Analyzing SSCs:

An international comparison

A comparative case study of the implementation

of Shared Service Centres in three countries

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Frontpage

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Preface

This document contains the description of the research that I have done, during my practical at the Institute for E-Government (Electronic-Government) in Potsdam. I have worked there for three months, to make a comparison between three kinds of Shared Service Centres in three countries. The reason why I chose this subject was a bit of a coincidence. In the second semester we had a class of Prof. Reichard from the Potsdam University. I asked him if he would have a place for me to do my practical. He proposed the IfG.CC (Institute for e-Government. Competence Center) and the subject of Shared Service Centres. New Public Management and governmental innovation have my interest and was one of the options to use as subject for my thesis.

At the IfG.CC I learned a lot. Actually I have to admit that I learned more then I suspected. The period of three months, living in Berlin, was a great experience. Berlin is a beautiful city, so therefore I was able to combine an adventurous life of freedom with intellectual development and academic progression. At the IfG.CC I learned more about ambitions (mainly supported by my supervisor Dr. Schuppan), global awareness regarding e-Government and academic development regarding this subject.

Enclosing I'd like to thank some people who became important to me in these last period of doing the practical and writing the thesis. I want to start with the people of the IfG.CC who have given me supervision and guidance. Especially Dr. Tino Schuppan and James Griffin were important for my guidance and feedback. In the mean time at distance, guidance from the University was given by Dr. Vincent Homburg; he became especially important in the phase of writing the thesis. Without him would it become really difficult to have written the thesis in a proper manner.

Furthermore I'd like to thank my parents, who have given me a decent place to work when I returned from Berlin. Last I want to thank some friends (Marlous Wessels, Femke Baas, Wouter & Meeuwes de Ruiter) who cheered me up, when I was full of it or when I needed some distraction.

Management Summary

This document contains the description of a research of the emergence of the so-called Shared Service Centres (SSC), a new organizational form in the trend of New Public Management. This research contains a comparison between three different countries in which the concept of SSC is implemented.

The central question in this document is: *What are the differences and similarities in Shared Service Centres decision making in the Netherlands, Germany and Austria and how can these be explained?*

In order to answer the central question, three cases of SSC-initiatives were compared from three different countries (the Netherlands, Germany and Austria). The expectations were that organizational culture was influential on the way the initiating actors argue, behave and take their decisions. Therefore the theoretical look contained several theories or theoretical concepts, including discourse analysis, path dependency and institutionalism. The focus was 'two-sided', focused at the rhetoric level and an institutional approach of the changes that SSCs have on organizational and cultural context in which they must be implemented. To examine this, the focus lay on two components of the process: the level of rhetoric and decisions. The rhetoric level is analyzed by a method in order, to take a closer look to the underlying assumptions of policy makers. The level of decisions then is examined from an organizational/institutional approach.

It appeared that there are more differences then similarities in the decision making process. Goals and objectives are quite similar to each other, just as the reasons why the decision was taken to initiate the SSC. However, the assumption of what SSCs are, differ across the analyzed countries. Therefore differences emerge between the organizational changes that the adjustment will require, the sacrifices that it might cost and the barriers that could be foreseen.

It appeared that sudden factors are fundamental to these differences which have nothing to do with SSCs or NPM at first hand. Historic, national patterns (like the re-unification of Germany) are highly influential, just as historical and cultural aspects of reforms. The Dutch reform attempts are always characterized by their consensus approach, while the Germans are characterized by a 'pilot-approach'. These observations showed up as well in this research.

Content table

Chapter 1: Introduction Shared Service Centres

1.1 Background SSCs

Since 2002, the principle of a so called Shared Service Centre has gained popularity in the public sector in the Netherlands. The initiative to create SSCs in the public sector is based on the initiatives for establishment of SSCs in the private sector (Strikwerda, 2006). In the 1980s large American companies in the business sector initiated the first SSCs to reduce the costs for supporting services (like HRM [Human Resources] and Finance activities). Ten years later the phenomenon also gained popularity in Europe, in the private and later on, also in the public sector (Neefjes, 2003).

The rise of the SSC popularity and the development of the ICT (Information and Communication Technology)-structures seem to be related.

The improvement of ICT-structures creates the possibilities to connect several communications, transaction and a large amount of other supporting processes to each other. The CP-ICT (Coordinatiepunt ICT) described the recent possibility to maintain the regional policy and to implement those policies into one system of administration (The so-called region module). Therefore the Dutch Cabinet had identified high expectations in the program of 'Different Government' of ICT improvement into the public sector (CP-ICT, 2005).

A Shared Service Centre is defined by Strikwerda as *an accountable entity in the internal organization of a firm, tasked to provide specialized services to operational entities (divisions, business units) based on a service level agreement and full charge out of costs based on a transfer price system* (Strikwerda, 2006). According to Strikwerda, a SSC may perform many tasks except statutory tasks and/or creating policy. The SSC will deliver measurable outputs.

Overbeeke et al. (2003) add to this description that in a SSC, certain *supporting* services or parts of those services will be bundled at a central level. In the meantime this means that decentred supporting activities will sustain. The choice for what kinds of activities are executed is made by preference, aside from the primary process of the organisation. Another important part is the customer-provider relation. Customers are administrative bodies like ministries, for example. The customer should have the commanding position in deciding which services are delivered by the SSC and therefore the scope of the SSC organisation. The relation between customer and provider should

be formalised in a contract which is based on the price/quality relation (Overbeeke, Stelwagen & Tiebout, 2003).

1.2 Motivation research

In the western world several initiatives of SSC establishments are taken the last years (Over a hundred in the year 2004 [Strikwerda, 2004]). However, questions can be asked about the uniformity of these concepts. Organizational reforms tend to be similar in implementation and goals, but have very different forms and shapes in practice (Pollitt, 2001). Pollitt assessed an emergence of international convergence in organizational reform. However, he makes the distinction that a convergence at a certain level (for instance decisional level) is not a condition for convergence on other levels (like the level of output for instance).

When a SSC can be regarded as a management reform (explained in chapter 2), it is interesting to analyze an emerging convergence, in line with Pollitts analysis of convergence and divergence.

But, the phenomenon Shared Service Centre is relatively young in the public sector. Pollitt describes four different levels of possible convergence: the rhetoric, the decisional, practice and result (This distinction will be introduced in the next section and described in more detail in chapter 2). This research will only be focused at the first two levels, because it is simply impossible to examine the practice and result level in a proper manner, with such young information. The subject of this thesis will be then a possible convergence between SSC-initiatives in three different countries (the Netherlands, Germany and Austria). By picking three different countries, three different administrative contexts can be described. This will broaden the results of this research.

1.3 Introduction theoretical concepts

Before an emerging convergence can be recognized a theoretical view of comparison needs to be introduced. Theoretical components from New Public Management, Pollitts theory about convergence and the school of institutionalism will be used. These components will be assessed, by two different models to analyze the underlying assumptions of the influential actors.

The initiatives for SSCs can be seen into the trend of New Public Management (NPM) as an innovative idea and an attempt to improve the service quality. The idea of SSC is to improve the service quality of the public sector. That's what NPM is all about.

In line with the claim of Pollitt (2001), there might be a convergence into western countries at different levels of reform attempts. But before an emerging convergence can be assessed, it needs to be explained what Pollitt means with the phenomenon of convergence.

Pollitt makes the distinction into this concept at four different levels of possible convergence (more detailed described in chapter 2). This research will be about the first two levels of Pollitts description of possible convergence: The decision making level and the rhetoric level. Regarding the topic of SSC-implementation, level three and four won't be possible to analyze yet. The most SSC initiatives are too young to describe established working processes (level 3) and organizational procedures. For this reason, a comparison at the level of result (level 4) is not possible as well, because results are not produced yet.

The first level, described by Pollitt is the 'discursive level'. An analysis at this level involves a closer look at the administrative talk. If a convergence at this level is occurring then similar 'new' terms may published in documents and debates, for example the term New Public Management or privatization. So the discursive level is about the rhetoric. To analyze the rhetoric, a closer look to the assumptions of participating actors is required. A model to do this is described by Bekkers and Homburg (2007) and Fischer (2003). Therefore in this research, the rhetoric level and the discursive level will be considered the same.

The formulation of policy talk is based on assumptions regarding goals, required changes, upcoming barriers etc. Bekkers and Homburg (2007) have provided a model to examine assumptions regarding goals, effects and barriers. Fischer (2003), described a model, also to determine the assumptions regarding these three topics, but made the distinction between assumptions regarding the organizational (meso) level and the societal (macro) level. Also this model seeks to examine the underlying emerging values that may be important in the decision making. The description and analysis of this subject will be based on both models.

Over the years, a large claim is done by those who believe in non-functional (which means: not based on a dominant rational approach) theories, such as March & Olsen (1989) and others (Kingdon 1984 etc.). In short, from this point of view, factors like actor identities, historically formed habits and organizational culture are highly influential on the way that actors behave and how the processes of policy creation or changing proceed. In line of this reasoning it seems suitable that if there might be a

convergence at the decisional level, some sort of a convergence into the contextual/institutional level is an important condition in a non-functional, theoretical light. Therefore in this thesis, the described decisional level will be assessed from an institutional approach. The school of institutionalism provides in components that can be analyzed in the empirical part.

To examine the decisional level, two topics from the institutional tradition will be used: Firstly, there is the assumption that SSC initiatives are created into networks of decisions and decision makers. To analyze decision making in a network several issues are important, which require attention. Networks are not simply emerging, but carry a history and are imbedded into several institutional and normative frameworks. So to describe these networks the accent will lie on components as path dependency and the logic of appropriateness. In line of this reasoning it is interesting to look to the window(s) of opportunity that are beheld by the initiating actors for the decision of establishing the SSC. Secondly, during the process of establishment, barriers or unforeseen errors are occured. The reason why these barriers showed up is interesting and might be related to the institutional context in which the new organization must be implemented. Several authors (such as Thelen [2002], Kingdon [1984] and Mahoney [2000]) described the importance of path dependency. The 'path' of a policy change or planned reform will not proceed as fluently as planned. Therefore factors or cultural aspects, established in an earlier period, may be the cause of that. By looking at the emerging barriers during the implementation process of the SSC, we can examine the weight of these cultural aspects.

Also to implement an organizational form such as a SSC certain sacrifices must be made (for instance employees need to be fired; new ICT-structures need to be developed etc.). Somehow the participating actors seem to see benefits that are worth the investments. This shows what values are dominant in the implementation process. Values are an important part of the institutional context, but do not appear out of the blue. Values are grown into history. So, looking at the emerging values tells us how the path is preceded in the past.

This assessment of theoretical insights will provide a 'list' of comparable concepts. These concepts will be used to compare the different SSCs. Also when the description of the Dutch, the Austrian and the German situation is completed, conclusions can be drawn whether the convergence at the discursive level and/ or the decision level is emerging. Finally, conclusions can be made whether the institutional context, which likely is different for all three countries, played a prominent role into the process of this topic.

1.4 Research Question

The research objective in this thesis will be:

To compare SSC rhetoric in various national contexts, to identify and explain similarities and differences. In doing so, the ultimate objective is to describe and explain convergence / divergence in SSC developments.

The research question in this thesis will be:

"What are the differences and similarities in SSC decision making in the Netherlands, Germany and Austria and how can these be explained?"

To get an answer on this question, the next sub-questions will be important:

1. How can a convergence be measured and on what focus points?
2. How can the establishment of the SSC-initiative be reconstructed at the rhetoric and decisional level?
3. Can a convergence in this phenomenon be indicated? And if yes at which level?
4. What lessons can be learned from the three case studies regarding SSC-initiatives?

These questions will function as a guideline for the research. The expectation is that at the rhetoric level a convergence is appearing, but a divergence can be indicated in the implementation process. This divergence is caused by a difference in institutional context.

1.5 Relevance for public administration

The topic of the Shared Service Center is relatively new in public management. Therefore, the topic is still a bit unknown. However, when this concept is taken as a very specific component of the New Public Management approach it can have great value for the level of knowledge of public administration. In this research an attempt to draw lessons from a comparison between three different countries is made. By comparing several initiatives in different countries lessons can be

drawn, how the general perception is about SSC manifestation and what it could obtain. As Dr. Schuppan (head of the Institute for e-Government Competence Center) described: "*There is smoke, so there is also fire, however we don't know yet what the fire really is*" (12-02-'08).

With the concept of the SSC, NPM (New Public Management) seems to head into a new direction. Bundling of services and efficiency gains by centralization seems to be a new tendency where in the last decade, the emphasis was lying on outsourcing and privatization of public parts (Pollitt & Bouckaert, 2004). The topic of SSCs touches 'classical' issues in the theories of New Public Management, such as accountability in policy (who is responsible for the producing of results), the 'role of the past' (what factors are important with the transformation) and what benefits could be obtained. It would be interesting to see, if these 'classical' issues emerged with the new NPM-subject as well. Therefore this research can have a contribution in the way of thinking in Public Management Reforms.

1.6 Societal Relevance

The societal relevance of the topic of Shared Service Centers should be placed into the broader perspective of governmental innovation. These days, reducing the public sector and modernizing the government is still a big topic for many governments. In many coalition agreements, the note of updating the government and the governmental service is described (among other things Min. BZK [Ministerie van Binnenlandse Zaken en Koninkrijkrelaties], 2007). The reforming to the SSC concept is expected to have (great) value regarding these goals. The relevance of a modernized and updated public battery is created by the current globalization and internationalization processes. Governmental roles are changing by the growing influence by the European Union. In addition, Western European countries feel the growing aversion to governmental bodies (Min. BZK, 2007). This aversion combined with for example the rising of the elderly, makes that governments feel the necessity to adapt their current processes.

Therefore it is important to investigate and assess whether and how the concept of the SSC can contribute to these new requirements of governmental activities. If the concept is that successful as described by initiators (Min. BZK, BVA [Bundesverwaltungsamt] and the Bundesministerium fur Finanzen, for instance) then it is from the upmost value to distinguish and compare the different initiatives to each other. This research can contribute to the level of knowledge regarding Shared

Service Centers, their different appearances in international comparative perspective and the different changes that might emerge during the process of initiating.

1.7 Research Method

After the decision to write the thesis about SSCs, the emerging issue became what and how to investigate. The phenomenon of SSC is relatively new in the public sector and hardly fully implemented yet. However in several western countries the concept is introduced and initiatives have been taken. This made an international comparison possible and interesting.

The three selected countries wasn't a random selection. From the Institute for e-Government (IfG.cc), the principal of this research, there was a special interest in a comparison between the Dutch initiative and the German. Furthermore in the IfG.cc material was available about the establishment of the Austrian Buchhaltungsagentur (BHAG). This created the possibility to extend the research to three countries. This makes the comparison more interesting. A comparison between two countries will only give insights into differences (and/or similarities) in implementing SSCs. With a third country it will be somewhat easier to draw conclusions why these differences have occurred.

We can already conclude that the three different countries differ in administrative context, reform history and the actual achievement of administrative reforms.

First of all, Germany as Austria are both federal states. The Netherlands is a so-called unitary but decentralized state. However all three states are a so-called *'Rechtsstaat'*. The basis of the state is a constitutional law. But in Germany this given, causes a formal structure of policy making that is highly based on hierarchy (Pollitt & Bouckaert, 2004; Reichard, Mussari & Kopke, 2006). Austria also knows a public sector of intense regulations, a highly hierarchical administrative culture and a complex federal system (Promberger, Rauskala & Cecon, 2004). The Dutch context is in it's constitution similar to these two countries; however through a system of advisory committees and councils, many channels have entrance to the public administration (Kickert and In't Veld, 1995).

The reform in the public sector in Germany is mainly done through *pilots* were the Dutch reforms are characterized by a more comprehensive approach and creation of cohesion between all related parties (Pollit & Bouckaert, 2004). Another striking difference is the kind of reforms that are implemented in the public sector. German changes could be characterized as administrative tighten-up and modernization of existing institutions and/or systems. Reforms are mainly initiated at the local level and adapted at the federal level after some decentralized pilots (Pollitt & Bouckaert,

2004). In the Netherlands, a lot of new institutions are created in order to reduce the public sector. Privatization was a prominent theme and a lot of state-owned companies were privatized or sourced out (Pollitt & Bouckaert, 2004). In Austria, since 1995 the reforming of the public sector was taken seriously. Also the focus was placed on changing the existing public bodies to more result-oriented and more service-scoped organs. However at the state level (Länder-level) also other reform attempts, such as outsourcing of services, decentralization of resources were emerging, while at the municipality level the accent was lying again on modernizing the public body itself (Promberger, Rauskala & Cecon, 2004).

These descriptions of several (given) similarities and differences show that the administrative context is different in each country. Austria and Germany look similar in their structures. However in Austria, reform attempts at the several federation levels differ from each other and seem to be more individual to each other then in Germany. These differences strengthen the assumption that the institutional context may be highly influential on the progress of the SSCs.

In order to examine the influence of this context on the decision making process, regarding the topic of SSCs, three cases will be analyzed in this research: One in the Netherlands, one in Germany and one in Austria. To get a proper comparison between the SSCs it must done at the same administration level. Therefore all selected SSCs are operational at the central level, realm broad.

In 2003 an SSC was established in the Netherlands, called P-Direkt. This SSC must deliver all Human Resources tasks for all the Dutch ministries.

In the German situation, SSCs are an even more unknown topic then in the Netherlands. Claims for the benefits of SSCs are made by different authors (Behordenspiegel, 2008). However, most SSC proposals haven't seen the daylight yet. But the *Bundesverwaltunsambt* (BVA) is functioning as an umbrella organisation for SSC services in the public sector on several areas such as communication between public and private partnership, management of cross-sectional networks, such as culture and sport, youth-care etc. and management of public travelling (BVA, 2008). Regarding the German situation, the BVA as a whole will be examined and in particular two areas' will be analyzed in which the BVA is functioning: the *Beihilfe-program* (Social support in case of medical aid for civil servants) and the system of *Travel Management (*Practical support for civil servants who are restricted to travel for their job).

In the Austrian situation, the focus will lie on the establishment of a central Accountancy Agency (*Buchhaltungsagentur*) which has to carry out all the accountancy services for all public bodies at the central level.

The method of the research will be case-studies, so qualitative in their nature. Firstly, because of the impossibilities to draw some conclusions when there aren't results. Results are crucial for a more rationalistic point of view (Pollitt, 2001). Also Pollitt (2001) and March (1994) express the weight of the institutional context for the decision making. To analyze a context, a qualitative manner of research is required. Therefore case studies of SSC-initiatives will be used as models of NPM-initiatives. Only with a qualitative manner conclusions can be drawn if a contextual change is required for the success of the SSC. Also only in a qualitative manner, insights might show a little tip of the influence of administrative culture and a possible explanation about the struggle of the implementation is related to this administrative culture.

The research is mainly based on policy documents. These are documents published by related actors (for example Ministerial reports, advices from consultancies, or published by the executing organ itself). In these documents, the focus will be on, who the influential actors were and how the rhetoric was between these actors. Furthermore, these documents will describe which barriers showed up and why. These documents are always produced by a participating or advising actor and will, therefore, contain the official statements. The way they pronounce an issue or don't pay attention to another one, generate in insights in the "official" assumptions. When this method won't give enough information, interviews are used to get the required information. These interviews were held with policy making persons.

The research is carried out on behalf of the Institute for e-Government, Competence Center in Potsdam. Here people are working with expertise in this topic. Therefore, material is present of studies and earlier researches to SSCs. This will broaden the perspective on SSCs and will generate back ground information.

1.8 Outline thesis

The next chapter contains a description of the theoretical concepts which will be used in order to examine the differences and similarities in SSC-initiatives. To illustrate and to make this clearer a case of a Dutch initiative for setting up a central Electronic-Patient-File-system will be described. This system links information of patients to each other in a database. This database is accessible by civilians, pharmacists, hospitals and practitioners. However, to access the database a code is required. Based on this code (and the profession of the visitor) you have access to a certain part of

the information. This system must prevent unnecessary re-diagnoses, wrong medication and in the end must save lives. This so called 'EPD' (Elektronisch Patienten Dossier [Electronic Patients File]) looks similar in the way of realization. Also with the EPD a lot of actors at several levels are involved. With the realization of the EPD a lot of institutional and organizational reforms were required.

This theoretical model will provide in a 'list' of concepts which are comparable in the three different cases.

In chapter three you find the analysis of the first case: the Dutch initiative for a central HRM-service. This project was a project full of struggles and unforeseen barriers.

Chapter four contains a description of the German 'Bundesverwaltungsamt' (BVA), the largest service provider in Germany. The BVA is trying to develop the concept of SSC in their organization and to carry out the services by this concept.

Chapter five explores the establishment of the Austrian Accountancy Agency at the central level. This agency is becoming operational surprisingly fast and seems to be quite successful.

Chapter six presents the comparison and provides the results from this comparison. Also the answers on the important sub-questions are in this chapter, including the conclusion whether and which matter of convergence is appearing.

Chapter seven is the last chapter and provides the answer on the central research question, lessons that can be drawn from this topic, and emerging questions.

Chapter 2: Comparing SSC-initiatives as organizational reform

2.1 Introduction

This chapter contains the description of the theoretical concepts, which will be used to examine the comparable topics. The central sub-question in this chapter is: *How can a convergence be measured and what are the focus points?*

In order to answer this question a description will follow of several theoretical concepts which are important to examine the cases of SSC-implementation. The description will contain: the relation between New Public Management and Shared Service Centers, Pollitts distinction in convergence, the analysis of the first two levels of this theory (rhetoric and decisional level). The rhetoric level will be analyzed by a model of examining the underlying assumptions of influential actors and the decisional from an institutional perspective.

To make these topics more clear, the several topics will be enlightened by a practical example of the Electronic Patient File (EPD). The EPD is established in a manner, comparable to Shared Service Centers, regarding related actors (both from public administration as the semi-public health sector), organizational adjustments and sacrifices. The example of the EPD will clarify and illustrate the importance of the described concept. Also by using the EPD description, the research approach in this research will be clarified. For instance, how are the assumptions regarding the goals identified? The description of the EPD is written in cursive letters and added in text boxes beneath the adaptable concept. The research approach is added in the boxes as well and will be written regularly.

The EPD is an electronic file for patient data. The system is a database, in which information is saved about medication, diagnoses, medical history etc. Access to the system will be granted on a special developed identification system. The system links information to each other from hospitals, general practitioners and pharmacists. This must lead to a more effective communication between medical units around patients to prevent (sometimes fatal) mistakes, like wrong medication and double diagnoses.

2.2 The tendency of New Public Management across western countries

Since 1980, there have been some changes in management approaches in a lot of (western) countries. Politicians asked for sharp improvements in performance, more comparable to the private sector (Pollitt & Bouckaert, 2004). The goals were simply to *getting the structures and processes of the public sector better (in some sense)* (Pollitt & Bouckaert, 2004). Public sectors were grown too big, were too less efficient and did cost too much money. So following the reforms attempts into the United States and the United Kingdom, slowly the rest of Western Europe, Canada and Australia followed.

There isn't a straight answer to the question why NPM became popular. However most commentators agreed that since the 1980s, public management reforms have been distinguished by an international character and a degree of political salience. But are we talking simply about a fashion wave in administrative change? For example, Hood claims that the best answer to this question is that simply the idea of the 'old' public administration didn't work anymore. Why the idea of NPM 'caught on' doesn't have an accepted explanation. However, he mentioned two possibilities: First he mentioned the possibility of the 'whim of fashion'. NPM became popular, a hype. Secondly he mentioned the NPM tendency as a response to special social conditions (Hood, 1991). In general NPM became popular because of a social understanding across several countries. This explanation seems acceptable in Pollitt's reasoning as well, about the process of globalization. Pollitt claims that this process was one of the major factors for the spreading popularity of the ideas of New Public Management all over the world (Pollitt & Bouckaert, 2004). The process of the unification of Europe, improvement in ICTs and the relations to other world parts and the competitive character of those relations sound as a valid explanation in this reasoning.

2.3 The SSC concept in the idea of New Public Management

The rising of the phenomenon of SSC can be placed in the trend of the administrative reform in the western world. The emergence of SSCs in the public sector can be, therefore, considered as a specific manifestation of a New Public Management practice.

New Public Management is the study to the improvement of the quality of the public administration. Governments across the western world seem to feel the pressure of modernization. The goals that SSCs must achieve seem to gain these goals at least. The possibility to set up SSCs is mainly based on the improvements in ICTs. Those attempts were twenty years ago impossible to imagine. The recent

developments, for instance the digital communication technology provide possibilities to continue processes, independent from space and time. The intensive use of those techniques can be regarded as a modernization attempt in the public sector.

In addition, across the western world the quest for a high performing public sector was emerging. The SSC seemed to be a serious attempt to improve that quality from public bodies. By bundling services which don't lie in the core of the organisation, possibilities have been created for the public body to focus more on those core tasks. For example, by bundling HRM-activities for a number of public bodies (in the case of P-Direkt for ministries) into one agency, all HRM-departments on the ministries became useless. Therefore the ministries can focus more on their core task: creating and executing policy.

Also in practice, NPM-attempts have been about gaining efficiency, cost-reduction and custom-orientation. The SSC can also be regarded as an attempt to reduce the costs and gain higher efficiency in the public sector. Also it is initiated to reduce the enlargement of the public bodies and the added inflexibility of that tendency. Next, in the eyes of most authors, the importance of the customer relation is of dominant value, which you can read in all of the literature about SSCs (Stirkwerda, 2004; Gerritse, Zwaan en Janssen 2005). The customer relation is underlined by the importance of the contract in which the quality-price relation is assessed. Customers are all public bodies who receive the services from the SSC. In the P-Direkt case, ministries and other centralized bodies are the customers of P-Direkt. This makes that the SSC, in theory, should be highly result oriented, with sometimes support from a private partner.

2.4 Similar international initiatives show a convergence?

Since the 1980s, a wave of public management reforms has emerged. However some observes that the direction and the distribution of this wave is everywhere the same, while others claim that is only partially true. They claim for instance: why did country A implement the program and country B not, or weren't able to do it (Hood, 1991)? Also there might be some disagreement about why there is a convergence in direction and/or distribution. In line of the 'whim of fashion' assessed by Hood (1991), it seems that a majority of countries who did implement it seems a proper excuse to implement it as well. Still the question emerges: 'why wasn't country B able to 'fit in' as well'?

In Public Management Review, Pollitt (2001) describes this phenomenon of convergence in international thinking. Converging means in the simplest way, at least two lines drawing to one point. Converging in administrative terms then means adopting similar organizational forms and

procedures. So if several countries use the same type of specific structural forms of budgeting, performance-related pay etc. then one might say: we have convergence. The underlying idea is that the foregoing concept was of *cultural* (institutional?) convergence.

However Pollitt claims that such an imagination of convergence is too simple. In such an understanding the moment of convergence is reached if a program, implemented in country X is already accepted in other countries, with the intentions to implement it as well. Pollitt's critical remarks have been aimed at the multiple process of the implementation of reform initiatives. First you have a debate and formulation of reform ideas. Next there is the attempt to assemble a sufficient coalition to enact reform. Then the reform *may* be announced. At last the reform has to be implemented in a particular institutional context. There are enough examples of reform ideas that didn't reach the implementation level (Langreid and Roness, 1999). There are also a lot of examples of reform attempts that did work in one country or public sector but failed in another. So the specific context in which the reform attempt needs to be implemented is crucial for the success of a reform initiative. Pollitt assessed: *"In sum, there are crucial temporal and contextual dimensions to management change. The consensus among both practitioners and academics is that the result of major administrative reforms usually cannot be clearly seen for three years or more after their adoption"* (Pollitt, 2001: 476).

An important example of this difference in context is the role of the actors in the process of implementation. Opinions of ministers and senior civil servants may play an important role in the adoption process, but the capabilities of the higher ranked staff can be more important for implementing the reform into the level of the street-level bureaucrats.

