence, a delimitation of the scope has to be made. The aim is to address the problem of administrative reform of the European Commission. Different matters of the European Commission, for example issues such as the composition of the executive body of the Commission, size of the College of Commissioners, position of the President of the Commission and relations between the Commission and the Council and the Parliament are not analyzed since they are issues of political nature⁶. To be more precise, emphasis will be on analyzing and explaining the resistance and difficulties in modernizing this institution which, in spite of the overall dynamics of the European integration process, shows to be resistant to intentional change. Furthermore, I will focus my research on the Kinnock reform package from 2000⁷, since it represents the most comprehensive and radical administrative reform program in the history of European Commission.

1.2. Theoretical framework and research questions

To begin with, I will try to make a comprehensive theoretical framework which will include all relevant theoretical approaches. In other words, I want to examine whether the chosen theories are compatible and support each other in revealing the causes of difficulties of the administrative reform.

Following this, the question that arises is how to tackle this problem using three theories that I have selected. Thus, I will formulate general and specific research questions and try to answer them by analyzing empirical data with the help of the chosen theories.

In my Master thesis I will try to answer what are the reasons for difficulties in a specific administrative reform. The goal of the Master thesis is to answer the following general research question.

⁶ See Christiansen (1997), Spence (2000), Smith (2003), Wonka (2007)

⁷ See COM (2000) 200, final/2, Vol. I and See COM (2000) 200, final/2, Vol. II

General research question

What has hampered public sector reforms within the European Commission?

I will try to find the answers the causes of occurred difficulties and obstacles in the administrative reform of the EC. In order to specify general research question I will define four specific research questions. Three of them will be explanatory, while one will have descriptive nature.

The general research question is based on the assumption that there are obstacles in the process of the EC administrative reform. That is the reason why the first specific research questions will be descriptive in order to confirm basic claims about the reform. Thus, I will show that the main assumption concerning slow pace and slim results of the administrative reform within EC is correct. I will answer this question in the Chapter 2.

Specific research question 1

What has been achieved so far in the administrative reform according to the official EC documents and secondary sources?

The basic plan is to explain problem by using the path dependence theory, Pollitt and Bouckaert theoretical model and Kotter change management model. In my opinion, these three theories can present a complete theoretical framework which will describe this issue at different angles. My argumentation is that they are well-matched and supportive to each other in forming all-inclusive explanation of the Commission's difficulties in the course of the actions.

First of all, with path dependency theory I try to put the case of the EC in wider theoretical context of historical intuitionism. Furthermore, I will explain what is the significance of path dependent patterns in this administrative reform. I will find out whether they are relevant in explaining causes of slow-paced reform of the EC. In

addition, if the whole reform process leads to further bureaucratization by imposing burdensome rules and more detailed procedures, it will mean that it is path dependant. This specific research question will be answered in the Chapter 3 which deals with the issue of path dependency in the EC administrative reform.

Specific research question 2

What is the role of path dependence patterns in the administrative reform of the European Commission?

Using Pollitt and Bouckaert theoretical model I will focus on macro level institutional features. Detailed analysis will enable me to discover *sui generis* institutional characteristics and other features which can be friendly or hostile to the EC administrative reform. I will go through all steps of this theoretical model in order to examine all relevant features. Moreover, I will try to examine what is the impact of the EC macro-level features on the administrative reform. In other words, I will try to figure out whether they influence the outcomes of the reform. This specific research question will be answered in the Chapter 4 and describe Pollitt and Bouckaert theoretical matrix applied to the EC administrative reform.

Specific research question 3

How institutional characteristic of the Commission influence the administrative reform?

Finally, with the help of Kotter change management theoretical model I will examine micro level features. This model provides 8 phases, which will be examined in due order. I will see whether there is a presence of micro-level triggers that can influence the implementation of this administrative reform. Following this, through the analysis of the presence and intensity of behavioral triggers I will be able to show their influence on

reform outcomes. This specific research question will be answered in the Chapter 5 which deals with Kotter change management model applied to the EC administrative reform.

Specific research question 4

How behavioral triggers influence the administrative reform within the Commission?

To conclude, in my opinion these four specific research questions and three theoretical models will be able to describe the full picture of the issue. These three different theoretical concepts can be well matched in a coherent theoretical framework in order to catch different aspects of the reform and see for the barriers and obstacles in the EC reform process.

1.4. Methods

In general, the research strategy can be classified as quantitative and qualitative. The quantitative research is characterized by the use of methods which produce data that can be quantified. On the other side, the qualitative research employs methods that examine inherent traits, characteristics and qualities of the political objects of the inquiry. The methods used in a qualitative research tend to be more interpretive in nature (Grix 2004, p.173). Although qualitative and quantitative types of research can be well combined, in my Master thesis I will predominantly use a qualitative research strategy.

Following this, in the Master thesis, I will use a deductive methodological approach. Therefore, I have identified research questions and check them by analyzing empirical data using the selected theories.

In addition, I have to consider the issue of research methods, which can not be omitted⁸. Therefore, when it comes to primary sources, I will make use a documentary analysis - examine various official documents related to the subject of the Master thesis. Thus, I

⁸ Research method is a systematic tool which is designed to collect data in order to analyze the results.

have access to official documents related to the topic of administrative reform, starting from White paper – Reforming the Commission, White Paper — Part II: Action Plan to other policy papers related to different reform areas and Reform Progress Report on a yearly basis. Further more, most of data that I use are from secondary or "soft" sources⁹. Looking at my bibliography it is evident that there is much higher percentage of secondary sources than primary ones. Having in mind institution that I analyze – the European Commission, for a Master student it is not feasible to collect first hand data, because one does not always have access to officials (for example to make interviews), to internal documents etc. In addition, it is very time consuming, costly and the very issue - success or failure of the Commission's administrative reform can be highly controversial and "politically sensible".

Concerning the research design I am going to use a case-study. Therefore, a single case-study is a very specific approach which represents thorough and in-depth analysis of an individual case. It is important to notice that case-studies are not tied to any particular research methods since they are not "methods" themselves. They should be seen as an organizational strategy, within which social data are organized in order to maintain unitary character of the political objects being studied (Grix 2004, p.51).

1.5. Outline of the thesis

After this introductory chapter, chapter 2 firstly focuses on the historical background of the European Commission providing an overview of the main reform initiatives, which have been launched in different stages of the European Commission. Following this, there is a detailed analysis of actions and measures taken by Kinnock's reform package from 2000, including White paper and White paper: Action plan. At the end of the chapter, I try to explain whether we have a case of slow pace of implementation, the achieved results and unintended consequences caused by reform activities.

Chapter 3 deals with the conceptual and theoretical framework of the paper. Following this, in chapter 4, after briefly outlining the basic characteristics of path dependence theory based on the work of Paul Pierson, I examine the case of the European

⁹ The secondary sources represent information that has already been collected by other academics by various methods (for example, documentary analysis, observation, interviews).

Commission in order to assess whether the development of the European Commission has been path dependent. Further, in Chapter 5, I will use Pollitt and Bouckaert theoretical matrix to focus on macro level and institutional features that can explain favorable or unfavorable conditions which influence formulation and implementation of the administrative reform. Finally, in chapter 6, Kotter change management theory, derived from a private sector, is used as an analytical framework for analyzing micro-level and behavioral triggers that can be of utmost importance in explaining failure or success of the EC administrative reform.

In the chapter “Conclusion” I will describe the main findings.

2. Historical perspective, content and results of Kinnock reforms

2.1. Historical perspective

Looking historically, the Commission has a poor record of reform. For political reasons and institutional deficiencies, modernization and reform efforts have been almost a taboo subject.

First reform efforts date back to 1970s, with the Spierenburg Report¹⁰ which noticed that the “internal weaknesses¹¹” of the Commission reinforced by its growing ineffectiveness, influence and reputation. However, the recommendations from Spierenberg report, like improving staff mobility and distribution across units, strengthening the position of Director-General and reducing number of administrative units and commissioners in order to improve coordination¹², have not been taken into a consideration. Apart from a minor decrease in the number of administrative units, the European Council and staff representatives resisted modernization pressures. In the 1980s, the administrative reform remained low on the priorities of the Commission, which focused, instead, on the enlargement of the Community and the resolution of harsh budgetary disputes among member states. However, organizational deficiencies highlighted by the Spierenburg committee were evident since the enormous pressure was placed on the Commission by the implementation of the common market project. Furthermore, the beginning of New Public Management in Anglo-Saxon countries reinforced calls for focus on the managerial capacity of the organization. Responding to such pressures, Henning Christophersen, commissioner for Personnel and Administration initiated a new reform effort, under guidance of Richard Hay, the director General for Personnel Administration. The effort focused on strengthening the managerial skills, simplification internal procedures, improvement of recruitment practices and delegation of responsibility to the lower levels in DGs (Hay 1989). Despite some incremental improvements to the

¹⁰ Report, Spierenberg (1979) Proposals for Reform of the Commission of the European Communities and Its Services, Brussels, European Commission.

¹¹ *ibid*

¹² *ibid*

workings of the Commission, the reforms had fallen short. The Commission continued to suffer from significant deficiencies in the way it deployed and managed human and financial resources. In the 1990s, the modernization effort was not in the spotlight since the Delors Commission was focusing its efforts on economic and monetary integration. However, along with the Commission's mentioned chronic human and financial deficiencies, extension of the Commission's task and responsibilities had led administrative workload to unmanageable levels. This unmanageable work overload created new demands for reform. However, Delors resisted calls to reorganize the Commission until the end of his tenure¹³.

Unlike his predecessors, Santer made the administrative reform as one of the priorities for his Commission¹⁴. He focused on consolidating the achievements in monetary and economic field of the Delors Commission by improving the efficiency and accountability of the organization through principal organizational strategy - "doing less, doing it better" (Elinas and Suleiman 2007, p.4, European Voice 06. 03. 2008 and BBC news online 16.03.1999). The reform initiative followed three distinct programmes - Sound and Efficient Financial Management (SEM 2000), Modernization of Administration and Personnel Policy (MAP 2000) and "Designing tomorrow's Commission" (DECODE). The SEM program was aimed primarily at improving financial management procedures and protection against fraud. The MAP 2000 focused on reforming administration and personnel policy through decentralization and devolution of powers to individual directorates-general and departments, simplification of procedures and the identification and application of new approaches in human resources field¹⁵. In 1997, the Commission started a fact-finding examination process, DECODE, that was intended to provide an updated picture of its activities, resources and procedures of the Commission in order to

¹³ Indeed, at the end of his term of office Delors tried to prevent Budget Commissioner Schmidhuber from circulating a critical memorandum on the need to improve financial management. (MacMullen 1999 p. 14) Further more, 1994 report on the state of the administration and its effectiveness found that many the problems first identified by the Spierenburg Report fifteen years before had never been satisfactorily resolved but Delors disregarded the report (Elinas and Suleiman 2007, p.4).

¹⁴ At the beginning of his mandate he said: "My colleagues and I are determined to improve the Commission's budgetary and administrative culture" (Independent, 18.1. 1995)

¹⁵ Commission of the European Communities, General Report on the Activities of the European Union, 1998.

change the Commission's management culture¹⁶ (European Commission 1999). However, the reform effort was not successful since they caused strike action by staff union. In reaction to protests, the Commission established a group made up of staff and management representatives to examine a wide range of personnel issues. The conclusions of the Williamson group as well as those of the twelve DECODE groups were published after the resignation of the Santer Commission and set the basis for the modernization agenda of the Prodi Commission (Elinas and Suleiman 2007, p.4). On 14 January 1999, the European Parliament adopted a Resolution at its plenary session which called for an investigation by Committee of Independent Experts since there were various allegations against the Commission.¹⁷ With the publication of the "First Report on Allegations regarding Fraud, Mismanagement and Nepotism in the European Commission" on March 1999 the days of the Santer Commission were over and the Commission resigned.

2.2. Content of Kinnock reform package

After the resignation of the Santer Commission, a comprehensive ambitious reform package of management reform has been introduced by the European Commission. Following this, reform White Paper "Reforming the Commission" was published by Vice-president of the EC Kinnock in March 2000¹⁸.

Concerning the previous experience the creators of the White Paper learned valuable lessons from the SEM 2000 and MAP 2000 projects. Following this, Williamson report as well as DECODE, two reports of the committee of independent experts, and a series of inner examination was solid starting basis for Kinnock reform agenda¹⁹.

According to former President of the EC Prodi, the Commission were to be transformed into the type of "world class civil service²⁰" and "modern, efficient administration"

¹⁶ Commission of the European Communities, General Report on the Activities of the European Union, 1999.

¹⁷ http://www.europarl.europa.eu/experts/press/reso14_en.htm

¹⁸ See COM (2000) 200, final/2, Vol. I

¹⁹ COM (2000) 200, final/2, Vol. I p. 6

²⁰ COM (2001) 428 final

(Prodi 1999c); it represented “a once-in-a- generation programme²¹ “in order “to face new challenges in the 21st century” (Prodi 1999d); the scope and ambition of the Prodi initiative far exceeded that of any previous reform exercise²². Proposals from the White paper were the most comprehensive programme of modernization and wide-ranging strategy of integrated change in the Commission’s 45-year history. It is true that the White Paper, adopted a holistic approach which encompassed all aspects of the Commission’s structure, systems of working and administrative methods and it was planning the fundamental change to organizational structures and processes.

The White paper consisted of 98 reforms actions which were to be implemented mostly within deadlines around 12 to 18 months. The tight deadlines for completion of each reform within various directorates or units were set out in the White paper: Action plan. Some of them were already underway or had been completed²³.

The reforms were to be given shape by five underlying principles of “good governance” (independence, responsibility, accountability, efficiency and transparency), situated within three related areas – priority setting and resource allocation; human resources policies and practices; and the system and culture of financial management²⁴.

