



The Luxembourgish Public Administration as a driver for competitiveness: Strengths and weaknesses of small size

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- **Characteristics and resource-related particularities** of the small Luxembourgish public administration - as compared to the ideal type of **bureaucratic management** (Weber);
- Does small size mean **less performance** and **less capacity**?
- Which characteristics of public administrations **foster competitiveness**?
- **Opportunities, strengths, weaknesses** of small size: The Luxembourgish PA as a lever for competitiveness? What does size mean in this context?

The Luxembourgish public administration: some basic characteristics

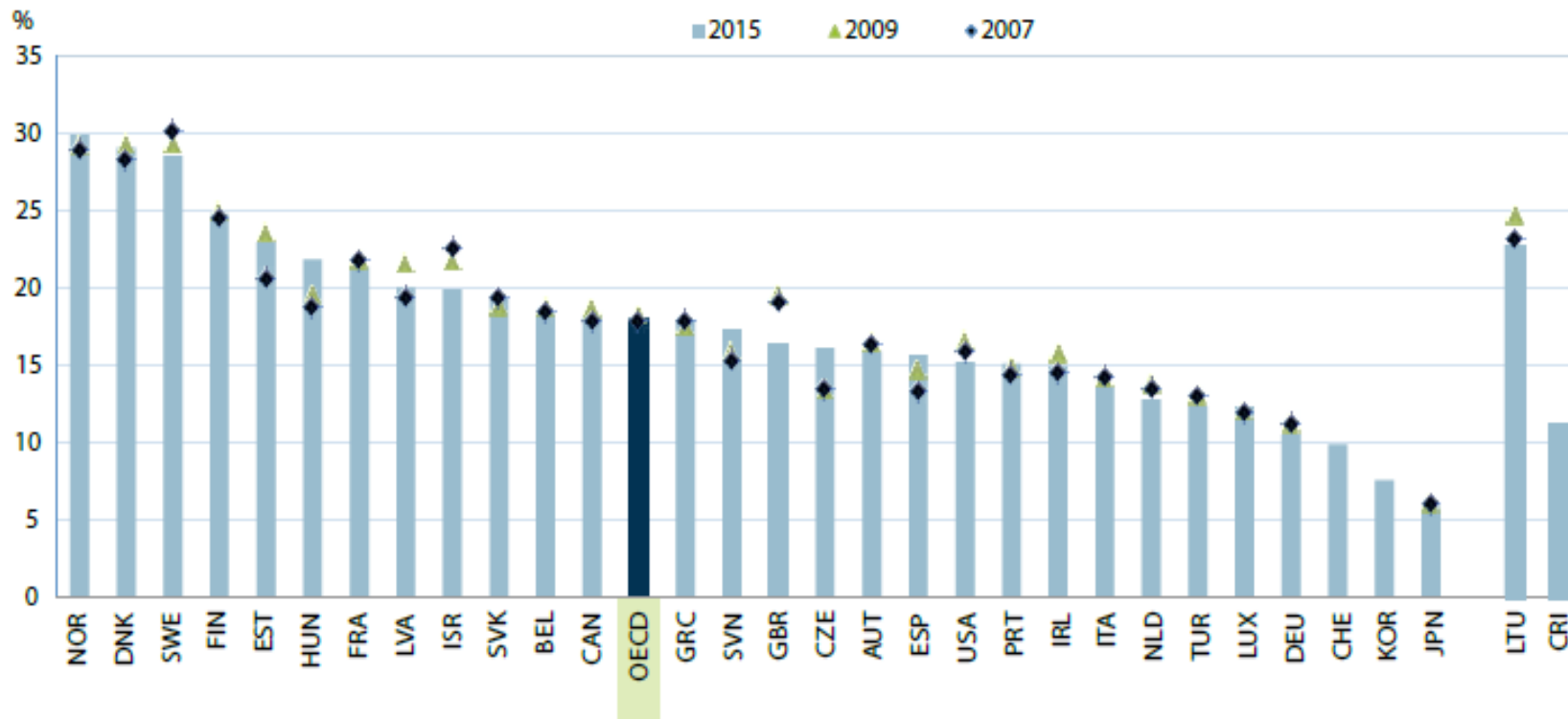


- **Centralized** state structure, no regional tier of Government;
- Local level: 105 **municipalities** (MT: 68; CY: 39);
- 20 ministries and 81 administrations;
- Total number of **public employees** at the central state level:
 - 26 720 officials (01.01.17); statutory civil servants (64%), public employees (26%), salaried workers (10%)