Across the world, bureaucracy is far from uniform. For example the position of the Dutch Prime Minister as a *primus inter paribus* (first person under his equals) limits him for making decisions, certainly compared to, for instance, the British premier. Also the Dutch tradition of consensus building with social partners is very different from other countries (Pollitt & Bouckaert, 2004).

German administrative reforms are initiated at a local level, which mirrored the decentralized character of the country. Administrative reform was an incremental process (Proeller & Schedler, 2005).

These are just a handful examples that show the importance of the differences in administrative context.

Pollitt describes a concept of convergence that reflects the process of management reform as a trajectory. This means that the converging lines are 'allowed' to converge for some time and then proceed parallel and sometimes even diverging. The concept also must distinguish between discursive strategies and accomplished practices.

This because of a convergence of international thinking (and speaking) not simply is a guarantee for convergence at implementation level. There might be continued divergence and variety at the stage of results.

Pollitt describes four different stages of possible convergence:

1. **Discursive (rhetoric) convergence** → more and more people are talking and writing about the same concepts. The conceptual agenda is converging. A study to this specific part of convergence is looking for the appearance of new terms into the political speech, government documents etc. For instance words like 'custom-oriented', 'contracting-out' and words like that are, according to the convergence theory, spread over the world in public talk.

2. **Decisional convergence** → authorities decide to adopt particular organizational reform techniques. This implies a study to the concrete decisions that are made about a reform mechanism. Are several countries planning to implement the same initiatives? Also in this, an announcement of a reform seems also appropriate to accept as a decision. Of course an interesting question is always, how did the decision arise? What kinds of actors have been involved, what kinds of relations hold them to each other and so on?

3. **Practice convergence** → Public organizations start to work in a similar way. This topic is a bigger challenge to investigate. As I described a decision at a political level doesn't imply that it actually will be implemented at the 'street level'. Indicators such as administrative power, bureaucratic structure and the rate of consensus might be influential. So to investigate a practical convergence a lot of case study is required. Unfortunately, most SSCs are simply too young to describe the change in work processes. This thesis doesn't give the opportunity to dig so deep into this topic.

4. **Results convergence** → outputs and outcome of public activity begin to converge. Also an issue which is hard to pin down. The final outcomes of a reform have been hard to investigate, for different reasons (Hughes, 2003). To mention a few: The indicators are not good enough, which makes the outcomes always too high or too low. This because of the public background of the ones who identified them. Also the multiple goal structure of a public organisation makes an organisation perhaps successful on one (private-oriented) goal, but not at a public matter. So to investigate this, one should take one indicator (for example gaining efficiency) and compare this across several organizations. This level of convergence can't be analyzed yet in the topic of SSCs. Even more then at the third level, results are crucial to assign convergence at the result level. The SSC initiatives aren't ready for that yet.

(Pollitt, 2001; 477)

The essence of this description of convergence is to describe a more fragmented concept of convergence. According to Pollitt, this is necessary, because the answer on the question: "Is there convergence", just isn't a simple yes or no answer. Convergence at one level doesn't imply automatically a convergence on the other stages.

The topic of SSCs 'fits' into Pollitt's assessment of convergence. Also SSCs gained popularity in a particular sector (private) and a particular country (USA) and the results of those attempts have had their influence on the European continent (Hendriks, 2005).

Considering the different administrative contexts (for instance Germany and Austria are federal states, while the Netherlands are a unitary but decentralized state) it can be assumed that different perceptions about what a SSC really must contain, differ across the implementing countries. Pollitt describes the example of the 'Operational Strategy' of the department of Social Security where everyone saw the benefits of computerizing its hundreds of millions transactions with citizens. However it didn't achieve planned staff reductions or service quality improvements (Pollitt, 2001).

So at the topic of SSC, this research will be focused at the first two levels. For the practice level and result level, results are crucial. The topic of SSC is relatively new. Results are lacking in the most cases and the research will then be based on prognoses. Therefore the focus will lie at the discursive and decisional level. The emerging question is then, when a convergence can be assigned at the discursive (rhetoric) level, is a convergence at the decision level also appearing? And again, if there is a convergence at those levels is there a convergence as well at the contextual/institutional level, which is the fundamental of the decision?

The possible convergence at the (international) discursive level and the expected differences at the implementation level make an international comparison interesting. When at the discursive level everyone talks and writes about the same issues, could we also indicate a convergence at the decisional level?

This research will be focused at the first two levels of Pollitts description of convergence: the discursive (rhetoric) level and the decisional level. The rhetoric level will be analyzed by a combination of two models of describing underlying assumptions. The decisional level will be analyzed from an institutional perspective.

2.5 Analyzing the rhetoric by examining the underlying assumptions

Bekkers and Homburg (2007) argue that it is important to examine the underlying myths that are foregoing on creating policy. They combine two theories to each other, regarding myths: Myths form a 'double-edged sword'. This means that on the one hand, myths have been used by bureaucrats, politicians etc. to legitimize intervention or application of specific technologies (Edelman, 1967). On the other hand, there is a more positive connotation of myths, for example by March and Olsen (1989) with their description of the institutional approach to public administration that focuses on the rules that guide behaviour and interactions.

Analyzing at such a level creates insights about the cultural beliefs and paths which are highly influential on the cultural context, in which the initiative is to be implemented. They describe a possible cleavage between the rhetoric and the reality of e-government and to explain such a cleavage we should analyze the stories, the paths to transcendence, which inspired the redesign of the institutional arrangements (Bekkers & Homburg, 2007). It seems to be likely that there might be such a cleavage as well in the topic of SSCs. Academics such as Skelcher (2005), Hensen (2006) and Strikwerda (2004) have different perceptions of what a SSC is and what kind of consequences this new organizational form might have. Then, as it will appear from the case studies, the executions of the SSCs are also different from each other. So to examine this possible cleavage the insights of Bekkers and Homburg will be used.

Furthermore, we are talking about a relatively new topic in the public sector. This implies that no government can resist the impact of SSCs. So policymakers, politicians, bureaucrats and consultants tell 'stories' about the nature of policy problems and how these problems should be tackled (Fischer & Forrester, 1993). March & Olsson based their institutional approach for policy development on those 'stories', meaning routines, procedures, conventions, roles and strategies etc. Abma & In 't Veld (2001) describe this vision from the social-constructivist approach. This approach assess that policy will be developed by the discursive practice of actors. There tools are language and story reconstruction (Abma & In 't Veld, 2001: 32).

In addition, Fischer (2003) argues that an analyst of policy has to connect data and theories through arguments, rather than prove them per se (in contradiction to physical science). This statement is strengthened by the limits of data and theory in social sciences, which are impossible to get hard evidence for (Fischer, 2003: 183). So, questions in this matter are not so much a question for 'truth', but rather a claim to legitimacy. According to Fischer policy makers search for 'good' solutions and

not so much for the 'best'. So Fischer assessed the so-called argument-approach, which provides a refining of public understanding and ethical imagination.

2.6 Model of analyzing rhetoric

Possible differences in SSC initiatives in an international comparison might be explained by an analysis at the rhetoric or the discursive level. This will make it possible to demonstrate that there is a general set of beliefs that inspire innovation in the public sector and in a narrow sense also SSCs in different possibilities (Bekkers & Homburg, 2007). Bekkers and Homburg analyzed the rhetoric considering e-government innovation using this understanding. In this research their analogy will be used to analyse the topic of Shared Service Centres. They propose three questions, which provide in an insight in the underlying frame of the beliefs and underlying motives:

1. Analyzing assumptions with respect to the goals and ambitions behind SSC-initiatives of both governments.
2. Examining assumptions with regard to the assessment of use and effects of SSCs of both governments
3. Analyzing assumptions with respect to the barriers and problems that should be overcome in both possibilities.

Fischer (2003) described a model in which arguments can be analyzed as a combination of empirical data (for example decisions) and normative beliefs. In this topic the focus will lie on the underlying assumptions behind the proposals of SSCs. Such a model as Fischer described might be useful.

The model is actually a scheme of policy analysis as a discursive practise along four steps (discourses). Each discourse will provide several questions. The answers on these questions describe the underlying assumptions.

Technical-analytical discourse

This step refers to the consideration of facts. What were the basis outcomes of the policy change? This seeks to answer a more rational question about the effectiveness of the implemented policy.

However in the case of SSC implementation the basic outcomes have not yet been produced. So in this step an overview will be shown about the existing situation, pre-implementation situation will be provided and the proposed solution including the implemented SSCs described. This is also an

attempt to get insights in the first topic described by Bekkers & Homburg (2007). This step is an actual search to the assumptions behind the formulated goals and ambitious of the SSC. This step will be an assessment of the situation before the SSC implementation and the desired situation. It will provide insights into the goals that the establishment of SSCs must achieve, according to the important actors, and the differences with the old situation.

The analysis will be based on policy documents, provided by influential parties such as leading ministries or a private participant.

The next questions will be addressed by the examination of the technical-analytical discourse:

1. What concrete decision is made regarding change of the situation?
2. What are the goals with the new program or adjustment?
3. What is the difference with the old situation

Goals which the EPD must obtain:

There were several reasons for the decision to establish such a big digital architecture. The demand for a qualitative more efficient and effective healthcare was growing. To improve this one solution might be to connect the data around a patient. Striking examples of how things can go wrong are making the wrong diagnoses, making a diagnosis by every institute and the medication which don't fit together (Min. PHWS, 2005). So the ultimate goal became to improve the quality by the providing of connected information around patients (NICTIZ, 2005).

Initiated by the Minister of Public Health, Well-being and Sport (PHWS) the Cabinet took the decision to set up a national infrastructure for healthcare. NICTIZ, who will act as principal by the Minister of PHWS, started in 2002 with writing of the so-called, AORTA-program. AORTA is the name of the national infrastructure once it is created (NICTIZ, 2005). The lead of the production of AORTA will be in the hands of the Ministry of PHWS, NICTIZ and CIBG, who is responsible for the technical production. AORTA will contain four different production streams. First the delivering of the LSP. LSP stands for Landelijk Schakel Punt (National Switch Point). The idea of the LSP is a part of a bigger whole to facilitate into a national digital care infrastructure. The LSP will form an important connection point which will connect several important information streams and access a national functioning Electronic Patient File (in Dutch: Electronicsh Patienten Dossier EPD).

Second the delivering of the BSN. BSN means Burger Service Nummer (Civil, Service, Number). This BSN is connected to the personal SOFI-number and is the unique identification number for the patient. With this number it is possible to connect several data to each other. Third the UZI. UZI stands for Unieke Zorgverleners Identificatie (Unique, Health Care Provider, Identification). This number will gain access to the EPD for the Health Care Provider. The UZI will identify the provider and to which information he got access to.

Fourth there will be set-up a so-called 'Front Walker Program' which will be used as a 'test garden' to test the systems in a appropriate manner and to solute possible 'child diseases'.

The goals were described as followed:

The establishment of the EPD is combining several goals to ultimately create an information system which combined several information streams, to ultimately come to better information provision around the patient/client, with help from an ICT-structure. Ultimately the efficiency and the quality in the healthcare will improve, by a national ICT-infrastructure (called AORTA).

So to gain this high ambitious goal several sub goals are set up (PHWS, 2005):

1. *Creating a LSP. The LSP will be some sort of a front office which is the door to all the client information*

2. *Creating a BSN-system. The BSN is the unique identification number and is linked to the personal Sofi-number.*

3. *Creating a UZI-system. The UZI system must create the possibility for healthcare providers to communicate to each other in a safe and electronically way. The system makes it possible to authorize information, send information in a secured way and to sign forms in a legal legal way.*

NICTIZ is in this whole operation the principal on behalf of the Ministry of Public Health, Wellness and Sport. However the initiative to set up such a structure came from the ministry. Both NICTIZ and the ministry described the goals that such a structure must gain. The formulation of these goals and the sub-goals (the creating of the LSP, BSN and UZI) are held in this example as the assumptions of both the ministry as NICTIZ to come forth the societal urge, described by the ministry (see also step 3: systemic discourse). Also the ministry described the causes of why the EPD must be established. These are the assumptions regarding the need for such a system. Moreover the ministry described the possibilities, created by ICT improvement for such a system. So the assumptions regarding the need for this method are 'two-sided'. First nowadays the possibilities are created to establish such a system, but also the ministry sees this solution as a proper one for the emerged problems in the health care sector. The urge of this concept is described by the Council of Public Health and Health Care, who is an important advisory organ of the government. The Council mentioned the problems especially around medication provision and the lack of cohesion between the doctors in the neighbourhoods leads to unneeded hospital activities (in 2005 about 90.000 patients into hospital who didn't need it) and unfortunately to an unnecessary death of patients. The need of a connection between information is therefore urgent for the quality of the health care and the preventing of mistakes (Raad voor de Volksgezonheid & Zorg, 2005).

Contextual discourse

This step seeks to examine the underlying conceptualizations and assumptions underlying the problem situation that the programme is designed to address. Fischer calls this step, the step of 'situational validation'. It seeks to examine why in the given context (the meso or organizational level) this solution is required. It is a search of the underlying assumptions regarding the situation and the solution required. In the topic of SSC implementation, this is 'translated' to the organization change that the SSC concept will imply. SSCs implementing will create a new organization context. For instance, the 'distance' between the working level and the HRM provider will be greater. This creates a new situation. This step will analyze these changes in organizational context, according to the initiators and the participating actors. What will exactly change in this context and how important are those changes? This step combined with the next step of systemic discourse will provide insights about the possible problems and barriers that the actors might mention as problematic. In this step the focus will lie on the organizational change that (according to the participating actor) is necessary to head the emerging challenges or problems. This might imply a managerial shift from public organization to a more private one, cooperation with cross-sectional partners etc.

This step is more interpretive in his character, so it will takes place within the frameworks of the normative belief systems. This step is a logic consequence after the first step. It is a question with regard to the *perception/assumption* of the societal/organizational context in which the SSC must be implemented. Question always arise around accountability the role of the public servant, the role of the 'customer' etc. around NPM attempts. Indicating the SSC proposal as an NPM attempt, it might

be appropriate to expect that the same questions arise as well. So step two will look at the weight of those moral/contextual aspects according to the initiators of the SSCs.

Questions that can be asked in this step are:

1. Why is this concept relevant to the problem situation/need for the SSC?
2. What changes have to be made to implement this new form?
3. What barriers might show up with the implementation of the new structure?

Relevance of the concept of the EPD and the assumptions regarding the changes in administrative context with the EPD-initiative:

The Ministry of PHWS stated the rising of the ICTs created new possibilities for improvement in the healthcare sector. Unfortunately, strengthened by the mobility possibilities of patients as well, the ICT improvement initiatives of the regional level did not arise from the ground up, because of technological and organisational fragmentation. So the initiatives on the regional level needed to be 'up-scaled' to a central level. (Min. PHWS, 2005)

The NTvT (Nederlands Tijdschrift voor Tandheelkunde [Dutch Magazine for Tooth Care]) adds to this that, because of the increasing number of elderly (in Dutch: Vergrijzing) the demand for healthcare is becoming greater. Also because of the development of medication and techniques, the demands placed upon healthcare are rising. On top of that, the health sector is going through some changes. New treatment possibilities, rising numbers of (private) specialists, multidisciplinary care and more policlinical treatments ask more from the budgets and the staff of the public healthcare. Also in healthcare a more demand-oriented attitude is demanded. The patient needs to be seen as a client. The EPD can be a big help in adequately anticipating these tendencies. By linking information to each other in one system, coordination can be preapproved, effectiveness goals can be won and fatal errors may be prevented. Also the NTvT described the problem of the many initiatives taken on the regional level. This has the result that the many information systems aren't able to communicate with each other. For example pharmacists can trade some information to each other but not to the general practitioners. (NTvT, 2006)

NICTIZ adds to this comment that because of the lack of financial resources, the right expertise and the administrative conscious the regional initiatives never got implemented. So the strict need for a minimal set of infrastructural components, which could deliver safe and fast communication between all the social partners, became really high. (NICTIZ, 2005)

According to the Raad van Volksgezondheid en Zorg (RvVZ [Council of Public Health and Health Care]), the most important condition is to create a structure with cohesion between all participating actors. The necessity of this matter is urgent. If this cohesion is lacking, the database won't be up to date and unreliable (Raad van Volksgezondheid en Zorg, 2005). Also the establishment is based on a 'bottom-up' approach. The danger with an approach like this is always a lack of leadership. The Ministry of PHWS found himself on the one hand as leader of a project where decisive leadership is required; on the other hand the role of all participating actors has their value. The College of Securing Personal Information warns for a plurality of responsibilities and coordination between regions (CPB, 2005). In a project like this the right way to manage is the biggest challenge.

Also very private information will be shared for the first time in a public database, accessible for multiple actors. The safety of this information is the biggest concern for all participating actors. The way of information management is changing by the establishment of the EPD, according to executive leader NICTIZ (2005).

Here the urge of the situation and the assumption regarding the solution and the effects of the solution are described by the ministry. NICTIZ underlines this need, by the assessment of the lack of decentralized powers (NICTIZ, 2005). However the assumptions regarding the required changes are described by advisory organs, such as the Council of Public Health and Health Care and the College of Securing Personal Information. The administrative changes are mainly in the coordinating role that the ministry must take. The warnings from these advisory organs will be used as assumptions regarding administrative change. The advices from these organs are taken serious in the Dutch constitution.

Systemic discourse

The basic task of this step is to show that the policy goal of SSC addresses a valuable function for the existing societal arrangements. It is an important step to assess the *legitimacy* of the implemented policy. This step enquires into the importance of implementation of SSCs into the public sector. Why was this necessary, given the societal context and what sacrifices must be made. Why is this idea worth the sacrifices? For instance the problems, described by Kleinen (department head in the municipality of Zaltbommel) shows that everyone agrees to the benefits of SSCs, but that they are afraid of the practical consequences (JS nieuws, 2004). But the SSC was established, so what were the benefits then for the whole society?

The important difference between this step and step 2 is that, this step asks for the legitimacy and the benefits for the whole society. At macro-level one should say. There may arise some possible contradictions between those two steps. For instance, the implementation of SSC may have some questionable consequences regarding the accountability of the (new) public body. However in the eyes of the initiators it is necessary to make such a step for the benefits of the whole society (or a large part of it). So it is worth the 'sacrifice'. In my research probably the establishment of the SSC will have his costs at the organizational (meso) level. But somehow, the decision is put through. Apparently the benefits for the whole (and in the case of the examined SSCs we'll talk about a macro level, so for the whole society or realm broad) have more weight, then the possible disadvantages at the organizational level.

In the theory of Bekkers and Homburg (2007) the question regarding the barriers and problems seem to fit in the description of the contextual and systemic discourse. This description is added to the assessment of Fischer (2003). Also the second step of Bekkers and Homburg (2007) (examine the assumptions regarding the use and effect of SSCs) can be placed into those two steps of Fischer (2003). What are the prospected benefits, according to whom? And are there differences between the organizational context in which the SSC should be implemented and for the society as a whole? The *prospected* benefits show the assumptions around the use and effects of the SSC as well.

This step is organized around the next questions:

1. What are the reasons at the macro (societal) level that made the SSC initiative necessary?
2. What are the benefits of the SSC for the society as a whole?

Assumptions for changes in systemic context with the EPD-initiative:

The Ministry of PHWS mentioned that the international tendency is the first reason to establish such a system. Across the world the question for an Electronic Patient File (EPD) is high on the political agenda. In the United States, a similar program like the NICTIZ program is planned. It will take almost ten years to implement it. Also in the United Kingdom is a similar program started, with a big difference: In the Netherlands the implementation is exclusive top-down organised, while in the UK the idea is to combine it with decentralized components. In Sweden and Germany a prescription of an electronic system is started as a step-up to an EPD. However in every country the problem of the complexity is emerging. It seems problematic to create a uniform concept of cohesion, standardisation of patient information and privacy safety of this information.

However, internationally the consensus is reigning about the use over an EPD. International standard companies, like ISO (International Organization for Standardization) and CEN (Comité Européen de Normalisation [European Committee for Standardization]) are aiming at the convergence to a standard information model within the consensus of which information should be standardized and which not. (Min. PHWS, 2005)

Furthermore the Council of PHHC mentioned the benefits of an information system like the EPD. Medications will be better addressed and in the end unnecessary deaths by medical mistakes can be prevented (CPB, 2005).

Next to the 'already known' benefits, described by the council, the ministry described the international urge and interest for such a system. A useful example of a successful system can function as a standard for other

Ideological discourse

This step is designed to create insights into the moral and ideological ideas behind the policy. This will also enquire into the management of the cultural shift from administration to management. As a sort of a conclusion out of the foregoing steps, this step seeks to examine what the normative basis was for establishing the SSC, even if there might be some conflicting values. Again Kleinen (department head in the municipality of Zaltbommel) described the fear of a lot of people that they might lose their jobs. If that is true, then it seems that the general interest here is more important than the job guarantee of those people.

An overlap can be seen between this step and the others. Reasons at the macro level for establishing the SSC show the benefits that the SSC must gain. The sacrifices and/or barriers that must be taken show the classification of priorities of the initiating actors. In respect to the topic of SSC this step asks for the comparison between the actual decision and the underlying normative ideas. In other words: are the involved actors satisfied with the concrete proposal, or are some values or norms in conflict?

Questions around this step are:

1. What kind of values has to be taken into consideration by the implementation of the SSC?

2. What choices are made regarding these values?

3. What kind of priorities seem to emerge with these choices?

Prospected barriers and emerging values/ the worth of sacrifices with the EPD-initiatives:

By the recent developments in technical structures, such an innovation is possible and is providing opportunities. It will be such a waste to miss such changes. However the council of Public Health and Health Care foresees emerging barriers as well:

- *Clients are able to switch easy from insurance companies. This might imply that those companies will compete on price and not on quality. Therefore poor insurance deals may appear.*

- *By the implemented market form in the health care sector, competition may emerge between health care providers. This may lead to less interest into cooperation and sharing information.*

It appears that the weight of improvements in the health sector are so important (remember the prevention of unnecessary victims of medical mistakes) that the government is willing to make such an investment. The financial support for the social health care providers alone will be over 55 million €. Also the costs for the realization of the central structure will be the burden for the ministry of PHWS.

Another important value is the security of private information. Therefore every system will be developed confirm the Law of Privacy (PHWS, 2005).

At last with the realization in a horizontal network, the government seems to judge values like autonomy for the provider and responsibility in the field as more important than consolidation of administrative power. The College of Securing Personal Information blames the ministry for this choice a lack of leadership. (CBP, 2005)

The documents, provided by NICTIZ and the Ministry of PHWS don't show the prospected barriers that are held into consideration. However the Council warns in advance for possible barriers that might occur. In the description of the organizational discourse, the warning of the council is described about the responsibility issue. Such warnings will be held, in this research, as assumptions regarding possible barriers that might show up.

2.7 Analyzing the decisional level from an organizational institutional point of view

Pollitt describes the emergence of convergence from both a functional and a non-functional theoretical tradition. In this topic of SSC the emphasis will lie on the non-functional (non-rational) part, because in a functional (or rational) approach, results are crucial (Pollitt, 2001: 482). Results are not available yet for most SSC initiatives or are too new to provide some (rational) results. In addition, to understand the implementations and to get a valid description of the process and the problems that may have emerged, a strictly rational approach seemed to have too many limitations. For example Kleinen (department head in the municipality of Zaltbommel) argues that everyone agrees to the benefits of SSCs, but that they are afraid of the practical consequences (JS nieuws, 2004). From a strictly rational perspective such behaviour could never be explained.

So to analyze the process of the decision making and the possible convergence of SSCs in the Dutch, German and Austrian public sector the approach of the non-functional direction will be used.

Influential actors do not act on the basis of a strict frame of preferences, like the example that Kleinen described. However the path in which the process of the establishment of the SSC took place seems to have dominant value. Cultural changes and beliefs seem to have a role in the progress of the processes of SSC establishment. The way that actors act is in according to the convincing of, for instance March (1994) based on the social beliefs that institutions provide. From this point of view organizational reform is funded and strongly shaped by a so-called 'logic of appropriateness'.

'Understanding any specific decision in a specific situation requires a great deal of concrete contextual knowledge – details about the historical, social, political and economic world surrounding the decision and about the individuals, organizations and institutions involved.'

(March 1994)

'Action is often based more on identifying the normatively appropriate behaviour than on calculating the return expected from alternative choices. Routines are independent on the individual actors who execute them and are capable of surviving considerable turnover in individuals… Rules, including those of various professions, are learned as catechisms of expectations. They are constructed and elaborated through an exploration of the nature of things, of self-conceptions, and of institutional and personal images.'

So to understand the decision making process (according to March) the specific organizational context in which the initiative must be imbedded has dominant value. Also images, symbols, the 'whim of fashion' are important factors that influence the decision making process. March pays, in addition, attention to the role and the identity that decision makers have or want to have. Actions have in this sense a more pragmatic character and are therefore capricious. Also on this approach an improvement in performance such as efficiency and/or effectiveness isn't a necessary condition for convergence (Pollitt, 2001: 483).

March (1994) describes that in the real world not all alternatives of a decision are known, not all the preferences are evoked at the same time and not all consequences are considered. This is called limited (or bounded) rationality (March 1994:9). This implies that actors base their considerations on what's appropriate in the given context and what is reachable (the old debate between the good and the best). Policy development is based on social discourses and standard operating procedures.

The non-functional academic perspective is embarked by two major streams into the school of *Institutionalism.* This idea came up as an answer to the behavioural way of thinking, which was dominant in the 1960s and 1970s. There are two major streams in the institutionalism, which will be used for the examination of the cases. These seek to explain how institutions affect the behaviour of the individual (Hall, Taylor, 1996):

1. Historical Institutionalism

   From the point historical point of view, institutions are formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity. In general, institutions are associated with organizations and the rules promulgated by formal organization.

   In the perspective of historical institutionalism, the emphasis lies on path dependency and the unintended consequences. In this idea, historical institutionalism is strongly associated with historical development. Institutions are relatively persistent features of the historical 'landscape'.

2. Sociological Institutionalism

In the 'eyes' of the sociological institutionalism, institutions are more than formal rules, procedures or norms. Also institutions provide a 'system of symbols', cognitive scripts, and moral templates. This provides 'frames of meaning' which are heavily influentive on individual behaviour.

Also behaviour or norms of behaviour are formed by the institution and particular the meaning of the actor to the role, he is fulfilling in this institution. The self-images, identities and normative frameworks are constituted by the institutional forms.

Seen the description of for example Strikwerda (2004) it might be appropriate to suspect that the establishment of the concept of SSCs will cause an institutional change. The SSC asks for a public/private relationship. Most of the time the efficiency gains must be reached by a more governance structure then the old way of government. This asks for an organizational change in management. Therefore the *institution* of the public body in general will ask for a change. Also the more result-oriented approach of management implies new values instead of the 'old' public values where democratic rate and accountability were more dominant, then in a more private/result-oriented approach.

In the description of SSC analyzing both influences from the historical institutionalism and sociological institutionalism will be used.

From the historical institutional perspective, policy will be framed by historically formed norms and rules. The deciding actors act on a relation of institutionally formed dependencies and power rates (Abma & In 't Veld, 2001: 31). What the best decision is depends on what is most appropriate. March assessed this by his description of making decisions by rules. Actors base their decisions for instance on rules of 'satisfying results' and solutions which are 'close to home' (March 1994). This means that most of the time the solution is a better way of doing it and not so much the best.

Following the beliefs of March & Olsen (1989) and the assessment of Pollitt (2001) a convergence at the decisional level is preceded by a convergence into institutional context. Both Pollitt and March describe the weight of the institutional context for implementing of reform mechanism. Therefore the decisional level into the topic of SSCs will be analyzed from an institutional point of view. Let's say an *organizational institutional* level. The cases will be analyzed on two important variables that will show the importance of the institutional context on decision making: Path dependency and the actor-networks in which the SSC should be established.