“A culture based on service” vision based on this five principles of “good governance” among other measures, were to be achieved through creation of a committee on standards in public life, introduction of a code of good administrative behaviour, new rules to enhance public access to EU documents, framework agreement with the European Parliament, better use of IT and communication networks (E-Commission), and speeding up payments²⁵.

²¹ COM (2000) 200, final/2, Vol. I p. 22

²² *ibid* p. 6

²³ For example, the promise that the Commission would complete a comprehensive assessment of its activities by September 2000 was a task that DECODE had finished a year earlier (Levy 2002, p. 79). See COM (2000) 200, final/2, Vol. I p. 6

²⁴ COM (2000) 200, final/2, Vol. I p. 2 - 8

²⁵ Com (2000) 200, Vol. II p. 3-11

2.2.1. Priority setting and resource allocation

The new phrase “the means to match our ambitions²⁶” meant the formulation a new approach which would set political priorities and allocate resources. The purpose of this novel approach was to give the Commission option that no future responsibilities would be taken if it had not been allocated the resources to implement them. This was necessary since activities were not coordinated and they were separated from decisions concerning resources allocation. Furthermore, the Parliament and the Council were given additional responsibilities and tasks without approving extra resources and focus of management was on control rather than objectives²⁷. Following this, the main goal was to achieve a more efficient and transparent annual focus on the main operational priorities and their operational consequences. However, until Kinnock reforms nobody tried to really focus on achieving this goal. A new decision-making mechanism and the main tool, was to be “Activity-Based Management²⁸”, as a system for matching resources to policy priorities at all levels of the Commission²⁹. In addition, other specific aims in this field was to develop and externalization policy and to develop more efficient, performance oriented working methods through decentralization of decision making process, simplification of administrative procedures, promotion of personal responsibility and initiative and rising level of teamwork and service³⁰. The EC especially put emphasis on achieving aim of development of externalisation policy since “through the development of a policy on externalisation – the term covers devolution to Community bodies, decentralisation to national public bodies, and contracting out to private sector bodies - the Commission will

²⁶ COM (1992) 2000 final

²⁷ COM (2000) 200, final/2, Vol. I, p. 8

²⁸ Term invented by Kaplan

²⁹ It consisted of an Annual Policy Strategy (APS), decided by the College, which sets positive policy objectives and more important negative, and match human and financial resources by policy area; an Annual work programme, divided into Annual Management Plans for each Service; monitoring progress throughout the year; and evaluation, presented in an Annual Activity Report (AAR) produced by each DG, which monitor the results and asses the quality of services provided. An annual strategic planning and programming (SPP) cycle would start each year with the adoption by the Commission President of a policy programme setting out policy priorities. A new unit in the Secretariat General of the Commission would support SPP, monitor implementation and manage inter-institutional aspects (COM (2000) 200, final/2, Part I, p. 9-10).

³⁰ COM (2000) 200 final/2, Vol. II, p. 18 -23.

seek to bring order to what already occurs and, notably, to devise more efficient and accountable methods for handling financial programmes³¹”.

2.2.2. Audit, financial management and control

The second area was concerned with the complete modernization of audit, financial management and control. The White Paper prescribed the replacement of the existing financial and audit system with an entirely new one, with the central aim “to create an administrative culture that encourages officials to take responsibility for activities over which they have control – and gives them control over the activities for which they are responsible³²”.

Proposed changes prescribed a radical decentralisation of financial responsibilities to Directors General; therefore, empowering departments to establish their own internal control system by making them directly answerable for adequate internal controls in their departments and making managers wholly responsible for the financial decisions they take. A newly created Central Financial Service would provide advice to operational departments in the Commission³³. An Internal Audit Service under the authority of the Vice-President for Reform, in that time Kinnock, was set up to assist management within the Commission to control risks, monitor compliance, provide an independent opinion about the quality of management and control systems, make recommendations for improving the efficiency and effectiveness of operations and ensuring that Commission resources are used cost-effectively - “security for money and value for money”. Finally, an Audit Progress Committee was set up with a job to monitor the control processes of the Commission through the results of audits of the Internal Audit Service and the Court of Auditors, the implementation of audit recommendations, including those from the Court of Auditors accepted by the Commission, and the quality of audit work. Thus, with

³¹ COM (2000) 200, final/2, Vol. I, p. 10

³² *ibid*, p.19

³³ This Service would come under the direct responsibility of the Budget Commissioner and would define financial rules and procedures and common minimum standards for internal controls in DGs as well as advising on their application (*ibid* p. 21).

new financial, control and audit procedures was to have a clearer identification of the responsibilities of all actors involved in financial management³⁴.

2.2.3. Human resources policies and practices

The third strand was the comprehensive modernization of the Commission's human resources policy. The emphasis here was to be on management performance and quality of management, improving career development through better recruitment, career guidance and mobility, training and new career structure. Additional reform action cover clarification of rules for non permanent staff, equal opportunities and gender balance; better working environment and social policy; transparency of staff regulation; discipline; rules for whistleblowers; pay and pension and the resource implications of reform³⁵. Of these, proposals to replace the existing four-category career structure with a new linear career structure, and, linked to a new promotions system, the introduction of a new merit-based system of appraisal were perhaps the most radical. As Commissioner Kinnock has remarked “the HR changes are a very big package and cover everything from recruitment to retirement” (Financial Times, 28 February 2001 from Levy 2002, p.80).

After presenting in general White paper in table 1 one can see distribution of 98 actions according to the 5 principles and three related fields.

Table 2
White Paper reform proposals according to the 5 principles crossed with 3 reform field (% distribution)³⁶

	Priority setting and resource allocation	Human resources	Financial management
Independence	1	1	1
Responsibility	2	5	6
Accountability	3	6	9
Efficiency	3	11	8
Transparency	3	26	13

³⁴ *ibid* p. 21-22

³⁵ *ibid* p. 12-19

³⁶ Levy 2002, p. 80

This table shows that in the White paper an overwhelming concentration in the two areas, HR issues, as well as financial management crossing most of time transparency and efficiency.

2.2.4. New public management ideas and the EC administrative reform

It is possible to look at the content of the reform from the aspect of two different concepts of administrative change dichotomy – traditional principles of public administration³⁷ and NPM ideas³⁸.

In order to illustrate this contrast see **Table 3**.

Table 3

Models of change³⁹

<i>Change dimension</i>	<i>New Public Management</i>	<i>Traditional legal bureaucracy</i>
Organisation	Decentralising	Centralising
Orientation	Customers	Procedures
Rhetoric	Private business	Public service
Icon	Markets	Bureaucracy
Control mechanisms	Competition	Legality/rules
Workforce	Performance driven	Process driven

To begin with, it can be said that any modern-day administrative reform is directly associated with ideas of New Public Management (NPM). NPM paradigm is considered to be linked with radical, swift and broad-scope reform which is, in general the intention of current EC administrative reformers. However, when it comes to the EC, it was not very much open to external influence, like for example NPM in Anglo-Saxon countries.

³⁷ The Weberian model of public organization is characterized as hierarchical, with a fixed spheres of competency, centralized, based on principle of legality and specialization and emphasis are on rules and procedures (Pollitt and Bouckaert 2004, p.62).

³⁸ New Public Management is an “umbrella” term for a group of management ideas taken from private organisations used by governments and organisations since the 80s in order to modernise the public sector. It s based on principles of decentralization and fragmentation of public services, performance measurement, contracting, increased competition, transformation of administrative culture and working practices closer to private sector management techniques (Hood 1991).

³⁹ Levy 2002, p.74

According to Levy (2000, p.72) “whatever reputation the European Commission may have as a policy entrepreneur, it has generally scored zero when it comes to management innovation. The idea that the management of EU programmes is either infused or enthused by the ideology and techniques of the NPM paradigm common to many member states have not found much support”. In other words, it can be said that the Commission was immune from NPM ideas.

However from Kinnock’s reform shows a tendency, mainly rhetoric one and expressed in White Paper, to try to apply some of NPM management ideas. According the White Paper, which represents a highly eclectic document “mixweighted in favour of a ‘traditional’ centralist agenda, along with proposals for decentralization of management functions, the introduction of new techniques (e.g. the “e-Commission”, Activity Based Management (AMB), more staff training and ‘empowerment’)” (Levy, 2002, p.86). An overwhelming majority of reform measures was aimed at clarification and strengthening of rules and procedures, centralization of particular management practices, and more audit and control. Proposals related to decentralization, contracting out of management and the introduction of overtly “modern” techniques and practices. “Therefore, transparency and efficiency can be seen as euphemisms for rule clarification and centralization” (Levy 2002, p. 80). One of the factors that was in favor of traditional agenda had been bureaucratic culture of the Commission which was a “combination of Napoleonic and Germanic values, with the former putting a premium on hierarchy, codification, intellectual rationality, centralization and the creation of an *esprit de corps* among the *élite* of officials, and the latter stressing employee participation via works councils and the autonomy of each Commissioner” (Levy 2003 p.556).

While the overall balance was heavily weighted in favor of the “traditional” agenda, it had to be seen in the context of proposals to establish the new audit bodies. Furthermore, there was a clearly visible share of proposals in direction of more “radical” reform paths - decentralization, externalization and contracting of management functions and for the introduction of new techniques (e.g. ABM, performance-based instruments), and more investments in staff training.

2.3. Implementation, results and unintended consequences

Within two years framework the Commission planned to complete the 98 reform-related actions from the White paper. In 2003, the Commission published its first comprehensive analysis of the reform effort, and it officially claims the completion of 87 out of the 98 actions⁴⁰. According to the Commission there was few delays related to the development of the new procurements and accounting systems, work programs, internal controls and project management. Unsurprisingly, personnel policy proved to be the most controversial issue since it caused significant tension between the Commission and the unions. The new set of Staff Regulations was adopted in May 2004 after a prolonged period of negotiations with staff representatives⁴¹. By 2005, the Commission claimed the completion of all 98 actions; see Table 4.

Table 4: Progress in implementing the 2000 White paper - Part two: action plan⁴²

	2000	2003	2004	2005
Service-based culture	11	9	9.5	11
Priority setting and resource allocation	9	8	9	9
Financial management, audit and control	42	38	42	42
Human resources	36	32	35	36
Total	98	87	95.5	98

However, scholars like Levy (2006) have been more cautious and skeptical in their analysis of progress. First of all, there is a big difference between initial ambitious timetable that envisaged end of implementation in not more than 18 months. At the end, just the process of implementation lasted 5 years, not to mention whether actual functioning of new procedures and institutions started immediately after implementation. Secondly, it is apparent from an analysis of the White Paper Action Plan and the Progress Reviews that the reform-related actions are complex and varied. They range from preliminary actions like establishing reviews and making proposals, to the intermediate ones like completing reviews and adopting proposals, and final actions like implementing proposals and creating and closing down institutions. Thus, the performance indicator is simply whether the action was completed or not. Therefore, the completion of these tasks

⁴⁰ COM (2003) 40 final/2

⁴¹ OJ L 124, 27.4.2004, p. 1–118

⁴² Elinas and Suleiman 2007, p.7

set the basis for changing but it did not necessarily improve the workings of the Commission. Few other quantifiable indicators are specified (an increase in the number of staff training days is an exception here)⁴³.

Following this, like in every reform, one can not find many impact indicators which could be used in an *ex post* evaluation of the package, although some of these measures appeared in the 2004 review (e.g. rises in productivity, quicker payments, an increase in the number of audits) (Levy 2006, p. 429). Thus, despite the emphasis of the reformers on output, this peculiar absence of specific indicators for measuring the relative success of the reform makes reform assessment rather difficult.

Further more, the quality of reform is difficult to measure because of the absence of pre-determined performance measures and the list of performance indicators is not consistent for the period between the 2003 and 2004 Progress Reviews. In addition, according to Levy's analysis (2006, p. 434), after 4 years, just over half (56) of the 98 actions have either been implemented or are being implemented. This is a somewhat different picture than the 2004 Progress Review that concludes that 96 of the 98 actions had been implemented.

However, having in mind the mentioned limitations when it comes to assessing reform achievements, it is not wrong to say that on a number of fields the Commission has managed to make substantial and countable progress. For instance, the Commission's ability to meet payment deadlines has improved as the average number of days decreased from 54 in 1999 to 42.9 in 2003. And in 2003, between 80-90% of public mail was replied within the standard deadline compared with 70% in 2002. Furthermore, the average number of training days per official in 2003. was 8.32, showing an increase from 6.9 in 2001. In 2003, seven thousand Commission officials participated in financial training and five hundred middle managers took management courses. Progress was also noticed in the implementation of the equal opportunities since the number of female top managers increased from 22 in 1998 to 39 in 2003 and the number of incoming female A-grade officials increased from 27.6% in 2002 to 33.3%⁴⁴.

⁴³ COM (2003) 40 final/2

⁴⁴ COM (2003) 40 final/2; COM(2004) 93 final

Regarding the modernisation of financial management and control it can be said that it has been, to some extent, successful in achieving its aims. However, some insiders confirm claims that the reform failed to bring about the desired effects since some Commission whistleblowers and auditors have argued that although the reforms are impressive on paper, in practice, the organization remains exposed to fraud and mismanagement⁴⁵. Following this, the expanded body of financial and audit rules helped guard the Commission against accusations of fraud and mismanagement, but also there was a danger of creating a culture of risk aversion that paralyzes initiative and undermines autonomy. Moreover, the extensive bureaucratization of the EC risks dispersing individual responsibility, hence worsening the problem it originally wanted to solve (Elinas and Suleiman 2007, p.2).