The Luxembourgish public administration: some basic characteristics



Employment in general government as a % of total employment (2007, 2009 and 2015)

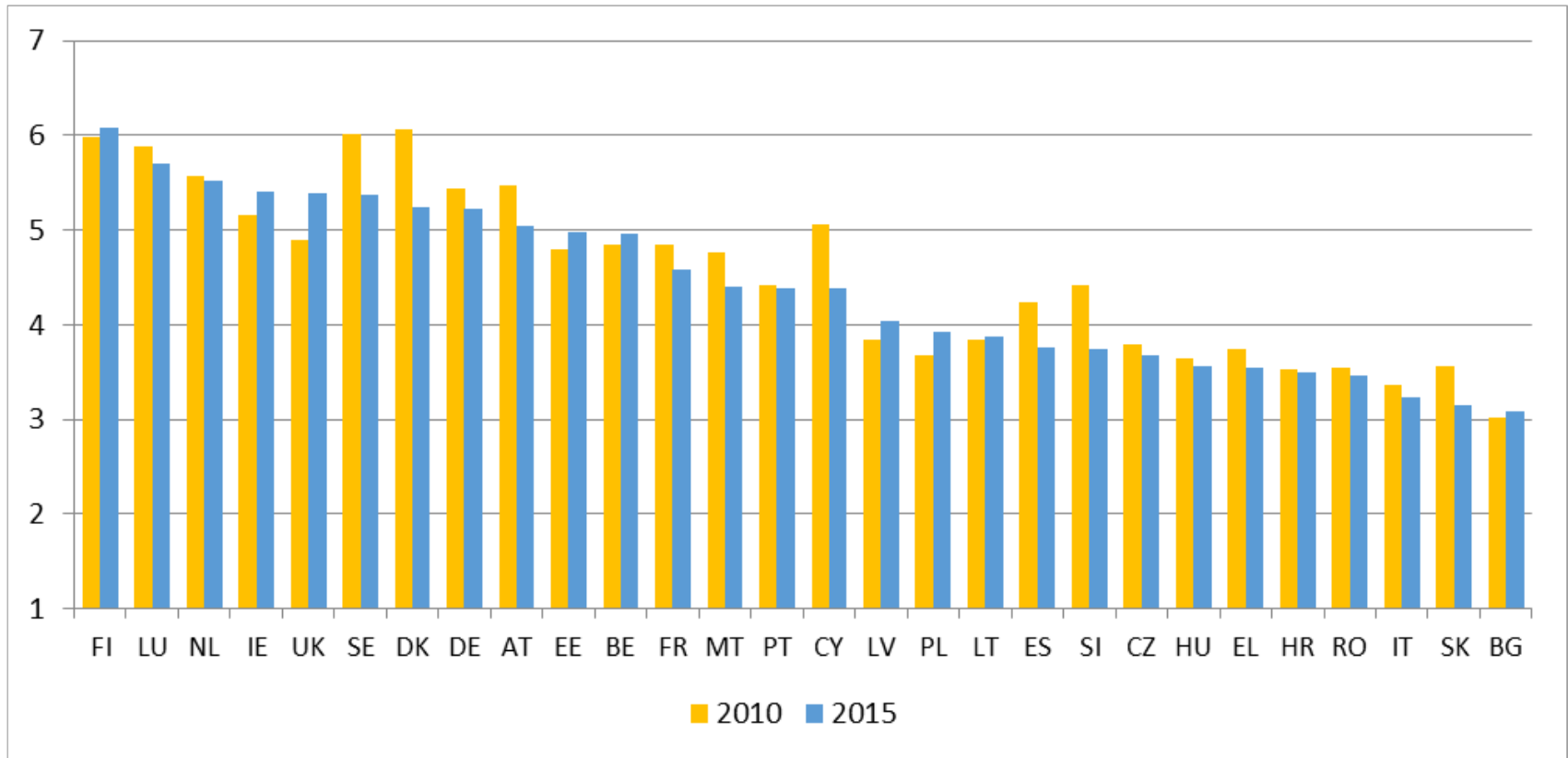


Source: OECD National Accounts Statistics (database). Data for Japan, Switzerland, Turkey and the United States are from the International Labour Organization (ILO), ILOSTAT (database), Public employment by sectors and sub-sectors of national accounts. Detailed figure nores accessible in *Government at a Glance 2017*.

Does small size mean lower performance?



Overall Public Sector Performance (1-7)