Path dependency

Path dependency can be defined in the broadest way as "that what has happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time" (Sewel 1996: 262) James Mahoney adds to this definition that contingent events will be set in motion by a series of such happenings at an earlier point (Mahoney 2000: 507). This description implies unpredictability in the outcome and this may cause a so-called "lock-in", meaning that the original initiative might be blocked by such 'happenings at an earlier point'.

Thelen (2003) connects a few existing theories about path dependency to institutional evolvement. The way institutions change are heavily influenced by path dependency. The motion of institutional patterns, or event chains, have deterministic properties (Mahoney, 2000). Institutional change or institutional patterns are most of the time characterized by an incremental character. Thelen (2003) described (following the theory of Kingdon) the role of a 'punctuated equilibrium'. This means a broken balance in policy, which provides a window of opportunity (Kingdon, 1984) to push a proposal through. So from this perspective the path of institutional change can be seen as an incremental process were external movements create the punctuated equilibrium. This gives policy makers a window of opportunity to influence the direction of the institutional change. After a change the balance is restored until the next punctuated equilibrium emerges. The way that institutions change are highly influenced by the organizational (administrative) culture of the country in which the change must be imbedded. As Proeller and Schedler (2005) pointed out, the German culture of administrative reform is acknowledged by a tension to maintain a status quo. Also Pollitt and Bouckaert (2004) argued that the establishment of these reforms were managed in a 'pilot-approach', which is a very careful way of reforming. The Dutch reform attempts are acknowledged by a more comprehensive approach. The creation of cohesion was one of the most important values to reach (Pollitt & Bouckaert, 2004). Woerdman (1999) mentioned the culture of the so-called 'Poldermodel' as a notable way of reforming in the Netherlands. In Austria, a highly legislative culture is dominant. Judicial legitimacy is seen as an important value and a lot of attention is given with each reform attempt (Promberger, Rauskala & Cecon, 2004).

In line with this reason, it might be interesting to analyze, whether the progression of the SSC concept is characterized by that incremental character as well and if the way of approach is reflecting the dominant, administrative-reform culture or not.

In this research on SSC implementation the focus is first of all what the 'windows of opportunity' were. What were the external components which created the idea of implementing SSCs? Also were/is the process of implementing SSCs an incremental one, or were the external components that

strong that a radical change is made? In the case studies the situation before the decision was taken for raising the SSC will be held as the old equilibrium. Until the next equilibrium (realisation of the SSC) the focus will lie on the types of barriers that showed up. Based on the kind of barriers, conclusions can be drawn on the weight of institutional aspects on the progress of the establishment.

Key points regarding path dependency:

1. What concrete reasons were there for the SSC initiative (window of opportunity)?
2. What barriers showed up during the implementation process?
3. Why did this particular barriers showed up?

The role of path dependency in the establishment of the EPD:

The delivering of the central structure of the EPD was delayed with a year. Instead of the delivering at the start of 2006, the system was ready at the end of 2006. This delay was caused by the extra time, required by the private providers of the technical components. The results from the first test program were too complicated, so that the adjustments' couldn't be made in the scheduled period.

Also the quality of the system was not as good as initially assumed. Users weren't satisfied with the service quality. This means, that the conditions for the system, weren't that clear when the providers started to develop the system (Min. PHWS, 2005). The delay was also caused by the lack of collaboration of the ICT-providers with the customers. Therefore a new negotiating round was required (Min. PHWS, 2005)

The role-out is taken longer than planned in the first place. After a test-period (called the 'Front-Walker-Program') new test-regions were appointed. In these test-regions more social partners received a vote in the development process. These weren't included in the original planning. However the Minister of Public Health, Wellness and Sport, decided to implement this program. This gives the establishment of the EPD a pragmatic character. Large changes in progression were made after evaluation rounds with pharmacists, hospitals and practitioners (Digitaal Bestuur, 30-03-'07). In the test-period it appeared that a lot of 'child diseases' needs to be cured. For example creating a uniform registration method for all participating parties requires more attention than assumed in the first place (Digitaal Bestuur, 2007).

Last, the Ministry of PHWS, described two factors that needed more attention (Min. PHWS, 2007):

1. *Social cohesion between participating parties*

2. *Securing of the information, what an important condition is for those participating parties.*

Before the EPD can be fully operational, these two factors require serious attention.

It appears that the window of opportunity is still open. Currently the EPD isn't implemented fully yet. This means over a year of delay. However the urge of the system, but also the urge of a high quality standard is described by the Council of Public Health and Health Care: The EPD will save lives. But that's only possible if the quality of the service is high and fully operational (Council of PHHC, 2005).

A concrete window of opportunity (such as a remarkable happening that caused the attention for the initiative) is in this case not present. However the urge is identified by the Ministry of PHWS, NICTIZ and the Council of Public Health and Health Care. This identified urge, in combination with the failure of decentralized initiatives, (Min. PHWS, 2005) will be held, in this research, as the window of opportunity.

The causes for the delay of the establishing of the system and the problems pronounced by NICTIZ, the Council and the Ministry are held in this research as the emerging barriers. The reasons why they showed up in this case are mainly to blame on the collaboration between customer and provider. The ministry calls this a 'lack of cohesion'. Conditions from the customers (mainly about securing private information) weren't that clear for the ICT-providers. However by approaching this whole project as pragmatic as possible these barriers could be solved.

The roles of actors

Another important part of the institutional approach is the role (and identities) of actors as a part of institutions and institutional movement. Until now 'influential actors', 'decision makers' and 'policy makers' are mentioned and their way of acting in an appropriate way.

It can be assumed that we have to place these influential actors in the topic of SSCs into a network, because in the first place, we talk about a concept that can be placed into the trend of New Public Management. The Netherlands, Austria and Germany have made some remarkable reform attempts (not all of them successful), to re-organize the public sector (Pollitt & Bouckaert, 2004; Promberger, Rauskala & Cecon, 2004). In line of those attempts a lot of organizations and organization units were contracted out (Reichard, Mussari & Kopke 2006) This has the consequence that the task of a public body is done by a network of organizations. In addition, the establishment of a SSC will create a new network. The unit which will provide the services will be placed outside of the public body and will be linked to other public units or organizations.

Insights in the role of the important actors and their relations might be important to understand the process of SSC implementation. Also differences in the rhetoric and/or the decisions may be explained by the context of the network and the institutional path in which it is imbedded.

So, in order to get a valid explanation of the processes regarding the establishment of SSCs, a description will be added to each case to get an overview of the network of related actors, their underlying links and relations to each other and their positions. This will help to understand how the actors affected the processes of SSC initiatives.

There are several components into network analysis on which the accent will lie in this research:

First, it is important to analyze who the actual initiators were the proposal. Who were they, what are their positions? For example when it is a demand from a Ministry a mainly top-down implementation process can be assumed. Or when the proposal came from the bottom of the administration, was the implementation then automatically a struggle?

Second, what were the goals for the initiators with this proposal and where were these goals based on? Were they searching for a 'good' solution or the 'best' one? And following, are these goals represented in the actual decision about the SSC? Where are the possible differences coming from? These questions provide an overview of the influence of one actor on the network.

Also it is important to know how the dependency relations are to other actors. This topic is assessed by the theory of Goldsmith & Eggers (2004). They speak about 'joined-up government'. This is a tendency of joining up various levels and agencies of government to provide a more integrated

service. The joining up idea of governance is a model for structuring governance. The term governance aimed to a more flat and horizontal approach of management. Hierarchical management, from the 'old' theory of bureaucracy of Max Weber doesn't fit anymore into the modern context of public management (Goldsmith & Eggers, 2004). Also SSC initiatives seem to rely more on the 'governance approach' then on the 'government approach'.

Goldsmith & Eggers describe the process of such a 'joining-up': Networks become complex by a horizontal joining up in delivering services. Governments aren't supposed to direct them hierarchically, but as a coordinator. In addition, the actually service deliver is contracted out to private partners. So the network is also a combination of public and private partners. This makes the managing of such a network not an easy job and asks for a lot of communication and management skills.

"As governments rely less on public employees and more at a web of partnership and contracts to do the public's work, how well an agency manages networks contributes as much to its successes and failures as how well it manages its own public employees".

(Goldsmith & Eggers, 2004:24)

This quote shows the importance of knowledge about the strategic partners of a policy maker, because he is more dependent on them in providing a service to the society, then ever before. Also the dependant position is also strengthened by the horizontal tendency of the NPM reform mechanisms.

Key points regarding network relations:

1. Who were the initiators of the SSC proposal?
2. What were their goals regarding the proposal?
3. What was the actual decision about the proposal?
4. Who were the participating actors?

The importance of network relations within the EPD realization:

The EPD needs to be set up within a network of a large group of involving actors. First of all the EPD is based on a collaboration of four different programs (creating a digital 'switch point', which must 'recognize' the different identities of the users of the EPD, creating an identification system for both service providers as clients and the practical out-role of the program). Several parties are responsible for the development of those programs. The users of the EPD are practitioners, pharmacists, hospitals and in the end also other health care institutions and providers. The executive responsible for the whole initiative is the organization NICTIZ. NICTIZ is responsible to a directing group. This group contains representatives from the 'user field' and a represent of the Ministry of PHWS. In a construction like this, potential users of the system are becoming policy creator as well. In this manner, the Minister made sure that the influence of the practical expertise will be well-used. To guard the quality, the College for Protection Privacy Information, has the role of advisor and critic.

However in a system like this, initiating actor (Minister of PHWS) and executive responsible (NICTIZ) are all participating in a horizontal network. Relations to other actors are ones of 'returning interest'.

By identifying the participating actors the complexity of establishing a project like this, is shown. The project is established in a manner of 'returning interest' looking at the interests of the participating parties (see the appendix). The huge amount of roles caused a plurality of actors who are responsible for a little part of the production of the system. The Council of Public Health and Health Care warned for a lack of leadership and a lack of cohesion (which turned up during the process of implementation).

2.8 List of comparable components

From this description of theoretical concepts the next components will guide as a red-line through the comparison of the three cases:

1. Rhetoric level
   - Analyzing the assumptions with respect to the goals and ambitions (technical/analytical discourse):
     - Concrete decision that is made regarding changing the situation
     - The expected goals of the SSC-initiative
     - The difference with the old situation
   - Analyzing the assumptions with respect to the use and effects of the SSC/ Analyzing assumptions with respect to the barriers and problems that should be overcome:
     - Organizational/meso level (contextual discourse):
       - Why is this concept relevant to the problem situation?
       - What changes have to be made to implement this new form?
       - How come these changes were necessary in the current situation?

- What are the prospected barriers that might show up?

o Societal/macro level (systemic discourse):

- What are the reasons at the macro (societal) level that made the SSC initiative necessary?

- What are the benefits of the SSC for the society as a whole?

o Normative level (normative discourse):

- What kind of values has to be taken into consideration by the implementation of the SSC?

- What choices have been made regarding these values?

- What kind of priorities seem to emerge with these choices?

2. Decisional level from an organizational institutional point of view

- Path dependency:

    o What concrete reasons were there for the SSC initiative (window of opportunity)?

    o What barriers showed up during the implementation process?

    o Why did these particular barriers show up?

- Network relations:

    o Who were the initiators for the SSC proposal?

    o What were their goals regarding the proposal (see also rhetoric level *the expected goals*)?

    o What was the actual decision about the proposal (see also rhetoric level *concrete decision regarding change the situation*)?

    o Who were the participating actors

2.9 Conceptual Model

The results from the above described study of theories have provided a list of comparable concepts which will be useful to find, eventually, an answer on the central question. The relation between these concepts and their theoretical background will be shown in the next figure:
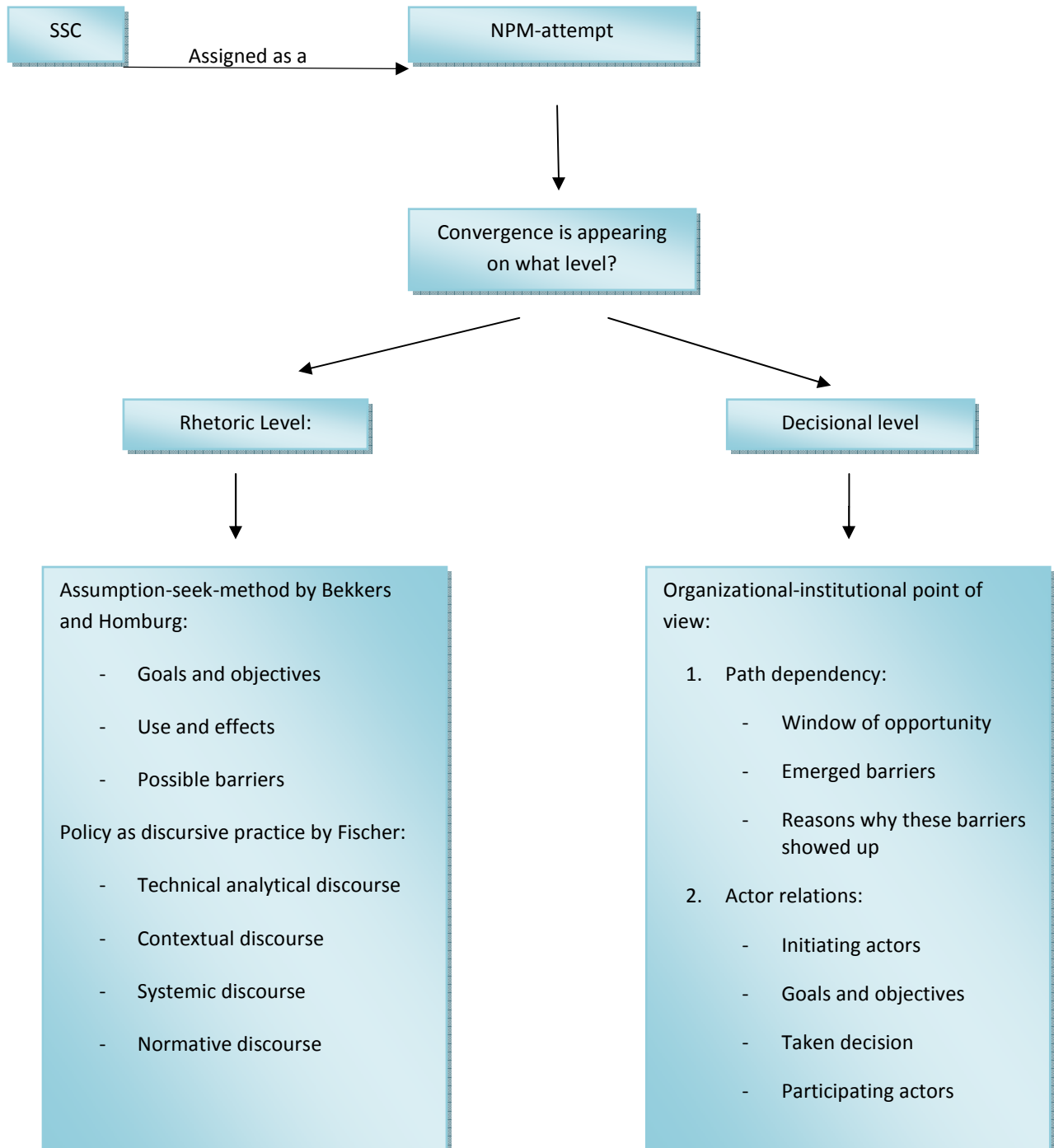

Fig. 1: Conceptual Model

2.10 Conclusion

The main sub-question in this chapter was: *How can a convergence be measured and on what focus points?*

A convergence can only be measured if a distinction is made into the possible levels of convergence. In line of Pollitt's (2001) reason, there is not a simple yes or no answer to this question. In this research the first two levels of Pollitt's description are used to assess a possible convergence. These levels are the rhetoric level and the decisional level.

Hence, the rhetoric level will be measured by a method, described by Fischer (2003) and Bekkers and Homburg (2007). Both methods seek to examine the underlying assumptions behind the actor's actions. Fischer describes four steps in order to find the assumptions regarding the goals, required changes, societal needs and emerged values. Bekkers and Homburg (2007) describe the importance of the under lied 'myths' to understand the behavior of participating actors. These two methods will be used to find the under lied assumptions regarding the goals, objectives, need for the reconstruction to the SSC concept, the required changes and the prospected barriers that might show up during the process of establishment of the SSC.

The decisional level will be analyzed from an 'organizational-institutional' point of view. Following the reasoning of March and Olsen (1989) the institutional context may have great influence on the process of decision making and the chosen approach to establish the SSC. The establishment of SSC may imply a lot of consequences at several levels. The organizational culture and context will (in line of the reasoning of March and Pollitt) influence the progress of the projects in an unforeseen manner. However, the assumption is that internationally, the intentions of the SSC- establishment are quite similar to each other. This may mean that projects of SSC-initiatives at the central level may be a difficult struggle. A struggle in which components as cohesion, cooperation and effective leadership may become urgent matters. Therefore the decisional level is analyzed on the concepts of path dependency and network relations. The topic of path-dependency will be measured by analyzing the used window(s) of opportunity, the emerged barriers and the reasons why these barriers showed up. The topic of network relations will be analyzed by looking at the participating actors in the process of establishment. What are their (administrative) positions, their interests and their domain (public or private)?

With the above described comparable components the SSC projects will be examined, to conclude in the end, whether the international convergence is emerging or not. And if so, then at what level is this convergence appearing?

Chapter 3: The struggle of a central HRM-service: P-Direkt

3.1 Introduction

The first case analyzed will be the case of P-Direkt, the realm broad Human Resources provider. The central sub-question in this chapter will be: *How can the establishment of P-Direkt be reconstructed at the rhetoric and decisional level*?

Initiated by the Dutch Minister of Administrative Renewal and Kingdom Relations, the Dutch Cabinet decided at July 2003 to establish a Shared Service Centre (SSC) for Personal registration and Salary administration (P-Direkt, 2005). This initiative contains a transfer of administrative and registration tasks in the field of HRM. According to the Cabinet, the SSC will have an important contribution to increase the efficiency and the quality of the organisation of realm civil service (Min. BZK, 2003).

However the establishment of this SSC has become a struggle, for widely spread reasons. Anno 2008 P-Direkt isn't fully operational yet, while in the original plan, the SSC should be fully operational from 1 January 2006.

In the next sections, a general description will be given of what P-Direkt is, followed by an analysis of the rhetoric level and an analysis of the decisional level. At last some conclusions will be formulated from this analysis.

3.2 Description P-Direkt

P-Direkt was initiated in 2003. The ultimate goal is to bundle all salary and staff activities of twelve ministries (with the exception of the Ministry of Defence) in one SSC. The SSC is centrally owned and is aimed at self service (P-Direkt, 2008). The general objective is therefore simply `increasing the quality of the HRM function at the different Ministries and for the realm service in its whole (Min. BZK, 2001). For the HRM-column this means that in the field of staff recording and salary processing, the administrative tasks will be done in an, as much as possible, standardised manner (P-Direkt, 2005).

The initiative is taken as a reaction to the conclusions of the Commission Van Rijn in the report *´invests in people and quality: the labour market in the collective sector´*, the Cabinet has concluded

that the situation on the labour market in the collective sector requires urgent attention. The question of qualified staff becomes larger, but is more laborious to fulfil. The quality of the service goes reverse. Especially regarding the Human Resources function, the Cabinet has concluded, following on the IBO-investment (Instituut voor Bedrijfskunde [Institute for Business Administration]), in `Government with staff: to a more effective staff management in the realm service´ that the role of the management in public resources policy is positioned too weakly to manage. After this conclusion, the Cabinet was convinced about the necessity of a high-quality HRM-network. P-Direkt (2005) adds to this statement that the line-managers from the departments in particular weren't satisfied about the quality of the services, delivered by P&O (Personnel and Organization): HRM´s were, roughly one third of their time, busy doing administrative and register tasks. In addition, there was not enough support (possible) at strategic level from the line-manager. This means that those managers felt locked-in into a system of bureaucracy (P-Direkt, 2005).

The basic idea is that managers, employees and HR-professionals enter their information in a portal of Staff and Salary mutations. A central organization (based on ICT-structures), which is created as a SSC, is providing the HRM-services then, based on a standardized contract. This contract is established in coordination with the customers (the Ministries). At the moment the management of P-Direkt is responsible for the government of the digital staff file, the staff registration system (Emplaza) and the ownership and execution of the Salary system. The creation and ownership of the ICT-structures is outsourced to the market, because of the assumption that then the ownership will be more goal-oriented and with a higher rate of quality (P-Direkt, 2008).

3.3 Analyzing the rhetoric

1. Assumptions regarding the technical/analytical discourse

The Decision

Initiated by the Minister of Administrative Renewal and Kingdom Relations, the Cabinet decided in July 2003 to establish *a Shared Service Centre (SSC) for Personal registration and Salary administration* (P-Direkt, 2005). This establishment contains a transfer of administrative and registration tasks in the field of HRM. According to the Cabinet, the SSC will have an important contribution to the increase of the efficiency and the quality of the organisation of realm civil service

(Min. BZK, 2003). This conclusion is made after publications of certain researchers, like the Commission Van Rijn, IBO and the report *Meesters van Wedde*. After these three researches the conclusions were that the Realm Service in general needs to make an efficiency improvement, the HRM can be an important factor in this matter and inside the civil service there are possibilities to do that. The Cabinet asked the Minister of Interior to come with concrete proposals. To add more 'body' to this decision, in July 2002 there has been an important, strategic conference. In this conference the top management of the Departments were represented. On this conference, a commitment is founded which is created interdepartmental. So the top cohesion was created and gave 'green light' to further development of the proposals (Min. BZK, 2003).

Goals and objectives

The ultimate goal of the Cabinet is to increase the quality of the HRM-service of the departmental organization and the public service in general. P-Direkt must become an efficient and highly qualified salary-and staff administration.

The ambition is then, to bundle all departmental HRM-activities in a centrally ruled and owned self-service organization (a SSC). In this SSC, support will be provided, by a back-office system, to the whole realm service (P-Direkt, 2008)

The goals of the organization are based on four pillars (P-Direkt, 2008):

1. Standardization of the services. In this matter, administrative processes can be supported in a goal-oriented manner.

2. Creating an accountable and professional organization. P-Direkt wants to accelerate on customer satisfaction and as an organization in general. Therefore P-Direct must enter the top 25% on the area of customer satisfaction.

3. A high level of internal knowledge. The rules around labor conditions are complex and must be made understandable for employees, managers and HR professionals of the public service.

4. Creating an innovative and progressive organization. P-Direkt is also burdened with a signalization task for service improvement on the area of cheaper and new service manners.

Ultimately P-Direkt needs to replace all the activities regarding HRM- activities. This organization must be set up in an interdepartmental manner for all twelve different Ministries (with the exception of the Ministry of Defence). This requires next to the establishment of a new organization, also an enabling of the different HRM-departments on the Ministries. All the Ministries agreed on the

possibility to bundle such services at an interdepartmental level. Next the salary system and the register tasks will be distributed to the SSC HRM on demand of the Ministries.

The standard package of service by the SSC HRM should contain the next elements:

- Salary calculation - and payment

- Conduct of the administration concerning staff files and salary

- Technical management and exploitation of computer systems

- Functional management (function adequately of the automatic systems used for the service)

- Quality guaranty and internal control

Difference with the current manner

The benefits of the concept of P-Direkt lie in the bundling of HRM-activities. Instead of having twelve different HRM-departments on each ministry, P-Direkt centralizes these departments into one independent organization. This approach creates uniformity (by centralization) in the HRM-services. Also, by the collaboration with ICT-providers the public service will be modernized and, at last, supervision on the expenditures on HRM-activities will be easier (P-Direkt, 2005).

2. Assumptions regarding the contextual discourse

Reasons for SSC-initiative

The causes of how the situation inside the HRM-column could emerge are diverging. Firstly the Ministry of Interior mentioned a few tendencies, like the growing internationalisation, globalization, individualisation and the increase of European rules and information.

These tendencies ask for more strict requirements to the formulated policy and the management of the service battery of the Government. In addition, the result-oriented policy, the introduction of *From Policy Approach to Policy Provision* and the role of the citizen as both critic and customer, made that the quality of the civil service needed to be improved. Also the managers within the Dutch Central Service wanted to have optimal support from the HRM-column. The employees tend to have higher conditions from their managers on this area, then comparable managers in the private sector. This combined with the problem to find well educated personal; the Minister of Interior concluded that the HRM-column needed some updates (P-Direkt, 2005).

P-Direkt indicates the tendency of bundling specialist service into SSCs in the private sector, the goals of the Cabinets Balkenende 1 and 2 and the program of *Different Government* which point the finger on quality and efficiency goals. At last mentioned P-Direkt (2005) the improved awareness of, where possibly, working integral. This created a "green light" for the ambition to set up the HRM-tasks realm-broad (P-Direct, 2005; *Kabinetsstandpunt 'Vernieuwing HRM-Stelsel Rijk*).

Prospected changes in administrative context

The Cabinet saw the necessity, because the deteriorated of the economic situation and the budgetary shortage on the departmental budgets, to economise. The Ministries must look very critically to their own organisation and the internal management. As a result, the pressure and the need within the Ministries of improving quality (particularly supporting processes to organise qualified) became urgent (Min. BZK, 2003). The decision to proceed to a SSC for HRM-services has a large impact within the context in which the change takes place: The administrative/social context of the Ministries.

First of all, the Ministry of Internal Affairs and Kingdom Relations (Interior) mentioned that instead of a HRM department in each separate Ministry, P-Direkt will be established. This implies a reduction of the number of jobs in HRM from 1500 fte´s (fulltimers) to 440 fte´s. A reduction of employees with 1160 fte´s (P-Direkt, 2005). Moreover, the SSC will be organisationally positioned as an agency, with their own manager and their own contract relation with the Ministry of Interior (P-Direkt, 2003). To make the passage to the new organization form as fluently as possible, several functions have been set up to ensure the transition within the Ministries and the enclosing on P-Direkt.

Furthermore a (new) private partner is called in to create the ICT-infrastructure, which also will be renewed in the plan of set up a front - and a central office, and to manage and develop it.

In general we can say that the high aim is to create an interdepartmental culture on the area of HRM, by bundle all the HRM-services and to link information to each other.

Assumptions regarding possible barriers

Both the Minister of Administrative Renewal (AR) and the Minister of Interior and Kingdom Relations recognise that these changes will bring consequences along, which can create possible barriers. From several reports, it becomes clear that the barriers and falcon owls have not been well foreseen. The Ministers of Interior and AR have described this, in their assumptions (Min. Of BZK, 2003).

In the Cabinet *point of view* of 2003 questions are placed around the responsibilities. In the establishment of P-Direkt, as an agency, a lot of parties have been involved (see network relations). In such a project it is important that a good assessment is found between the different interests and insights of the different actors and who will become responsible for what. To prevent friction between all these parties several managers have been assigned, who are responsible for all kinds of separate components. For instance, the general transition manager holds a coordination function to support the Ministries to prepare their organisation for the passage. Next the quartermaster has been assigned, who must establish P-Direkt in such a manner, that the Ministries can connect easily. Political responsible for the set-up of the SSC HRM is the Minister of Administrative Renewal and Kingdom Relations. To prevent friction between the transition organisation (the Ministries) and future operational organisation (P-Direkt) the officials who are operative at the preparation stage and at the realisation stage are also assigned to a similar function at the production stage (Min. BZK, 2003). The ministries assumed friction between participating actors as the biggest barrier that could emerge. A lot of players are assigned with administrative power, to prevent this friction.

3. Assumptions regarding systemic discourse

Reasons at the societal level

At a macro-level a few developments emerged, which were the reasons for the transfer to this kind of HRM-service provision. In the note *Vernieuwing Rijksdienst*, two major developments are mentioned (BZK, 2007):

- The process of globalization

  In particular caused by the tremendous rise of ICT, new mobility possibilities emerged. A lot of things are no longer bounded to place and time.

