

Change strategies for modernisation¹

1. Introduction

Three hundred years have passed since the Second Great Assembly (1716-1717) began considering the constitutional and financial state of the Dutch Republic. This Assembly was convened because the Republic's institutional structures, which had remained unchanged since its founding in 1579, were no longer effective. The central decision-making process was extremely slow. Having been asked to analyse the Republic's institutional problems, Simon van Slingelandt (1664-1736) concluded that in the light of contemporary trends the system of public governance was no longer fit for purpose. In fact he argued that the situation was so serious that it was 'quite remarkable that the Republic still exists'. In the course of the Second Great Assembly, proposals were put forward to limit the autonomy of cities and regions and strengthen central authority. Although almost all the delegates recognised the seriousness of the institutional inertia that had arisen, hardly any proposals were accepted.

The Second Great Assembly is illustrative of the ability - or rather inability - of the Dutch system to modernise. Various studies have examined why it is so difficult to make structural and other changes in the Netherlands, including studies by the Council for Public Administration in 2010, Tjeenk Willink in 2014 and the National advisory committee on Public administration and governance in 2016. We will not reproduce their arguments about why change is so difficult, but a certain degree of qualification is necessary. Much depends on the perspective from which one considers the system of governance and public administration. When considered purely from the perspective of structural reforms, little appears to have changed since the time of Thorbecke. However, looking at the system from a functional perspective leads to a different conclusion: the way the system operates now is completely different than it was in 1848.

Our aim in this paper is to put the need for successful reform strategies for modernisation on the agenda. We will consider a number of strategies that are commonly pursued in the Netherlands. It is our hope that this will spark a discussion about the strategies used in neighbouring and other European countries to achieve modernisation. This is a relevant factor because the question that is usually asked is whether proposed policy measures will be effective, rather than how proposed measures can be implemented effectively. And this last question might be just as important as the former.

2. Differentiation

The need for strategies for modernising public administration has not arisen out of the blue. With parliamentary elections coming up in March 2017, a great deal of consideration has been given

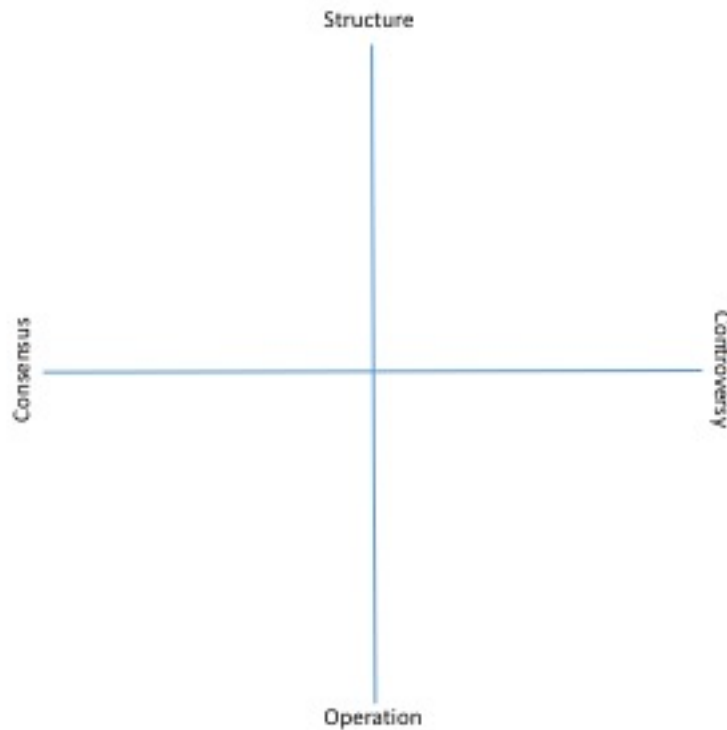
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recently to the functioning of democracy and the public administration system (National advisory committee, 2016; Commissie Toekomstgericht lokaal bestuur, 2016; Denktank Vereniging van Nederlandse Gemeenten, 2016). It is not our aim to address the finer details of these analyses in this paper. Suffice it to say that as things stand our democratic and administrative institutions generally lack the capacity to respond and adapt to trends such as individualisation, internationalisation and technologisation. Because of these trends our democratic and administrative institutions need to be able to respond more quickly and more flexibly to social developments. The literature refers to the capacity for adaptivity, resilience and even antifragility (Taleb, 2015). If there is a political will to implement recommendations, it is important to understand how they can be implemented successfully.