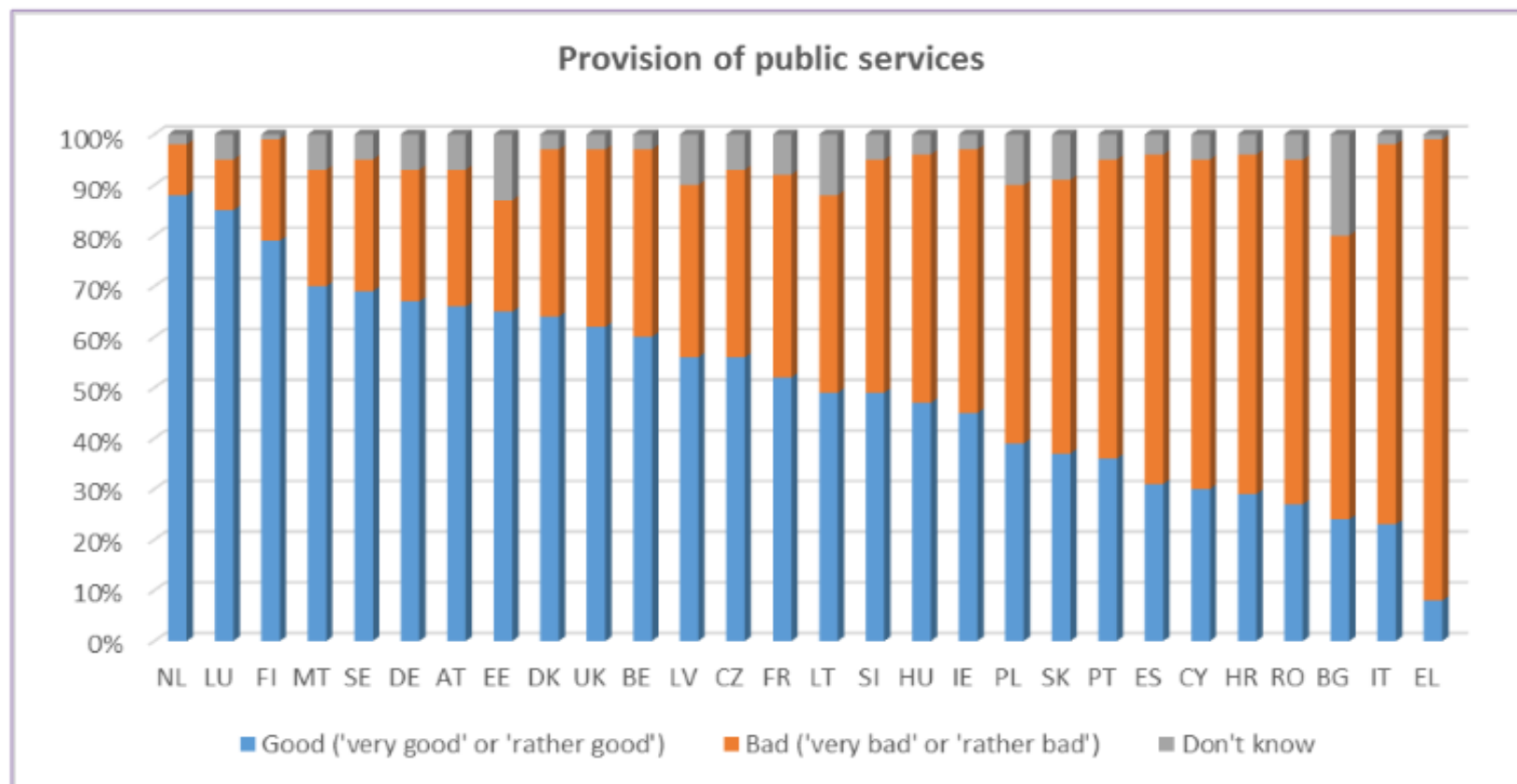


Source: World Economic Forum (Global Competitiveness Index); EU Commission, A comparative overview of public administration, characteristics and performance in EU 28, November 2017, p.56