- Improving individualisation

  Similar to the process of globalization, this process is improved as well. This may lead to risk-averse behaviour of governments. Across whole western Europe an aversion to established institutions, like the government emerged.

Benefits for the whole

Such developments ask for anticipation from the government:

- The government split

By the increased complexity of the society and the globalization, the government must prevail between, national, international, economical and politics tendencies. A government that can act this split is a model for the professionalization in the public sector.

- Flexible and adequate government

Government needs to invest in quality improvement. This must improve the capacity of anticipation to more complex and several tendencies at the same time. Reduction of bureaucracies, reduce governmental size and improvements in the communication with society and social partners will become more and more important.

4. Emerging values and priorities

The reconstruction of the HRM-column is an important step, according to the Cabinet, to make the government more efficient and effective (Min. BZK, 2003). The improvement of the quality of the services seems to have a higher priority than for example, being a good employer. Or said otherwise: The tendencies of globalization into the society are forcing the government to modernize. Even, if this might ask for giving up of other important values. The role of the government seems to become more facilitating in his character, where in earlier times (with the establishment of the ´hospital state´) the government acts more paternalistic. This appears from three things: 1) the intensive cooperation with private partners, 2) the importance of the interdepartmental approach and, 3) the criteria on which the quality of a service is based.

As a whole, the Minister of Administrative Renewal claims that, to act appropriate by the pressure on the Public Service, an optimal HRM-column is an important condition to support the managers adequately (BZK, 2003).

3.4 Analyzing the decisional level

1. Analyzing path dependency

Emerging window(s) of opportunity

A concrete window of opportunity isn't identified by either the Minister of Internal Affairs and/or Administrative Renewal. However, the situation for reform the HRM column was labeled as *urgent,*

by old-fashion work processes and ICT-structures. The government saw a desperate need for improvement of the own administration (the last twenty years). In a broader perspective, one might say that in line of the endless reform attempts of outsourcing and privatizing public bodies, the establishment of an interdepartmental HRM-column was just a simple effect of these tendencies. In any case, the Cabinet indicated the need for improvement the public sector by assigning a Minister of Administrative Renewal in 2001. It was this Minister who initiated the SSC P-Direkt. Also his both continuators saw the benefits of the SSC. We might say that the window of opportunity is still open. Even now when the position of a Minister of Administrative Renewal is removed from the Cabinet, the benefits of P-Direkt are still recognized. The project falls now (October 2008) under the responsibilities of the Minister of Internal Affairs and Kingdom Relations.

Emerging barriers

Regarding the division of responsibilities, many divergent problems have been arisen. The emerged barriers are endless. In this section, the main barriers are described. As it appeared, some sort of snow-ball effect emerged. One mistake led to another and so on.

- The fact that P-Direkt was responsible for the planning of its own organisation, led to an organisation that is strongly focused on efficiency and less aimed at quality (Lievense, 2005). Seen the interest of the many parties (for instance all the Ministries as `customers´) P-Direkt is set up in a `*governorship management model´*. This means that a lot of different parties are responsible for a little piece of production. For example, the director of P-Direkt is a private manager, but he has his responsibilities to the Ministers of Administrative Renewal and Interior. P-Direkt described in its *Lessons Learned* report that this responsibility division has led to a lack of `concrete administrative power within central administration´ (P-Direkt, 2005).

  The Expertise Centrum of P-Direkt had similar critical remarks:

  In the central programs and plans it remains invisible how inside such a decentred oriented department the direction is managed on sectors or parts for quick anticipation (Expertise Centrum, 2004). Responsibility keeps floating at the surface of a general and management level. In addition, the supervision restricts itself to strategic level (supervise Ministries), but at tactical and operational level (concrete implementation, monitoring and framework creation), the supervision is missing. The Expertise Centrum warns for the great risks of these facts.

- On the matter of job security, the Cabinet agreed, that many changes are about to come for the individual employees in the current labour situation. To act this on an appropriate manner and to give the employees the possibility to anticipate early on the coming changes, the Ministries must in the short term inform the employees. The responsibility for this lies at the different Ministries themselves. Next to this, it is tried to fill in the staff of P-Direkt especially with officials in the current HRM functions. This measure has caused a lot of trouble. Trade unions were furious about the number of dismissals and the cutbacks measurements (www.intermediarpw.nl 25-04-'08).

- Only two consortia have registered for the creation of the ICT-Architecture (Accentura and IBM [International Business Machines]). Accentura withdrawed in March 2004, so one consortium has left: IBM.

- At December 2004, the redesign of IBM for P-Direkt is rejected and the date of realisation must be shoving up by a year. Other problems emerged (Min. BZK, 2005):

  o More time is necessary for setting up the process structure (For instance, who is responsible for what at the practical level) and a not so unimportant consequence, the production of the ICT-Infrastructure.

  The weight of the historically grown process structure seems to obstruct the progress of the implementation. The creation of an integral, uniform concept within the Ministries seems to be tougher then foreseen. This because of the 25 years of experience of the Ministries around HRM-practice.

  In addition P-Direkt asks for an ICT-standard, which encloses on the international standard. This creates a high expectation pattern and the cleavage between this standard and the several processes within the Ministries seems to be bigger than foreseen.

  o Cumulation of activity seems to become a serious threat

  When the start date wouldn't move up, a 'big-bang' scenario (a collective operational of P-Direkt for all departments) seems inevitable. The aimed start date will create too much pressure on the accumulation of the activities in too little time. This will decrease the carefulness and the quality of the services

  o The provided cutbacks on HRM-functions were not so much as first expected. The original design of IBM in 2004 shows this. It came down to this: Line-managers must do mutation-activities because of the cutbacks (Ehren, employee at the P-Direkt project). Moreover, it was overlooked that HR-processes that P-Direkt will not support, still need considerable administrative assistance. More strongly still: at the

fuss around the functional design for the assignment of a new employee, it became clear that line chefs will be charged with the actual implement of the HRM-mutations (www.peterlievense.nl 28-04-'08)

- A new design was needed, but also this one was rejected. The problems, mentioned by Ehren, weren't solved by the new design. Also the negotiations with IBM about the contract were far from easy. This lead to a break on the October 14th 2005. Opinions differ about contents, quality of the service provided by IBM. Long dialogues and heavy discussion about deals led to a disappearance of trust. According to Erhen this was caused by the lack of direction given by the Ministry of Interior. For example the second design was being produced while the Ministry of Interior with the other Ministries met about the criteria on which P-Direkt must full-fill. Logically the second design didn't fit to the question of the Ministries. So IBM ended the relationship.

- A new research, led by CSO (Commission Second Opinion), showed that the public/private negotiations become a factor of irritations. IBM and P-Direkt blame each other a lack of quality. This led to an escalation after which both parties decided to have a break to solve the internal problems. At April 2005, IBM concluded that the requested quality cannot be reached on the scheduled time path. The audit service of the Ministry of Interior concluded that the original roles of quartermaster and task giver didn't provide enough ground for a central direction actor. The lack of power to ´put through´ appeared as one of the most important reasons of the disapproving of the project designs. The audit services concluded that the interest of clear deals, investing in the underlying relations with the (private) executer was underestimated (P-Direkt, 2005).

- In addition, the audit service points out to the importance of the regulation/administrative context. At the same time that P-Direkt was delayed, also a delay into other programs of the public service takes place. For instance the programs of ´Harmonisation labour agreements Civil Servants´ and `harmonisation standardisation implementation regulations´

  These delays had their influence on the lack of setting up criteria from the Ministries. That is why P-Direkt must have the possibility to be established, independent from such influences.

  In general the audits conclude that there must be more invested into the learning capacity of the different related actors. Into the whole project a lack of flexibility is a major problem, which (combined with the high time-pressure) led to a hold on to old procedures. P-Direkt concluded a similar conclusion in their report of ´Lessons Learned` (P-Direkt, 2005) when they blamed several actors, rigidity. In the same report the question of leadership and integral working shows up as well. This is what in 2005 caused the break with IBM.

2. Network relations

With the establishment of the P-Direkt a lot of actors are involved. In this section a description will be given of the most influential actors, distinguished in a group of initiating actors and executing/responsible actors.

Initiating actors:

1. Cabinet. The Cabinet is initiator of reconstruction of the public service in general. The general ambition is described in the coalition contracts of Balkenende 1&2. The interest of the Cabinet is mainly to reduce the size of the administrative battery, become more efficient and to have a more modernized public sector. The urge for this reform is among other things, expressed by the assignment of a Minister for Administrative Renewal.

2. The Minister of Administration Renewal (and Kingdom Relations) came with the concrete proposal to reform the HRM-column as a SSC. This Minister is responsible for the project in the political sense, combined with the *Minister of Interior* (In the current situation, the ministerial post of Administrative Renewal is given up, therefore the Minister of Interior is responsible for the development of P-Direkt). Next to the shared need of the Cabinet to reduce and to modernize the government, he has to 'prove his use'. With the assignment of a Minister of Administration Renewal at the start of the period of Balkenende 1, the Minister wanted to put himself on the political agenda as well (i.e. www.blikopdebeurs.nl, 21-05-'08).

3. *The Director-General Management and Personnel policy (DGMP)* is, on behalf of the Minister of Administration Renewal the principal for the establishment of the SSC. The DGMP is responsible for the successful establishment of the SSC. Their biggest interest is to enclose the transition and the set up of the SSC as closely as possible (Which they delegated to the quartermaster and the transition managers).

Participating actors:

1. *The Quartermaster* is responsible for the creation of the SSC P-Direkt. This in order to guide this big reform project into the right moves. P-Direkt has to be assigned in such a manner that the Ministries can enclose as easy as possible (Min. BZK, 2003).

2. *IBM* is in the original set up the private software provider. Of course the provider has a reputation to care about, so quality is a must. However the criteria for this 'quality' weren't

known before IBM created the ICT adjustments. Among other things, this led to the break in 2005.

3. *Enclosing manager* is in general responsible for the enclosing of the Ministries to P-Direkt. In addition, the *project leaders SSC HRM P&S* are mandated by the Ministries to act as task-taker and to lead the transition.

4. The *Common Transition Manager (ATM)* carries the burden for the underlying cohesion of the transition of the different Ministries, who have their own transition managers. The ATM is some kind of a chairman of these managers.

5. On each manager a *Transition Manager* is assigned to lead the internal transition on the Ministry.

6. The *Deputy Secretary General (pSG)* is a board in each ministry with directors Staff & Organization and the transition manager who is responsible for the internal harmony and the collaboration between transition manager and ministry.

7. In the end the *Ministries* are the ´customers´ of the SSC HRM. However in the comprehensive manner how P-Direkt is established, the ministries have a policy provision task. P-Direkt indicates the importance of this cohesion in their latest report *Toekomstvisie*. P-Direkt set out that the condition for a successful SSC is a pragmatic approach where all related parties can participate (P-Direkt, 2008).

It appears that the establishment of P-Direkt contains two major projects (transition of the Ministries and the establishment of the new organization). Formally, the hierarchical relations are with the Minister of AR and the Cabinet. However, the relations of the other actors are far from hierarchical and they are strongly dependant and related to each other. In particular at the Ministries, a lot of different functions are made up to ease the transition. All of these managers are dependant to each other. At last the role of the private partner IBM. This actor is very important, because IBM will deliver all automatics around P-Direkt. The importance of this actor would appear later, when IBM steps out of the process.

3. Sum up of institutional changes

The establishment of the SSC P-Direkt asks for some institutional changes (Described in the whole analysis). To create a clearer overview, this summary shows the institutional changes that required the realisation of P-Direkt:

- Instead of a HRM department in all the thirteen Ministries, one general HRM service provision office.

  To gain the marked efficiency goals, the HRM services in all the Ministries, need to be bundled in a central HRM-office (in the eyes of the involved ministries, the bureaucratic top of the ministries and the Cabinet).

- Interdepartmental approach.

  To set up such a big project, which has the interest of all the ministries, an interdepartmental approach is required. Most of the ministries act like 'bureaucratic islands' (Kickert, 2002), so an interdepartmental approach requires a cultural shift.

- Leadership of one Ministry

  One of the big reproaches was the lack of leadership, taken by the Minister of Interior. When a reform is announced which regard all the ministries there isn't such a thing as formal power for one Ministry or Minister above the others. So the fundamental of leadership should be based on something else then formal power. So far the Minister of Interior didn't found such a basis.

- Establishment in a private manner

  This shift has become the most problematic one. The original plan to establish the SSC was based on a result-oriented approach. For example P-Direkt was responsible for setting up the whole organisation of the SSC. This resulted in a highly efficiency focused SSC. Ministries reproached P-Direkt that the quality wasn't good enough. Also the fact that bad measurements were taken for the employees was a sign that the public oriented Ministries don't have that much experience with being a good employee.

3.5 Conclusions

Conclusions P-Direkt

The central sub question in this chapter was: *How can the establishment of P-Direkt be reconstructed at the rhetoric level and at the decisional level*?

Rhetoric level:

The Cabinet speaks about the need for an update of the public sector. One of the ways to update this sector is by updating her HRM-department. In that matter, the ministries will have the chance to focus on their core-tasks.

To come forth this need, the concept of a SSC is initiated by the Minister of Administration Renewal. With this SSC, quality, efficiency and professionalism should be increased. Therefore P-Direkt should obtain a breakthrough in the malice of the current quality of the HRM-services (Min. BZK, 2003).

The ultimate goal, formulated by the Ministry of Interior is to increase the quality of the HRM-Service of the departmental organization and the public service in general by: Standardization of the HRM-services, create an accountable and professional organization, create a high level of internal knowledge and create an innovative and progressive organization.

With the SSC-concept uniformity (and therefore more options for supervision) needs to be reached in HRM-activities and by the ICT-improvements, modernization must be put through (P-Direkt, 2005)

According to the Ministry of Interior, the need for the SSC-initiative is caused by a growing internationalization, globalization, individualisation and the increase of European rules and information. Also, because of the more result-oriented approach in general in the public sector and the role of the citizen as customer, the Minister of Interior concluded that the HRM-column needed reform (P-Direkt, 2005).

However to establish such a SSC several adjustments have to be made such as reduce of the amount of employees in the HRM-sector, remove of the HRM-departments on each ministry and a large improvement in the current ICT-structures. To make this transition as smoothly as possible (with the underlying cohesion as an important condition) several managers are assigned, each with his own responsibility for a small part of this transition (Min BZK, 2003).

The prospected barriers that might occur, then, are, according to Ministry of Interior mainly around this large amount of different responsibilities and possible frictions between participating actors (Min. BZK, 2003).

Decisional level:

A concrete window of opportunity is not described by the Ministries who initiated P-Direkt. Moreover the initiative came forth from a logic line of reform attempts of outsourcing and privatization. In order to take the need for administrative reform seriously, a minister for Administration Renewal was assigned with the first Balkenende Cabinet. This minister came with the initiative for P-Direkt.

During the implementation process barriers showed up which delayed the progression of the establishment. These barriers were mainly around the (wrong) division of responsibilities. Too many actors were responsible for something (Expertise Centrum, 2004). Also a lack of interest from the

private sector for the ICT development caused a lesser competitive atmosphere then wanted by the Ministry. When the selected provider (IBM) also stepped out of the program in 2005 a large problem emerged for an alternative. The reason why IBM stepped out of the program was caused by the lack of flexibility of the participating public actors. This resulted among other things in the formulation of criteria by the ministries while the ICT-standard was already developed (www.pieterlivense.nl).

A lot of actors are involved in the process of the P-Direkt initiative. The accumulation of actors was one of the emerged problems (P-Direkt, 2005). Also the administrative powerful actors (such as the Ministry of Interior, the Minister of Administration Renewal and the DGMP) were blamed for a lack of 'power to put through'. Also the scissoring of the transition into a lot of responsibilities (a transition manager, a quartermaster, a pSG and so on) and a lack of leadership by the Ministries caused a difficult and complex horizontal network with too many responsible actors.

In general we can conclude that the case of P-Direkt has become a struggle. This struggle is still proceeding, although P-Direkt is operational at this moment. It appears that the ambitions were high and needed, according to initiators Ministry of Interior, Cabinet and Minister of Administration Renewal. The need for a SSC HRM was that high that a lot of internal reform was worth the establishment of a new organizational form. This caused a lot of institutional change. In order to lead this change in a smooth manner, the process was sourced out to a lot of actors who were assigned to lead this transition. However this caused a cumulating of responsibilities and a lack of administrative power with the public responsible.

The next tables show the results schematically to provide a clearer overview of the investigated resources.

Table 1: Rhetoric Level: P-Direkt

Unit	Empirical Findings
Technical/analytical discourse	
Goals:	Increase quality and efficiency of HRM-service by: - Standardization of the services - Creation of an accountable organization - High level of internal knowledge - Innovative and progressive organization
Difference current manner:	- Centralized HRM-department for all ministries - Uniformity in service - Modernized - More ability for supervision
Contextual discourse	
Reason SSC concept:	- Tendencies of internationalization, globalization, EU-regulation, individualization. - More result-oriented policy - Successful examples in private sector
Required changes:	- One HRM-department instead of twelve - Reduction amount of employees - New positions to lead the transition - Private/public partnership - Creation of an interdepartmental culture
Prospected Barriers:	- Too many responsibilities - Friction between participating actors
Systemic discourse	
Reasons on macro level:	- Globalization by rising of ICT possibilities - Improvement of individualization what may lead to risk-averse governing - Aversion to established institutions
Benefits at macro level:	- More flexible and adequate government - More competences on different policy areas.
Normative discourse	
Emerging values/priorities:	- Improve quality

-	Modernization
-	Become more facilitator

Table 2: Decisional Level: P-Direkt

Unit	P-Direkt
Path dependency	
Window(s) of opportunity:	- Simple effect of a wave of reform attempts
Emerged barriers:	- Organization of P-Direkt too much focused on efficiency and not on quality - The matter of job securities - A lack of interest by private providers - Unclear criteria of the systems - Accumulation of activities - Accumulation of actors and responsibilities - Lack of power to put through by the Ministry of Interior - Relation with IBM, the private ICT provider
Network relations	
Initiating actors:	- Ministry of Interior - Minister of Administration Renewal - DGMP as initiator on behalf of the ministries
Participating actors:	- IBM (private provider ICT) - Quartermaster (creator P-Direkt) - Enclosing manager (enclosing ministries on P-Direkt) - (Common) Transition Managers (leading transition on ministries) - pSG (internal harmony and collaboration) - Ministries (customers)
Approach:	- Consensus

Chapter 4: The BVA as SSC

4.1 Introduction

The second analysis contains a description of a large German service provider, called the *Bundesverwaltungsamt* (BVA). In this chapter, the same sub-question as in chapter 3 will be central: *How can the establishment of the SSC concept within the BVA be reconstructed at the rhetoric and decisional level*?

The BVA is some sort of an umbrella organization for a lot of service departments. The concept of SSC is implemented in the BVA, in 2006, following the research of the BVA President, Dr. Hensen (Hensen, 2006). The idea is to reform the intern departments of the BVA to the SSC-concept. So, instead of establishing a new organization as in the P-Direkt case, the German government decided to reform the existing organization of the BVA.

This analysis will be an assessment of the BVA as a whole and contains a description of two services that are executed by the BVA, who are transferred to the concept of SSCs. The next section will contain an assessment of the BVA as a whole and the two selected services, which will have a closer look. This assessment will be followed of the analyses of the rhetoric of the implementation of the concept of SSC. After this analysis we can draw some conclusions.

4.2 Description BVA

The Bundesverwaltungsamt (BVA) was established in 1959. The BVA is an independent organ which is charged with public tasks. These tasks are confirmed by law. Legally the BVA falls under the Federal Ministry of Interior. The tasks, which were created with the establishment of the BVA are broad and diverse and are extended the following years.

In the legal description of the BVA foundation, a lot of attention is given to the independent character of the BVA and the relation with the Ministry of Interior. The BVA is independent in her management, her finance and her approaches to carry out the appointed tasks (*Gesetz über die Enrichtung des Bundesverwaltungsamtes*, 28-12-'59).

Nowadays, the BVA has grown to the leader in public service, provision of services to the whole (federal) public administration. Over a hundred tasks are carried out on behalf of several federal Ministries and their divisions. Those tasks are broadened from cross-sectional tasks at the central

level, to more specified, professional tasks and modernization help (BVA, 2008). Specialized tasks are political work for the departments, administrative and cooperative partnerships between several administration levels, 'non-government-organizations' and civilians. An example of this last task is the promotion of sport and culture, child and juvenile welfare, student financial assistance etc.

Regarding the cross-sectional tasks; those tasks are carried out in the interest of the civil servant. Those tasks contain a system of social aid (Beihilfe), travel management, time registration and personnel production. These tasks are executed with the underlying idea that, through the execution of a distant organ, the employees can be more focused on the core tasks of their organization. The BVA claims that these tasks are funded as a Shared Service Centre for the Federal government.

The modernizing help is based on the expertise, which is available into the BVA. The BVA knows therefore an important advice and consultation position. The engine behind these modernization ideas is ICT-improvement. Both the BVA and the Ministry of Interior recognize the possibilities of this improvement for the public sector and a lot of investment is made into this topic (BVA, 2008).

An emerging question is whether the BVA could be regarded as a New Public Management approach? When the BVA was established (1959) the attention for NPM wasn't that big until the first publications in the United States in the 1960s (Pollitt & Bouckaert, 2004). Topics like efficiency and effectiveness did not seem to be that important and did not reach the political agenda yet. However, nowadays the executed tasks seem to 'fit' into the NPM-attempts. The BVA seems to have an important role in the modernization of the public sector, the cross-sectional tasks are executed to improve the effectiveness of the public sector and the importance of relations between administration levels, social partners and civilians, are similar to topics which can be placed into the ideas of NPM. Therefore it seems appropriate to conclude that the BVA wasn't established in the spirit of NPM-initiatives, but has the administrative power to be very important at a later point in the execution of reform attempts. Therefore the BVA can be considered as a sort of umbrella executer at the Federal level. The most striking example of this idea is probably the advices and consultation activities around the modernization processes. Those attempts are nowadays mainly based on ICT improvement and the BVA claims to contain the skills to advice on such manners.

Also the bundling of services on digital places and the provision of those services as a SSC seems to fit into the ideas of New Public Management, not in the last place because of the conpetition that the BVA must face against other service providers at the central level.

The concept of service delivery according to the SSC concept is among other things implemented in the services of Beihilfe and Travel-management:

1. Beihilfe

   This service is established in 1997. The core task is to provide the employees in the public sector the same or even better, social conditions as in the private sector. The following tasks are provided by the service centre:

   - Treatment of requests

   - Signalising

   - Contradiction and Complaint procedure of anticipated payments consultation

   - Information about changes

   These tasks will be executed in case of illness (short or long term), long term disability or in case of birth. The centre will then participate into the disease costs by the public employer (www.dienstleistungszentrum.de, 17-06-'08). The criteria when an employee can make a claim on Beihilfe is assessed in the *Richtlinie fur die Gewährung von Beihilfen in Krankheits-, Pflege-, und Geburtsfällen"* (BVA, 2006).

   The basic idea is to provide these services for as many employees by public bodies as possible. At the moment the services are provided to a very broad amount of customers like the Federal Ministry of Interior, the Federal Ministry for Health, the Federal Ministry for family, Seniors, Women and Youth, the Federal Office for the Civil Service, the Federal Office for Migration and Refugees, the Federal Institution Technical Welfare Organization, Federal Archives, the assigned one of the Federal Government for Culture and Media, the Federal Commissioner for the documents of the public security service of the former GDR, the Alexander Humboldt foundation and the institute for Robert Cook. The amount of customers is growing still. Instead of all the different Human Resource Departments on the several customers, the specific part of the BVA is providing this service for all the customers. This makes it possible for the customers to maintain their focus on their core task.

2. Travel Management System

   The central service of the Travel Management System (TMS) relieves her customers from a lot of administrative and time-eating activities. The TMS has a lot of customers at the Federal central level of the German administration. Ministries, Federal offices and also the Bundes high school use the system of TMS. This service department is established in 1997 as well.

The office of Travel Management provides four kinds of services:

- Journey preparation → arranging hotels, planes, connections of transport and so on

- Journey costs → system of declaration of actual costs that the customer makes

- Separation money → financial support if your employee makes you move to another city and your family stays behind.

- Moving costs → financial support if you have to move in order of your employer

Instead of a secretary department or a special unit at the HRM-department, TMS provides a service which requires a lot of administrative activities and negotiation with private partners. To bundle this service for a lot of the public bodies gives these organs the chance to focus on their tasks as Federal Ministry.

Both services fall under direction of the same department within the BVA, the department of Financial Support for Civil Servants and Travel Management.

4.3 Analyzing the rhetoric level

1. Assumptions regarding the technical/analytical discourse

The decision

In the coalition agreement of 11 November 2005 (Bundesministerium des Innern [BMI], 2005) the mission of the Federal government regarding administrative innovation is assessed as follows: *reduce bureaucracy, consolidate state finances and enhance the capacity of the state to act by having an innovative, capable and efficient administration.* The progression and implementation of e-government is expected to have a large contribution to achieve these goals. In the Cabinet decision on 8 March 2006 the Federal Government also called upon the Ministry of Interior to create a strategy for the Federal administration and the implementation in the years to come. With this strategy the Federal Government wants to meet the objectives which are defined by the European Commission in the *i2010- A European information society for growth and employment* initiative (BMI, 2006). The BVA recognizes the important position that bundling service can take in the achievement of these goals (BVA, 2007). Inside the BVA a special project group is established to investigate the

topic of shared services, the areas on which SSCs can have profit and how these new SSCs should be developed and implemented.

Primarily in the way the BVA wants to reduce execution public activities by public bodies is to carry out supporting tasks as much as possible to give the government the chance to concentrate on her core function: create policy and develop strategies in Federal interest. To do that in a proper manner, the BVA assigns the importance of reforming their own internal organization and working structures. Therefore SSC approaches seem as useful tools.

Goals and objectives

Before the goals and objectives can be described of these two services it must be said that both the services of Beihilfe and Travel-management are established in 1997. Back then, the services were bundled to carry them out to a lot of public bodies. However the concept of Shared Service Centers is introduced in 2007, based on ICT improvements.

The goals for this department since the implementation of the SSC initiative are in general to reduce the internal costs of the BVA with 35%. Specifically, this means for the services of Beihilfe and Travel-management:

- Providing Beihilfe services for 57 public bodies/institutions (ca. 17.800 Persons)

- Providing Travel-management services for ca. 60 customers (ca. 178.200 requests)

(BVA, 2007)

Difference with current manner

The benefits that can be reached with the implementation of the concept of SSC are described by Dr. Hensen (2006), director of the BVA. Firstly, Hensen indicated that by centralization and standardization scale-benefits can be reached, mainly by bundling of competences. Therefore expenditures can be reduced. Second, he mentions the customer-orientation in the concept of SSC. Therefore the quality of the provided services can be improved. Third, a rationalization and economization in the public body in general. This is possible by the central provision of expert knowledge. Last, he assigned the improvement of internal company competences, by the support of the general decisions of running an organization. In general Dr. Hensen claims that, by introducing the concept of SSC, cost reduction may be gained somewhere between fifteen and sixty percent.

2. Assumptions regarding contextual discourse

Reasons for SSC initiative

The BVA describes the current societal situation in the light of the expanding globalisation. Governments feel themselves in a new sort of perspective with an international competition regarding 'good' government. Also the expectations of civilians are growing and ask for more quality and more velocity in the services (BVA, 2007). The public sector finds itself in a difficult position between a shrinking amount of (proper) resources and necessity to provide their service in a different manner. Therefore the Federal Government find the possibilities created by ICT the most logical response to these efforts. With the launch of the program *Focused on the Future: Innovations for Administration*, the Federal Government adopted a universal strategy to modernize the Federal Administration (BMI, 2006). However to carry out such innovative measurements the Federal Government would like to have a strong executive partner. Federal Offices found themselves more and more in a position that next to the tasks approved to them in line with their function, they have to carry out additional tasks as well. The Ministry of Interior sees in the BVA the strong partner, who can carry out these additional or support tasks, consider the competences available and the experience around administrative renewal processes (BMI, 2005).