Concerning the strategic planning and programming, there has been a partial success, but scholar doubts remains over its long-term viability (Levy 2006, Elinas and Suleiman 2007) The Commission became a more strategic in approach to its activities, since reform contributed to the development of more effective inter-institutional planning mechanism. On the other side, the Commission failed in its efforts to concentrate on a small number of important political priorities since the attempts to identify “negative priorities” and remove them from the work programme were not successful due to the unwillingness of some Directorates General⁴⁶. The Commission should have done more to ensure that the College of Commissioners work more strategically, rather than being hindered with day-to-day decisions (Elinas and Suleiman 2007, p.21). In addition, generally ABM works most effectively in organisations where power is strongly concentrated at the centre but

⁴⁵ For instance, former chief accountant Marta Adreasen, was suspended in 2002 after blowing the whistle on the Commission’s financial control mechanisms Her allegations were confirmed by a leaked report from the internal auditor that noted many procedural or systemic weaknesses on reform-related tasks that were marked as completed (Elinas and Suleiman 2007, p.8). Also, Adreasen saw nothing but cosmetic changes - both to the budget systems that she had so severely criticised and to the European Commission’s procedures, many of which had been revised so that responsibility was spread far and wide - such that it hardly existed at all (NUJ Brussels, EU whistleblowers, 2004). Moreover, answering the question of member of Parliament, Kinnock openly states that he clearly required that she exercise discretion with regard to facts and information in connection with her duties (OJ C 137 E/19712.6.2003). Further doubt about the effectiveness of the reforms was cast by the financial irregularities discovered in Eurostat during 2003 (Elinas and Suleiman 2007, p.8).

⁴⁶ According to the White paper: Action plan, Annual Policy Strategy (APS) is the main instrument for Commission decision on positive and - equally crucial – negative priorities (Com (2000) 200, final/2, Vol. II)

there is no such authority in the Commission. In the part of the Master thesis concerning institutional limitations I will explain why it is so.

Unsurprisingly, personnel policy reform was the most difficult field to succeed in. In the article “Reforming the Commission: Has the pendulum swung too far?”, Antonis Elinas and Ezra Suleiman presented answers from their original survey of 200 top Commission officials. Thus, I will discuss outcomes of the survey. The suspicions of top European officials about the cumbersomeness of the new personnel policy were largely in line with their views about the expanding body of rules within the EC⁴⁷. However, the vast majority of the interviewees also think that the Commission use recruitment and promotion systems that are largely meritocratic, despite the various national or political considerations that are still taken into account⁴⁸. But these positive developments should not conceal what appears to be a general trend towards the bureaucratization of the Commission. The vast majority of surveyed officials think that the organization is too bound by internal rules at the detriment of individual initiative. They believe that growing body of procedures and regulations undermines the willingness of officials to take risks, cause frustrations and demotivate officials throughout the Commission. In relation to the new promotion system, this procedural turn created lengthy bureaucratic procedures. Moreover, also staff unions delivered damning appraisals of the reforms, blaming them for demoralizing staff and for creating a “dog-eat-dog” atmosphere within the organization (Elinas and Suleiman 2007, p.2). In addition, reform also induced a higher degree of uncertainty over the staff future location, with creates the disruption both for the work of departments and for individuals (Christiansen and Gray 2004, p.21).

To conclude, the growing body of internal rules set in place to keep officials accountable limits their autonomy, stifles initiative and diffuses responsibility. For the Commission, though, the trend towards bureaucratization is particularly troublesome because of its unique institutional role in the European Union as policy innovator. To the extent that

⁴⁷ The vast majority of interviewees (60%) “strongly agree” or “agree” with the statement that the Commission is “too bound by rules” and they argue that the “reform pendulum swung too far” and that “exaggerated controls have been put in place” to “overcompensate for the previous crisis.” Overall, the view emerging from the top of the organization is that the Kinnock reforms have achieved progress in some areas but at the cost of introducing burdensome rules and cumbersome procedures (Elinas and Suleiman 2007, p.13).

⁴⁸ Concerning influence of nationality and politics on recruitment and promotion system see Bellier (2000)

bureaucratization limits the discretionary powers of individual officials, it tends to undermine the Commission's capacity to formulate innovative policies and hence, its ability to push its supranational agenda (Elinas and Suleiman 2007, p. 14). Therefore, bureaucratization produces opposite results than those intended by the reformers. To sum it up, despite some positive developments, the recent reforms have led to the "bureaucratization" of the Commission through the proliferation of burdensome rules and cumbersome procedures and added additional tasks to an increasingly heavy workload.

3. Path Dependency and the European Commission

3.1. Introduction

To begin with, I will try to examine whether historical institutionalism⁴⁹ is appropriate theory to explain problem of slow pace of administrative reform within the EC. Without no doubt, path-dependence theory is suitable in explaining institutional stability because it perceives organisations as entities being influenced by self-reinforcing and changeable processes in their development over time. Therefore, institutional stability and resistance to reform is high. Furthermore, I will use one of the most comprehensive theoretical concepts within this field, developed by Paul Pierson.⁵⁰ As I already said, this theoretical framework is dominantly based on Pierson version of historical institutionalism since historical institutionalism is not a single theory; it more represent broad analytical framework from different strand of theoretical insight (Thelen 1999). Thus, Pierson version can be characterized as rational choice version of historical institutionalism. In his work, Pierson mainly deals with formal institutions, especially with European Commission in the context of European integration theory⁵¹. However, I will focus my analysis on his other theoretical articles concerning path dependence theory⁵². On the basis of these concepts a theoretical model is developed, explaining under what circumstances we can expect the European Commission to establish itself in a path dependent mode and, hence be resistant to change. According to many scholars, it appears that real changes are being made to some extent, and in some areas, but that progress is quite slow, and the main emphasis of the reforms has become- in path-dependant fashion - centralizing and regulatory (Levy 2003; Pollit and Bouckaert 2004). First of all, one of the first roots of the path dependence argument has been in economics since technology and a technological “lock in” played an essential position in creating the

⁴⁹ Term coined by Sven Steinmo in his work *Structuring Politics: Historical Institutionalism in Comparative Analysis* (Hall and Taylor 1996)

⁵⁰ For the place of Pierson theoretical concept within historical development see Thelen (1999), Jupille and Caporaso (1999)

⁵¹ See Pierson (1996)

⁵² See Pierson (2000) and Pierson (2004)

path dependency theory. However, path dependency has been adopted with substantial eagerness in political science (Peters, 2006)⁵³.

Historical institutionalism in political science developed and became an important analytic approach in the discipline, with the idea that initial policy choices created a path that determines the nature of policy well into the future⁵⁴. In the words of Peters (2006): “The logic in the political science version of the concept was not so much based on technology as has been the case in economics. Indeed, the logic in the political science version appears there was less influence of technological choice, and the focus also has been on programs and policies rather than on products“.

Thus, rather than simply applying extant arguments in economics to political field, there is a need to consider the features of the political world that requires modifications in the use of path-dependence claims. Indeed, factors such as importance of collective action in politics, the central role of formal, change-resistant institutions,⁵⁵ the possibilities for employing political authority to enlarge power asymmetries, and the great ambiguity of many political processes and outcomes make this domain of social life especially prone to path dependence (Pierson 2004, p.19).

To begin with, one of the crucial characteristics of historical institutionalism is theoretical concept of path dependence (Hall and Taylor 1996).

In my opinion, one of the most appropriate definitions which is considered to be in group of broader definition of historical institutionalism, says that “public organizations are path-dependent since historical traditions and informal norms are important for understanding organization reforms. In order to understand contemporary institutions we need to study their political and policy histories. Once governments make their initial institutional choices, the patterns created will persist, unless there is some force sufficient to overcome the inertia, created at the inception of the program” (Peters 1999 in Burns 2007, p.16).

It is important to notice that historical institutionalism does not analyze only whether or not history matters. It also tries to point out in what particular ways history matters and,

⁵³ See Greener (2005), Bridges (2000), Tsarouhas (2006), Westerland (2005)

⁵⁴ For recent developments in historical institutionalism see Thelen (1999)

⁵⁵ To see more detailed argumentation regarding change-resistant institutions see David (1994)

in so doing, it views politics as a continuum of events rather than an excess of separate and distinct activities.

First of all, I think that is important to notice that Pierson has emphasised that each step along a particular path generate consequences that raise the relative attractiveness of that path. Therefore, according to Pierson (2004, p.20) “path dependence refers to dynamic processes involving positive feedback, which generate multiple possible outcomes on the particular sequence in which events unfold”. Thus, crucial feature of path dependences is positive feedback – each step in a particular direction makes it more difficult to reverse course. In the existence of feedback, the likelihood of additional steps along the same path increases with each move down that path. This is because relative benefits of the current activity compared with once-possible options increases over time. To put it in a different way, the switching costs to some previously, plausible alternative rise. Although, it represents alternative source for the path dependence, different than sunk costs, it is of crucial importance that positive feedback dynamics capture two key elements of the path dependence. First, they clearly reveal how the rising price of exit from one choice to another will, in certain social environment, increase noticeably over time. Second and related to this, emphasis is on issues of timing and sequence, distinguishing formative moments or conjectures from the periods that reinforce divergent paths. Thus, it is not just a question of what happens. Therefore, “issues of temporality are at the heart of the analysis” (Pierson 2004, p.19)

3.2. Case of the European Commission

Having said that, after presenting the basic theoretical elements of path dependence theory, I start with the case of internal reform within the EC along with further explanations of theoretical specifics of path dependence theory. However, I will not go into details of administrative history of the EC since I already explained it in the introduction and chapter related to background of the EC internal reform. Therefore, I will try to, more in detail, explain the important characteristics of path dependency and apply them to EC case.

As I already argued in previous chapter, the Commission has poor record of reform and as some would argue, until the newest reform, the Commission was an obvious case of

path dependence. Paradoxically, while the Commission has helped in implementation of many significant policy initiatives to transform, it has successfully resisted all attempts to reform its own organization and has remained remarkably impervious to outside criticism. The EC has expanded as it has acquired new tasks and additional policy responsibilities. However, one can notice that the basic design of the EC administration has remained the same since its establishment. According to Metcalfe (2000 p. 822) “this in itself should be warning against unrealistic expectations of a trouble reform process”. After the resignation of the Santer Commission in March 1999, the Prodi Commission committed itself to thorough and wide-ranging administrative reform, to be directed and supervised by Commission Vice-President Neil Kinnock⁵⁶. The goal was to sustain an independent, permanent and high quality European civil service that establishes the Commission as a world class organisation⁵⁷. The initial calendar foresaw a complete implementation of the reform by end 2002⁵⁸. However, as I already mentioned,⁵⁹ the timetable of reform had to be extended, as many reform measures required extensive negotiations with Commission staff and trade unions. Furthermore, the Council and the European Parliament had to adopt changes in the regulation. In addition, there was need for extension in order to accommodate inter-institutional cooperation in policy-making and, especially in the context of staff policy, because of protracted consultation with the staff and negotiations with the trade unions⁶⁰.

3.2.1. Sunk costs

To begin with, effort to implement changes in organizations and policies significantly increases the cost of exit from existing institutional arrangements.

“These initial choices encourage the emergence of elaborate social and economic networks, greatly increasing the cost of adopting once-possible alternatives and therefore inhibiting exit from a current policy path. ... These commitments, in turn, may vastly increase the disruption caused by policy shifts or institutional reforms, effectively “locking in” previous decisions (Pierson 1998 p. 46).

⁵⁶ COM (2000) 200, final/2, Vol. I, p. 8

⁵⁷ *ibid* p.3

⁵⁸ *ibid* annex 4

⁵⁹ See Chapter 2.3.

⁶⁰ European Voice 26.10.2000

Thus, according to Pierson (2000, p. 492) “rather than reflecting the benefits of institutionalized exchange, institutional continuity may reflect the rising costs over time of adopting previously available alternatives”.

Therefore, one of the basic arguments of path-dependence theory is based on the fact that according to the path dependent analytical framework, switching costs are high. In other words, change would cost more than what would be gained and that is basically the main reason why reform process is path-dependent. In the context of Pierson version, new institutions often entail high fixed or start-up costs, may involve considerable learning effects, and generate coordination effects and adaptive expectations (Pierson, 2000).

3.2.1.1. High fixed costs

Concerning the first feature one of the most prominent examples of working of the logic of path dependence can be seen in the opposition of the Commission’s internal actors against administrative reform and reform initiatives in general. It is beyond any suspicion that these steps give rise to opposition to reform because they require high initial material and personal investment.

For example, looking at financial aspect of staff reform, short-term consequences will be negative in term of expenditure, but long-term impact will bring structural savings for the EC. Further more, concerning the cost of the staff reform from financial aspect, the reform of human resources management will initially cause administrative expenditure to increase slightly, but will lead to savings in the long term. “The additional costs would amount to approximately 2% of the EU institutions’ total wage bill in 2010. Over a period of time, however, they will be offset by savings resulting from reduced expenditure on newly recruited staff and by savings achieved through changing categories. Whereas the additional costs are mostly limited in time, the savings are structural (lower starting salaries and new conversion coefficients for transferring salaries to the home country). When existing staff retire, the transitional costs will fall and the structural savings will increase. The cost of the new measures dealing with further training, working conditions, equal treatment, mobility, welfare policy, recruitment and flexible retirement will also result in a slight increase in expenditure immediately after

the implementation of the reforms⁶¹”. Thus, one can conclude that looking solely on financial aspect of staff reform “the rising price of exit” is not very high and in long-term perspective one can see benefits in structural saving. However, looking at other aspects of sunk costs, previous social and economic networks are still based on former expectation. As a result, that can lead to unintended and anticipated consequences which can result in high sunk costs. Thus, there are certainly sunk costs, but they may be more social and cognitive than they are financial. However, social and cognitive switching costs are also relevant in the EC reform. Therefore, existing socio-economic networks significantly increase the cost of adopting once-possible alternatives and therefore hindering exit (Pierson 2000, p. 492).