To illustrate this we will consider one particular process. In March 2016 the National advisory committee on Public administration and governance (*Studiegroep Openbaar bestuur*) published its report 'Maak verschil' (Make the difference; see annexe). The National advisory committee, comprised of central government officials, officials and officeholders from subnational authorities and a representative from academia, was set up by the government to examine the current functioning of the public administration system in view of future economic and other challenges. The National advisory committee identified three significant trends: the increasing importance of the regional level (and the differences between the regions), greater global interconnectedness and cohesion, and the increasing complexity, acceleration and unpredictability of events. Because of the way the public administration system is currently organised and operates, it lacks the capability to function efficiently and effectively in the situation created by these three developments. Consequently, the Netherlands is missing out on economic and other opportunities. The National advisory committee made recommendations for modernising the public administration system to improve its ability to respond to the changing context. In essence, these recommendations reflect the need for greater freedom within the public administration system to enable subnational authorities, working with their partners, to act flexibly and take measures that respond to the changing situation in order to address regional economic challenges. This would imply allowing greater differentiation within the public administration system. The need to allow for differentiation has arisen because uniformity within the public administration system is an obstacle to adaptivity. The National advisory committee's recommendations include not only structural changes, but also – and more particularly – changes to culture and processes within the system.

A number of the National advisory committee's recommendations focus on modernising the *structure* of public administration, for instance by creating institutional scope for different administrative arrangements or eliminating the hierarchy between provinces and municipalities. Some of the other recommendations address how those within the system *operate*, focusing for instance on new skills development for administrators, elected officials and public servants, or on ways of shaping an agenda for tackling regional economic challenges. A distinction is maintained between *structure* and *operation*, because past experience has shown that modernising the structure of the public administration system is a different matter from modernising how it operates. A distinction is also drawn between modernisation proposals that are politically controversial, and those on which there is consensus. This latter is usually only conceivable if

there's also some form of consensus in public opinion. Obviously other context variables are conceivable, but these would seem to be the most meaningful distinctions for the purposes of this discussion. The conceptual model used for the purposes of this paper can be illustrated as follows:



3. Change strategies for modernising the structure of the public administration system

In the Netherlands the discussion about modernising the public administration system is generally confined to the system's structure. This type of modernisation is also referred to in the literature as third-order change (Kuipers et al, 2015). The division of the public administration system into central government, provinces and municipalities, as it has existed for roughly 150 years, is often referred to as 'Thorbecke's House'.

Political consensus

The existence of political consensus for modernising the structure of the public administration system cannot be taken for granted. The same applies perhaps to an even greater extent to modernising democratic governance (Geurtz, 2012). This political consensus is only possible if there's also some form of consensus in public opinion. However, if such consensus exists, the following change strategies could result in successful implementation.

- Coalition agreement

One strategy for change – for which political consensus is essential – is to include a plan for modernisation in a government's coalition agreement (Kooiman, 1986; CPB, 2016). Inclusion in a coalition agreement generally implies that there will be a political majority in parliament for the plan to modernise the public administration system. A parliamentary majority is certainly required

for the statutory amendments necessary to make changes to the structure of public administration. Various studies have shown administrative reforms to have been successful where the intention to make them was included in the coalition agreement. This applies for instance to the decentralisation of social services that was introduced on 1 January 2015. In the Rutte II coalition agreement it was agreed that municipalities would be made responsible for youth care, long-term care and labour market participation. Municipalities were given about two years to prepare themselves for what may have been the biggest administrative reform in the past 150 years. To illustrate just how big the change was: the Municipalities Fund grew by nearly 50%. At the same time, including modernisation plans in a coalition agreement is not enough, as we saw in the case of the government's proposals to merge the provinces North Holland, Utrecht and Flevoland or to upscale municipalities to ensure that they have 100,000 inhabitants or more. Despite inclusion of these proposals in the coalition agreement, they failed to gain sufficient political support.