Dr. Hensen (2006) focused on the budget position of the public sector in general. By the increase of international competition between public sectors, and the demographic change (BVA, 2007) the budgetary position of the public sector is become *dramatic*. Therefore strong reform attempts must be made, especially into internal organization, strategic and operative administration of the public authorities. The concept of SSCs is seen by Hensen as an important possibility to make this reform.

Prospected changes in administrative context

In the feasibility study to SSC, the BVA describes the possibilities that the model of SSC can provide and how it can create significant improvements regarding efficiency and quality. But to transform the internal organization to a new executive structure, some large changes in administrative context seem to appear.

To provide the digital improvements the BVA looks at the market. After an open bidding process they decide which private partner gets the assignment to create the digital applications. In the case for the Travel Management system the organization Satellite Management Services (SMS), an American provider in e-commerce, communication and connectivity services (www.aboutus.org/Smstv.com),

won the contract. This implies a cooperation structure not only with a private provider, but also with an international organization.

With the innovative character that the BVA has and the consequent improvements they want to create in their services, a lot of adoptions and technical changes have to be put through. Once there is a new technical structure created, the improvements will not stop there. So this means that once an organization decides to work with the BVA, the organization will be underlying to a lot of changes.

Several market-type tools have to be implemented if you want to create a result-oriented organization. For instance an internal audit will become an important instrument to measure the performance of the SSC (Hensen, 2006).

The most important consequence of the internal reform appears to lie in the management structure within the BVA itself. In the ideas of creating a lot of SSCs under one flag, the several SSCs aren´t that several anymore, but form all together the BVA (or a large part of it). Therefore the BVA is changing to a new kind of organization. The management of the BVA has to guide the organization through a transition process. Also management of such new accountable entities asks for a more result-oriented and business aimed way of manage (BVA, 2007).

For the public bodies (a Ministry for example) that transferred their services to the BVA, the transform within the BVA seems to have not that many consequences. Still the public body has to deal with one executive actor. The fact that the internal organization is changing doesn't change this fact and the executive system will remain the same as when the Ministry outsourced their tasks in the first place to the BVA.

Another important consequence was described by Mr. Dieckman (head of the department of Financial Support for Civil Servants and Travel Management). Around the technical system improvement a constant struggle has to be won with the customers. Political representatives ask questions around the safety and confidentiality of system improvements. For instance, in the system of Beihilfe still a physical signature is required on the request forms for Beihilfe. The digital signature is not allowed yet. The results of these struggles aren't appearing from the statistics, though.

Regarding the personnel quest the implementation of market-type tools and the focus on performance could have a negative effect on the employees of the BVA. Hensen (2006) claims that in order to head this thread, the answer can be found in re-education. To avoid friction, employees of the BVA have to be re-educated again and so gain the skills that are required in the new situation.

Regarding the fear of the employees in the customer organizations, the BVA always seeks to create a win-win situation. For example if a ministry needs twenty people to carry out their administrative

personnel duties, the BVA offers to that with five. Also five employees are required to work on the ministry to 'receive' the services from the BVA. This gives the Ministry fifteen extra employees to focus on their core-task as Ministry (Interview with Mr. Dieckman, 01-07-'08). The current administrative situation asks for such an approach, because of the need for more qualified staff to focus on the Federal tasks (BMI, 2007).

Assumptions regarding the possible barriers

The continuum of the innovative character of the BVA asks for a mentally change in the organization. This will ask a lot of the flexibility of the employees. It can be discussed whether this flexibility can be demanded from the employees. Dr. Hensen described that, to prevent friction and loss of potential staff, employees have to be re-educated. Quality is one the focus points of the SSC innovation; therefore qualified staff is an important condition (Hensen, 2006).

Mr. Dieckman described that the implementation of the technical system will cause a *constant struggle* with the customers. This is seen as an important barrier, which might influence the progression of the implementation.

Last he mentioned the political questions around the safety and confidentiality of the systems. The Ministry of Interior is political responsible for the implementation of the concept of SSC. However if this concepts needs to be implemented in a state broad manner, then these political opponents needs to be convinced. However in the present time (with the upcoming elections) massive changes in administrative processes will probably not put through (Interview Dr. Schulz, 01-07-'08)

3. Assumptions regarding the systemic level

Reasons on societal level

At the macro-level, several developments are seen by the Federal Government that require an answer from the public sector.

At first the BVA mentioned the increased complexity regarding demographic developments. By growing international competition, more complex demands on the administration of both enterprises and citizens, the public administration is due to improve their quality and speed in the public procedures. The BVA describes that the rise in technology and ICT has become the main factor of this increasing of complexity, but also that the possibilities to answer to this complexity lie mainly in the efforts of ICTs (BVA, 2007).

Also the growing costs for the elder generation require an answer from the public sector. The BVA expects that these costs will take 6-8 % of the Bruto National Product before the year 2050. Therefore the public administration faces a difficult job to manage the rise of these costs.

In addition, in the international public sectors a paradigm change can be discerned. Over the world administrations are changing from the bureaucracy model to a service provision state. This requires some massive changes in bureaucratic context, which is maybe even harder in a Federal structure (BVA, 2007). The Ministry of Interior adds to this that the role of the government is changing into a connecting power between several electronic islands of enterprises, civilians and public authorities. The role of the government is changing into a more organizational one (BMI, 2006).

At last Mr. Dieckman described a problem particular for Germany: With the assignment of Berlin as capital of Germany, all the Federal Ministries had to move from Bonn to Berlin. A lot of employees didn't want to move to Berlin. So the Federal Ministries faced a massive reduction of qualified personal. Therefore the presence of the BVA in Cologne seemed to give the Ministries a chance to let a lot of the employees stay in the area of Bonn and give themselves a change to focus more on their core task as Ministry, by outsourcing a lot of supporting tasks to the BVA (Interview with Mr. Dieckman, 01-07-'08).

4. Emerging values and priorities

The Federal Government of Germany is convinced that a complex situation asks for rigorous measures. These measures are among other things, carrying out responsibilities to the BVA (and with the BVA, many other organizations). The danger is that the Ministries lose control over the well-being of their Ministry. This idea is strengthened by the physical distance that is created by the transfer of the Ministries to Berlin and leaves a lot of the supporting activities in Cologne. The Ministry doesn't have the ability anymore to look over the shoulder of their subordinates.

Also a massive change is required into the public administration. Compared to a non-Federal structure the German government does also have to deal with the extra administrative layer, the division of power and the fact that civilians, who use the electronic services don't recognize the difference between the Lander government and the Federal government, regarding these services (BMI, 2007). This creates extra complexity in the implementation process of modernization attempts.

Also the presence of organs like the BVA creates extra administrative business. Administrative business seems to cause extra inflexibility and distance between policy creation and policy execution. However the Federal Government sees in this extra administrative layer the competences to gain those reform -and modernizing goals. Instead of establish new institutions, the Federal Government

chooses to reform the existing ones. Therefore, question can be asked in what matter the introduction of SSCs in the BVA can be regarded as desperate measures. As described, since the introduction of SSCs the pattern of customer gaining and cost reduce remains the same. Furthermore, the Ministry of Interior describes in her *Project Reference*, that by 31-12-2009 every Ministry should be *able* to transfer their tasks, regarding cross-sectional staff tasks, financial household and ICT to SSCs (BMI, 2008). This weak formulation and the establishment of SSCs at administrative level (without initiative from political level) could be a characterizing of the institutional structure of the German administration. In any case, the Ministry of Interior doesn't have that much power to put the idea of SSC through the rest of Ministries. It appeared that maintaining a kind of a status quo and therefore maintaining stability in the public administration is a rather important value. More important than introduce rapid and massive reform attempts. This can be considered as remarkable, because the way the Ministries and the BVA described the current need for reform attempts. Hensen called the budgetary position at this point as *dramatic* (Hensen, 2006). However the reform attempts do not show this dramatic position.

Another important value that seems to occur is that the BVA wants to be a good employer. Mr. Dieckman described the personnel consequences of the transfer of the public bodies from Bonn to Berlin. The Federal Government decided to give employees in Bonn a reason to stay. Furthermore Mr. Dieckman described the 'win-win' situation that is been strived when new costumers were attached to the system. Working with the BVA should not have the consequence of dismissals in the original organization. However it can be discussed whether the pressing need for rapid reforms and efficiency results and being a good employee can go hand in hand. In the current approach of the BVA it appeared that being a good employee is more dominant then give in on the quest for efficiency.

4.4 Analyzing the decisional level

1. Path dependency

Emerging window(s) of opportunity

The services Beihilfe and Travel-management were both established in the year 1997. In order to give an answer to the call for a more efficient bureaucracy the BVA figured out new services to relieve the Federal administration. Several services were transferred to the BVA in that time. However, according to Mr. Dieckman, this decision was taken to come forward to the employees who did not

want to move to Berlin (interview with Mr. Dieckman, 01-07-'08). After the wall fell in 1989, Berlin became capital of Germany. Therefore Ministries and central offices within the public administration needed to be transferred from Bonn to Berlin. If many employees would quit their jobs, the German administration faced an enormous flow out of qualified personnel, who were so necessary in the rebuild of an undivided Germany. The option to outsource the executive services to the BVA seemed to be a proper option. The BVA was already an important partner for the Federal Government, mainly in the emerging problems around immigrants. These problems were mainly 'solved' at this time, so the BVA had the capacity to carry out these services.

The transfer was completed somewhere around 1999 (Griffin, 2008). All the Ministries were moved to Berlin and the BVA became the large operational unit for central services.

The SSCs of Beihilfe and Travel-management were established in 2006. The desire to develop shared service centers came from the Ministry of Interior and the Ministry of Finance. Results from the private sector had been proven that this concept has a lot of benefits regarding scale and efficiency. Within the BVA a Referatsgroup developed the idea to fund the SSCs of Beihilfe and Travel-management. In 2005 the idea of implementation of the SSC concept in the public administration came forth from the president of the BVA, Hansen. He became aware of the SSC debate at this time and he wrote an article in V&M (Verwaltung & Management [Administration and Management]), after an orientation research (Shared Service Center für die BVA, V&M 2006, S177). Then a building group was established to analyze the possibilities for the BVA regarding SSCs. To develop the idea, cases from the business sector were used.

So a concrete window of opportunity to transfer the bundled services to shared service *centres* is not appearing. It seems that become aware of the possibilities of the concept of SSC at ministerial level created the effects within the BVA.

Emerging barriers

The concept of SSC was in 2006 implemented in the services Beihilfe and Travel-Management. This process proceeded in a rather smooth manner. Only a few barriers emerged (Interview with Mr. Dieckman, 01-07-'08):

- The implementation of the ICT systems came under delay because of the customers. Mr. Dieckman explained that this was caused by unfamiliarity of the system. Customers were afraid of using something that they've never worked with before. This caused the fact that the implementation was a slowly out role, after an intensive lobby and consultation procedure.

- In the service of Beihilfe, according to legal procedures a physical signature is required. The digital signature is not accepted. This makes it impossible to transfer the service of Beihilfe completely to a digital system (like Workflow for instance, the Travel-Management system).

- The first users of the systems (and current political representatives) ask questions around the confidentiality of the systems. Some delay was caused by this distrust. However by slow and careful roll-outs customers were convinced. At the start, this was easier, because the Ministry of Interior simply obliged their services to work with the BVA.

2. Network relations

Regarding the initiation of the SSC concept in the BVA and the carrying out of the services of Beihilfe and Travel-management a lot of different actors are involved. This section will contain a assessment of the most influential and participating actors in this process also distinguished in an executing/responsible group and initiating actors.

Initiating actors:

1. *The German Federal Government* has also the general ambition to modernize the public sector and mentioned explicitly the current tendency of the upcoming elderly generation and the stronger demands from civilians to their government.

2. *The Ministry of Interior* is initiator of the SSC-concept in the German public sector. Also they have a controlling position to the BVA. The Ministry is directly responsible for the creation of that modernized public sector. But in the German situation an important partner in this matter is the BVA as dominant service provider at the federal level.

3. *Management of the BVA,* led by Dr. Hensen, who did some research to the benefits and the disadvantages of the SSC concept. The interest of the BVA is to remain the largest service provider in Germany (BVA, 2008). Therefore modernizing the internal structure is a matter of survival.

4. *The Referatsgruppe* is the department who is investigating the possibilities for the SSC initiative in the BVA. In the current manner, the concept is implemented in the department of Beihilfe and Travel-Management. In the long term the entire BVA must carry out their services according to this concept.

5. *Customer Meeting* is a gathering of the customers of the Beihilfe service. They meet once or twice per year in order to guard the quality of the provided services. Although their advices

have to be taken serious, the BVA isn't due to follow them (Interview Mr. Dieckman, 01-07-'08).

6. *Board of Ministerial representatives* is a board that guards the quality of the Travel Management service. They can give their advice of the execution procedures. In contrast to the customer meeting of the Beihilfe service, the BVA is required to follow the comments of this board.

Participating actors:

1. *Department of Financial Support for Civil Servants and Travel Management,* is the first department in which the SSC concept is implemented (in the services of Beihilfe and Travel-Management). The largest interest is the guarantee of quality to their customers. These services were established in 1997. With the new concept the continuum of the service quality needed to be guaranteed.

2. *Satellite Management Services*, is the private software provider, who created the IT-structures for both services of Beihilfe and Travel Management. Mr. Dieckman describes the relation with SMS as 'without any problems' (Interview with Mr. Dieckman, 01-07'08).

3. *Customers* are in both services public bodies at the German central level such as Ministries, Federal Offices and the Federal High School. Customers interest is of course a guarantee of quality (and especially in the matter of Beihilfe) security of information. The importance of this urge of cohesion is known by the BVA and embodied in the establishment of the influential boards for both services.

4. *Private providers of services,* such as hotels, travel agencies and flight companies (in the case of Travel-Management). With the internal modernization of the service of Travel Management, adjustments needed to be made with these partners as well. Travel Management is completely electronic, so information of these partners needed to be adapted on the BVA-system. According to Mr. Dieckman, this process was relatively fluent (interview with Mr. Dieckman, 01-07-'08).

4.5 Conclusions

The sub question in this chapter was: *How can the establishment of the SSC concept within the BVA be reconstructed on the rhetoric and at the decisional level?* In order to answer this question two services, executed by the BVA, are used as examples in which the SSC concept is implemented. These

services (Beihilfe and Travel-Management) are part of the same department of Financial Support for Civil Servants and Travel Management.

Rhetoric level:

According to the Ministry of Interior, the concept of Shared Service Centers could assist in the mission of the Federal German Government to reduce the bureaucracy, consolidate the state finances and enhance the capacity of the state. Also known as an innovative, capable and efficient administration (BMI, 2005).

The Ministry of Interior wanted to implement the concept of SSC in the BVA. The concept is analyzed by the President of the BVA Dr. Hensen and developed by a project group SSC. They concluded that the BVA would have great benefits if the concept would be implemented in their services (BVA, 2007). Concrete goals were pronounced by the BVA what the both services needed to gain with the new concept. According to Dr. Hensen, the centralized and standardized manner would have scale-advantages, by bundling resources. Furthermore, the BVA would have a more customer-oriented focus, which would approve the quality of the services (Hensen, 2006).

According to the BVA, the current times (of globalization, international competition) ask for innovative governing. Primarily, the ICT improvements provide in the possibilities for modernization (BVA, 2007).

The changes that are prospected by the BVA (after a feasibility study) are mainly about a cooperation structure with a private partner for a long period, because once the systems would be implemented they will require constant care and improvements. Also for both provider (BVA) and customer (for example ministry) the internal systems need to be changed/modernized. The most important change will be in the management structure of the BVA. The BVA will contain a lot of SSCs under one roof, instead of a lot of outsourced services.

The possible barriers that might emerge (according to Dr. Hensen) are mainly caused by the mental change that is required in the organization. The adjustment will ask for a lot of flexibility and the willingness to learn. Mr. Dieckman (head of the department of Financials Support for Civil Servants and Travel Management) spoke about a 'constant struggle' that has to be won with the customer to win the contract. At last the political representatives ask questions around the safety and the confidentiality of the system (Interview with Mr. Dieckman, 01-07-'08).

The need for the SSC implementation is, according to the BVA, mainly caused by the growing costs for the elderly, the increasing complexity in demographic development, and the international change of public sectors from a bureaucracy to a more service providing organization (BVA, 2007).

Furthermore Mr. Dieckman mentioned that the fall of the wall in 1989 and a movement of the federal bodies to Berlin asked for a service partner in the neighborhood of Bonn. So the bundling of services started in the early nineties of the last century. However current times ask for adjustments of the existing organizations. Therefore if this organization still wants to have his 'right to exist' it should be improved and modernized.

Decisional level:

A concrete window of opportunity is not described in the documents from and around the BVA. However the need for reform is present since the 70s in Germany. A lot of measurements that are used in the private sector are also implemented in the public sector. Hence, the implementation of the SSC-concept.

Barriers which showed up around the implementation were mainly around the attitude of possible customers, who didn't want to change the existing procedures. Also some legal barriers showed up, such as the requirement of a physical signature in the Beihilfe cases.

A lot of actors are involved with the transformation to the SSC concept, but besides the project group inside the BVA, no new functions are assigned. The participation of this large amount of actors is not assigned as problematic. Consensus was present among the initiating actors (Federal Government, Ministry of Interior and the Management of the BVA). The implementation is mainly top-down initiated and executed.

The next tables show the results of this research schematically, in order to provide a clearer overview of the investigated resources.

Table 3: Rhetoric Level: BVA

Unit	Empirical Findings
Technical/analytical discourse	
Goals:	Reduction executing public activities by (among other things): - Reduction of the internal costs of the BVA with 35% - Provide Beihilfe services for 57 public bodies/institutions (ca. 17.800 Persons) - Provide Travel-management services for ca. 60 customers (ca. 178.200 requests)
Difference current manner:	- Scale-benefits can be gained

	- Customer orientation
	- Improve internal competences
	- Cost reduction
Contextual discourse	
Reason SSC concept:	- Globalization
	- Expectations of civilians
	- Modernization needs internal administration
	- Dramatic budgetary position
Required changes:	- Public/private partnership
	- Consequent improvements with the SSC-concept
	- Market type instruments become important
	- Management change of the BVA
	- Possible negative effect on employees
Prospected Barriers:	- Mental change
	- Flexibility of the employees
	- Constant struggle with customers, who are afraid of using something new.
	- Political 'fear' regarding safety and confidentiality
Systemic discourse	
Reasons at macro level:	- Increase of complexity by international competition
	- Rise of ICT provides in possibilities
	- Growth of the costs of the elderly
	- Paradigm change of the bureaucratic model to a service providing model
	- Move to Berlin of Federal bodies
Benefits at macro level:	- Modernized public sector
	- Public bodies can focus more on their core-tasks
Normative discourse	
Emerging values/priorities:	- Improve quality by reforming existing institutions
	- Remain stability in public sector vs. introduce a rapid and massive reform attempt
	- Be a good employer

Table 4: Decisional level: BVA

Unit	Empirical Findings
Path dependency	
Window(s) of opportunity:	- Success in the private sector - Regarding the bundling of services: moving to Berlin federal bodies
Emerged barriers:	- Unfamiliarity with the systems, which created 'cold-water-fear' with the customers. - Legal barrier of the rejection of the digital signature regarding the Beihilfe services - Questions around the confidentiality by first customers.
Network relations	
Initiating actors:	- Federal Government - Federal Ministry of Interior - Management of the BVA - Referatsgruppe
Participating actors:	- Customer Meeting (gathering of Beihilfe customers) - Board of Ministerial representatives (guard of the quality of Travel-Management) - Department of Financial Support for Civil Servants and Travel Management (first department with the SSC-concept) - SMS (private provider of software) - Customers (*Federal* public bodies) - Private providers of services (such as hotels, travel agencies and flight companies)
Approach:	- Top-down

Chapter 5: The establishment of an Austrian Federal accountancy agency

5.1 Introduction

The third case assessment will be about an Austrian initiative for a SSC establishment. Also in this chapter the sub question '*How can the establishment of the BHAG be reconstructed at the rhetoric and decisional level*?' will be the central question.

In 2004 the Austrian government decided to set up a federal agency for accountancy (Buchhaltungsagentur, BHAG). This agency should carry out all accountancy activities for the federal ministries and other federal bodies. In the year 2005 the BHAG became fully operational after an impressive and major reform attempt. This assessment will be an analysis of how this agency came off the ground from the rhetoric perspective and how the decision can be examined from an institutional point of view. First the BHAG will be described in general, followed by an analysis of the rhetoric level. After this analysis an examination of the decisional level will be added. After these two analyses we can draw some conclusions.

5.2 Description BHAG

The Buchhaltungsagentur is an accountancy which has to carry out all financial procedures of the federal public bodies. This decision was taken after the council of Ministers decided to reform the accountancy department. Back then Austria knew over a seventy accountancy agencies. Bundling all these agencies to one should make immense scale-advantages. The Buchhaltungsagentur (BHAG) would imply a bundling of the accountancy activities for all departmental areas at several levels of administration (Ministries, States, Cities and municipalities). At the central level four different offices needed to be funded, in Wien, Linz, Graz and Innsbruck. These four different offices would form the BHAG with the 'head-office' in Wien (www.buchhaltungsagentur.gv.at). Head of the agency would be a board with one chairman, three representatives from the ministry of Finance and five from the 'working field'. This agency should have massive benefits, according to the Ministry of Finance:

1. Shrink of administrative expenditures. By the decision to establish one agency instead of thirty, communication between several actors will fall away. Also management, supporting activities and service processes will be carried out by one agency and not by thirty.

2. Carrying out services by minimally use of resources. With the allocation to three decentralized offices, the possibilities are created to connect the BHAG on the regional needs of the customers. Necessary travel activities will be saved, which is in the benefit of all parties.

3. Flatten the demand peaks, thus cost reducing and staff expenditure. This is caused by the centralization of the agency. Personnel activities can be more result-oriented.

4. Standardization of the control on bookkeeping activities. The individual bookkeeping activities will be carried out by one agency. This implies a uniform approach and also a uniform way of controlling.

5. Bundling of professional 'know-how'. By the disappearance of small bookkeeping agencies, the professional competences will be combined under one roof.

6. Transparency of distribution processes. With the establishment of the BHAG cost transparency is guaranteed. Customers have the possibility to know how their money is spent.

(BM für Finanzen, 2006)

5.3 Analyzing the rhetoric level

1. Assumptions regarding the technical/analytical discourse

Decision

On March 25th 2004, the National Government decided to the establishment of a Federal accountancy agency (Buchhaltungsagentur). On April 16th the Parliament agreed on this proposal (Bundesrat, 2004). With this agreement the start sign was given for one of the major reforms attempts, which were identified in the Government Program of the Austrian Federal Government.

Goals and objectives

The BHAG needs to obtain three main goals, which are pronounced by the Budget Board (das Budgetausschusses):

1. The establishment of a system for accountancy services which covers the whole area of accountancy, with minimal resource use and with maintaining the current quality of the service.

2. Create a higher quality standard, regarding the offered services and an improvement of the durability of the quality, regarding further lying service possibilities.

3. Increase the offering of added services, beyond the defined core-services.

(Nationalrates, 2005)

Differences with current manner

According to the Ministry of Finance the concept of SSC should have massive benefits regarding scale-advantages and efficiency. It appears that the way how the Ministry acts her financial processes wasn't changed since fourteen years (BM für Finanzen, 2007).

The Parliament started to ask questions about these approaches. The financial sector needed to be modernized to a more efficient approach. However several attempts to modernize this sector came to fail. Reasons for this failure lied in the approach and the Federal structure. The levels of administration like the Lander and the Communities are responsible for their own financial housekeeping. Therefore creating a consensus for cross-level reform is difficult (BM für Finanzen, 2005). With the current ICT progression, the possibility emerged to gain the benefits, described by the Ministry of Finance.

2. Assumptions regarding contextual discourse

Reasons for SSC initiative

The Austrian Cabinet described in her government program the needs for changing the public sector and the worth to make sacrifices for that.

On the first page, the Cabinet claimed that to manage the international competition an offensive research strategy and a learning attitude is required. By reforming the public sector the public administration should become more civil-aimed and be able to face the challenges of the 21st century. This 21st century brings a lot of European and international activities along. The ambition is of the Austrian government to fully participate into the European Union processes regarding politics,

economy and social certainty. This means a lot of cooperation with European institutions, border-crossing organizations. This is described as the highest goal (Bundeskanzleramt, 2007).

The weight of the European unification is drenched through the whole program. The Cabinet sees their position as a sort of an ambassador for their civilians to make Europe popular. They also make a claim (on the Lisbon-criteria) to reform the European Institutions as well, to become more transparent and more at reach for European civilians. However if you make such a claim then the national administration should come forth to those criteria.

Also massive management reforms are required (especially regarding financial house holding) to create a modern management system. This has to lead to the creation of a new standard of economic, management and labor. This new standard has to support the positive economic conjuncture. This is necessary to internationalize the Austrian economy and to seduce foreign investors into Austria (Bundeskanzleramt, 2007).

Prospected changes in administrative context

The establishment of the central agency on accountancy activities implies massive changes in the Austrian administration. The high rate of consequences that this agency will imply is described by the Ministry of Finance, who asks from the customers to wait for a whole financial year before any statements will be made regarding the results of the BHAG. The Minister foresees that some 'child diseases' have to be over won and there has to be room for adjustments (BM für Finanzen, 2006)

In the first place one agency (with four physical locations) is responsible for all accountancy activities instead of 79 local offices. This also is against the proposal of the council of Ministers, who proposed a bundling to 30 offices (BM fur Wirtschaft und Arbeit, 2003).

Next instead of circa 1000 employees, the BHAG will reduce the amount of employees to circa 550. A reduction of 45 % of the current staff. However, instead of lifting all the accountancy activities to the one agency, a lot of activities will still remain within the original organizations. The amount of the activities is though still unknown (Schuppan, 2007). The FSG (Finanz Service Gmbh) described that a new selection process will be developed to recruit the qualified staff and that the aim would be to create a win-win situation. Employees need to be assured that their job is safe. Therefore, if they are not able to participate into the BHAG another spot in the Department will be gained (FSG, 2005).

The management of the BHAG will be elected. The board will contain three employees from the Ministry of Finance and four from the other policy areas (Schuppan, 2007). This board will be assigned by election.

For the technical tendering an agreement was enclosed with SAP, who would deliver the famous system SAP (Systems, Applications, Products in Data Processing) R/3, a system that is used in many large companies and is based on the client/server relation (www.sap.com). The use of this system implies a large shift in the organizations. SAP R/3 can only be used by large companies for instance. The use of the system shows the shift from small accountancy offices to a large central agency. Also employees have to get used to the value of the digital autograph instead of the paper (Nationalrates, 2005).

Last, the implementation, and the service provision will be done in a top-down approach, to prevent friction between the several layers and organizations of the administration.

Assumptions regarding the possible barriers

The implementation of the accountancy services by one agency implies a transfer of valuable and maybe sensitive information. Therefore the claim on transparency is high and the ministries paid a lot of attention to this topic. The transparency of the services has to be guaranteed. And to do that, first the technical application has to be funded, before the Ministries wants to add their system to it (Federal Ministry of Transport, Innovation and Technology, 2003).

The way of the establishment of the board of directors seems to have the consequence that the Ministry of Finance will have a more controlling role than before. The board of seven members contains three members from the Ministry of Finance. The other four will be elected from the other departmental areas. Other ministries ask question about this dominant position of the Finance Ministry (Federal Ministry of Labor and Economy, 2003).