3.2.1.2. Learning effects

However, organizations provide a basis of socialization and for reproducing behavioral patterns across time. The argument is that organizations attempt to socialize new members and to bring their behavior into conformity with the expectations of the organization provides a means for understanding persistence of the programs of that organization. The prevailing behavioral assumption is that what determine the persistence of programs and policies are effective socialization and the creation of roles within the institutions. Therefore, to learn new ways of acting and doing things organizations must invest considerable recourse; thus, making social and cognitive switching cost also relevant. Following this, the cost of new measures dealing with further training will result in increase in expenditure immediately after the implementation of the reforms (Commission 2002b p.69).

⁶¹ Commission of the European Communities, An Administration at the Service of Half a Billion Europeans: Staff Reforms at the European Commission, 2002, p.69

3.2.1.3. Coordination effects

Furthermore, looking at a large scale – the Commission is a large institution in terms of officials and civil servants which requires building vast number of new social networks. The established channels of interaction requires considerable coordination and harmonization efforts. The Commission has also become increasingly intertwined in numerous and complex networks with other international, national, regional and local actors. Further more, in the process of externalization it has created over a dozen agencies, all of which makes management and coordination increasingly difficult (Metcalf 1996, 2000, Christiansen 2004, Levy 2006).

More precisely, in the White Paper, there were 15 measures which add number of dependency relationships through the creation of new processes (externalization), committees and accountability and financial mechanisms. For example, Levy (2006, p. 430) explains that “the strategic planning process (SPP) creates a completely new cycle of dependency relationships involving the policy DGs, the functional DGs, the Internal Audit Service, the Secretariat General and the College of Commissioners. Actions 66, 68 and 71 established, respectively, the Financial Irregularities Panel, the Internal Audit Service and the Audit Progress Committee, all of which intervene at different stages in the management process. Thus, in simple volume terms, the reform has added to rather than reduced the dependency relationship problem.”

In addition, the White Paper prescribed the creation of 24 new bodies and mechanisms and the abolition of only two. By 2004, it is confirmed that there was establishment of 16 and the abolition of one (Levy 2006, p.433)

Thus, administrative reform created new dependency relationships through new social networks and channels producing difficulties in harmonization and coordination efforts within the EC. In the organization already struggling with complexity of all kinds and coordination problems, limited resources were overloaded even more in order to implement reform activities⁶².

⁶² It had long been argued that the European Commission was suffering from managerial overload. Over the years, the Commission picked up new responsibilities in different policy areas without the matching increases in available resources to develop, coordinate and manage them. Therefore, it seems that the administrative reforms represented just another addition to the load of problem and further worsen

3.2.1.4. Adaptive expectations

According to Pierson (1998, p.46), adaptive expectations “occur when individuals feel a need to “pick the right horse” because options that fail to win broad acceptance will have draw-backs later. Under these conditions, individual expectations about usage patterns may become self-fulfilling.” When actors adapt to the rules of the game by making extensive commitments based on the expectation that these rules will continue, earlier actions may “lock in” options that actors would not now choose to initiate. To sum it up, social adaptation to institutions drastically increases the cost of exit from existing arrangements (Pierson 2000, p. 492). Thus, it is not just that on the macro level - institutional arrangements may make a reversal of course difficult. Also, on the micro level changes to previous arrangements may also make reversal unattractive.

Further more, looking from the micro level, the actors receive increasing rewards from the status quo within the organization and therefore have little incentives to alter that existing situation. This is why, within the EC, one can notice skepticism and sabotage caused by lack of group solidarity and shared vision by leadership in the Commission. This indicates a lack of persistency and commitment to the administrative reform in the organization. An implementation has to rely on the very officials who are to be reformed. In addition, not only senior officials express lack of enthusiasm, also there is discouragement amongst middle and junior management managers, especially when it comes to the implementation of performance measurement instruments. Performance measurement mechanisms are changing rules of the game and they are causing start of painful and costly process of changing expectations of key actors (Pollitt and Bouckaert 2004, Levy 2003).

coordination efforts. Rather than mitigating the effects of overload and improving coordination, they have been characterized as an extra burden. If it is the case that reform is adding to the overload problem and worsening coordination effects, then the Commission ’s performance will get worse rather than better, the opposite to reformers’ intentions. For detailed analysis of the Commission heavy working overload and its connection with the administrative reform see Levy (2006).

3.2.2. Short time horizons and resistant institutional rules

In addition, the pursuit of changes faces two additional obstacles: the short time horizons of political actors and the strong status quo bias associated with the decision rules within most political institutions (Pierson 2004, p. 41).

3.2.2.1. Short time horizons of political actors

Asked to consider pension reforms in order to battle with severe long-term financing problems, Reagan's budget director gave a famous statement by dismissing this idea through argument that he had no interest in wasting "a lot of political capital on some other guy's problem in 2010." (Pierson 2000, p. 478). Therefore, it seems that many of the implications of political decisions—especially complex policy interventions or major institutional reforms—only play role in the long run. However, political actors, especially politicians, would often seem to be most interested in the short-term consequences of their actions; long-term effects may be heavily discounted. For instance, one major reason is the logic of electoral politics. (Pierson 2000, p. 478). Since election process is based on 3 to 5 years cycles, politicians tend to focus on short-term results in order to improve their chances of being reelected. For the structural and radical changes politicians need to make decisions having in mind long term consequences and they rarely do this; thus, they continue the same pathway and further strengthen the path dependence of institutions. Even if policymakers do focus on long-term effects, which I think to some extent, is the case in EC administrative reform, unintended consequences are likely to be widespread. It is because complex social processes involving a large number of actors always generate significant interaction effects which decision-makers can not hope to fully comprehend.

Regarding the first obstacle, the restricted time-horizons of political decision-makers is not very relevant since the main decision-maker are not in time lock and they are not elected on elections. For example, in 1999, Kinnock, as Transport Commissioner under Commission president Jacques Santer, was also forced to resign under corruption charges prior to his being re-appointed to the Commission under new president Romano Prodi.

He became vice-president of the European Commission in 1999 and his term of office as a Commissioner expired in 2004. This position grants little extra power to Vice-Presidents; thus, it was obvious that formally, Prodi Commission was trying to give additional significance to new reform agenda. Therefore, after the start of administrative reform in 2000 Vice president of EC Neil Kinnock basically had 4 years to implement new reform agenda. However, we should take into account that he never won a plausible new mandate. However, one can notice that the most important regulations came into force in 2004 and whole implementation process finished in 2005. Therefore, the “founding father” of the most radical modernisation in EC history was not in opportunity to monitor the most crucial part of every reform process – the process of implementation and functioning of the EC under the new rules.

3.2.2.2. Resistant institutional rules

Firstly, those who create institutions and policies may wish to bind their successors. Those designing organisation must consider the likelihood that future governments will be eager to overturn their designs, or to turn the organisations they create to other purposes. Thus, political organisations tend to be specially designed to hamper the process of institutional and policy reform. The extent of the institutional obstacles will vary from issue to issue, and efforts to produce more radical changes will confront more radical hurdles. There are two main reasons why political institutions are usually designed to be change resistant. First, in many cases, designers seek to bind themselves, restricting their own liberty in order to achieve some greater goal. Secondly, and probably more significant, those who design institutions and policies may wish to bind their successors. This is because they must consider the possibility that their political opponents will one day be in power, and will be eager to overturn their designs, or to turn the institutions they create to other purposes. In order to protect themselves, institutional designers create rules that make preexisting arrangements hard to change and reverse (Pierson 2000, p. 491).

In the case of the EC it is important to notice that institutional barriers to reform can be relevant limitation if the actors who are involved in decision-making process have motive

and interest to put obstacles to the reform. Nevertheless, it is essential to notice that the administrative reform doesn't change the basic infrastructure of the EC. Therefore, since it doesn't represent major institutional reform, institutional obstacles are not as big as they can be.

Thus, in regard to transposing the reforms into European regulations there can be two options. The first one is the faster, more direct; the other one which has further obstacles on way, is a much tougher journey. In a nutshell, the Commission has to act on two levels:

-to introduce new implementing rules to the Staff Regulations, something, which is quick and relatively free of difficulties⁶³,

- make changes to the Staff Regulations themselves for the important issues of the reform by adopting amendments through the more complicated law-making process.

This is because the Staff Regulations are like a framework law, which each institution transposing individually in its own implementing rules. Amendments to the Staff Regulations have to follow the usual, somewhat lengthy and complex decision-making process. In the following confrontation, unexpected delays can occur and there are lot examples when past reform attempts have slowed down and even permanently blocked by this process.

However, many substantial parts of the reforms can only be introduced by changing the Staff Regulations⁶⁴. The law-making procedures involve a whole series of steps, so amended Staff Regulations⁶⁵ in the case of administrative reform, and could not become an official Council Regulation before 2003⁶⁶. In practice, this means that they could came into effect in 2004 (Commission 2002b, p.61-63). One can only wonder why the reform

⁶³ The Commission can adopt implementing rules by simple decision of the College and President at one of its regular meetings. On condition that the Commission has agreed its proposals with the staff unions beforehand, these new implementing rules can be introduced relatively quickly and painlessly (COM (2000) 200, fina/2, Vol. I, p.61).

⁶⁴ For more detail see http://ec.europa.eu/reform/2002/chapter07_en.htm

⁶⁵ OJ L 124, 27.4.2004, p. 1–118 (Date of publishing Council Regulation (EC, Euratom) No 723/2004 of 22 March 2004 amending the Staff Regulations of officials of the European Communities and the Conditions of Employment of other servants of the European Communities).

⁶⁶“The Council shall, acting by a qualified majority on a proposal from the Commission and after consulting the other institutions concerned, lay down the Staff Regulations of officials of the European Communities and the Conditions of employment of other servants of those Communities” (Treaty establishing the European Community, Part Six: General and Final Provisions, Article 283).

designers made unrealistic timetable when it is not possible, procedurally and formally, to make these changes in planned time framework. One of the motives for this very ambitious timetable could be of political nature and the Commission's ambition to gain political points by setting very demanding agenda.

To conclude, having in mind political and social actors involved in the process of finding consensus in favor of reforms, political agreement was preceded by relatively poorly attended industrial action as the unions attempted to lobby both the Council and the Commission on the package being proposed. Although the Staff Regulations were negotiated as a package during the rounds of Coreper, Group Statut and the General Affairs Council, these parts of the package generally faced relatively little resistance or opposition, and were some of the quickest areas on which consensus was achieved (Coull and Lewis 2003, p.6).

Concerning the relation with Parliament, there has been a reasonably steady flow of communication from the Commission and the European Parliament on the reforms and their progress. The Commission has issued progress reports on yearly basis, and various draft proposals for new regulations dealing with staffing, externalisation and financial management. Committees of the Parliament have also been formulating their views on the White Paper in order to influence the direction of the reforms. The Parliament has been generally supportive of the White Paper, although there is some disagreement on the externalisation policy (Levy 2002, p.81).

It is important to notice that the in complex political environment in which the EC is embodied, as one can see decision-making mechanisms are more complicated than in national states. They involved more actors, thus, requiring more consultation, negotiations, cooperation and compromise. That is the reason why procedure, rules are more lengthy and complicated. Further more, in case of the EC, approval of the Council is most of the time required (this kind of obstacles does not exist in the case of national governments), European Parliament, in general, is much more independent in decision-making process than the national one. All this characteristics combined, reinforce path dependence patterns more resilient and make them even stronger than in national bureaucracies.

3.3. Conclusion

In general, even though majority of regulation can be adapted only through lengthy and complex decision-making process, there were no major obstacles and resistance even though the whole process of adoption lasted 5 years which is relatively long period. Moreover, the administrative reform, in general, did not represent “hot political issue”, which helped in avoiding additional obstruction and difficulties. Therefore, one can conclude that this reform for majority of actors involved in decision-making process was not controversial or politically discussible issue; as a result we witnessed relatively smooth process of adoption of most of the regulations. Nonetheless, adoption of rules doesn't mean that the adopted rules will function according to reformer's intention and that the path-dependent mechanisms will not start to influence the whole reforms process. Looking at official documents of the EC and proclaimed results achieved, some would argue that Kinnock's reform was critical juncture or formative moment which directed the EC to specific and novel trajectory of institutional development and consolidation that is difficult to reverse. However, even most optimistic analysts have to admit that is not the case. There is no doubt that present reform represent most radical effort of modernisation from establishment of the Commission. Nevertheless, it is obvious that are far away from setting completely different path and trajectory of institutional development. So far we can only speak about modest changes or modernisation of old institutional settings and real, structural changes are still to be seen. As one can notice financial management and anti-fraud reform were implemented without many obstacles since there are traditionally fitting to centralistic and bureaucratic setting and mechanisms which function in the EC⁶⁷. Thus, “it seems that the redesign of rules and procedures — particularly the strengthening central control fell comfortably within its parameters” (Levy 2003 p.556). However, two fields in particular stand out as uncomfortable with this tradition – the Strategic Planning and Programming (SPP) and the externalization policy. These are the fields when path dependency mechanisms started to work against intended reform agenda. Some of the characteristics of path-dependent process are already

⁶⁷ This was evident in the chapter that describes content of reform package which dominates traditional and rule-oriented agenda.

mentioned, including institutional barriers to reform, predominantly centralizing and regulatory nature of reform, historical background etc.

However, even though there are some signs of path-dependency nature of this administrative reform, it is obvious that EC administrative reform is not a school example of path-dependency. It seems that administrative reform of the EC is, to some extent, special case when it comes to path-dependent perspective. Further more, much of the literature on path dependency appears not to differentiate the persistence of policies with the persistence of institutions and organizations. In this literature the “institution” that is central to path dependency in historical institutionalism is the policy. However, in words of Peters “it is significant from analytical point of view, to separate the organizational basis of policies from those policies themselves. The logic of path dependency appears to have a greater resonance with the study of organizations than it does for policies, even if we do note that policies may persist across time” (Peters, p.9). Having said that, in the case of this administrative reform within the EC, it is not easy to distinguish whether we are dealing with path dependence of the EC as organization or with path dependency of certain major policies on which administrative structure of the EC is based. In my opinion, it is more about changes in financial, staff and management policies, even though this modification leads to creation of new bodies, like for example, Internal Audit Service. If we accept this argument, it is logical why path dependence have less significance and importance in explaining deep-rooted causes of difficulties and slow pace of administrative reform.