– Support among different tiers of government and frameworks

A second change strategy is to build support outside the parliamentary arena and lay down procedures for the process of modernising public administration (Study Group, 2016). In the Netherlands, subnational authorities are consulted before legislation affecting them is submitted for parliamentary decision-making. This means that support among subnational authorities is essential if modernisation of public administration structures is to succeed (Geurtz, 2012). It is also necessary to make agreements with subnational authorities on implementation. Modernising institutions is not simply a matter of amending legislation; it should also lead to visible changes in how the system functions. It is therefore essential to make agreements with subnational authorities regarding modernisation plans and their implementation. The voluntary agreements reached with the subnational authorities in 2007, 2008 and 2011 illustrate the potential effectiveness of these frameworks put in place by different tiers of government. The agreements addressed the responsibilities of the various tiers of government, reducing burdens imposed by one tier of government on another, and administrative and financial relations between tiers.

Political controversy

In the past it has proven difficult to modernise the structure of public governance in the Netherlands when modernisation is politically controversial. From past experience it is clear that differences of opinion arise in respect of both problem analysis and possible solutions, often because the differences are rooted in ideological motives.

– Commissions

Commissions are tried and true instruments in the Netherlands for achieving modernisation (Schulz et al., 2008; Schulz, 2011; Van Leeuwen, 2013). On 22 January 1798, at the time of the coup by the radical wing of the National Assembly, Johannes Midderigh lamented: 'Citizen representatives, there is no longer time to hesitate, deliberate or await the report of some long-winded commission. Action must be taken, great steps must be taken, and immediately' (quoted in Van Sas, 2005). Establishing a commission is illustrative of the Dutch political culture of consultation, accommodation and compromise. On a number of occasions this tradition has proven a successful

way of introducing reforms. Establishing a commission is in fact a way of achieving political consensus, which then makes renewal in the organisation of public administration feasible.

This can be illustrated with two examples. The first is the Pacification of 1917, which resolved the controversies that had raged throughout the 19th century concerning private schools and universal suffrage. In late 1913 two commissions were established, one to resolve the schools issue and the other to reach agreement on universal suffrage. It was important that these committees included leaders from all seven existing political parties (three faith-based parties, three liberal parties and a social-democratic party). These top-level consultations reached agreement: from now on all private schools would receive just as much government subsidy as publicly-run schools, universal male suffrage would be introduced and the constitutional obstacle to female suffrage would be removed. These proposals were adopted simultaneously and by near unanimity by both houses of the Dutch Parliament. The second example is the introduction of the separation of powers in municipalities and provinces. Until the start of the 21st century, municipalities and provinces did not have strict separation between membership of their executive and legislative branches. This changed for municipal authorities at the time of the 2002 municipal elections with the introduction of separation of powers; similar changes were made to the provincial system in 2003. These changes to the system were the direct result of the recommendations made by the national commission presided over by professor of constitutional law Douwe Jan Elzinga. The controversial nature of these reforms is evident from the fact that, even 15 years later, views still differ as to the desirability of the changes made at that time.

The success of national commissions depends on a great many factors, for instance their composition. To ultimately succeed they need to represent a plurality of political viewpoints. The national commissions that resolved the issues of school funding and universal suffrage included leading figures from the political parties represented in parliament. That ensured commitment. It is also important for commission recommendations to be unanimous. If different commissions express mutually contradictory views, it is difficult to achieve change (Geurtz, 2012). It is also up to the commission to stress that the need for the measures it has recommended remains urgent.