Also to implement the size-reducing agency a lot of employees will have to find another job. The fear does exist, that organizations won't cooperate with delivering their good employees to the agency. This may cause a disturbance in the current public organizations. To reduce this disturbance and to prevent possible frictions, the national Government decided to implement the BHAG in a 'top-down' approach. This will create the consequence, though, that the Federal Government strengthened the unequal relation between the several Ministries. The Ministry of Finance is the leading Ministry in this project. So a top-down approach will create a management role for the Finance Ministry. Formally there isn't such a difference between the positions of the Ministries (Federal Ministry of Labor and Economy, 2003).

Last, the cooperation with the private provider will ask new qualifications to the employees. They will have to be educated to work with the new system. This education will be provided by the BHAG and may contain, next to technical training, also management training, professional studies, constitutional law and finance methodology (www.buchhaltungsagentur.gv.at).

3. Assumptions regarding systemic discourse

Reasons on societal level

The need for administrative reform is also big in Austria. The Federal government described that because of dynamic change in economy, politics and organizations, the need for a more innovative bureaucracy is needed. Efficient and result-orientation are seen as essential for the Republic of Austria. Next to national factors, the government pays extra attention to the need for innovation in European context (Bundeskanzleramt, 2006). The Bundeskanzleramt (department *Verwaltungsreform, Personalentwicklung und Controlling*) described the Speyrer competition, which created the international competition. Therefore several tools are implemented in the Austrian administration to shrink the size of the bureaucracy.

In 2004 the total amount of the spending to the public sector was 119.05 billion euro. 53, 2% of those costs were created by the transfer of public services to the private sector. Most of the costs are caused by maintaining, managing and connecting activities (Bundeskanzleramt, 2005).

The Ministry of Finance described the sudden reform need. Since the year 1986, the structures of banking and supervision on insurance in the Federal Ministries were unchanged for over fourteen years. Several reform attempts were made to modernize the financial structures; however these were never successful. With the emergence of the international strategy to reform the public sector, new basic conditions for supervising were created. With these basic conditions new financial risks were created. These needed acute anticipation from the Ministry of Finance. This gives the Finance sector the change to renew their structures, products and strategies (Federal Ministry of Finance, 2005).

The establishment of the BHAG is seen as an important measurement in this European competition and reduction of the governmental size. By bundling all accountancy activities for the central agencies efficiency gains and more effective organizations will obtain. Also the BHAG is a hundred percent government owned organization. Therefore high costs for managing and connecting activities with a private provider will be saved (www.buchhaltungsagentur.gv.at).

4. Emerging values and priorities

In the documents published, by the Ministry of Finance or the Federal Government, several values come forth, which play a role in the decision and the implementation of the BHAG.

In the first place, the reasons why it is implemented is reduce governmental size, become more efficient and effective. Being a modern government, which can be matched to the European standard, is an important value. If that might cost a lot of investments for all related parties and offices, it is still worth it. Have a well-functioning, strong and flexible administration seems to be the most important value into Austrian perspective. It is remarkable that so many attention is given to this aspect, while the Austrian government, regarding the percentage of the growth of the public sector, is only 12, 9%. In European perspective, they rank the 15th position (Bundeskanzleramt, 2005). However in every program (both Federal as State level) the importance of modernization and shrink the public sector is expressed. The Federal Government seems to experience the competitive attitude that is emerging between the European governments. Therefore the need for improvement (by the possibilities, created by ICT-improvement) is constantly high.

Therefore values as being remarkable as a public sector and being a good employer seem to become less important. Also regarding the BHAG, autonomy of public bodies is reduced by the control on financial aspects. The implementation of the program will also be done in a top-down manner. So the call for the more modern and flexible public sector, forces the Austrian government to act in a more dominant way. Questions may arise around the democratic and public accountability.

Although the cooperation with the private provider is important, the Federal Government did not want to source their accountancy out to a private organization. They rather install a new agency, with several local offices, which is completely publicly owned. Where lately the trend seems to be, to source public activities out to the private domain, the Austrian Government chose for an *in sourcing* what gives them more control over the financial processes in the administration.

5.4 Analyzing the decisional level

1. Path dependency

Emerging window(s) of opportunity

A concrete window of opportunity isn't identified by either the Ministry of Finance or the Parliament. However, in view the attendance to the international perspective it seems that the role of Chairman of the EU in 2006 played an important role in the sudden reform. The position of Chairman asked from the Austrian Government to become a role model for the other member states. This may have

caused a certain cohesion to reform the financial sector. Also, this might explain the acceptance of the other Ministries to put the Ministry of Finance in charge and to let the system being implemented in a top-down manner. Considered the moment of propose (2003) and the year that Austria became chairman (2006) this could be an explanation. The need for financial reform was that high, and the time that short, that half measures couldn't be taken seriously. Rapid and massive reconstruction has to be taken as soon as possible. Therefore, there was not time to develop a decent schedule for implementation. Because of the combination of an urgent need, very little time and a common sense that the reform has to be done, the barriers that the leading commission from the Ministry of Finance was facing were shrinking, by the closeness of the European chairmanship (Schuppan, 2008).

Emerging barriers

During the development and implementation, not so many disastrous barriers are described by the ministries. However certain serious critical remarks emerged:

- Difficulty of creating consensus. The levels of administration like the Lander and the Communities are responsible for their own financial housekeeping. Creating a consensus for cross-level reform is therefore difficult (Federal Ministry of Finance, 2005).
- Large investments have to be taken by several parties. The Ministry of Traffic, Innovation and Technology (TIT) described a fear for an overall rising of executive costs of accountancy activities. Therefore they asked specifically to the Ministry of Finance a guarantee that with a similar rate of service quality, the costs will remain the same as in the old system (Federal Ministry of Traffic, Innovation and Technology; 2003). The answer of the Ministry of Finance was that the overall costs will rise and that organizations have to take this into account (Federal Ministry of Finance, 2005).
- Reduction of ministerial autonomy in the current structure. The Ministry of Finance is represented with three members. The criteria on which the other members will be elected are unclear, according to the Ministry of TIT. The Ministry seems to be afraid for more financial control by the Ministry of Finance. With the establishment of a central accountancy for, in any case, all Federal Ministries, the autonomy for the Ministries is reduced (BMVIT; 2003).
- Overall the Ministries mentioned their doubts regarding the validity of the standardization of the work of the civil servants. This is caused by the strangling of public and private law. The way that service is provided by a public body is based on an act of sovereign administrative

power and not on an agreement under private law. The way that the BHAG will deliver his services falls under private law, but is hundred percent public owned (BMWI, 2003).

2. Network relations

Regarding the establishment of the BHAG several actors are involved. Remarkable is that although the Ministries participated into the conditions of the BHAG, the implementation was 'top-down' initiated. Ministries and other public bodies were *ordered* to work with the BHAG. The Finance Ministry was operating as the leading actor to this. This approach shows the need for the financial reform on such a short notice. The explanation of why this attempt was successful (BHAG, 2007) seem to lie in the weight of international relations and the European Union for the Austrian Government. The most influential actors in this initiative were:

- The *National Parliament,* who is formally the highest organ, is controlling the *Federal Government*. The relation between these two became clear, when the Council of Ministries decided to bundle the 79 executive accountancy offices into 30 offices. However the Parliament decided that one agency with four local representatives will be the structure of the accountancy reform.

- The *Federal Ministry of Finance* is initiator and responsible for the establishment and the maintenance of the BHAG. Two directors inside the Ministry will lead the practical arrangements for the actual carrying out of the project. Therefore the Ministry knows a hierarchical management position. The decision was made to implement the reform in a top-down approach. Considered the Ministry of Finance in charge of the project, they can order the others, for example, to cede qualified employees to the agency.

- The management of the BHAG will be in hands of a *Directing Board BHAG*. They will be responsible for the execution of the financial policy in the BHAG and the maintenance of the services. This board will have seven members. Three of them will be full filled by the Ministry of Finance. The other four will be elected from the other policy areas.

- The Directing Board will be in charge for 7 service areas, called the *Business Sectors*. These areas are divided under the four different decentralized offices. Wien is the head-office of the agency. The directing board will be seated in Wien as well. The other three offices will be located in Linz, Innsbruck and Graz. All four offices will be responsible for a number of customers and a part of the execution of the accountancy tasks.

- *SAP* is the organization who will deliver the technical system for the whole operation and will the only private player in the field.

- At last the *customers* of the BHAG. The relation with the customers will be formulated in a contract. The customers are next to all the Federal Ministries, also the top level state organizations and the legal representatives of the State. This shows that the agency will be implemented into several administrative layers of the Austrian government and won't be restricted to the Federal level.

3. Sum up institutional changes

With the setting up of the BHAG a new organizational form is created. The BHAG cannot be regarded as an institution (yet). However it changes institutions:

1. The top-down approach of the implementation. This may have created an informal division between the Ministries and executive offices. By the dominance of the Ministry of Finance in the establishing and managing of the BHAG, the finance procedures of the ministries are led by this ministry. This might create the (informal) division between the ministries.

2. Establishment of an agency which is cutting through administrative layers. The BHAG provides his services in the first place at the Federal central level, however at the moment also Lander level agencies are attached to the system and on the long terms, regional and communities may be attached as well.

3. Sharp distinction and authorities at different federal levels may be blurred. By this agency, which operated through administrative layers, the sharp distinction between these layers may be faded out a bit. One part what creates autonomy is the power to regulate your own financial system. With the BHAG, this might be changing.

4. Power of the Federal Government in a multi layered perspective. If the basic motivation to implement the BHAG on such a short notice was the European and international pressure, then the authority of the Austrian Federal Government may be changing. The Ministry described the importance of the European Commission as stakeholder to act sensitive political issues. Also the emergence of the value of coming along in European perspective in all governmental programs is remarkable.

5. Cooperation and cohesion is required from a lot of different parties and partners. This was causing troubles around the earlier attempts to modernize the financial sector. However it

appears that this cohesion is created in a remarkable short notice (only one year and a half from decision to operational).

5.5 Conclusions

The sub question in this chapter was: *How can the establishment of the BHAG be reconstructed at the rhetoric and decisional level?*

Rhetoric level:

According to the Ministry of Finance, the reform of the current accountancy agencies (seventy-nine at the time) could have massive benefits in the general ambitions of the Federal Government, like to shrink the administrative expenditures, minimal use of resources, standardization and transparency. Therefore the decision was taken to bundle this into one agency with four decentralized locations.

According to the Ministry of Finance, this concept would imply the modernization and efficiency benefits, demanded by the Federal Parliament. Several decentralized initiatives didn't come off the ground. Therefore a central approach is expected to have more success (BM für Finanzen, 2005).

Reasons, mentioned by the Federal Government, are highly centered on the international competition these days (for instance the Speyer Competition), the civil-aimed claim of the civilians and the need for full participation in the European Union. The Federal Government wants to be some sort of ambassador for the EU. In order to that wish, current institutions need to be reformed to more transparent organizations, or new ones need to be created, in order to gain the Lisbon-criteria (Bundeskanzleramt, 2007).

The changes in administrative context, that are expected, are mainly, according to the Ministry of Finance, regarding the reform to one agency instead of seventy-nine. Also the amount of employees will be reduced with 45% and new recruit procedures are in revision. Furthermore the management board of the BHAG will be elected and will contain three members from the Ministry of Finance and four from other policy areas (Schuppan, 2007). To prevent friction between the participating actors, administrative layers and organizations, the Federal Government chooses a top-down approach of implementation, execution and service provision.

Prospected barriers are mainly around the large amount of required consensus, the transparency, the dominant role of the Ministry of Finance and the renewed qualification for the employees (with the new system and the new concept).

Decisional level:

The concrete window of opportunity for the establishment (and the top-down approach) appeared to be the role of Chairman of the EU in 2006. To full fill that role properly, the Austrian Government wanted to be a good example of an efficient and modern public sector.

The emerged barriers were mainly around creating consensus between all the administrative layers and the participating parties. Also the costs for the investments were for these parties.

A lot of different parties were participating in the establishment of the BHAG. Some new positions were assigned as well, like the directing board of the BHAG. The approach of the establishment was top-down, with the Ministry of Finance as leading party, in order to prevent friction with the participating actors.

In general, the BHAG is established in a very short period and became operational in the scheduled plan. The top-down approach in which this happened is remarkable. This seemed to be a consequence of the importance that the Federal Government gives to the international and European component which seems to be as the most important reason why the BHAG must be established. This combined with the given that at the decentralized level several initiatives were taken as well (but didn't reach the surface) it seems the reason how the BHAG could be established in such a fast way.

The next tables show the results of this research schematically, in order to provide a clearer overview of the investigated resources.

Table 5: Rhetoric level: BHAG

Unit	Empirical Findings
Technical/analytical discourse	
Goals:	Reform the financial processes in the public sector by: - The establishment of a system for accountancy services which covers the whole area of accountancy - Create a higher quality standard - Increase the offer of added services, beyond the defined core-services
Difference current manner:	- Scale-benefits - Modernization

	- More efficient
Contextual discourse	
Reason SSC concept:	- International competition - Full participation in European Union - Ambassador for EU as chairman in 2006 - Wish to reform European institution starts in own 'kitchen'
Required changes:	- One agency instead of 79 - Reduction of employees (45%) - Election of the board of the BHAG - Public/private partnership
Prospected Barriers:	- Creation of consensus - Gain the asked rate of transparency - Disturbance in existing public bodies - Top-down approach may cause resistance by other ministries - New qualifications expected from the employees
Systemic discourse	
Reasons at macro level:	- Dynamic change of economy, politics and organizations and the need for innovative bureaucracy - Need for innovation in European context - Old-fashion ways of financial handlings
Benefits at macro level:	- Reduction governmental size - Efficiency gains - Modernized but 100% public owned
Normative discourse	
Emerging values/priorities:	- Being efficient and modern - Being remarkable as public sector - Reduction of (financial) autonomy of public bodies - Being transparent - In sourcing instead of outsourcing

Table 6: Decisional Level: The BHAG

Unit	Empirical Findings
Path dependency	
Window(s) of opportunity:	- Role of EU chairman in 2006
Emerged barriers:	- Difficulty of creating consensus - Large investments for participating parties - Reduction of ministerial autonomy - Validity of the standardization of the work of the civil servants, by the strangling of public and private law.
Network relations	
Initiating actors:	- National Parliament - Federal Government - Federal Ministry of Finance - Directing board of the BHAG
Participating actors:	- Business sectors (7 different service areas/departments divided over the four agencies) - SAP (provider of the technical system) - Ministries, top-level state organizations and the legal representatives of the State (customers)
Approach:	- Top-down

Chapter 6: Comparative Analysis

6.1 Introduction

In this chapter, the main sub-question will be: *Can a convergence in the phenomenon of SSCs being indicated, and if so, at which level?*

In order to answer that question a research is done to the phenomenon of Shared Service Centers, a new organizational form of reform the public bodies/sector. This research contains a comparison between three different countries. For each country a case was selected to analyze. The selected countries were the Netherlands, Germany and Austria.

The SSC-initiatives are examined at two different levels: the rhetoric (or discursive) level and the decisional level. In this chapter the main findings of this comparison will be presented. First, in the second section, the emerged similarities will be described. The third section, the differences will be described.

In the fourth section, an explanation will be given, why these similarities and differences showed up. In the fifth section a conclusion will be drawn whether a convergence is emerging between the three selected countries and if so, at which level. The last section will contain a conclusion regarding the above mentioned sub-question.

A schematic overview about the results of this research is added in the appendix.

6.2 Emerging similarities

1. *Emerging similarities at the rhetoric level*

The first striking similarity that is emerging is that the goals that the SSC-initiative needs to obtain are a bit the same. In the case of P-Direkt, the Ministry of Interior wanted to increase the quality and the efficiency of the HRM-sector, to update the public service as a whole. The German initiative (also initiated by the Ministry of Interior) also spoke about the efficiency gains. The Austrian government spoke primarily about the professionalization and modernization that their SSC must obtain. In any

case the goals and the described differences with the current manner (they all spoke about scale-benefits, modernization and professionalization) are completely in line with the reasons for the recent NPM-attempts that were started in the 1980s (Pollitt & Bouckaert, 2004).

Also the mentioned reasons that are identified by the three different governments look similar to each other. In the first place speak all three governments the tendencies of globalization and internationalization as reasons why the urge for the modernization of the public sector was required. At the macro-level, all three governments seem to be aware of the growing aversion to the existing institutions. The Ministry of Interior in the Netherlands speaks about an aversion to established institutions (BZK, 2007), while the German Ministry speaks about a paradigm change of the 'old bureaucratic model' (BMI, 2006). Also the Austrian government speaks about this change in the attitude by the dynamic change of economy, politics and organizations (Bundeskanzleramt, 2007). Also all three governments mention the approval of ICT-structures what made the adjustments to the SSC concept possible.

All three governments expect that the implementation of the SSC-concept will have comparable benefits such as improved service quality, a more qualified and adequate governmental battery and modernized organizational structures.

Both the Dutch and the Austrian Government mentioned the pressure from the European Union, explicitly. The sort of SSC that must be established is also quite similar in their structure. Both P-Direkt and the BHAG are a bundling of services from existing public bodies into a new organization. Also the mentioned, required changes are quite similar. Both the Austrian and the Dutch Ministry speak about the reduction of employees. This reduction is a logical consequence of the reducing of a lot of organizations (12 in the Netherlands and 79 in Austria) to one central agency. All three countries mention the new public/private partnership that needs to be established as a change that is required.

Regarding the prospected barriers, both the Dutch and the Austrian ministries mentioned the creation of consensus (the Dutch Ministry of Interior mentioned the danger of friction between participating actors).

2. *Emerging similarities at the decisional level*

Both P-Direkt as the direction of the BVA (study Dr. Hensen) mentioned the experiences of the SSC-concepts in the private sector as a reason to try the concept in the public sector as well.

Regarding the barriers that showed up, only two similarities are emerging from this analysis: Both the Dutch as the Austrian government experienced the problem of creating consensus between the several participating actors. Also the BVA and the BHAG described some legal barriers that showed up. The BVA described the rejection of the digital signature with the Beihilfe service (interview with Mr. Dieckman, 01-07-'08) and the Austrian Ministry of Labor and Economy described the strangling of public and private law (BMWI, 2003).

Regarding the participating actors an emerging similarity is that all three SSC initiatives are initiated by a ministry (In the Netherlands and Germany the Ministry of Interior and in Austria the Ministry of Finance). Also the initiatives were taken at the same level. Next to that, in all three cases an execution board is responsible for the concrete transition to the SSC-concept. Furthermore, all three cases include a private partner, who will deliver the ICT-structures.

Taken the approach in consideration, we can conclude that the attempts in the BVA and the establishment of the BHAG were done in a top-down approach. The ministries used their administrative position and power to put through the idea.

Lastly, the creation of both P-Direkt and the BHAG created a new organizational form. Taken the cultural change that is required to run this new organization into consideration, we can conclude that a new institution is established. The existing organizations were cancelled out.

6.3 Emerging differences

1. Emerging differences at the rhetoric level

The first difference in the rhetoric is the mentioning of the possibilities for more supervision and control by a more uniform concept in the Dutch case (P-Direkt 2005). This approval of control is not mentioned by the German and Austrian initiators; however the Austrian Ministry of Traffic, Innovation and Technology mentioned the reduction of financial autonomy for the federal ministries (BMVIT, 2003). Furthermore, all three countries express a bit different the reasons for the implementation of the SSC-concept. The Austrian Government highly expressed the international competition and EU-regulation. These components are also mentioned by the other two cases, but the BVA expressed more the change of citizen roles and the changes in the society (for example 'the rise of the elderly'), while the Dutch Ministry of Interior also mentioned tendencies of individualization and the more result-oriented policy in the public sector.

Although the three governments spoke about comparable reasons that the SSC must obtain, the reaction to these reasons are highly different.

The first striking difference, what the German case distinguishes from the others, is the move to Berlin of the Federal public bodies. After the reunion in Germany in 1989, Berlin became capital of Germany. However a lot of employees did not want to move to Berlin. Therefore the German government faced a sudden lack of qualified staff. To that note, the BVA (stationed in Cologne, which is closer to Bonn) became an important player as the leader is service provision.

The Dutch Ministry of Interior was the only one, who mentioned that the reform of the public sector was an answer to the growing liberalization of the society. Therefore the tendency of individualization required an answer. The Dutch government fears a risk-averse attitude from public bodies across Western Europe. Therefore, the public sector needs to be liberalized as well (BZK, 2007). The German and the Austrian mentioned the change of politics and organizations in the growing international competition as well, but didn't mention explicitly the reforms as an answer to individualization tendencies.

As an answer to the growing aversion to the existing institutions, the Dutch Ministry of Interior and the Austrian Ministry of Finance decided to set-up an independent SSC as a new institution, next to the existing institution (the ministries). The German Ministry of Interior decided to adapt the already existing institutions. The bundling of services has taken place several years ago (after the reunion of Germany) and now by the ICT-progression the concept needed to be completed.

Also, although all three governments mention the international pressure, the Austrian government decided to change the financial processes in a rapid and massive way in a very short period (three years). The implementation in the Dutch and German case was far less rigorous. The international competition, explicitly mentioned by the Austrian Ministry was one of the highest ambitions of the Federal Government.

Considered the practical implementation, the differences in prospected barriers are remarkable. Although both the Dutch and Austrian Ministry recognize the need for consensus and cohesion, their reaction on this expectation is different. The Dutch ministry decided to divide the responsibilities to several (newly assigned) managers, while the Austrian Ministry gave all the administrative power to one organ (the elected board of the BHAG, which is dominated by the Ministry of Finance). The BVA mentioned in contrary to the Dutch and the Austrians, a difference between administrative beliefs and political responsibilities. Mr. Dieckman argued that one of the prospected barriers were that the political representatives needed to be convinced by careful implemented pilots. Also the (possible)

customers needed to be convinced to work with the new system, while in the Dutch and Austrian case, the consensus about the need of the SSC already existed with the customers. Another remarkable difference is that the Dutch Ministry didn't recognize a lot of barriers at the start of the project. Therefore the constant struggle came a bit as a surprise. The Germans and the Austrians recognized more barriers and made more adjustments to come forth these barriers.

Enclosing, the emerging values and/or priorities differ across the three cases. In all three cases, the ministries recognize the priority of modernization and being more efficient and improve quality. However in the Dutch and Austrian case this may cost a lot of jobs in the public sector, while the Germans (mentioned by Dr. Hensen and Dr. Schulz) always seek to create a 'win-win' situation. Also, in the Austrian case, the existence of a financial SSC reduces the autonomy of public bodies. It seems that being remarkable as a well-functioning public sector is, in the eyes of the Austrian governments, more possible when the financial processes are more controlled (the SSC is 100% owned, with a dominant leading position for the Ministry of Finance), while P-Direkt was originally an independent organ with his own management.

The last emerging difference in priority is that the Dutch and the Austrian initiatives cause a rapid and rigorous reform, what (may) cost(s) a lot of change in administrative context. The Germans seem to wish to maintain the stability of the public sector. The concept of SSC is slowly rolled out with long and careful pilots.

2. *Emerging differences at the decisional level*

The first emerging difference is the difference between the mentioned windows of opportunity. In the Dutch case, a window of opportunity is not explicit mentioned, but in the German case, the move to Berlin of the public bodies was the first reason to bundle the services and let them be executed by the BVA. The Austrian Ministry of Finance mentioned the role of EU chairman in 2006 as the most important window of opportunity. With this upcoming role, the Austrian government wanted to be some sort of an example for their fellow members of the EU.

Considered the emerged barriers, some large differences occurred. First, the P-Direkt case experienced far more barriers then the other two governments. The reform of the BVA and the implementation of the BHAG were established in a far more fluent manner. The largest difference is the problems that the direction of P-Direkt experienced with the cumulation of actors and responsibilities. The number of involved actors is in all three cases quite similar, however, only in the Dutch case this problem emerged even when the Austrian Government experienced some difficulties with the creation of consensus. Another remarkable difference is that the implementation of the

BHAG implied a reduction of financial autonomy and this reduction was accepted by the participating ministries (BMVIT, 2003). In the Dutch case, the Ministry of Interior was blamed for a lack of power to put through (P-Direkt, 2005). In the case of BVA (as described by Mr. Dieckman), the German Ministry of Interior played his 'hierarchical card' as well. Mr. Dieckman pointed out that at the start of the execution of the services, ministerial departments were ordered by the Ministry of interior to work with the BVA.

The last emerging difference is the experience of both the Germans and the Austrians of legal barriers. In the BVA case a digital signature is not recognized as valid in the Beihilfe case (Interview Mr. Dieckman, 01-07-'08). With the establishment of the BHAG some problems were experienced around the strangling of public and private law (BMWI, 2003). The Dutch documents don't show problems around legal barriers.

Regarding the involvement of actors, it appears that the initiatives for the SSC establishment were taken at the same level of administration (central), however the Austrian attempt, was also a reaction on the failure of earlier attempts at the Austrian decentralized administration levels. The belief already existed at several governmental levels, that the public financial structures required some updates.

Another difference is the experience of P-Direkt with the selection of a private provider for the ICT-structures. Only two companies reacted on the tendering invitation. The BVA and the BHAG did not experience such a problem (Min. BZK, 2005).

Furthermore, regarding the establishment of P-Direkt a lot of actors were assigned with several responsibilities. The Dutch Ministry of Interior was convinced that, to lead the transition in a proper way, responsibility has to be provided on the lowest level as possible. However this led to a cumulation of actors and responsibilities. It became unclear who was responsible for what part of the transition.

Last, the customers of both the BVA and the BHAG are represented in a concrete manner. On the service of Beihilfe a customer meeting is gathered to guard the quality of the service as for the service of Travel-management. Also the customers of the BHAG are represented in the board of the BHAG with three seats (however a dominance of the Financial Ministry is present). In the management of P-Direkt, the DGMP is a representative from the Ministry of Interior. Such a board of customer representatives is neither described by P-Direkt, nor the Ministry of Interior.

Last differences that are emerged are, in the first place, that the manner of establishing P-Direkt was approached in a consensus way, while the reform of the BVA and the establishing of the BHAG were done in a top-down approach. In the second place, the reforming of the BVA implied an adjustment of an existing institution, while the establishment of P-Direkt and the BHAG implied a creation of a new institution.

6.4 Explanation of the emerged similarities and differences

1. *Explanation of the emerging similarities and differences at the rhetoric level*

All three governments mentioned the approval of ICT structures. These improvements made the adjustments to the SSC concept possible. Since the start of the reform wave in the public sectors of Western Europe in the 1980s (Pollitt & Bouckaert, 2004), several new attempts to modernize are seen in the public administration. The similarities in the rhetoric, regarding the goals that the SSC must obtain, the benefits that will be gained etc. seem to be a logical next step in the process of public management reforming. All three initiators described the success of the concept in the private sector as an example for the concept in the public sector.

The similarity of the goals and the popularity of the SSC concept are also created by the proceeding globalization and internationalization (also mentioned by all three governments). The three countries (also all three member of the European Union) want to meet the Lisbon-criteria; therefore similar attempts to modernize the public sector (such as the implementation of the SSC-concept) are emerging across the member states. In the Austrian case the need was extra felt, because of the chairmanship of the EU in 2006. They wanted to be a good example to their fellow member states.

This extra need is shown by the top-down approach in which the BHAG is established. The Austrian Ministry of Traffic, Innovation and Technology mentioned the reduction of the financial autonomy by the leading position of the Ministry of Finance (BMVIT, 2003). The (back then) upcoming chairmanship of the EU made that the Austrian government made such rigorous measures.