Finally, it is crucial to remember, as any reformer will relate, including those at an official and political level in the Commission, that reform is not an event it is a process, and this temporal aspect is particularly emphasized by path-dependent theorists. Therefore, it is most important to notice that the process of modernization and reform is a continuing phenomenon which produces small but relevant changes on trajectory of institutional and organizational development (Coull and Lewis 2003, p.9).

4. Pollitt-Bouckaert theoretical model in the context of EC administrative reform

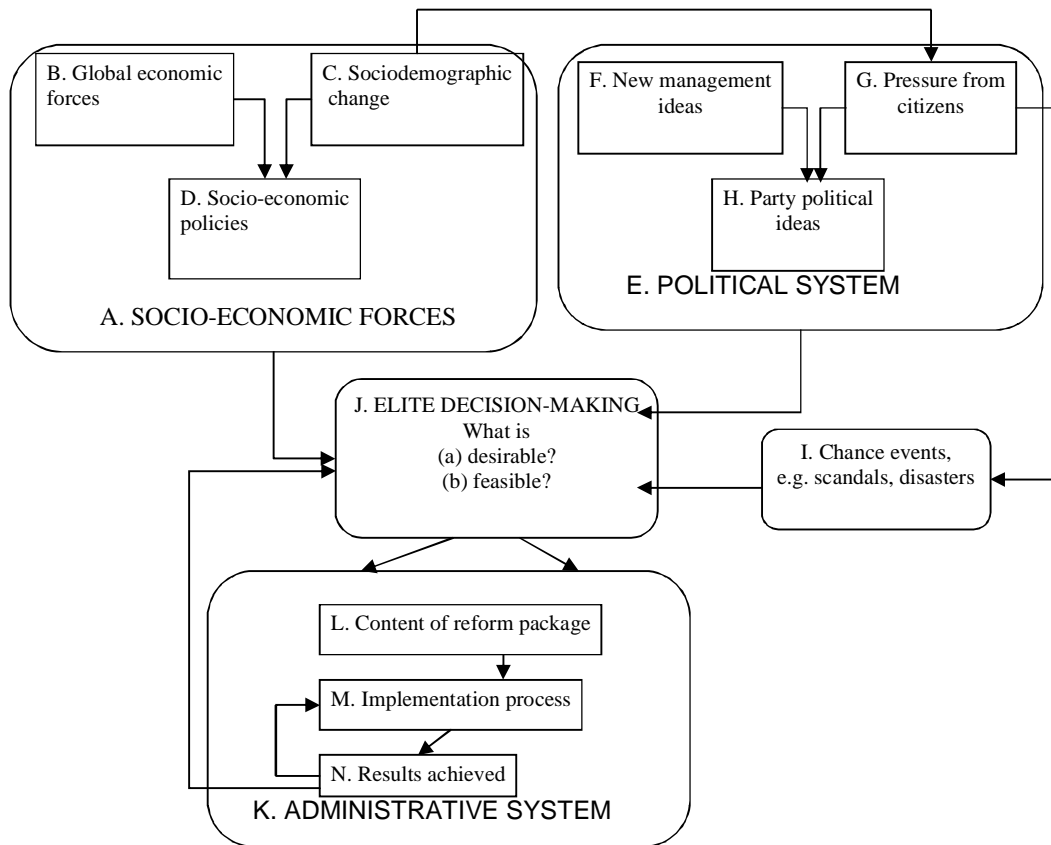
4.1. Introduction

First of all, I will use Pollitt and Bouckaert model of public management reform since this model focuses on macro level aspects and characteristics that can explain favorable or unfavorable factors which influence formulating and implementing administrative reform. This model depicts the reform process as multifaceted and liable to modification at a number of different stages. According to Pollit and Bouckaert (2004, p. 37):

“this model embodies interactions between background socio-economic influences, political pressures and features of administrative system itself. Furthermore, it is important to notice that this matrix identifies both pressures for change and sources of resistance against change. And it reserves a role for the unintentional and the accidental.”

Furthermore, one of the biggest advantages in using this model is explanatory connections between the nature of politico-administrative systems and the particular patterns of public sector reform. According to Pollitt and Bouckaert five-dimensional theoretical model of politico-administrative regimes, type, speed and direction of public management reform are mostly determined by regime type irrespective of the underlying causes of reform - social, economic, ideological (Levy 2003, p. 554). Following this, according to this theoretical model, if the state is unified and centralized, decision-making process is majoritarian, and civil service is not under political influence, this kind of institutional characteristic will be in favor of radical, swift and broad-scope reforms.

Table 5. Pollitt and Bouckaert Model⁶⁸



In my opinion, as a schematic and heuristic model, this abstract concept can lead to theoretical explanations which will enable us to explain institutional limitations of the EC in relation to resistance and slow pace of administrative reform. However, one should notice that this model has, to some extent, limited explanatory value in the EC case, in other words, it is more suitable for national administration. Further in chapter, I will explain why that is the case. In addition, I already described the content of reform package, new management ideas and what results were achieved in chapter 2 so there is no need to further elaborate this issue.

Regarding the connection between path dependence theory and this model I argue that path dependence provide wider theoretical context in which institutional features

⁶⁸ Pollitt and Bouckaert 2004, p. 25

(analysed in this theoretical model) can not only determine type, speed and direction of reform, they can also influence whether path dependence patterns will further strengthen. It seems there is positive correlation between these two theoretical concepts. Furthermore, in the previous chapter I have analyzed the resistant institutional rules and the decision making process which can also be discussed in Pollitt and Bouckaert model, especially in the box E, the part on the political system. In this sense, there is a connection between resistant institutional rules in path dependency theory and unfavorable institutional characteristic in Pollitt and Bouckaert model. The more resistant the rule is the more unfavorable institutional feature seems to be.

In my opinion, if the institutional characteristics are not favorable for swift and broad-scope reform the path dependence patterns will be relevant to that case; thus, making the sunk costs higher than former costs. This is because macro-level features favorable to more traditional and slower types of reform are probably path dependent. As I argued in Chapter 2, the consequences of the reform were more bureaucratization and regulation following the institutional path from the very beginning.

4.2. Case of the European Commission

First of all, there is no doubt, that the European Commission represents special case since it is not part of a sovereign national state; neither has it had a clear role of executive body or government in political structure. The Commission is one important component – the main “executive” component- in the unique and tremendously complex formation of institutions that make up the EU (Pollitt and Bouckaert 2004, p.232).

Many scholars noticed complexity of the case of the EC since it is one of the most unusual administrations ever created. The EC was created as an institution within the EU institutional structure that would perform both administrative and political tasks and activities. However, this inherent contradiction has caused difficulties in regard to performing them concurrently and well. Furthermore, a lack of clarity about the Commission’s role emanates from the conflicting functions that it performs and the roles that it aspires to. “The Treaties confer on the Commission functions of legislative initiator, administrator, legal watchdog, mediator, power broker, negotiator, external representative and policy manager in an ever-increasing number of areas. In terms of its

overall vocation, these tasks underline a potential role as a proto-government within a federal Europe, though a keenly supported alternative would be simply to turn the Commission into the civil service of the Council” (Christiansen and Gray 2004, p.21). However, Pollitt and Bouckaert (2004, p. 56) argue that while the EU is a special case, “much of the analysis which we have applied to the 11 countries in our set can also be applied to the Commission”. Even Kinnock recognized exceptional role of Commission: “the Commission is an unique Institution which is - and always must be - vital to the continuation of the irreplaceable community method of cooperation between democracies under agreed laws, and, therefore, to the progress and cohesiveness of modern Europe.” (Kinnock 2004 p. 7)

Further more, White paper⁶⁹ describes the Commission as follows: “It was established to act impartially in the interests of the European Community as a whole and to act as guardian of the founding Treaties, notably by exercising its right of legislative initiative; controlling Member States’ respect of Community law; negotiating commercial agreements on behalf of the Community, implementing the common policies and ensuring that competition in the Community was not distorted.”

Throughout the time, the Commission was expanding responsibility in proportion with stronger economical and political component of EU. Ranges of tasks were accepted, so by 2000 almost half of the Commission’s officials were engaged in management of programmes and projects of various kinds (Pollitt and Bouckaert 2004, p. 232). Therefore, nowadays Commission performs many management tasks although it is known for its reluctance to management style of running activities.

However, as I already mentioned according to Pollit and Bouckaert despite to *sui generis* aspects of the EC, much of the analysis that they applied to national states can also be applied to the Commission. The main differences are in the state structure (political system) and the style of executive governance (administrative system).

⁶⁹ COM (2000) 200 final/8, Vol. I, p. 5

4.2.1. Socio-economic forces: general

The influence of global economic forces, socio-demographic changes and socio-economic policies can initiate management changes. “Extensive welfare state tasks, reduced financial latitude, economical structural crises, and the internationalization of public matters have put state administration under reform pressure” (Pollitt and Bouckaert 2004, p. 27). Although there was remarkable revolution when it comes to transferring economic responsibilities on European Union (establishment of European Single Market and Monetary Union etc.), in the case of EC reform these structural factors did not play any major role because of the *sui generis* characteristic of the EC. In other words, the above mentioned welfare field, is a responsibility of member states not the responsibility of the EC. Therefore, one of the most common “macro level or structural triggers” for public sector reform - welfare state crises - was not possible to activate. In my opinion, that is one of the main reasons why EC administration was so resistant to reforms for so long.

To conclude, according to Pollitt and Bouckaert, intensification of a number of factors, but perhaps, particularly, economic forces, socio-economic change and the supply of new management ideas can lead to sufficient pressure for significant administrative reform and, as one can see, none of them is of decisive importance in the EC example.

4.2.2. The political system

In my opinion, it is very important to focus on influential factors related to political system since this incredibly complex political environment is what makes the EC unique institution.

To begin with, one may notice that the Commission can not play the role of a central executive institution since it does not have the legitimacy, power and instruments. As one can notice, looking for institutional and power constellation perspective, even though the political system evolved in terms of different constellation of power, the basic political outline remained the same consisting of the European Commission, the Council of Ministers and the European Parliament. Further more, the Commission still have as one

of the main characteristics a strong political position within the political system of EU. However, the real question is in inherent contradiction within the Commission since it provides both political leadership and a “neutral or apolitical” civil service to the EU system (Pollitt and Bouckaert 2004, p.233). As I already mentioned, this inconsistency causes even more confusion and puzzlement in revealing clearer role of the EC in EU complex political environment. When it comes to available instruments, the Commission has limited capacity. According to Metcalfe (2003 p. 825) “the Commission management role derives from its strategic position as the hub of the networks rather than the apex of hierarchy. It shares management responsibility with the Council and the Member States. The formulation and implementation of EU policies depend mainly on the co-operation of the Member States’ administration”. Finally in term of legitimacy, Schmidt notices “that rather than a legitimacy based on government “of, for and by the people”, the EU’s legitimacy is based on government “with the people” through the medium of organized interests and national representation; as such, it faces a range of legitimacy problems” (Schmidt 2003 in Levy 2006 p. 425). Having in mind all these distinctive characteristics of the EC, one can argue that unique position is not very favorable for any kind of administrative reform, not to speak about radical and broad scope reform agenda Kinnock’s team have in mind.

Following this, in terms of vertical dispersion of authority we cannot label the European Union as either federal or unitary. We can not characterize it as federal since it is not superior to lower level of authority and it is not based on single constitution, although Commission operates within the treaties which define Commission’s relationship with other institutions within EU institutional framework. According to Pollitt and Bouckaert we can say that the Commission works within a “quasi-federal, treaty-framed environment, although one in which the other levels are not at all inferior”⁷⁰ (Pollitt and Bouckaert 2004, p. 58)

Concerning the political system one should notice important role the legal norms in general can play in facilitating, shaping or sometimes restraining public management

⁷⁰ Throughout the history, there were examples of confederation like in the case of pre-1795 Netherlands, Switzerland and Belgium in past. However, they are not comparable with EU since purpose of these confederate unions was to defend from foreign intruder. Therefore, confederation states and cities had common defense (military) and foreign policy. This is nothing similar to European Union which biggest “deficits” are in these fields.

reform. (Pollitt and Bouckaert 2004, p. 29). For example, since the EC is a multicultural institution and because the administrative culture of the EC is similar to European continental cultures, the EC tends to emphasize legal rules and standard procedures more than other organization. Further more, when it comes to changes in the institution structure, in the case of Germany a strict constitutional law makes it very difficult for major institutional changes at the federal level, whereas in the UK the process of changing the basic outline of government has long been extremely easy. In the case of the EC, as I already mentioned in chapter 3, it all depends on the kind of reform and changes one wants to make. For example, amending the Treaties is almost impossible task, however, changing some Community programmes or internal policy regulation is plausible, although it is not easy task in front of the reform team. The whole decision-making limitations of the EC in the wider EU context were already detailed in the previous chapter so there is no need to elaborate them more.

4.2.2.1. Pressure for citizens

It is hard for citizens to exercise any direct pressure on the Commission since the Commission does not deal directly with citizens since most of EU programs are administered by member states, with the Commission formulating objective, rules and monitoring the member states activities (Pollitt and Bouckaert 2004, p. 234). However, through civil society organizations and interest groups citizens have certain level of influence. The Commission carries out external consultations and dialogue in the development of almost all policy areas and consults with interested parties when elaborating its policies since the latter ones complement the process of policy shaping. Nowadays, the EC tries to improve dialogue through consultation by different policy sectors, development of legal framework for consultation, establishing a coherent framework for consulting external interested parties –consultation standards, and through more transparency to the framework in which lobby groups and civil society organisations operate⁷¹.