4. Change strategies for modernising the operation of the public administration system

Modernising the public administration system clearly cannot be achieved solely by changing its structures. We have previously written about the fallacy that we are like administrative engineers who can change how the public administration system functions simply by flipping a few switches (Van Zwol & Steur, 2016: 81). It is not just the structures that matter, but also the cultures and processes within public administration (in other words: its operation). We will now discuss change strategies for modernising how the public administration system operates. For the sake of convenience, we take operation to include both cultures and processes. The literature also refers to this type of modernisation as first-order changes and second-order changes (Kuipers et al, 2015).

Political consensus

If there is political consensus for modernising the way the public administration system operates, we assume that there is sufficient administrative and financial scope to adopt specific new ways of operating.

– Innovative principles

One change strategy is to consciously apply innovative principles. This may include creating learning environments in which it is possible to experiment with new approaches to public administration. Although there are many lessons to be learnt from innovation processes in the private sector, there is also more and more discussion of innovation in the public sector. The Study Group's outcomes can also be placed in this innovation frame. Pilot projects have been established in six regions, where the authorities approach a specific challenge by adopting the Study Group's recommendations. The process was initiated prior to summer 2016 and its results will be evident after the summer.

– Positive incentives

Another change strategy is the introduction of positive incentives in the public administration system to change the way that things are done. These incentives may be financial (for example in the allocation model between central government and municipalities), but they can also be administrative.

Political controversy

If there are political disagreements about modernising the operation of the public administration system, we assume that there is less scope to introduce new ways of operating. Consequently, a different change strategy than those outlined above is required.

– Incrementality and exogenous developments

One change strategy would be an incremental approach. Earlier in this paper we added a few qualifications to the idea that there has been no modernisation of the public administration system over the past 150 years. On the contrary, modernisation of the public administration system can actually be regarded as a continuous process (Van der Steen & Van Twist, 2010). A few exceptions aside, this has been a step-by-step process without any major shocks. The incremental nature of modernisation is largely accounted for by exogenous developments that the public administration system has had to keep responding to and which in themselves entailed modernisation. Take technological developments for instance, which have contributed to gradual modernisation of the public administration system. In the 1980s the introduction of the computer resulted in new ways of working. Computers not only raised efficiency (eliminating the need for typing pools to transcribe handwritten documents) but also increased connectivity. The arrival of email made instant communication possible. Then came the mobile phone, which made government personnel much easier to reach. They were no longer tied to a particular workplace and could respond much more quickly to urgent tasks. Now the tablet is changing the way public administration works too. It frees people from the need to work in a particular place and time using a particular device. Consider how often quick responses to emails are sent outside traditional office hours. The introduction of new technologies does not immediately cause people to wonder what the

implications might be for the structure of public administration. However there is no doubt that these technologies do have implications for the system.

– Depoliticisation

Another change strategy that can be adopted to pursue modernisation where there are major political differences, is to depoliticise the reform. This involves changing the way in which support processes (for example HR policy), IT infrastructure, accommodation or facility services are organised. This change strategy starts at and proceeds via the periphery of the policy process rather than through its core, which gives it the appearance of a technical exercise. However, such a depoliticised process makes 'an irreversible start to change that is and will be deeply substantive in the support processes and operational management' (Van der Steen & Van Twist, 2010: 54).

5. Discussion questions

We would like to put the following questions at the heart of the discussion:

- a. This paper has drawn a distinction between the object of modernisation (structure or operations) and the political context within which modernisation is to take place. What change strategies are being pursued in neighbouring countries within the chosen conceptual framework for the modernisation of public administration? Which strategies have been successful and why?
- b. The conceptual framework draws a distinction between modernising the structure of the public administration system and modernising its operation. In the light of the change strategies, is this a useful distinction? In view of other countries' experiences, what should modernisation focus on?
- c. The National advisory committee has made recommendations for modernising both the structure and the operation of the public administration system. This implies that multiple change strategies will need to be pursued to achieve the necessary modernisation. How should a combination of change strategies be shaped?

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