Both the German and the Austrian government mentioned the presence of a ranking list of the best performing public sector. This competition is called the Speyrer competition (*Bundeskanzleramt, 2006*). Both governments described the wish to reduce the growth of their public sector and to climb in this ranking. But the response to this wish is very different. The German Ministry of Interior

decided to order the BVA to develop a new service approach, while the Austrian (and the Dutch as well) decided to take the initiative to set-up a public and administrative owned SSC. An explanation why this difference showed up is not simple. From these case-studies several elements emerge: First the Austrian rigorous attempt to modernize can be blamed on the upcoming chairmanship. Second, the BVA was already a bundled service, intended in the early nineties. Therefore (semi-)public service providers were already present in the German public sector and just needed to be modernized. In addition, Dr. Schulz and Mr. Dieckman mentioned the upcoming elections in Germany. Because of this reason, political representatives don't want to take major measures, which could endanger the re-elections (Interview with Dr. Schulz and Mr. Dieckman, 01-07-'08). Regarding the Dutch, who expressed the modernization of the public sector as an answer to the individualization, we can say that the current Cabinet paid a lot of attention to this topic in their 'call for social cohesion' (for instance, the *Troonrede,* 2008). According to the Dutch Ministry of Interior, a modernized public sector can adapt more easily to the wishes of their civilians and therefore contribute to this creation of social cohesion (P-Direkt, 2005).

Considering the difference in answer to the growing aversion to public institutions, a very clear explanation is not emerging from this research. However we can conclude that the way the German administration responded to the *dramatic budgetary position* and the growing needs in the society (in such a manner, argued by Proeller and Schedler [2005] and Thelen [2003]), the Germans don't tend to replace their existing institutions. Instead, they rather adjust them to a new form. The BVA was originally initiated to assist the Federal Government with the problems around immigration in 1959. But these days, the BVA is the major service provider in Germany.

Pollitt and Bouckaert (2004) indicated that the implementation of changes is characterized by pilots in Germany. Also the concept of SSC is slowly implemented by pilots and convincing customers individually with the results from these pilots (interview Mr. Dieckman, 01-07-'08).

Regarding the difference in prospected barriers and the reactions to these expectations, we can see that both the Dutch and Austrian initiators were afraid for a lack of consensus and cohesion between the participating actors and parties. From this study, it appeared that the Dutch Ministry of Interior wanted to grant responsibility at the lowest level as possible, by division of responsibilities to a lot of different actors, who for their responsibility, were present at that level (for example on each ministry, the assigning of a transition manager). The awareness to create cohesion is something what emerged from earlier Dutch attempts of reforming the public sector. Pollitt & Bouckaert (2004) described that the Dutch reform attempts are characterized by a more comprehensive approach and

creating cohesion between all related parties. This in contrast to both Germany and Austria, where in this case, consensus was created by a more top-down approach.

2. *Explanation of the emerging similarities and differences at the decisional level*

Looking at the emerged window of opportunity we can see that the (historical) structure of Germany is present in the way how Germany carries out her NPM-initiatives. The first reason to start bundle service had nothing to do with efficiency or modernizing the public sector, but a practical solution to a country which faced unification and the problems that this happening brought along. The BVA has become such a confidential administration power that thinking of a NPM-initiative without the BVA seems impossible.

Looking at the barriers that showed up, it is remarkable that only the Dutch documents describe the problems with the accumulation of actors and the problems with the creation of consensus. Considered the analyzed documents, it appeared that the Dutch government tried to create cohesion between the different actors by division of responsibilities. The Dutch Ministry of Interior was blamed for a lack of administrative power to 'put through'. Therefore responsible actors at lower levels became more dominant, with the absence of a strong leader. This caused a cumulation of actors and responsibilities, which didn't showed up in for instance the Austrian case, which needed to be established far more rapid, with as many involved actors and with comparable organizational change. It appears that the hierarchical approach that both the German and the Austrian Ministries took caused a more fluent implementation process. The way the Dutch Ministry of Interior initiated the SSC-establishment seems to 'fit' in the famous '*Poldermodel*'. In this model consensus is created by long gatherings of participating actors. Once the consensus is reached, the decision is more valid and stable then if it is taken in a more hierarchical manner (Woerdman, 1999). Regarding the SSC-comparison in this research, the time will show which initiative was more stable.

Regarding the legal barriers that showed up in Germany; the refusal to accept the digital signatures can be assigned as 'cold-water-fear' by the future customers of the BVA, who asked questions around the confidentiality of the systems. Mr. Dieckman described a 'constant struggle' which has to be over won every time a new customer should be added to the system (interview Mr. Dieckman, 01-07-'08). This problem was caused by the 'pilot-way' in which the implementation of the SSC-concept took place, but this acknowledges the German culture of reform implementation (Pollit & Bouckaert, 2004).

Regarding the Austrian case, the problems seem to be an 'old friend' when public institutions start to carry out their tasks in a private manner. The BHAG is a public organization which carries out her tasks in such a private manner. Therefore strangling of private and public law is appearing. The high value, given to this issue seems to be in line of the administrative reform culture that is dominant since 1995 (Promberger, Rauskala & Cecon, 2004). Judicial legitimacy is an important value and should be taken into consideration. Though, a consensus was present that the public sector needed to be reformed rapidly, so this problem was solved with little delay (BMWI, 2003).

The initiative for the SSC was taken at the same (central) level of administration. However in the Austrian situation, this was also a reaction on the failure of earlier attempts at the decentralized levels of administration (BM für Finanzen, 2005). The reason why the initiative was now taken at the central level and successful, seems to be combination of the facts that now the consensus was present at the several levels of administration that the reform had to put through (with the upcoming chairmanship of the EU) and therefore the acceptance of administrative dominance of the Ministry of Finance.

The lack of interest from the private sector in the Dutch case is (from this research) appearing from the unclear conditions that are formulated by the customers (ministries). P-Direkt described that *during* the development of the second design of the ICT-structures by IBM, the conditions were formulated. This made for IBM the collaboration with P-Direkt impossible (www.pieterlievense.nl 28-04-'08). This can be blamed on the lack of hierarchical power of the Ministry of Interior, who let the development of P-Direkt completely to other parties (P-Direkt, 2005).

Last the absence of formal customer-representative-organ in a board or commission in the case of P-Direkt to guard the quality of the service such as with the services of the BVA and the BHAG seem to find his cause in the way that the SSCs are established. P-Direkt is created in a consensus approach. When a project is developed in a consensus approach it should be more stable and have a more valid fundamental then when it was developed in a hierarchical manner (Woerdman, 1999). Then the belief could be that such a formal organ as a customer meeting is not necessary.

6.5 Convergence and divergence

Pollitt assessed that on the question whether a convergence is appearing in NPM-attempts across the Western World is not a simple yes or no answer (Pollitt, 2001). On that claim Pollitt describes a distinction in the concept of convergence at four different levels. In this research the concept of the

Shared Service Centre is compared in three different countries at the first two levels, the rhetoric and decisional level.

1. Can a convergence be indicated at the rhetoric level?

Also on this question a simple yes or no answer is not possible. In the three cases the goals that the SSCs must obtain are quite the same. So we can indicate a convergence at the level of *goals and objectives.* Also the reasons why the initiative for the SSC establishment was taken look a bit similar as well. All three countries mention the tendencies of globalization and internationalization and the need for modernization. An awareness of reduced popularity of public institutions is also present. So a convergence can also be indicated at the level of *reasons*. However the assumptions regarding what a SSC is differ across the three countries. P-Direkt and the BHAG look quite similar in their organizational structures, but the BVA is a different kind of organization. All three governments talk about a Shared Service Centre. Because of this difference in assumptions of what a SSC is, are the assumptions regarding the organizational changes, barriers and sacrifices different as well. For example, both the Dutch and Austrian ministries speak about the barrier of creating consensus, while this isn't an issue in the German case. A convergence at the level of *approach, change and barriers* is not emerging.

Last, at the level of influential *values and priorities* a convergence is appearing in the matter that all governments are convinced that modernization is needed, however then other priorities (such as consolidating current institutions and processes, public autonomy and being a good employer) have very different value.

2. Can a convergence be indicated at the decisional level?

Again, a simple yes or no answer in not possible and a sharper distinction is required. The windows of opportunity have a similarity that the possibility of the transfer to the SSC is only possible with the current ICT-improvements. But the BVA was already executing her service in a bundled way. This bundling had nothing to do with the emergence of SSCs as in the case of P-Direkt. It can be questioned whether the concept of the SSC was implemented in the Austrian financial structures in such a short manner if the Austrian government didn't face the EU chairmanship.

The perception of the window of opportunity was slightly different between the three countries. A convergence on the *window of opportunity* is therefore only partly emerging.

The differences in upcoming barriers show a divergence in influential factors. The Dutch Ministry of Interior experienced the most troubles with the accumulation of actors and responsibilities. Another fact is that the approach of the establishment was an approach of consensus building. The Austrian and German Ministries decided to implement the SSC-structure in a top-down approach. Also they did not experience that much problems with creating consensus. So a divergence is appearing on the *implementation approach.*

Both the German and the Austrian material show some difficulties with legal components. Also between the kinds of these legal barriers a divergence is emerging. The problems, experienced by the Germans, came forth from a sort of 'cold-water-fear' for a new system. The Austrians experienced some 'classical' legal barriers with the strangling of public and private law. Therefore we can conclude that a divergence is appearing on the *emerged barriers* in the three different contexts.

Between the participating actors we find some similarities. However identified with different reasons, the decision to initiate the SSC-concept was taken at the same level of administration. Also this decision implied in all three cases collaboration with a new kind of actor: a private ICT-provider. Also the kinds of customers of the SSC are similar. All customers are ministries and other public bodies at the central level of administration. On this reasoning we can say that a convergence is appearing between *kinds of participating actors.* But regarding the practical implementation different actors has been assigned to lead the transition. In the Netherlands a lot of new positions were created (such as a transition manager, a management board, a quartermaster etc.). While in Germany inside the BVA only one department was created to develop the concept of SSC, but for the practical implementation, no new positions were created. In Austria also a new board was created to manage the BHAG, but the practical development was completely in the hand of the Ministry of Finance. So regarding the practical *implementation and transition approach* a divergence is emerging between the participating actors.

6.6 Conclusion

The central sub-question in this chapter was: *Can a convergence in the phenomenon of SSCs being indicated, and if so, at which level?*

As appeared from the analysis, a simple yes or no answer can't be given on this question. When the levels, on which the analysis took place, are taken with a closer look, we can see that convergence is appearing at some parts of the described levels, but diverging on other parts:

At the rhetoric level a convergence is appearing regarding the goals and objectives that the SSC must obtain. Also the given reasons why the shift to the SSC-concept was required look pretty similar as well (internationalization, European pressure, socio-demographic change). Furthermore the appeared values and priorities seem to be similar as well. All three governments mention the value of modernization.

However at the rhetoric level divergence is appearing as well. The decision of what kind of SSC must be established is different. The Dutch and Austrian initiatives look a bit the same, but are different regarded to the prospected barriers. The German initiative is different to both cases. The BVA is the only *adapted* institutions, while P-Direkt and the BHAG are new institutions.

Regarding the emerged values and priorities, a difference can be indicated. Yes, all three governments are seeing the value of modernization, however the priority of that value is different (for instance the Germans choose for consolidation, while the Austrians choose for a more rigorous movement).

At the decisional level, convergence is appearing regarding the window of opportunity. All three governments recognize the improvements in ICTs as a condition for the realization of the SSC, however the Germans feel the presence of the past (the move to Berlin of public bodies), which influenced the sort of initiative. The Austrians experienced extraordinary European pressure by the upcoming chairmanship.

Regarding the emerged barriers no convergence is appearing. The Dutch did not expect so many barriers and the Germans and the Austrians had taken their measures regarding the prospected barriers (top-down approach).

Last, some convergence is appearing looking at the participating actors. The initiative was taken at the same (central) level of administration. Also, all three governments collaborated with a private partner for the ICT-development and communication structures.

Chapter 7: Conclusions and Recommendations

7.1 Introduction

This chapter will be the last chapter of the research to SSC implementation. This research had the ultimate goal to describe and/or explain an emergence of a convergence or divergence in the developments of Shared Service Centers between three different countries. The attachment of this goal will come forth during the sections of this chapter.

The outline of this chapter will be: In the next section an answer will be given on the central research question in this thesis. This section will contain a description and an explanation of the emerged differences and similarities in the SSC initiatives.

In the section after that, the lessons that can be learned will be described. The last section will contain the shortcomings of the used method to approach this topic.

7.2 Answers to the different sub-questions

1. *How can a convergence be measured and on what focus points?*

As the assessment in chapter 2 has shown, a convergence in the topic of Shared Service Centers can only be measured once a differentiation is made between several issues that convergence is implying. First of all, Pollitt (2001) made a distinction into four different levels of possible convergence. In this research the first two levels of Pollitts description are used to assess a possible convergence. These levels are the rhetoric level and the decisional level.

Once this distinction is made, several concepts are needed to measure these two levels. The rhetoric level is measured by a method, developed by Fischer (2003) and Bekkers and Homburg (2007). These methods are used to find the underlying assumptions which form the basis of the described goals, objectives, need for the reconstruction of the SSC concept, the required changes and the prospected barriers that might show up during the process of establishment (see for more detailed description of this used method Chapter 2: Comparing SSC-Initiatives as organizational reform). To find these assumptions, policy documents of initiating actors, advisory organs and executive actors are

analyzed. In these documents the causes for the establishment, the aimed goals and objectives, and the approach in which the SSC should be raised are described. When these documents didn't provide enough information, interviews are held with participating actors (for example with Mr. Dieckman head of the BVA department Financial Support for Civil Servants and Travel Management and Dr. Schulz, head of the *Referatsgruppe* who developed the SSC concept for the Germans).

The decisional level is analyzed from some sort of an 'organizational-institutional' point of view. Because of the expectation that the institutional context has large influence on the decision making, it seems not appropriate to look strictly to the taken decision and the approach of establishment. It is also important to examine the underlying context of this decision with (organizational) cultural aspects and participating actors. Therefore the decisional level is analyzed on the concepts of path dependency and network relations. Path dependency is measured by analyzing the windows of opportunity that the initiating actors used to legitimize their decision, the described barriers that showed up during the implementation of the SSC and the reason why these barriers showed up (the assumption is that this was influenced by organizational-institutional context). The network relations are measured by looking who the initiators of the proposal were (what kind of actor, what kind of administrative level) and what their purposes were. Also the participating actors are examined, also on the kind of actor (public domain/private domain, executive actor or leading actor) and also what their purposes were.

After this analysis a comparison can be drawn between the analyzed cases. This comparison led to a conclusion whether a convergence is appearing and if so at what level of convergence.

2. *How can the establishment of the SSC-initiative be reconstructed at the rhetoric and decisional level?*

This question formed the basis of the case analysis, fully described in the chapters 3 to 5. In these chapters the cases of the Dutch P-Direkt, the German BVA and the Austrian BHAG are analyzed and described according the, in chapter 2 mentioned, theoretical models. Table 8 and 9 (also added to appendix 1) show the results in respect to the described components. In the mentioned chapters you'll find a more detailed description of these tables:

Table 7: Rhetoric level

Unit/case	P-Direkt	BVA	BHAG
Technical/analytical discourse			
Goals:	Increase quality and efficiency of HRM-service by: - Standardize services - Create an accountable organization - High level of internal knowledge - Innovative and progressive organization	Reduce executing public activities by (among other things): - reduce the internal costs of the BVA with 35% - Provide Beihilfe services for 57 public bodies/institutions (ca. 17.800 Persons) - Provide Travel-management services for ca. 60 customers (ca. 178.200 requests)	Reform the financial processes in the public sector by: - The establishment of a system for accountancy services which covers the whole area of accountancy - Create a higher quality standard - Increase the offer of added services, beyond the defined core-services
Difference current manner:	- Centralized HRM-department for all ministries - Uniformity in service - Modernized - More ability for supervision	- Scale-benefits can be gained - Customer orientation - Improve internal competences - Cost reducing	- Scale-benefits - Modernization - More efficient
Contextual discourse			
Reason SSC concept:	- Tendencies of internationalization, globalization, EU-regulation, individualization. - More result-oriented policy - Successful examples in	- Globalization - Expectations of civilians - Modernize internal administration - Dramatic budgetary position	- International competition - Full participation in European Union - Ambassador for EU as chairman in 2006 - Wish to reform European institution

	private sector		starts in own 'kitchen'
Required changes:	- One HRM-department instead of twelve - Reduction employees - New positions to lead the transition - Private/public partnership - Create interdepartmental culture	- Public/private partnership - Consequent improvements with the SSC-concept - Market type instruments become important - Management change of the BVA - Possible negative effect on employees	- One agency instead of 79 - Reduction of employees (45%) - Election of the board of the BHAG - Public/private partnership
Prospected Barriers:	- Too many responsibilities - Friction between participating actors	- Mental change - Flexibility of the employees - Constant struggle with customers, who are afraid of using something new. - Political 'fear' regarding safety and confidentiality	- Creation of consensus - Gain of the asked rate of transparency - Disturbance in existing public bodies - Top-down approach may cause resistance by other ministries - New qualifications expected from the employees
Systemic discourse			
Reasons at macro level:	- Globalization by rise of ICT possibilities - Improvement of individualization what may lead to risk-averse governing - Aversion to established	- Increased complexity by international competition - Increased of ICT possibilities - Growth of the costs of the elderly	- Dynamic change of economy, politics and organizations and the need for innovative bureaucracy - Need for innovation

		- Paradigm change of the bureaucratic model to a service providing model - Move to Berlin of Federal bodies	- in European context - Old-fashion ways of financial handlings
Benefits at macro level:	- More flexible and adequate government - More competences on different policy areas.	- Modernized public sector - Public bodies can focus more on their core-tasks	- Reduction governmental size - Efficiency gains - Modernized but 100% public owned
Normative discourse			
Emerging values/priorities:	- Improve quality - Modernization - Become more facilitator	- Improve quality by reform of the existing institutions - maintain stability in public sector vs. introduce rapid and massive reform attempts - Be a good employer	- Be efficient and modern - Be remarkable as public sector - Reduction of (financial) autonomy of public bodies - Be transparent - In sourcing instead of outsourcing

Table 8: Decisional level

Unit/case	P-Direkt	BVA	BHAG
Path dependency			
Window(s) of opportunity:	- Simple effect of a wave of reform attempts - Experiences in the private sector	- Success in the private sector - Regarding the bundling of services: moving to Berlin federal bodies	- Role of EU chairman in 2006
Emerged barriers:	- Organization of P-Direkt too much focused on	- Unfamiliarity with the systems, which	- Difficulty of creation of consensus

	- efficiency and not on quality - The matter of job securities - A lack of interest by private providers - Unclear criteria of the systems - Accumulation of activities - Accumulation of actors and responsibilities - Lack of power to put through by the Ministry of Interior - Relation with IBM, the private ICT provider	- created 'cold-water-fear' with the customers. - Legal barrier of the rejection of the digital signature regarding the Beihilfe services - Questions around the confidentiality by first customers.	- Large investments for participating parties - Reduction of ministerial autonomy - Validity of the standardization of the work of the civil servants, by the strangling of public and private law.
Network relations			
Initiating actors:	- Ministry of Interior - Minister of Administration Renewal - DGMP as initiator on behalf of the ministries	- Federal Government - Federal Ministry of Interior - Management of the BVA - Referatsgruppe	- National Parliament - Federal Government - Federal Ministry of Finance - Directing board of the BHAG
Participating actors:	- IBM (private provider ICT) - Quartermaster (creating P-Direkt) - Enclosing manager (enclosing ministries on P-Direkt) - (Common) Transition Managers (leading transition on ministries) - pSG (internal harmony and collaboration)	- Customer Meeting (gathering of Beihilfe customers) - Board of Ministerial representatives (guard of the quality of Travel-Management) - Department of Financial Support for Civil Servants and Travel Management (first department with	- Business sectors (7 different service areas/departments divided over the four agencies) - SAP (provider of the technical system) - Ministries, top-level state organizations and the legal representatives of the State

		the SSC-concept)	(customers)
	- Ministries (customers)	- SMS (private provider of software) - Customers (*Federal public bodies*) - Private providers of services (such as hotels, travel agencies and flight companies)	
Approach:	- Consensus	- Top-down	- Top-down
Kind of SSC	- New institution	- Adapting existing institution	- New institution

3. Can a convergence in this phenomenon be indicated? And if yes at what level?

This sub-question formed the main course regarding the described emerging convergence and divergence in chapter 6. We can conclude that once a closer look is taken to the described levels of Pollitt (2001), a more fragmented picture of convergence and divergence is emerging. With the used theoretical method convergence is appearing at a part of the rhetoric level, but divergence is appearing as well. The same goes for the decisional level. The next table shows this fragmented picture (also added to appendix 1). A description of why this fragmented and diverse picture emerged is fully provided in chapter 6.

Table 9: Conclusions on convergence and divergence

	Rhetoric level	Decisional level
Convergence	Goals and objectives	Window of opportunity
	Reasons for initiative	Kinds of participating actors
	Values and priorities	
Divergence	Approach, change and prospected barriers	Window of opportunity

	Values and priorities	Emerged barriers
		Implementation and transition approach

This table shows that convergence is appearing on the rhetoric level, considering the goals and reasons for establishment. Therefore similar priorities are influential. However the values of these priorities differ across the three cases. Also, although all three initiators talk about Shared Service Centers, the approach, the required organizational change and therefore prospected barriers differ.

At the decisional level, more divergence is emerging then convergence. Regarding the window of opportunity some convergence can be indicated (regarding the ICT-possibilities and the present time) and the administrative level where the decision took place. However the perception of the window of opportunity is different, as are the emerged barriers. The consequences of the decision to set up the SSC cause a divergence regarding the approach for implementation and transition.

4. *What lessons can be learned from the three case studies regarding SSC-initiatives?*

This sub-question is the primary subject of chapter 7. This question requires some more attention and will be completely covered in the sections 7.4 and 7.5. These sections form the surplus of this research. Therefore it seems inappropriate to walk ahead to this subject.

7.3 Description and explanation of differences and similarities in SSC initiatives

The research question of this thesis was:

"What are the differences and similarities in SSC decision making in the Netherlands, Germany and Austria and how can these be explained?"

In order to answer this question, three cases of SSC implementation are compared. The initiative for a central HRM-department, called P-Direkt in the Netherlands, the reform of the BVA in Germany and the establishment of a central accountancy agency in Austria (BHAG).

The comparison of these three cases is done at two different levels: the rhetoric and the decisional level.

At the rhetoric level it appeared that the reasons and the goals that the SSC must obtain are quite similar. This seems to be in line with the current reform waves in the public sector since the 1980s. Also the globalization tendency, the good experiences with the SSC concept in the private sector and the improvements of ICTs seem like plausible explanations why this similarity showed up. However once we take a look at what kind of SSC should be implemented, what changes that might imply and what kind of barriers might show up, major differences are occurring. This is already slightly shown by the kinds of accents that the initiating ministries describe. The SSC is (a part of) an answer to societal movements, such as globalization and a growing aversion to public institutions. To this, the German decided to reform their existing institution, while the Dutch and the Austrian decided to establish a new one. An explanation can be found in the history of Germany. When in 1989 the Berlin wall fell, the central ministries had to move from Bonn to Berlin. But many employees didn't want to move to Berlin so a solution had to be developed. In the already existing BVA, the services were bundled, so a lot of the employees could stay in their region. A more current reason, why the German government decided to adapt the existing institutions is the upcoming elections in Germany. Public administrators did not want to make any large changes in the administrative structures, what might endanger the re-election.

Another component showed up: the upcoming chairmanship of Austria. This created an even higher international pressure than the mentioned international pressure by the Dutch and the Germans. This new role created a more urgent need for public management reform. This seems to be the cause of the rigorous and top-down oriented establishment of the SSC in Austria.

The way the Dutch implemented P-Direkt was done in an approach of consensus. This is occurring from this research as the reason why the Dutch Ministry of Interior did not foresee that many barriers and why it assigned so many positions to led the transitions. By division of the responsibilities and remain the discussions regarding the progression and direction until the final production phase of the project, the Ministry of Interior seemed to count on the expected social cohesion. This in contrast to Germany and Austria, where the approach was top-down initiated and the ministries used their hierarchical position to lead the transition. Also the value of legislative validation in the Austrian case is remarkable. These results are not enough, to give a very valid judgement whether the studies of, for instance Pollitt and Bouckaert, are 'right or wrong'. However, these results don't deny the outcomes provided by these academics like Pollitt and Bouckaert (2004), Proeller and Schedler (2003) and Promberger et al. (2004).

At the decisional level different windows of opportunity are emerging. The German government was influenced by the history of Germany itself, the Austrian faced the chairmanship of the EU and the Dutch government just wanted to modernize, with the new created possibilities by the ICT-improvements. Other components then just another New Public Management wave are influential at the moment when the decision was taken to establish a SSC.

Regarding the emerged barriers, the Dutch faced a cumulation of actors and responsibilities; a danger that comes with the choice to proceed a project like this in a consensus way. The Germans need to win a 'constant struggle' with their future customers, who were afraid of using something new. This problem found her source in the pilot-way in which the concept was put through.

Last, the similarity of the level of administration level at which the SSC was implemented emerged. However, the reason why this decision was taken at the central level in Austria was also an answer to the failure of decentralized attempts. The federal structure leaves more autonomy to the other levels of administration then in a decentralized unitary state like the Netherlands. Therefore more consensus is required at the decentralized levels of administration to make a central-initiated project successful. This consensus was present in Austria (by the upcoming chairmanship). The Germans (also a federation) also had to deal with this component. The services of the BVA can only be executed at the central level. This is consolidated in the federal law.

7.4 Reflection for practice

From this research the next points are emerging, which have to be taken into consideration:

Firstly, although all three initiators speak about the same concept (SSC), assumptions differ what this concept is in practice. Still this different concept will be used to similar goals.

Secondly, factors are highly influential which have at first sight, nothing to do with the SSC concept or New Public Management. Factors as history, international competition and components as the upcoming chairmanship of Austria are highly influential on the way the ministries initiated the SSC. Also the state structure plays a role. This is only slightly emerging from this research but it is influential. Both Austria and Germany are federal states. This fact is influential in those areas on which the central government is allowed to interfere. The Austrian Ministry of Traffic, Innovation and Technology made some remarks about this and also Mr. Dieckman mentioned the limitation of executing services at the central level.

Thirdly, the administrative culture seems to be influential on the process of the SSC projects. The consensus manner of the Dutch Ministry of Interior caused accumulation of actors and responsibilities, the German 'pilot-approach' caused a constant struggle with future customers. However this approach is confirming the studies of Pollitt & Bouckaert (2004). Dutch reform attempts are always characterized by a high rate of consensus and the Germans of a 'pilot approach'.

So if a project is established in a smooth manner (note: not if a project is successful) depends on the manner of establishing (top-down or consensus). Therefore we can conclude that the role of path dependency has to be taken in account. This is shown most clearly by the weight of the German history on the reform and the existence of the BVA.

Fourthly, we can also say that a high requirement of institutional change is not a condition for the smoothness of a project progression. Both the Dutch and the Austrian initiative implied a lot of institutional change. A new organization had to be established, a reduction of a lot of employees etc. However the establishment of P-Direkt was a struggle and the initiation of the BHAG was rather fluent.

Fifthly the results of this research confirm Pollitts argument regarding the emergence of convergence or divergence: a simple yes or no answer is not possible. But this research shows that when a more distinguished picture is drawn of convergence, convergence and divergence are appearing on more sub-levels then the four distinguished levels, by Pollitt. A sharper distinction is required to give a proper answer to this question.

Sixthly, indeed (according to the claim of March [1994] and March & Olsen [1989]) the involvement of actors, kinds of actors and the interests of actors are highly influential on the progress of a policy development. In the case of P-Direkt, the exchange between IBM and the Ministries became a dominant factor.

Seventhly, historically formed norms which are influential on the implementation approach, are not denied by the results from this research. The Germans adapt their existing institutions instead of establishing a new one. Thelen (2003) described this adaption of institutions in her assessment of evolving institutions, the Dutch approached the project in the old-fashion 'polder-approach' and the Austrians felt the old struggle for legislative validation.