⁷¹ For more detailed information concerning the Commission's consultation and dialogue with civil society see http://ec.europa.eu/civil_society/accueil_en.htm.

Management reform is not usually at the top of the citizenry's list of priorities, neither civil society organizations nor lobby groups which are in general very involved in EU issues. However, public pressure and concerns can constitute an important background influence like in the Enschede firework tragedy which leads to about laxity of public regulation. However, in the case of EC situation it is even more complicated since the EC does indirectly deals with citizens (through the medium of organized interests and national representation) and, due to undeveloped concepts of European citizens and European public, can not lead to pressure even in the case of critical events. Lack of this reform trigger is one of the differences between the EC and national and local public services.

However, EU officials were aware of low level of trust in EC and EU institutions in general (Commission 2000a); therefore some of the basic principles embodied in White paper are principles of transparency, accountability and responsibility (Commission 2000b).

4.2.2.1. Party political ideas

The level of influence of ideological and political ideas is also crucial differences between EC and national governments. Party ideas do not seem to have much influence since the Commission is not governed by political parties like in case of national governments. In other words, there is no formal or informal way, in which one particular political party or group of parties can influence the reform issue in the EC.

On the other side, recent findings show different picture since “national and transnational parties are present, often active, and sometimes influential in EU legislative decision-making” (Lindberg, Rasmussen and Wartjen, p.17). However, even these authors admit that in legislature, party politics is more influential in the EP, not very much in the Commission.

4.2.3. Chance events

It can be argued that resignation of Santer Commission could represent turning point in the history of EC administration. It could be looked as a fresh start in a new most radical and comprehensive reform effort in the administrative history of the EC. However, it is not clear whether this is radical break from “old” path or basically same direction in which reform efforts are dominantly centralistic, bureaucratic and rule and control oriented. Following this, it is hard to characterize the fall of Santer’s Commission as a chance event. It would be more correct if one portrays it more as a consequence of systematic problems than a coincidence or an accidental event.

4.2.4. Elite decision-making

Major administrative reforms always involve two types of actors – politicians and senior public servants. According to Pollitt and Bouckaert (2004, p. 51) the level of politicisation of top senior positions in civil service can considerably damage institutional memory and continuity. This is because in a highly politicized administration changes in the government result in the replacement of senior civil servants. Some of the effects could be the instability in the reform process.

Regarding the key actors which have decision-making power in the process of public sector reform, they are Commissioners and the directors-general. However, even though they have the biggest influence in making key decisions, this decision-making process is not without obstacles. First, commissioners and director-generals come from different political and administrative cultures which can make the process less fluid in a sense of reaching consensus on what should be done. Secondly, as I already mentioned, decision-making process faces powerful institutional constraints in other key institutional actors of the political system (the European Parliament and the Council of Ministers); not to mention the internal powerful actors represented in trade syndicates which always tend to be more conservative and cautious in supporting new and far-reaching reform agendas.

According to Pollitt and Bouckaert (2004, p. 234): “The elite is advised by personal cabinets of officials (often quite young) and by ad hoc task forces. The selection of

members of these influential teams and cabinets is commonly quite personalized – this is not a transparent process based on qualifications and merit, but rather a commissioner picking individuals she or he thinks will be effective and loyal helpers in the process of forming and negotiating set of feasible reform proposals”.

In the case of Kinnock’s reforms, it is obvious that the most active was vice president of the Commission Neil Kinnock and his reform task force which was composed from the people outside the Commission, dominantly from the World Bank which is well known by its eagerness in promoting reform ideas throughout the world.

4.2.5. The administrative system

First of all, it is important to notice that features of the existing administrative regime are likely to exert a significant influence over both the choice of reforms to be adopted and the feasibility of implementing certain types of reform. Horizontal coordination, the nature of central executive government, relationships between ministers and senior civil servants, the prevailing administrative culture, and the diversity of channels of advice, they all have effects on which ideas get taken up and how vigorously and widely these are subsequently implemented (Pollitt and Bouckaert 2000).

In general, at the top we find College of Commissioners and they are to work on a collegial basis, not as individual ministers, each with his own unique sphere of authority (Pollitt and Bouckaert 2004, p. 235). The current number of Commissioners is 27. Most of DGs are sectoral (vertical – e.g. Energy) but a few are horizontal, cutting across the sectors (e.g. Budget). However, there is a lack of concentrated authority within the Commission since the power is located in a collegial body, the members of which are not united by background, ideological vision, programme or ambition (Kassim 2004 p.27).

Traditionally, DGs are fairly hierarchical, and the divisions between them are quite deep. In other words, the Commissioners and Directors-general are powerfully placed at the top of strong vertical ladders of authority, and horizontal coordination is weak. Following this, one may immediately observe that the Commission has strong horizontal divisions and is often difficult to coordinate. In Pollitt and Bouckaert (2004, p. 59) words: “Each DG is to significant extent a law unto itself”. However, one of the goals of the newest

reform process is to improve horizontal coordination, but it would be interesting to see how reform process can improve coordination in one very horizontally fragmented body. The other distinctive characteristic is the nature of decision making process in European Commission executive government – the style of governance. Looking at these habits of governance, the EC is much more a consensual body than a majoritarian one.⁷² According to Pollitt and Bouckaert (2004, p. 59), “the Commission itself is a clearly collegial body, where it is vital for proposers of reform to gain common assent (sometimes through complicated trade-offs between apparently unrelated issues) or at least to secure reluctant acquiescence. It is composed of people with executive political experience (typically ex- ministers from the member states) but they must deal with what is, in effect, a rival, and in some ways more powerful political executive in the shape of the Council of Ministers”.

The vertical divisions and coordination, in our case relations between politicians and senior career officials, are complex and controversial. So firstly we have the Directors-general, the permanent heads of the Commission’s services. Above them are the commissioners, who although appointed, are generally politicians by background. However, there is one more, even more powerful political layer beyond the commissioners - the Council of Ministers, composed of ministers from the member states. To begin with, this kind of complex and blurry hierarchy represents “extra political layer” which can not be find in national administration (Pollitt and Bouckaert 2004 p. 59). Following this, I should emphasize controversial relations between Commissioners and Directors general who are full of contradiction and power struggle. Formally, the Directors-general are responsible for their particular function and they report to the commissioner. Commissioners are supposed to assume full political responsibility for the Commission’s actions, with directors-general being responsible for implementation. However, line between policy making and implementation in the EU is probably even harder to draw than in national governments (Pollitt and Bouckaert 2004,

⁷² Formally, there is a legal possibility for the EC to enrol in voting procedure. However, in reality, the Barosso Commission has not voted yet, and the former Prodi Commission only voted about 20 times occasions. As a consequence, it had become more difficult to get controversial proposal through College of Commissioners (Kurpas, Gron and Kaczynski 2008, p. 23).

p. 235). Furthermore, there is especially animosity between Commissioner's cabinets that often clash with Directors-general since they are trying to pass Directors-general and to communicate directly to lower civil servants. Directors-general and the two levels below are politically influenced appointments and they represent permanent staff, while positions in cabinet are temporary. In my opinion, one of the biggest problems is that senior civil servants enjoy extremely strong tenure and, this reform is trying to set some kind of indicators which will be used in performance assessment of senior civil servants. However, senior officials themselves should carry much of the reform effort and the question that arises is why they would jeopardize their almost life lasting careers, high salaries and an array of privileges.

Regarding the administrative culture of the Commission, one can say that there is still strong influence of French administrative culture which takes its origin from formative years. In words of Pollitt and Bouckaert (2004, p. 59): "many French practices and titles continue, including the existence of strong separate hierarchies (in the DGs) and the predominantly regulatory and legalistic cast on mind. "Playing the safe", not challenging one's superiors, addressing problems by making and then following very detailed procedural rules – these are familiar cultural norms within the Commission to this day". Therefore, according to this theoretical model, the Commission's administrative cultural norms are closer to the continental ones, and a bit stranger to Anglo-Saxons administrative culture. However, one can not find common administrative styles across different DGs in fragmented environment and "multi-organization" like the EC (Cini 1995).

4.2.5.1. Implementation process

Chances of success are no better than the strength of the weakest link, if there are long chains of decisions and many levels of administration like in the EC case. In other words, the complexity of the implementation process is well on the increase if reform programmes are implemented through networks of organizations rather than by single implementor (Pollitt and Bouckaert 2004, p. 36) One can notice that some of the theorists characterized the EU as a typical network organization, since policy networks

represents basic units of EU management. Further more, implementation is endangered by joint decision traps in the environment of policy networks (Metcalf 2000).

Having strong sense of urgency, building the strong coalition of key actors and presence of sustained commitment by the leadership within the EC, the existence of a simple and coherent vision, broad-based empowerment combined with new cultural approaches are of crucial importance for the success of the implementation process. It is very important to notice that in explaining the absence of these success indicators in implementation process the most appropriate theory is the change management model by Kotter. Therefore, this theoretical concept perfectly fits within box M of Pollitt and Bouckaert model since it deals with behavioral triggers that can decisively influence the outcome of the implementation process.

Following this, during the process of implementation, the difficulties occur in realization of human resources and performance measurement part of reform package. In the words of Pollitt and Bouckaert (2004, p. 236): “the rhetorical flourishes concerning decentralization seem to have lost out to strong bureaucratic logic of further centralization in the name of tighter control”.

4.3. Conclusion

Looking from the perspective of theoretical matrix and having in mind all the complexity of political environment, multilayer administrative structure and other sui generis features of the EC, the success of this reform looks slim. However, even though theoretical model does not leave lot of possibility we must take into account some other factors which are relevant for the administrative reform since this theoretical model deals only with macro-level analysis.

To sum up, within the Commission, the obstacles and layers that radical reforms must pass over are particularly hard to overcome. Having in mind, the notion that the Commission is operating in very complex political environment which enables opportunities for external and internal blockages; that it is quite fragmented body both from horizontal and vertical perspective, without strong and single source of authority and power; it has consensual nature of decision-making process which leaves opportunity for all kind of obstruction; the pressure from “European citizens” and “European public

opinion” is weak; in general, all civil servants and especially senior ones, have secure positions and since there is no performance measurement indicators and their position can be hardly endangered; finally, multicultural organization like the EC is not appropriate for implementation of broad scope and swift type of reforms which have been possible in some NPM countries. All this factors presented in the EC case are very difficult to change. Even if some of the objectives of reforms are to be tackled with some of unfavorable macro-level factors (for example, one of the goals is improving coordination between DGs), it requires much longer period than it was intended by reformers and success is not guaranteed at all.

However, it is important to notice that even if all the elements of this theoretical model are in favor of successful implementation of administrative reform, it does not mean that reform will take place or will be successful. Following this, one must be cautious since this highly abstract theoretical model can not grasp all the complexity and specifics of politico-administrative regime especially in the case of the EC. In this sense, this theoretical model provides us with global and macro-level causes favorable or hostile for administrative reform. In the next chapter, I will deal with a change management theory, or in other words, with behavioral triggers can help us in completing the whole picture on the micro level.

5. Kotter's change management theory in the context of EC

5.1. Introduction

To start with, I will also use mainstream change management literature to some degree in explaining public sector reform. For example, Rainey and Fernandez in article "Managing successful organizational change in the public sector" and Levy in "Critical success factors in public management reform: the case of the European Commission" thinks that changes in private companies can be applied to explain changes in public administration organization.

In former chapter, I presented some macro-level triggers; now I will analyze micro-level and behavioral triggers that can be crucial factor in explaining failure or success of administrative reform.

Even though this theory excludes and virtually pay no attention to external factors and political institutions, presence of these behavioral triggers is of crucial importance in assuring the success of reforms. Some can argue that Pollitt and Bouckaert model and Kotter model are not compatible; however, it is simply that Pollitt and Bouckaert contextualize these change processes within a larger determining framework, and micro level triggers are more likely to be present and influential where the politico-administrative system is conducive to their emergence. Thus, behavioral triggers may be necessary but they are not sufficient in themselves for change (Levy 2004, p. 555). In addition, as I already argued, concerning the relationship between the Kotter approach and Pollitt and Bouckaert theoretical model, looking at table 4 (Pollitt and Bouckaert model), one can notice that Kotter approach will fit well in box M. Box M deals with implementation process and Kotter micro-level factors that can make a difference in implementation process.

In analyzing the case of EC I will use John Kotter's "eight steps to successful change" which represents a theoretical model for understanding micro level triggers that can help in changing organizations. This theoretical scheme I took from the Kotter article "Leading change: Why transformation efforts fail? Therefore, Kotter's eight step change model can be summarized as:

1. Establish a Sense of Urgency

Leader must prove seriousness and urgency of current situation and provide evidence of negative effects of *status quo* in order to show people that changes are immediately needed. This is because the organizations and people in organizations tend to be very complacent. In addition, one of the characteristic of good change leader is to inspire employees in direction to changes.

2. Build the guiding coalition

Effective leader should assemble a coalition who support changes and who have enough power within the organization to bear and implement change agenda. Therefore, leader must win over major stakeholders who will work together as a team and compose a right combination of different skills and levels.

3. Develop a vision and strategy right

There is a need for a clear, simple and coherent vision of organization and realistic strategies that will guide organization to vision ideals. One of the aims is to inspire employees to support vision. In addition, it is desirable to include employees to participate in articulating the vision.

4. Communicate the change vision for buy-in

The leader who wants to achieve real changes must persistently and tirelessly communicate vision to all relevant stakeholders and to all employees in order for them to accept vision in a simple and appealing way that will respond to people's interests.