Does small size mean lower performance?



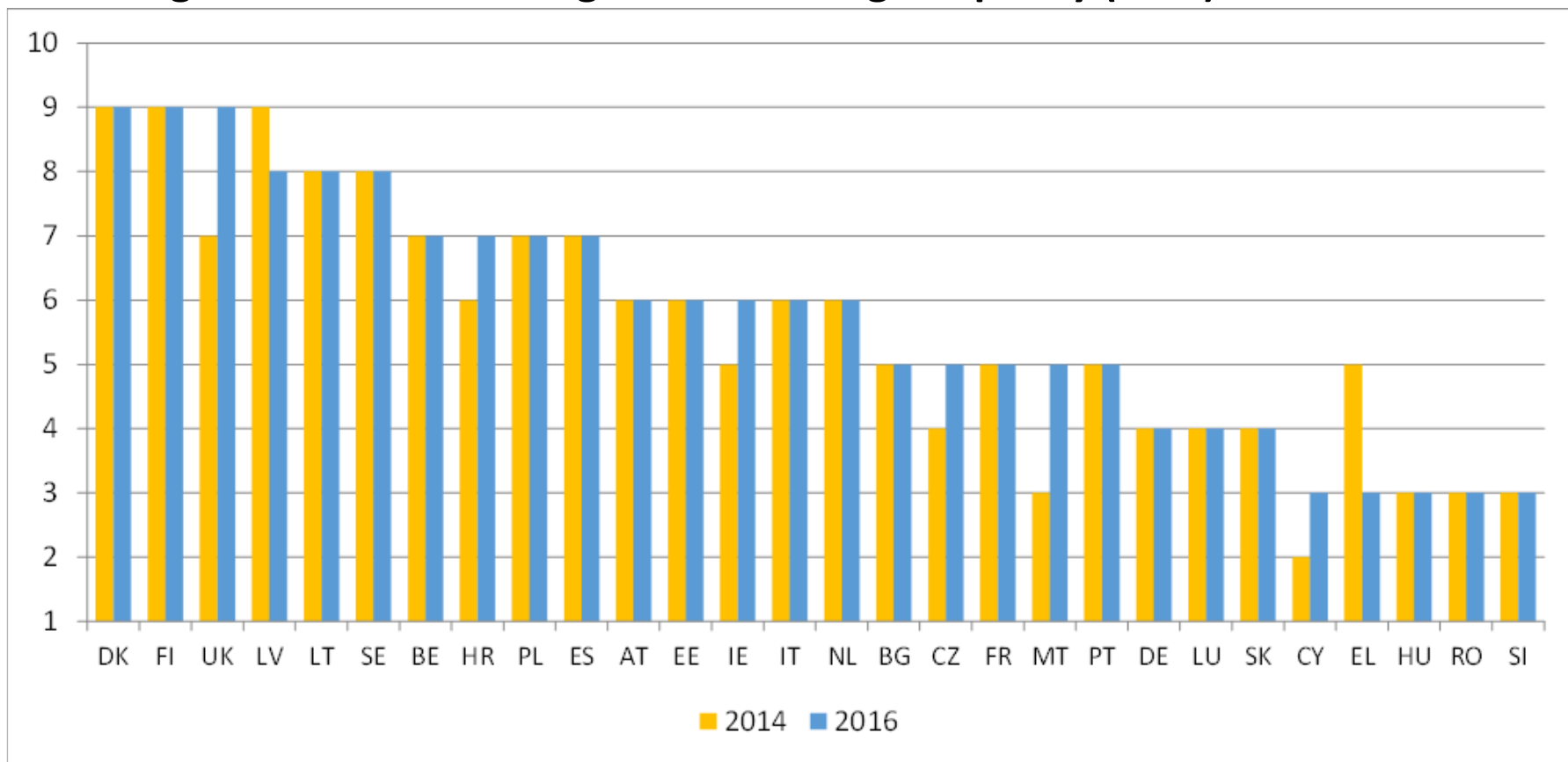
Provision of public services: perceived quality of public services



Does small size mean lower performance?