Lastly, Goldsmith & Eggers described the increasing complexity of policy processes by 'joining-up' governance. By horizontalization of networks, those networks become a *"web of partnership and*

contracts". The increasing complexity is also emerging in the Dutch case of P-Direkt. The lack of hierarchical power of the Ministry of Interior caused a cumulating of actors and responsibilities. This problem didn't emerge with the other two cases: the networks didn't modify as horizontal networks, but more hierarchical.

7.5 Lessons that can be learned/recommendations

From this research we can't conclude if there is a particular way of how a SSC should be initiated and what kind of ingredients are necessary to make the initiative a success. The three analyzed SSCs are all different in their structure and their management. The emerged barriers are also different and can be caused by many different reasons. Therefore uniform lessons and/or recommendations can hardly be drawn.

The emerging question is then: To what extent can SSC initiators learn from the results of this research regarding the comparison between these three different countries?

1. *Contextual factors will have their influence, no matter what kind of organizational reform is initiated.*

   All three initiators experienced an external pressure from a different source and/or with a different pressure. Looking at the emerged barriers during the realization process very different kind of barriers showed up. However they emerged because of the difference in context. For instance, P-Direkt experienced troubles with the cohesion of the different participants. But these troubles became dramatic, because of the division of responsibilities, which was the approach of the Dutch Ministry of Interior in the first place. The German didn't experienced that much trouble with their reform, but the bundling of services had taken place almost twenty years ago. Back then this bundling provided a solution for a striking (and felt by the whole society) problem. The shift to the SSC-concept (which is also different from the Dutch and Austrian case) wasn't that large as the other cases. These factors can hardly be foreseen, because they are so different in their nature. Therefore one should taken unforeseen movements into account.

2. *Perceptions of similar concepts are different across the several countries*

The kinds of SSC differ across the three different countries. The Dutch initiated (originally) an independent, self-regulating, outsourced unit, outside the different ministries. Services were bundled into a new organization with a new management approach.

The Germans choose to re-organize an existing organization which already carried out bundled services and who was already independent (the BVA). The Management remained the same and instead of one organization executing one service for several customers, the BVA carries out several services for many organizations.

The Austrian initiative is also outside the current public structures, but was moreover a bundling of 79 comparable organizations into one structure. Also a new board was established. But in contradiction to the Dutch initiative, the BHAG is completely publicly owned.

So once a SSC-initiator wants to learn from the already existing SSCs abroad, he should first have to make sure, what kind of SSC he wants to establish and what the differences and similarities are with the current SSCs.

3. *A strong administrative leader is required to lead the implementation of the SSC in a fluent manner; however this might be in conflict with the validation of the initiative.*

   The Dutch experienced a lot of trouble with the creation of cohesion and consensus between all these participating actors and responsibilities. This caused problems in the relation with IBM and the uniformity of the conditions. In the German and Austrian case the initiative was far more top-down oriented and the initiating actors did not experience that much troubles with creating cohesion and consensus. However, for example in the Austrian case the Ministry of Traffic, Innovation and Technology asked for a guarantee from the Ministry of Finance for a regulation of service quality and a clear investment picture. The Ministry of Finance did not give this guarantee and announced a high cost raise regarding the investments for the technical adjustments. Compared to the Dutch case you can ask questions around the cohesion as well.

   So there seems to be some tension between creating consensus and cohesion and strong leadership. This tension should be taken in consideration when a SSC is initiated.

4. *Institutional change should be taken into consideration and taken into account*

   The Dutch and the Austrian initiative caused a lot of institutional change; a new kind of organization, a new relation with a private provider, a new management board of a specific service, blurring of different authorities and so on. Based on this research we can't conclude if a SSC establishment causes a lot of institutional change. If the BVA is considered as a SSC

then the institutional change can also be limited. However, if the initiative will have so many changes as in the Dutch and the Austrian case, one should take this seriously. In the case of the EPD a lot of institutional change was required as well. To that note, the Ministry of PHWS decided to proceed careful and pragmatic. Ultimately, this will lead to a well-functioning organization (although the EPD is not a SSC). However, in the Austrian case a lot of institutional change was required as well and their approach can hardly being assigned as incremental or pragmatic and still it was raised in one and a half year. So again there is no 'golden rule' regarding institutional change, but if institutional change is required than this should be taken seriously, because otherwise if not, the initiator could face some unforeseen and difficult barriers (as in the case of P-Direkt).

7.6 Shortcomings of the methods used

Although some useful lessons can be drawn from this research, the used methods have their shortcomings:

In the first place, the comparison included only three countries, with two federal states. A broader comparison between more (different kind of) states can show probably better the influence of state structure, cultural aspects and historical elements. Also the selection of countries was done in a pragmatic manner. In Germany material was present about the Austrian case. If other material, from another case was present, the results were probably different.

In the second place, this research was on Shared Service Centers. In this research the SSC is held as a model for NPM-attempts. It could be possible that for other NPM-attempts other results may emerge.

In the third place, this research shows that path dependency is influential and that institutional forming is influential. But how influential and what kind of influence can be assigned to these components can't be ascertained by this method and these results. The results of this research confirm the already existing beliefs of the reform culture that is dominant in the three countries. But this method shows only a tip of the whole administrative culture. When the results would be different it would be hard to explain why this difference showed up. More understanding is then required of this administrative culture. When a more valid picture needs to be drawn, regarding this institutional culture, further research is required, with more and clearer units to measure path dependency and institutional evolvement to investigate this in a proper manner.

In the fourth place, the described barriers are mainly found in the same documents as the documents which contain the description of the SSC initiative. So both barriers and benefits are described by the same set of actors (mostly the top-level of administration). To get a more complete overview of what kind of troubles were experienced more interviews and deeper research is required, with more actors at different levels of the implementation.

In the fifth place, the decisional level is now examined from some sort of an organizational-institutional point of view. This has provided in some results regarding the policy windows, (parts of) path dependency and actor relations. This level could also be examined from other perspectives (more rational or strictly from a cultural point of view). Probably, an analysis with other 'glasses' will give a different picture of how the decisional level should be reconstructed and it is not said that such a picture is less valuable.

In the last place, this research analyzed the similarities and the differences in rhetoric and decisions at the SSC-initiative. The used method was based on the assumption that institutional factors played a prominent role in the SSC progress. We can only answer that they played a role. From this method we can't conclude what kinds of factors are prominent as well.

However, this doesn't mean that this thesis doesn't provide valuable information and lessons of organizational change and/or replacements, what kind of factors are important *in any case.* And how factors became important, that has nothing to do with SSCs or NPM in the first place.

Epilogue

With this finalized research I really don't want to claim that I have assessed everything that is to know about Shared Service Centers or New Public Management reform attempts. The topic is hard to distinguish from other phenomenons in the theory of NPM. As it appeared, the perceptions differ across the different implementers of what a SSC really is. This difference in perception raises very interesting questions and issues. For instance, the relation between the Reform culture and tradition and the proceeding of NPM attempts is very interesting. Proeller and Schedler (2005) described for example the differences between Germany and France regarding NPM history. It turns out that the Germans are highly legalistic and NPM-attempts are always characterized with a certain level of consolidation of stability. France is far more centralized and more top-down oriented. In this research to SSC initiatives, something similar showed up regarding the BVA-case. However, the used theoretical tools don't give enough space to investigate this relation in a proper manner. Not in the last place, because of the lack of a comparison with such a centralized state as, for instance, France.

It might be interesting as well to what extent goals are reached with the SSC-initiatives. As described, most SSCs are still too young to give a proper evaluation regarding these goals. But of course it is interesting to see what goals are tried to obtain and if/how these are reached. For instance, some results in the services of Beihilfe and Travel Management show a rise of the customer amount and a reduction of the expenditures, since they were established (1997). However with the 'completing' of the SSC-concept inside the BVA (2006) no major improvements are made.

Also questions are interesting regarding the kinds of goals that needed to be gained. For example the Dutch seems to have chosen for creating a solid and valid structure with a high rate of influence by participating actors. Goals like conservation and social cohesion seem to be important. However, such goals are hard to measure. If the initiator only proclaimed goals around efficiency and cost-reducing, the attempt might be assigned as unsuccessful.

From this question another interesting appeared as well. Once values (and not goals) like social cohesion etc. are highly appreciated, is an incremental and pragmatic approach then the only way to guarantee these values? From the description of the EPD, such a picture is emerging. Though it seems appropriate to think that once a reform attempt requires a lot of institutional change, a careful and pragmatic approach is preferred. These questions dig more deep into the influence of the institutional culture on administration reform-attempts.

Unfortunately, I did not have the proper instruments to dig deep into these questions. However, I believe that with the used method and theoretical components the urge and the value of an awareness of differences in perception and influential factors (who are influential on policy processes), is assessed.

Appendix 1: Tables

Table 1: P-Direkt: Rhetoric level

Unit	Empirical Findings
Technical/analytical discourse	
Goals:	Increase quality and efficiency of HRM-service by: - Standardize services - Create accountable organization - High level of internal knowledge - Innovative and progressive organization
Difference current manner:	- Centralized HRM-department for all ministries - Uniformity in service - Modernized - More ability for supervision
Contextual discourse	
Reason SSC concept:	- Tendencies of internationalization, globalization, EU-regulation, individualization. - More result-oriented policy - Successful examples in private sector
Required changes:	- One HRM-department instead of twelve - Reduction employees - New positions to lead the transition - Private/public partnership - Creation of an interdepartmental culture
Prospected Barriers:	- Too many responsibilities - Friction between participating actors
Systemic discourse	
Reasons at macro level:	- Globalization by rise of ICT possibilities - Improvement of individualization what may lead to risk-averse governing - Aversion to established institutions

Benefits at macro level:	- More flexible and adequate government
	- More competences at different policy areas.
Normative discourse	
Emerging values/priorities:	- Improving quality
	- Modernization
	- Become more facilitator

Table 2: Decisional Level: P-Direkt

Unit	P-Direkt
Path dependency	
Window(s) of opportunity:	- Simple effect of a wave of reform attempts
Emerged barriers:	- Organization of P-Direkt too much focused at efficiency and not at quality
	- The matter of job securities
	- A lack of interest by private providers
	- Unclear criteria of the systems
	- Accumulation of activities
	- Accumulation of actors and responsibilities
	- Lack of power to put through by the Ministry of Interior
	- Relation with IBM, the private ICT provider
Network relations	
Initiating actors:	- Ministry of Interior
	- Minister of Administration Renewal
	- DGMP as initiator on behalf of the ministries
Participating actors:	- IBM (private provider ICT)
	- Quartermaster (creating P-Direkt)
	- Enclosing manager (enclosing ministries on P-Direkt)
	- (Common) Transition Managers (leading transition on ministries)
	- pSG (internal harmony and collaboration)
	- Ministries (customers)
Approach:	- Consensus

Table 3: Rhetoric Level: BVA

Unit	Empirical Findings
Technical/analytical discourse	
Goals:	Reduce executing public activities by (among other things): - reduce the internal costs of the BVA with 35% - Provide Beihilfe services for 57 public bodies/institutions (ca. 17.800 Persons) - Provide Travel-management services for ca. 60 customers (ca. 178.200 requests)
Difference current manner:	- Scale-benefits can be gained - Customer orientation - Improvement internal competences - Cost reduction
Contextual discourse	
Reason SSC concept:	- Globalization - Expectations of civilians - Modernization internal administration - Dramatic budgetary position
Required changes:	- Public/private partnership - Consequent improvements with the SSC-concept - Market type instruments become important - Management change of the BVA - Possible negative effect on employees
Prospected Barriers:	- Mental change - Flexibility of the employees - Constant struggle with customers, who are afraid of using something new. - Political 'fear' regarding safety and confidentiality
Systemic discourse	
Reasons at macro level:	- Increase of complexity by international competition - Rise of ICT possibilities - Growing costs of the elderly - Paradigm change of the bureaucratic model to a service providing model - Move to Berlin of Federal bodies

Benefits at macro level:	- Modernized public sector - Public bodies can focus more on their core-tasks
Normative discourse	
Emerging values/priorities:	- Improve quality by reforming existing institutions - Maintain stability in public sector vs. introduce rapid and massive reform attempts - Be a good employer

Table 4: Decisional level: BVA

Unit	Empirical Findings
Path dependency	
Window(s) of opportunity:	- Success in the private sector - Regarding the bundling of services: moving to Berlin federal bodies
Emerged barriers:	- Unfamiliarity with the systems, which created 'cold-water-fear' with the customers. - Legal barrier of the rejection of the digital signature regarding the Beihilfe services - Questions around the confidentiality by first customers.
Network relations	
Initiating actors:	- Federal Government - Federal Ministry of Interior - Management of the BVA - Referatsgruppe
Participating actors:	- Customer Meeting (gathering of Beihilfe customers) - Board of Ministerial representatives (guard of the quality of Travel-Management) - Department of Financial Support for Civil Servants and Travel Management (first department with the SSC-concept) - SMS (private provider of software) - Customers (*Federal* public bodies) - Private providers of services (such as hotels, travel agencies and flight companies)
Approach:	- Top-down

Table 5: Rhetoric level: BHAG

Unit	Empirical Findings
Technical/analytical discourse	
Goals:	Reform the financial processes in the public sector by: - The establishment of a system for accountancy services which covers the whole area of accountancy - Create a higher quality standard - Increase the offering of added services, beyond the defined core-services
Difference current manner:	- Scale-benefits - Modernization - More efficient
Contextual discourse	
Reason SSC concept:	- International completion - Fully participation in European Union - Ambassador for EU as chairman in 2006 - Wish to reform European institution starts in own 'kitchen'
Required changes:	- One agency instead of 79 - Reduction of employees (45%) - Election of the board of the BHAG - Public/private partnership
Prospected Barriers:	- Creation of consensus - Gain of the asked rate of transparency - Disturbance in existing public bodies - Top-down approach may cause resistance by other ministries - New qualifications expected from the employees
Systemic discourse	
Reasons at macro level:	- Dynamic change of economy, politics and organizations and the need for innovative bureaucracy - Need for innovation in European context - Old-fashion ways of financial handlings
Benefits at macro level:	- Reduction of governmental size

	- Efficiency gains	
	- Modernized but 100% public owned	
Normative discourse		
Emerging values/priorities:	- Be efficient and modern	
	- Be remarkable as public sector	
	- Reduction of (financial) autonomy of public bodies	
	- Be transparent	
	- In sourcing instead of outsourcing	

Table 7: Rhetoric level

Unit/case	P-Direkt	BVA	BHAG
Technical/analytical discourse			
Goals:	Increase quality and efficiency of HRM-service by: - Standardizing services - Create an accountable organization - High level of internal knowledge - Innovative and progressive organization	Reduce executing public activities by (among other things): - reduce the internal costs of the BVA with 35% - Provide Beihilfe services for 57 public bodies/institutions (ca. 17.800 Persons) - Provide Travel-management services for ca. 60 customers (ca. 178.200 requests)	Reform the financial processes in the public sector by: - The establishment of a system for accountancy services which covers the whole area of accountancy - Create a higher quality standard - Increase the offering of added services, beyond the defined core-services
Difference current manner:	- Centralized HRM-department for all ministries - Uniformity in service - Modernized - More ability for supervision	- Scale-benefits can be gained - Customer orientation - Improvement internal competences - Cost reducing	- Scale-benefits - Modernization - More efficient

Contextual discourse			
Reason SSC concept:	- Tendencies of internationalization, globalization, EU-regulation, individualization. - More result-oriented policy - Successful examples in private sector	- Globalization - Expectations of civilians - Modernizing internal administration - Dramatic budgetary position	- International competition - Fully participation in European Union - Ambassador for EU as chairman in 2006 - Wish to reform European institution starts in own 'kitchen'
Required changes:	- One HRM-department instead of twelve - Reduction employees - New positions to lead the transition - Private/public partnership - Creation of an interdepartmental culture	- Public/private partnership - Consequent improvements with the SSC-concept - Market type instruments become important - Management change of the BVA - Possible negative effect on employees	- One agency instead of 79 - Reduction of employees (45%) - Election of the board of the BHAG - Public/private partnership
Prospected Barriers:	- Too many responsibilities - Friction between participating actors	- Mental change - Flexibility of the employees - Constant struggle with customers, who are afraid of using something new. - Political 'fear' regarding safety and confidentiality	- Creation of consensus - Gain the asked rate of transparency - Disturbance in existing public bodies - Top-down approach may cause resistance by other ministries - New qualifications

			expected from the employees
Systemic discourse			
Reasons at macro level:	- Globalization by rising of ICT possibilities - Improve of individualization what may lead to risk-averse governing - Aversion to established institutions	- Increase of complexity by international competition - Rise ICT provides in possibilities - Growth of the costs of the elderly - Paradigm change of the bureaucratic model to a service providing model - Move to Berlin of Federal bodies	- Dynamic change of economy, politics and organizations and the need for innovative bureaucracy - Need for innovation in European context - Old-fashion ways of financial handlings
Benefits at macro level:	- More flexible and adequate government - More competences on different policy areas.	- Modernized public sector - Public bodies can focus more on their core-tasks	- Reduction of governmental size - Efficiency gains - Modernized but 100% public owned
Normative discourse			
Emerging values/priorities:	- Improve quality - Modernization - Become more facilitator	- Improve quality by reforming existing institutions - Maintain stability in public sector vs. introduce rapid and massive reform attempts - Be a good employer	- Be efficient and modern - Being remarkable as public sector - Reduction of (financial) autonomy of public bodies - Be transparent - In sourcing instead of outsourcing

Table 8: Decisional level

Unit/case	P-Direkt	BVA	BHAG
Path dependency			
Window(s) of opportunity:	- Simple effect of a wave of reform attempts - Experiences in the private sector	- Success in the private sector - Regarding the bundling of services: moving to Berlin federal bodies	- Role of EU chairman in 2006
Emerged barriers:	- Organization of P-Direkt too much focused on efficiency and not on quality - The matter of job securities - A lack of interest by private providers - Unclear criteria of the systems - Accumulation of activities - Accumulation of actors and responsibilities - Lack of power to put through by the Ministry of Interior - Relation with IBM, the private ICT provider	- Unfamiliarity with the systems, which created 'cold-water-fear' with the customers. - Legal barrier of the rejection of the digital signature regarding the Beihilfe services - Questions around the confidentiality by first customers.	- Difficulty of creating consensus - Large investments for participating parties - Reduction of ministerial autonomy - Validity of the standardization of the work of the civil servants, by the strangling of public and private law.
Network relations			
Initiating actors:	- Ministry of Interior - Minister of Administration Renewal - DGMP as initiator on behalf of the ministries	- Federal Government - Federal Ministry of Interior - Management of the BVA	- National Parliament - Federal Government - Federal Ministry of Finance - Directing board of

		- Referatsgruppe	the BHAG
Participating actors:	- IBM (private provider ICT) - Quartermaster (creating P-Direkt) - Enclosing manager (enclosing ministries on P-Direkt) - (Common) Transition Managers (leading transition on ministries) - pSG (internal harmony and collaboration) - Ministries (customers)	- Customer Meeting (gathering of Beihilfe customers) - Board of Ministerial representatives (guard of the quality of Travel-Management) - Department of Financial Support for Civil Servants and Travel Management (first department with the SSC-concept) - SMS (private provider of software) - Customers (*Federal* public bodies) - Private providers of services (such as hotels, travel agencies and flight companies)	- Business sectors (7 different service areas/departments divided over the four agencies) - SAP (provider of the technical system) - Ministries, top-level state organizations and the legal representatives of the State (customers)
Approach:	- Consensus	- Top-down	- Top-down
Kind of SSC	- New institution	- Adapting existing institution	- New institution

Table 9: Conclusions on convergence and divergence

	Rhetoric level	Decisional level
Convergence	Goals and objectives	Window of opportunity
	Reasons for initiative	Kinds of participating actors
	Values and priorities	

Divergence	Approach, change and prospected barriers	Window of opportunity
	Values and priorities	Emerged barriers
		Implementation and transition approach

Appendix 2: Questions Interview with Mr. Dieckman & Dr. Schulz

Entscheidungsprozess zur Entstehung des Dienstleistungsangebots

(Decision process to the establishment of the Service providing)

1. **Bitte schildern Sie kurz die Entstehungsgeschichte des VSZ. Was war das Ziel der Gründung? Wer initiierte die Gründung?**

   (*Please, describe shortly the establishment process of the SSC, what was the goal of the establishment? Who initiated the establishment?*)

   - Initiating actor

   - Goals that needed to be established

2. **Wie wurde die Entscheidung zur Gründung getroffen? Wer war daran beteiligt (Gremium, Abstimmungsverfahren, Entscheidungsstruktur)?**

   (*How was the decision for the establishment taken? Who participated into this decision? [Commitee, voting procedure, decisional structure]*)

   - Administrative decision structure

   - Kinds of actors involved in the **decision** process

3. **Gab es bestimmte externe Druckfaktoren, welche die Gründung des VSZ begünstigt haben (z.B. Haushaltsdruck, Personalmangel, rechtliche Änderungen)?**

(Where there determined external pressures, which influenced the establishment of the SSC? [F.E. Internal culture, personal short, legal changes])

- Influential factors for initiative (cost-savings, increasing competence?)

- Factors or forces which motivated the decision

- Causes of these factors (for instance economic pressure or international pressure)

4. **Gab es bestimmte Personen oder Institutionen, die die Gründung des VSZ besonders unterstützt haben bzw. behindert haben?**

(Where there certain persons or institutions, who pushed or fought the realisation of the SSC?)

- Opponents of the Initiative

- Insights of the network **during** the realisation of the SSC

- Insights of the interests of the actor (not directly)

Implementierung

5. **Beschreiben Sie bitte den Verlauf der Umsetzung des VSZ (nach der Entscheidung, das VSZ zu gründen, bis zur Betriebsaufnahme)**

(Please, describe the process of the realisation of the SSC [after the decision to establish it, to the operational structure])

- Required changes in administrative context

- Sacrifices (financial or personal) that have been made

- Process changes with customers

- Technical actors?

6. **Welche Probleme (z.B. organisatorisch oder technischer Art) sind bei der Umsetzung des VSZ entstanden und wie sind Sie damit umgegangen?**

(*Which problems, for example organization or technical, have been emerged, with the realisation of the SSC and how did you manage them?*)

- Institutional or legal barriers that showed up during implementation

- Why did these barriers showed up

- What could've been done to manage them

7. **Wie hat sich das VSZ seit der Betriebsaufnahme entwickelt? (z.B. Zahl der Kunden, technische Verbesserungen, Erlöse usw.)**

(*How developed the SSC as organization? [For example, customer requiting, technical improvement, financing])*

- Maintenance of the SSC as public/private organization

- Development over time (espec. Acceptance by customers) as a measure of success.

Struktur des VSZ

8. **Wie setzt sich das Budget des VSZ zusammen (Einnahmen-/ Ausgabenstruktur)?**

   (How will the budget of the SSC be collected? [ins and outs]

   -do the revenues of the SSC go directly back into the ssc? Or into the BVA as an organisation?

9. **Verfügen die VSZ über eigene Entscheidungsstrukturen (z.B. für Vertragsabschlüsse mit Kunden)?**

   (Does the SSC has an own decision-structure, [For example contracts with customers])

10. **Bitte beschreiben Sie kurz den Prozess der Bearbeitung eines Beihilfeantrags/Travelmanagement.**

    (Please describe shortly the process of the request for Social Aid or Travel Management)

    - Operational tasks approved to the SSCs

Institutionelles Verhältnis des BVA zum BMI

(Institutional relation of the BVA to the Ministry of Internal Affairs)

11. **In welchem Verhältnis stehen das BVA und BMI zueinander?**

(How is the relation between the BVA and the MIA?)

- Dependency relation with the political responsible

12. **Vertritt das BMI die Interessen des BVA gegenüber anderen Institutionen (insb. in Konfliktfällen)?**

(Breaks the MIA the interests of the BVA to other institutions, for example in conflict situations?)

- Relation to other organizations
- Hierarchical value of the BVA compared to other organizations

Verhältnis des BVA bzw. VSZ zu Kunden/anderen Institutionen

13. **Bitte beschreiben Sie den Prozess der Kundengewinnung (von der ersten Kontaktaufnahme bis zur Erbringung der Leistung?). Wer ist dafür verantwortlich, das BVA oder die einzelnen VSZ?**

(Please describe the process of customer requiting [From the first contact to the contribution achievement]. Who is responsible for that? The BVA or the SSC?)

- Relation of the SSC to the administrative layer of the BVA
- Task distribution of the SSC

14. **Wie betreut das BVA bzw. VSZ derzeitige und zukünftige Kunden? Haben die VSZ eine eigene Abteilung/eigenen Bereich oder gibt es eine zentrale Kundenbetreuung im BVA?**

(How treat the BVA or the SSC the present and future customers? Has the SSC an own department for that, or falls that under the customer treating of the BVA)

15. **Wie ist das Verhältnis des VSZ zu seinen Kunden geregelt?**

(How is the relation between the SSC and its customers arranged?)

- SLAs? Or something else?

16. **Sind Kunden in die Entscheidungsstrukturen des VSZ eingebunden, z.B. über einen Beirat?**

(Are customers represented into the decisional structure of the SSC, for example in a board?)

17. **Welche Faktoren begünstigen oder erschweren den Ausbau des VSZ oder die Akquisition von neuen Kunden (z.B. rechtliche Faktoren, technische Änderungen oder Prozessänderungen)?**

(Which factors improve or struggle the expanding of the SSC, or the acquisition of new customers? [For example, legal factors, technical changes or process changes])

List of abbreviations

a.o.t.	-Among Other Things
AR	-Administrative Renewal
ATM	-Algemeen Transitie Manager (Common Transition Manager)
BHAG	-Buchhaltungsagentur (Accountancy Structure)
BMI	-Bundesministerium des Innern (Federal Ministry of Interior)
BM	-Bundesministerium
BMVIT/TIT	-Bundesministerium Verkehr, Innovation und Technologie (Federal Ministry of Traffic, Innovation and Technology)
BMWI	-Bundesministerium für Wirtschaft und Technologie (Federal Ministry of Economy and Technology)
BSN	-Burger Service Nummer (Civil Service Number)
BVA	-Bundesverwaltungsamt (Federal Service Provider)
CBP	-College Bescherming Persoonsgegevens (College of Securing Personal Information)
CEN	-Comité Européen de Normalisation (European Committee for Standardization)
CP-ICT	-Coordinatiepunt ICT
CSO	-Commission Second Opinion
DGMP	-Director-General Management and Personnel Policy
E-government	-Electronic Government
EPD	-Elektronisch Patiënten Dossier (Electronic Patients File)
EU	-European Union
FSG	-Finanz Service Gmbh
Fte's	-Fulltimers
GDR	-German Democratic Republic
HRM	-Human Resources
IBM	-International Business Machines

IBO	-Instituut voor Bedrijfskunde (Institute Business Administration)
ICT	-Information and Communication Technology
IfG.CC	-Institute for e-Government Competence Center
ISO	-International Organization for Standardization
LSP	-Landelijk Schakel Punt (National Switch Point)
Min. BZK	-Ministerie van Binnenlandse Zaken en Koninkrijkrelaties (Ministry of Interior)
Min. VWS/PHWS	-Ministerie van Volksgezondheid Welzijn & Sport (Ministry of Public Health Wellness and Sports)
NPM	-New Public Management
NICTIZ	-Nationaal ICT instituut in de Zorg
NTvT	-Nederlands Tijdschrift voor Tandheelkunde (Dutch Magazine for Tooth Care)
P&O	-Personnel and Organization
pSG	-plaatsvervangend Secretaris-Generaal (deputy Secretary General)
RvVZ/PHHC	-Raad van Volksgezondheid en Zorg (Council of Public Health and Health Care)
SAP	-Systems, Applications, Products in Data Processing
SMS	-Satellite Management Services
SSC	-Shared Service Centre
TMS	-Travel-Management System
UZI	-Unieke Zorgverleners Identificatie (Unique, Health Care Provider, Identification)
V&M	-Verwaltung & Management (Administration and Management)

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