5. Concept of broad-based employee empowerment

Leader and his team should remove barriers, reward employees for achieving progress in accordance to vision and encourage risk takers.

6. Create short-term wins

In order to create a feeling of progress and to reward employees for success, there is a need for breaking up the desired change into smaller steps. In order to achieve full potential, this small progress wins should be communicated throughout the whole organization because in that case change will visible.

7. Consolidate Gains and Produce More Change

In order to encourage ongoing change, leaders should use the increased credibility that comes with early "wins" to alter whatever in the organization doesn't fit the vision. On

the other side, leaders should encourage and promote those who help progress in changes since that is one of the crucial things in continuing progress.

8. Anchor new cultural approaches

If leader wants to make changes permanent, he needs to link success of organization with changes and that way try to replace old culture practices with new cultural approaches. That is the only way to benefit from the changes in the long run but it also takes time since this is the last and the most difficult step in change process.⁷³

It would be perfect to go through all eight stages in sequence; however, a purely linear, analytical plan probably will fail. In a dynamic, complex and messy environment, one can operate just in multiple phases at once. This is why Kotter think leadership is needed in change situation; management is not sufficient.⁷⁴ It obvious that Kinnock reform team operate in a complex environment; therefore, trying to accomplish more than one phase in the same time which can be clearly seen in White Paper Action Plan.

5.2. Case of the European Commission

5.2.1. Establishing a Sense of Urgency

To begin with, a high level of complacency and a low sense of urgency, Kotter claims, constitute the two most significant impediments to change. Following this, organizations frequently lack a perceptible crisis, and so employees fail to feel obligated to deal with problems within the organisations, though they do in fact exist (Keller 1999). However, this is not the problem in case of the EC since there was a visible crisis which can not be ignored. Financial and corruption scandal resulted in resignation of Santer Commission, which was an obvious sign of a serious crisis. The European Commission led by new president Prodi immediately embarked on preparing a programme of administrative reform. One of the indicators which show that administrative reform was one of the

⁷³ Kotter (1995), Rose (2002), Keller 1999

⁷⁴ Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles (Keller 1999).

priorities at the beginning was that the former Commissioner Kinnock became Vice president of the Commission responsible for formulation and implementation of a new reform agenda. Following this, one of the difficulties in discovering the crisis is that managers tend to measure themselves and performance of others against low and easily attainable standards. However, since performance measurement instruments were underdeveloped before Kinnock reform, this argument is not valuable to us. Thus, the absence of these instruments makes it more difficult to establish sense of urgency; since it is less obvious for employee in an organisation that organisation is failing to achieve its organizational goals. This is an example of one the arguments of behavioral nature which Kotter mentioned, which have importance in private organizations (if private organization have performance measurement instruments) but tend to be unusable in the case of public organizations, especially in the case of the EC.

However some of the arguments have certain value in the EC case since he argues that some universal psychological and behavioral, like argumentation that the individuals tend to deny problems cultivates a dangerous sense of complacency and it serves to minimize problems and embellish success, ultimately fostering a false sense of security.⁷⁵

Kotter provides numerous advices how to overcome complacency, and also asserts that a strong leader is required to facilitate these methods. However, looking at the institutional characteristics of the EC, one can conclude that it is very hard in this kind of circumstances to emerge strong leader who will have enough power to realize radical and broad scope reforms. According to Kotter, “a leader must establish a crisis to cause employees to realize internal problems; he must eliminate false signs of security; set standards of achievement high enough that “business as usual” will not suffice; broaden functional goals and their measurement to encompass company goals; explicate the reality of performance through the use candor and external feedback; increase employee interaction with the customer; use external consultants for honest feedback; facilitate and encourage honest discussions and eliminate “happy talk”; and emphasize future opportunities and the incredible possibility of success in capitalizing on those opportunities”(Keller). In the Commission case, there was no need to established crisis

⁷⁵ According to Kotter (1995, p. 60) when the urgency rate is not pumped high enough, the successful transformation is put in jeopardy.

situation since the serious crisis was already there and visible; the Kinnock and his reform task force emphasized that there was a necessity for establishing standards that would improve efficiency of the EC. The external feedback provided two reports of the committee of independent experts, the Williamson report and the DECODE. In addition, he also started to consult employees on many issues and in same time tried to persuade staff by showing them benefits and incentives if the future possibilities were to be achieved.

In addition, it is important to notice change in the role of President as a leader, which gained importance since Delors. One of the reasons is because in last 15 years the college of Commissioners has grown from 12 to 27 members⁷⁶ Other reasons are greater media presence related to personally linking of the President with major policy initiatives of the Commission, increased number of hard and soft law proposals prepared under the direct responsibility of the President (Kurpas, Gron and Kaczynski 2008, p. 32 -33). Therefore, one can conclude that more involvement of the President of the Commission, will be of big help for successful first step. In this sense, at the beginning Prodi gave a full support by appointing Kinnock for the position of Vice President responsible for this reform process.

To conclude, this positive behavioral trigger is present in the administrative reform of the Commission.

5.2.2. Building the guiding coalition

In order to trigger changes within an organization there is a need for a strong guiding coalition. Following this, the right composition of individuals, level of trust, and shared vision is critical to the success of this team. Furthermore, one strong leader cannot make change happen alone; therefore, it is his responsibility to build such a strong coalition of key actors that can lead the change (Kotter, 1995, p.62). In this context, building a coalition has broader meaning in a sense of creating extensive coalition of influential

⁷⁶ As the College increase in size, the relative weight of an individual Commissioner decreases and power shifts towards the leadership, in this case President of Commission (Kurpas, Gron and Kaczynski 2008 p.32)

actors within the EC. It does not mean having small and compact team of closest advisers which is related for example to Kinnock's reform task force.

For such a coalition to be successful in changes, it is crucial that members of coalition share a sense of problems, opportunities, and commitment to change (Kotter, 1995, p.62). Therefore, question arises whether it is possible to build such a strong and coherent coalition within the EC. Some of the difficulties were argued in previous chapter. There are evidence suggesting skepticism and complete sabotage by some Commissioners and Director-Generals which indicates a lack of commitment within the EC (Pollitt and Bouckaert, Levy). Moreover, coalition must possess considerable authority and credibility within the organization in order to be efficient and effective. It is obvious that until Commissioner Kinnock took hold of the issue, sustained leadership and commitment from the top was difficult to identify. Furthermore, it is of significant importance fact that Kinnock brought in outsiders from the World Bank to work in the reform task force. However, even though this could have positive impact in terms of fresh start and the new energy brought in, it seems that outsiders did not have enough credibility and integrity. It appears that implementation has relied on the very officials who are to be reformed (Levy 2004, p. 557). In addition, since strong coalition needs strong leader, after Kinnock's demission in 2004, it seems that already weak coalition for change is losing impetus and some can even argue that outcome of the administrative reform is doubtful.

The two most significant characteristics of a successful team is the trust shared among its members and the sincerity of the commitment to a common goal. Kotter further asserts that trust is fundamental to creating a shared objective (Kotter 1995, p.62). As one can notice, among key actors within the EC (some Commissioners, Director- generals,⁷⁷ middle level managers, trade unions etc.) it is hard to establish strong sense of trust and commitment.

To summarize , Kotter says in order to build a powerful coalition leader must find the right people, create trust among them, and commitment to a common goal. It is obvious that Kinnock, with his political experience as a former Labor party leader, had a potential

⁷⁷ Quite a few people at the top of the Commission, sympathise with the strikers who were striking about changes in staff policy (Financial Times, 08.04.2003.)

to be such kind of leader who is capable of forming strong and powerful coalition that will lead to changes. It is clear that nobody can deny Kinnock's commitment, persistence in effort to conceptualize and implement reform programme and attempts to gain support of other key stakeholders in regard to building strong coalition. However, complex political environment, institutional and organizational vertical and horizontal fragmentation and poor coordination, lack of common goals and clear vision disabled possibility of building strong coalition of relevant actors that will enable implementation of reform. Therefore, in this sense, Kinnock and his reform task force had potential for strong behavioral triggers for change in this context; however, these triggers were obliterated by macro level factors. However, effort in building a powerful coalition could have been done better. In my opinion, Kinnock should have mixed reform experts who came from the World Bank with some internal expert who already had experience in previous reform activities in his reform task force in order to enhance participation of officials and win over more EC staff. Further more, he should have put more effort in wining over the president Prodi and persuading him in importance of this reform having in mind his increased importance in the EC (argued in previous phase). Failure to include important commissioners and Directors-generals in his coalition was also an underachievement by Kinnock. Finally, Kinnock should have looked over the borders of the Commission and should have tried to gain a support of influential group leaders in Parliament who could formally and informally put more pressure to reform breakers. Also more political support from the Council would be very useful in overcoming reform obstacles. However, he also gained some enemies from the Parliament and the Council since finance chiefs from these two institutions had opposed the Commission plans to reform their auditing systems (European voice 20.07.2000.)

5.2.3. Developing a vision and strategy right

As I already said, there is a need for a clear, simple and coherent vision of organization. Kotter argues that vision is the explanation of why a change is needed. Kotter claims that vision is a central component to all great leadership and that it is essential in breaking

through the forces that support the status quo⁷⁸. Neil Kinnock has said more than one time that his vision is that the EC to become world class public administration (Metcalf 2000, p.823). In addition, President Prodi also said that he would: “transform the Commission into a world-class administration that leads by example. Our watch words at every stage will be transparency, accountability and efficiency” (European Voice, 2. 12.1999.).

One can argue that White paper represented a vision that should be achieved. It is not clear to what extent White paper as a vision was clear, simple and coherent. The vision was a “culture based on service” within the context of “good governance” seems to be too consumerist when one takes into consideration kind of activities and mission of the EC. Following this, according to Kotter (1995 p.63), in failed reforms one can find many action plans, programs and directives, but nowhere clear and compelling vision statement. Furthermore, one can notice that it is extremely difficult to formulate clear, coherent vision in exceptionally complex, fragmented institution as the EC. When it comes to ideological consistency, we have already seen that the White Paper is a highly eclectic mix; and it is difficult to see much “buy in” from the middle or junior levels, although the package has attempted to provide incentives for these officials (Levy 2004, p. 556).

5.2.4. Communicating the change vision for buy-in

Kotter says that in order for a change to take place there needs to be a shared sense of a desirable future. As I already said, there is little evidence that the reform is either supported or understood by the President of the Commission or Commissioners. Undeniably, recent evidence suggests that the College of Commissioners lacks group solidarity and shared vision thereby making sustained policy commitment less likely, a tendency reinforced by the system of cabinets (Levy 2004 p. 557).

Two of the pitfalls he describes are under communication of the vision and inconsistent messages (Kotter 1995, p. p. 63-64). As one can see, vision represented in White Paper and other official documents tend to be strange mixture of different ideas and measures

⁷⁸ There are three methods of trying to coerce people into changing their behavior in order to create a transformation within the company. Kotter calls these three methods authoritarian, micromanagement, and vision (Keller 1999).

that are not coherent and consistent. Kotter also emphasized importance of this step and some of the human resistance factors that play into possible failure. He continues to say that this takes a lot of time and one should use all existing communication channels to broadcast the vision (Kotter, 1995, p.64). Concerning the issue of under communication, Kinnock and his reform task force were trying very hard to communicate the vision not only to senior officials; they were trying to buy-in all the employees, especially middle and junior management. Kinnock wanted to ensure that information about reform was available to staff at all stages. Following this, they were trying to offer various kinds of incentives and trying to represent future management reform result as a win-win solution through improving working conditions for all officials without material loss for any staff members. Moreover, Kinnock argued that almost all the employees would have more benefits than they had already had. Further more, Kinnock personally attended meeting with staff⁷⁹, reform documents were made available on the Commission intranet (Europaplus), negotiations with trade unions; EC also started to publish bulletins regarding administrative reform and regular progress reports, reform correspondents were appointed by each DG, and staff encouraged to make their views known through this network (Kassim 2004, p.31). Therefore, in regard to communication exertion, Kinnock team was very active and innovative, but the message didn't buy-in employees, senior officials especially, and they stayed unconvinced (Levy 2004, European voice 20.11.2003.)

5.2.5. Concepting broad-based employee empowerment

Kotter speaks of removing barriers to action that will help the change effort and allow even the lowest level staff to participate in the change effort. Thus, by removing the obstacles will ensure that our existing structure does not hamper vision and therefore prevent change. Furthermore, by aligning our systems with our vision, the change process can be a more efficient and less time consuming. Obviously, change efforts take “actual

⁷⁹ In 1999 and 2000, as well as conducting formal meetings with the staff unions and the Comité du Personnel, and briefing Directors General about reform at their weekly meetings, Kinnock went on the stump, visiting each DG in turn. In addition, Kinnock addressed mass meetings - two were held during the pre-White Paper consultation - and organised breakfast meetings with officials of all grades from across the Commission (Kassim 2004, p.31).

broad-based employee empowerment” (Keller 1999). There are big differences between private companies and the Commission in this sense. This is one of the most difficult steps to achieve in the Commission context since; in general, Kinnock and his team did not have enough power to remove barriers. These barriers, in the EC case, are part of the Commission organization structure from formative days. And they are not changeable by one or more relatively powerful figure in the Commission. However, a staff consultative survey was drawn in many disparate issues (Levy 2003 p. 557). The Vice President encouraged officials to post suggestions to a web-based ideas bank, and a serious effort was made to use staff feedback (Kassim 2004, p.3). In this sense employees were empowered in creating the vision that would be more in compliance with system.