Organisation and management: Strategic capacity (1-10)

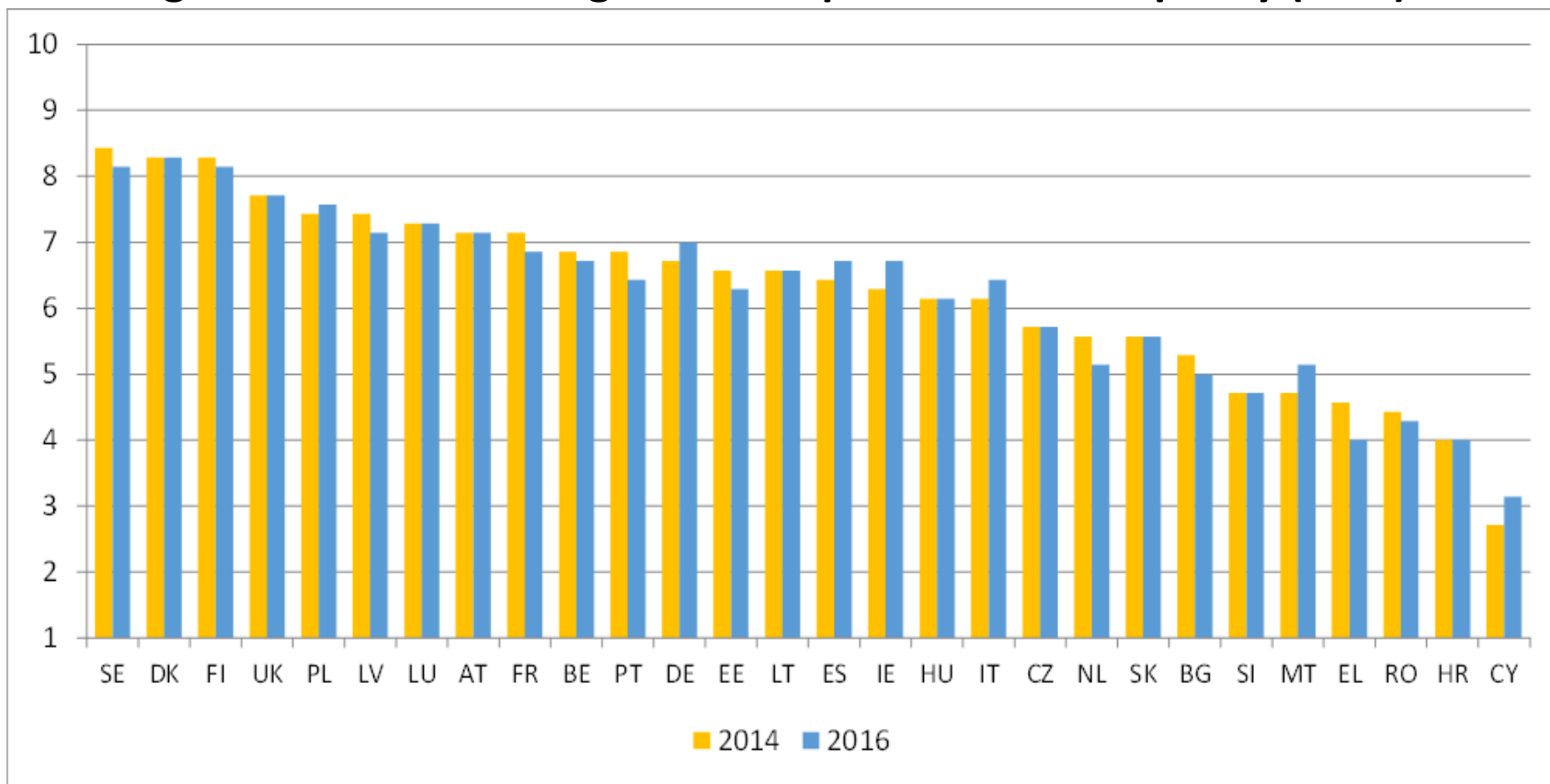


Source: Bertelsmann Stiftung, Sustainable Governance Indicators; EU Commission, A comparative overview of public administration, characteristics and performance in EU 28, November 2017, p.50

Does small size mean lower performance?



Organisation and management: Implementation capacity (1-10)



Source: Bertelsmann Stiftung, Sustainable Governance Indicators; EU Commission, A comparative overview of public administration, characteristics and performance in EU 28, November 2017, p.50



- **Limited internal functional differentiation and diversification;**
 - → trend towards role accumulation and multi-functionalism
 - → trend towards 'generalist' public officials
- Limited specialization and **limited number of experts;**
- Flat structure and **manageable bureaucracy;**
- Management is rather **operational, ad-hoc, pragmatic and flexible;**
- Relatively **dense networks** of social interrelations among their members, particularly at the Level of top decision-makers (Geser)

Public Management in small states as compared to the ideal type of bureaucratic management



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Management (M. Weber)

-Hierarchical structure and **complex bureaucracy**;

→ 5-6 hierarchical layers

-**Formal rules** and requirements;

→ daily work is regulated by a high number of service instructions, guidelines, mandates and rules of action → uniformity

-**Impersonal** relationships

between employees;

→ purely rational decisions; ≠ personal involvement

Management (Small state)

-Flat structure and **manageable bureaucracy**;

→ often only 2 hierarchical layers

-**Comparatively low** degree of formalization ;

→ more informal decision-making; direct contacts across hierarchies; greater impact of the individual civil servant; the style of the manager has a higher significance on the daily work

-Significance of **personal** relationships

→ familiarity among major actors due to a lack of anonymity;

Public Management in small states as compared to the ideal type of bureaucratic management



-Task specialisation (division of labour);

→ clear, rigid and specialized job descriptions; work is focused on one's area of expertise

-General task descriptions;
→ less clear allocation of tasks, multi-functional job descriptions; trend towards role accumulation; predominance of the 'generalist'