Following this, for example, the implementation of Activity Based Management should have “empowered” middle managers since it spreaded out the management process from the centre of each DG by setting performance standards for individuals and sub-units. It means that, as a form of managerial decentralization it had the potential to change the internal structure of DGs. Consequences would be fundamental changes from a hierarchical structure to a more network organization. The new system of performance measurement and management and career development was formally introduced in 2002 and was linked to promotion. However it seems this is already fraught area since it has been observed that “there was no great enthusiasm amongst managers for the painful process of more rigorous appraisal” (Levy 2003 p.561). Further more, the staff union noted that “the dismal record of staff reports and their impact on careers explain the skepticism, at times the anger of those being assessed and the discouragement of those assessing” (Union Syndicale (Brussels) information release, 27.11. 2001 in Levy 2003 p. 561).

5.2.6. Creating short-term wins

Kotter explains that the value in creating short-term wins allows us a better chance of actually completing the change effort. However, these short-term wins are only effective if they are visible to officials and employees, the terms are unambiguous, and the victory is closely related to the change effort (Kotter, 1995 p.65-66). There is a question whether

Kinnock reform was focused on short-term win or there was too much emphasis in regard to achievement of “big goals”. Detailed analyzed White Paper: Action Plan (Commission 2000c) shows that they were many prescribed action and measures (for example setting up a review, drafting a proposal, establishing consultation, adopting a proposal) who were necessary to achieve short-term win. However, even though majority of these actions were implemented, it seems that it was hard to achieve short-term wins. In addition, effect of achieving these kinds of short wins was more extra burden to already heavy work overload then satisfaction by the visible progress achieved and job done. Following this, only adapting regulation in most of the cases took at least 3 years, and as I already said the overall process lasted until 2005. Secondly, process of negotiations with external actors (EP and the Council) needed time, not to mention internal negotiations with for example trade unions. However, as we already noticed, in the reform of financial control, the reform was going relatively smoothly and as a result we had new bodies that started too function relatively quickly. Therefore, as a result we had a short-term wins in this field which resulted in good functioning of newly created bodies. On the other side, one can notice that reform of staff policy and internal management was not going without difficulties which resulted in lack of short time wins. The wins would give drive and impetus to the process of reform and unfortunately that was not the case.

5.2.7. Consolidating Gains and Producing More Change

In conducting long term changes in companies, one of the main issues organizations run into is claiming victory too soon and celebrating small victories too much which can derail change initiatives (Kotter 1995, p. 66). This was not the case with the EC since there were not too many small victories which would be foundation for this. After some time his enthusiasm turned into skepticism. At first, ambitious reform timetable had foreseen radical changes in the short time that will result in “the world class administrative organization”. However, later he stated that “it is much too early to begin to look for reform finishing lines” (Kinnock 2002, p. 27) This was not surprising when one knows the range of the reform tasks and the size of the obstacles.

Following this, leaders should encourage and promote those who help progress in changes since that is one of the crucial things in continuing progress. This is also a problem, since Kinnock did not have responsibilities to appoint people on important position for reform implementation.

Kotter outlines a few steps that will help in succeeding a change in programs. One of the steps is to introduce even more and harder changes in the company. Then bring in more help to ensure the programs success (Keller 1999). The thing with the EC reform was that after first difficulties, enthusiasm for reform slowly started to disappear, so there even give up of some actions intended by White paper.⁸⁰ Thus, since situation was different from what was expected, there was no consideration to make changes more radical. Further more, decentralization of projects was imperative. As I already said, even though ABM system started to work after few breaking of deadlines, decentralization was not favorite thing to do in the EC, since there was no great interest among staff in taking up more responsibilities and tasks.

At the end, I should mention that according to current Vice president of the Commission Kallas, 8 years form the beginning of administrative reform, the reform is in consolidation phase.⁸¹ Thus, having in mind the steps needed for successful consolidation and producing of more changes things do not look promising.

5.2.8. Anchoring new cultural approaches

Finally, even if a change is accomplished, there is a danger that several years later the changes revert back to the old way of doing things. For example, often this is what happens when the driving force for change, be it a CEO or senior official, leaves the organization. I already raised a question whether Kinnock demission meant that reform was losing the momentum and becoming unimportant in the eyes of succeeding Commission. It is obvious that the administrative reform is not one of the priorities of Barosso Commission.⁸²

⁸⁰ COM (2000) 200 Vol. I

⁸¹ http://ec.europa.eu/commission_barroso/kallas/index_en.htm

⁸² http://ec.europa.eu/commission_barroso/president/priorities/index_en.htm

In order to achieve lasting change, it is not just about changing vision or mission statements, but in changing the culture itself (Kotter 1995, p. 67). As most of the authors argue culture within the EC is hybrid nature (Levy 2003, Pollitt and Bouckaert 2004, Metcalfe 2000). In this kind of multilingual and multicultural organization which is vertically and horizontally fragmented, some argue that we can not even talk about one culture. It is not surprisingly that Directorates-general within the Commission should have their own policy style, their own ways of working, and their own policy and organizational objectives (Cini 1995, p.6).

Therefore, is it possible to change administrative culture within the EC since we are dealing with unique hybrid cultural setting that can not be influenced or changed in considerable manner by reform agenda?

In summary, Kotter argued that culture change, as difficult as it may be, comes last not first. The only feasible and logical turn of events is to go articulate what must be changed, implement the changes, and then alter the culture on that foundation (Keller 1999). The concept of “culture based on service and efficiency” had been in focus from the beginning of Kinnock reform. However, it seems that very nature of administrative culture and organization traces within the EC disabled anchoring of fundamental changes. Finally, in addition to everything said, fundamental changes in culture of organization are highly dependent on results. Since results of EC reform tends to be ambiguous and not very clear in terms of positive and radical achievement, impulsion for changing culture is not as powerful as it can be.

5.3. Conclusion

First of all, I will sum up, the most important behavioral triggers are:

- building the strong coalition of key stakeholders within EC;
- presence of simple and coherent vision along with successful communication of the vision;
- sustained commitment by the leadership in the EC;
- broad-based empowerment;
- anchoring new cultural approaches.

Therefore, taking into account tremendous difficulties in the process of building strong and powerful coalition which will include main stakeholders in this kind of unfavorable institutional context, lack of commitment, skepticism and sabotage by majority of top leadership in the Commission; lack of clear and coherent vision and difficulties in communicating vision for buy-in of staff, especially middle and junior management; lack of consistency in the reform programme itself; institutional obstacles and unwillingness in implementation of broad-based employee empowerment and a lack of systems to support far-reaching and sophisticated instruments such as ABM; lack of clear short-term gains; fundamental changes in administrative culture is difficult to notice, one can conclude that hypothesis can not be confirmed as correct. The only positive behavioral trigger is established sense of emergency and visible crisis that enabled the start of Kinnock reform. However, this was only sufficient for the formulating of the reform agenda but did not have influence on implementation.

It seems that low intensity of positive behavioral triggers was to some extent influenced by structural characteristic and unfavorable institutional feature of the EC. Furthermore, Pollit and Bouckaert model of politico-administrative regime and Kotter model of change are in positive correlation. When institutional characteristic are in favor of radical and broad scope reform, there is a big possibility that are behavioral triggers also favorable to this kind of administrative reform. The same counts for opposite case. If structural features are not supporting swift administrative reform, likelihood of the presence of positive behavioral triggers is slim. It seems that this is the case of EC administrative reform. However, even where the politico-administrative regime is conducive and the positive behavioral triggers are present, achieving reform is still not definite and assured. I will further discuss and evaluate this argumentation in final conclusions.

To conclude, having in mind the institutional features of the European Commission and the low intensity of positive behavioural triggers, the probability of successfully achieving and implementing all measures prescribed by reform agenda is exceptionally small.

6. Conclusion

In this chapter, I would like to sum up the study results founded by analyzing the data with the use of the three related theories and to emphasize importance of administrative reform in wider context.

As I already argued there is no consensus among scholars when it comes to assessment of reform results. Judgments vary from “historical accomplishment” (Kassim, Schon-Quinlivan) to those who think that possibility of reform success is slim (Levy, Pollitt and Bouckaert). However, one can notice that later ones are in majority. Nevertheless, in general, despite some evident progress, the organizational overhaul of the EC has been marked by many obstacles and delays.

The basic idea was to solve problem by using the theory of path dependence, Pollitt and Bouckaert theoretical matrix and Kotter change management model. Path dependency theory put the whole case of the EC in wider context of historical institutionalism. As I already argue, Pollitt and Bouckaert theoretical matrix focus on macro level institutional features while change management model put emphasis on micro level behavioral triggers. These three different theoretical concepts can be well matched in order that we get full picture concerning barriers in reform process.

Concerning the first specific research question I try to prove basic assumption concerning presence of slow pace and unintended consequences and result of the administrative reform. Following this, I try to provide answers to three explanatory specific research questions in order to discover causes of this problem.

First, in answering the second specific research question I can conclude that path dependency is suitable in providing explanation why the whole reform process was path dependent enabling further bureaucratization in the form of burdensome rules and cumbersome procedures. In addition, one can see that in general even the content of reform was dominated with traditional and centralistic agenda. However, it seems that historical institutionalism is putting too much emphasis on the institutional stability and continuity. Thus, it seems that this theoretical approach is much more suitable in explaining continuity of institutions than in explaining and predicting change (Thelen 1999, Hall and Taylor 1996). In addition, as I already argue in chapter 3 path dependence

have more significance and importance when we are dealing with path dependence of the EC on institutional level than with path dependency of certain major policies on which organizational and administrative structure of the EC is based.

Second, Pollitt and Bouckaert theoretical model enable us to deepen our understanding of *sui generis* institutional characteristics (which are, in general, hostile toward radical transformation) and other unfavourable features of the EC administration. To conclude, answering the related research specific question unfavourable institutional characteristic prevail by far favour one, forming a thick institutional layer that hinder reform efforts; thus, further weakening the chances of achieving fool-blooded reform. On the other side some of the limitations are highly abstract level of this theoretical model. Hence, because of that it can not grasp all the complexity and specifics of politico-administrative regime especially in the multifaceted and versatile environment in which the EC is. In addition, because of this reason, it seems that this theoretical matrix tend to be more descriptive than explainable.

Thirdly, Kotter change concept helped us in taking into account absence or low intensity of behavioral generators that can have considerable influence on reform implementation. Looking from this theoretical perspective low intensity of behavioral factors influence the pace and planned implementation of this administrative reform. However, this model does not take into account external mainly political and institutional factors arguing that only presence of micro-level factor is crucial for the reform implementation success.

As one can see in all three theories have their own limitation when it comes to explanation of barriers in the EC reform. Further more, on the first glance it seems that some of them are even quite contradictory. Looking at Pollit and Bouckaert model and Kotter theoretical concept someone would argue that they are incompatible. However, as I was trying to show, Pollitt and Bouckaert model conceptualize reform process in larger framework while Kotter model focus on the implementation process and micro level factors. As I already argue, this conceptualization of Kotter model would perfectly fit in the box M of Pollitt and Bouckaert model. Following this, even though none of these theoretical approaches can depict the whole picture, in my opinion, if they are well combined, this theoretical mixture can annulled their theoretical constraints.

When it comes to connections between these theoretical concepts, I have already argued that path dependence patterns and unfavorable institutional characteristics are in positive correlation. In other words, the presence of path dependence patterns ensures that the probability of unfavorable institutional characteristics is higher. Furthermore, the same counts for Pollitt and Bouckaert model and Kotter model. If structural features are not in favour of fundamental administrative reform, the lack of positive behavioral triggers is bigger. Using the logic, one may say that there is a connection between path dependence theory and change management concept. However, this kind of reasoning will lead us to speculations since this two theoretical models standing alone are too far from each other. One of the advantages of Pollitt and Bouckaert model in this particular theoretical framework is to become a link between the other two theories. My logic was to start with the most abstract theory – path dependent theory, then use Pollitt and Bouckaert model for conceptualization and finally use the change management theoretical model, which is the most specific and concrete of them all.

One would expect when using three theories to see that the same facts being looked from different theoretical aspects, providing different explanations and conclusions in a coherent manner. However, in my opinion, since the theories vary in the different level of abstractness, each of them should analyse different aspect of the problem and focus on different kind of facts. Following this, in relation to the assessment which of these three theories gives better insight in explaining the administrative reform, in all fairness, I think they all provide explanation from different aspects. Path dependence theory provides explanation regarding importance of the historical background and institutional continuity and introduces concept of sunk cost. Pollitt and Bouckaert model focus on providing the explanation about obstacles, mainly institutional, in the reform process. Finally, Kotter model focus in implementation process and micro-level triggers that can be of crucial importance when it comes to making difference between success and failure in reform implementation.

In my view, these three theories deal with different aspects of organizations, but they are compatible since it seems that they support each other through formation of comprehensive depiction of Commission difficulties in the reform process.

Therefore, the only conclusion that emerges is that the administrative reform within the EC has been lengthy and problematical due to its strongly path dependent character, unfavorable institutional characteristics and lack of positive behavioral triggers. Moreover, even though we witnessed some relevant progress and this reform represents the biggest overhaul in the Commission's history, one can see only diffident improvement, not the substantial one.

Finally, achieved progress has resulted in increased bureaucratization leading to the danger of undermining the Commission capacity to perform one of her core functions - policy innovator. It is obvious that strengthening the management capacity considerably enhances the effectiveness of EU governance. Hence, deficiencies in the Commission's capacity, especially in formulating policy, have unknown consequences not only at the internal organization of the EC but also on the EU as whole. Therefore, further bureaucratization has the potential to be troublemaker at wider continental and global scene causing raised level of Euro-scepticism and public anxiety. However, without effort to reform bureaucratic structure, the forthcoming phase of deepening and widening integration will increase EU inability not only the performance of the organization, but also its viability of the integration process itself. The question remains how to continue with reform efforts and avoid additional bureaucratization and in the same time not lose political capital since recent evidence showed that control and rule oriented reform is not very popular among EC staff.

To conclude, the organization and structure of the Commission is an exceptionally complex, and the one in which it is extremely difficult to formulate and execute fundamental reform.

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