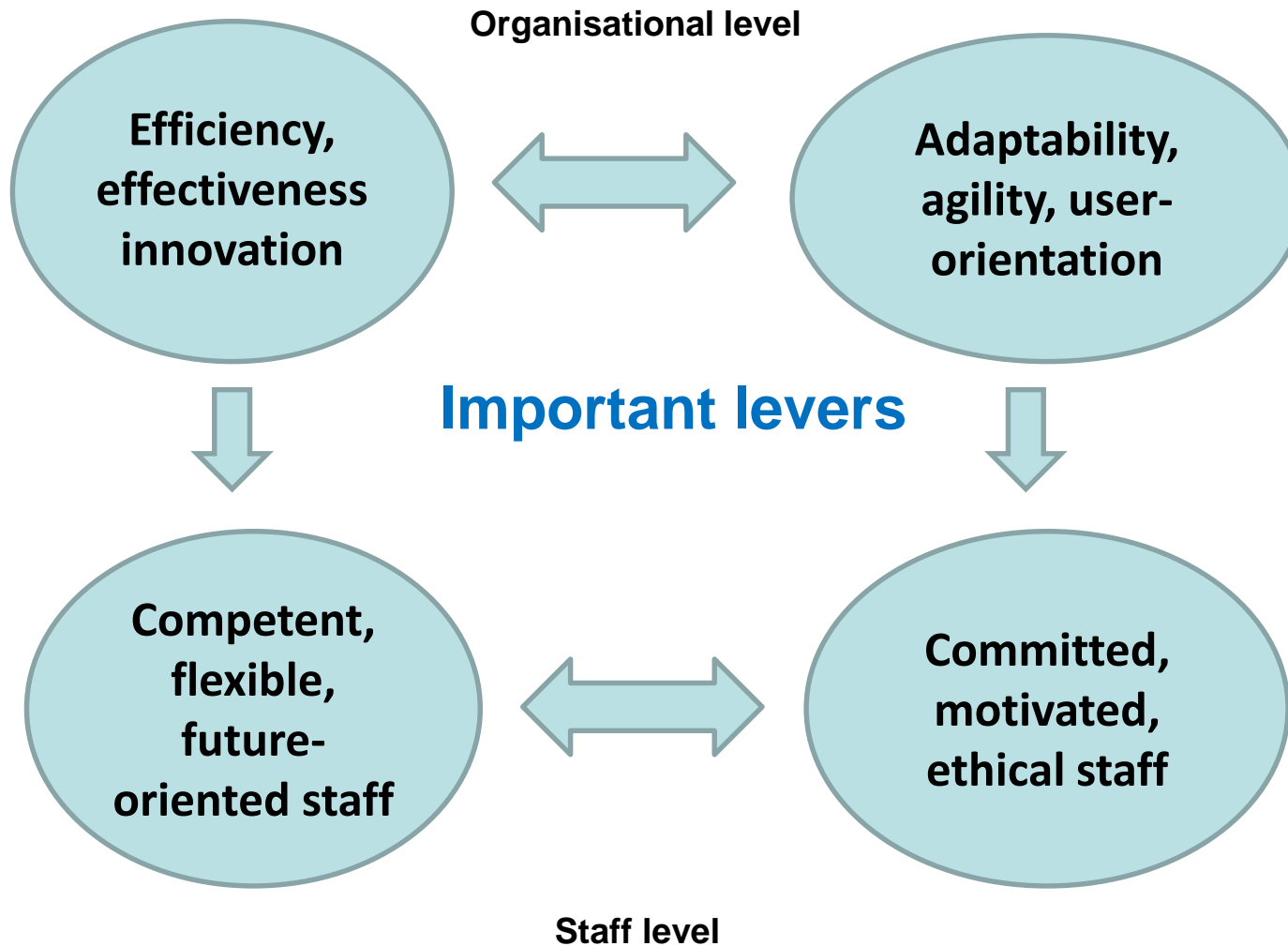
Sources: Randma-Liiv, Tiina, Sarapuu Kuelli, Sebastian Wolf, Connaughton Bernadette, Der

'Managerial strategies' of the small Luxembourgish PA



- Stronger trend than in bigger states towards **informal, ad-hoc decision-making**;
- Greater importance of **personal** relationships and **networks** (than in bigger states);
- Despite a strongly legalistic culture, a **pragmatic and flexible approach in policy-making**
 - This is confirmed by research from Hofstede: LU's score along the dimension 'Long-term Orientation' points to the pragmatic culture of the public administration and the ability of Luxembourg to adapt traditions easily to changed conditions.

Which characteristics of a public administration foster competitiveness?



Opportunities and strengths of the small LU- PA in the context of competitiveness



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- Manageable bureaucracy, flat structure;
- Informality, proximity
- General task description
- LU: Making use of short and direct communication ways, also across hierarchies, which can speed up decisions → agility, fast decision making;
- LU: Making use of proximity; Easy access for businesses and citizens → user-orientation, trust
- LU: Striving for a responsive, adaptable PA → rather flexible public officials

Opportunities and strengths of the small LU- PA in the context of competitiveness



- **Significance of personal relationships (≠ anonymity)**

- **LU: Rather strong internal cohesion, compromise-oriented behaviour of major actors;**
- **LU: Significance of informal networks → can speed-up decision-making, agility**



- **Limited level of specialization, expert knowledge;**
 - **Informal culture: risks of arbitrariness, subjectivity (↘ performance)**
 - **Role accumulation: risks of effective control and monitoring, risks of stress**
- **High dependency of external knowledge**



- Organisational management in small public administrations is characterized by **structural, resource-related particularities**;
- The case study of Luxembourg has shown that small size doesn't necessarily mean **lower performance**;
- The characteristics of small size illustrate **specific opportunities** and **limits** in the context of competitiveness, which are different from bigger states.