

Civil Service Policy-Making Competencies in the German BMWi and British DTI: a comparative analysis based on six case studies

A study conducted for the Industry Forum in Association with the Smith Institute

by

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1. Aims of the Study p. 2
2. Background: the German BMWi and the British DTI p. 2

Table 1: BMWi and DTI: Staff Numbers and Budgets in Million Euro, 2001

	BMWi	DTI
STAFF 2001		
Total staff (without agencies)	1,700	4,705 ³
Senior-level civil servants	123 ⁴	201 ⁵
Per cent of all senior-level civil servants in central departments	9.4	5.6
BUDGETS 2001-2		
Total Budget	€ 7,308m. ⁶	€ 5,478m.
Payroll Costs	€ 80.2m. ⁷	€ 402m. ⁸

2.4. There were important differences between the two organizations as well, affecting the competencies required of their civil servants. The BMWi had traditionally been staffed by lawyers (though over the previous 30 years it had moved towards a roughly equal division of economists and lawyers). It had traditionally operated within a coalition government structure, and worked within a federal government structure, in which elected Land governments dominated by different political parties played the key role in the delivery of many kinds of industrial policy and had a powerful voice in policy-making. It also worked within a constitutional tradition in which each federal department was legally autonomous, and indeed civil servants themselves had some autonomy. (Their primary formal obligation was to uphold the Basic Law rather than the government of the day and their traditional rights were to some extent entrenched in the 1949 Basic Law, as is explained further in Appendix 4.) Perhaps the central challenge faced by BMWi over the previous decade had been that of adapting to German unification, relocating (most of) its activities from Bonn to Berlin and bringing together civil servants from the very different administrative cultures of the previous BRD and DDR regimes. According to our interviewees, BMWi also faced greater difficulties than DTI in establishing more flexible working units.

2.5. Both ministries were surrounded by a number of separately-managed a0 7S9mf8e dby a s2j1506

2.7. Both organizations had their defenders and detractors, involving a range of views stretching from radical criticism to qualified support. We can define radical criticism as a position that calls for major change in organizational structures, operating processes and the skills/competencies of staff. Qualified support denotes questioning of some but not all of those elements and calls for minor rather than deep change. Som

TABLE 2: A SPECTRUM OF CRITICAL POSITIONS: VARYING APPRAISALS OF BMWi AND DTI POLICY MAKING COMPETENCY

	Claims of Radical Critics	Claims of Middle-Range Critics	Claims of Qualified Supporters
BMW <i>i</i>	<ul style="list-style-type: none"> - The organization had seriously declined from its post-World War II 'glory days', with a loss of power, prestige and sense of mission in the current political environment (some perceived a loss of ranking in the ministerial pecking order), producing problems of staff morale - The department's basic policy remit was wrong: it should be a ministry for industry/infrastructure, or (alternatively) for economics and employment. 	<ul style="list-style-type: none"> - BMW<i>i</i> tended to be insular and inward-looking - It was poorly adapted to management of EU policy - It was poor at producing well-targeted internal po 	

3. Public Service Competencies

3.1. The term competency has no single agreed meaning in public administration and management. We can distinguish

- (i) the traditional and still mainstream use of the word to denote the legal powers and jurisdiction of an individual, organization or institution;
- (ii) the use of the word to denote the institutionalized capacity for performance or aptitude of an organization or set of organizations (such as the armed forces, the police or the public service as a whole) to perform certain activities
- (iii) the use of the word to denote individual skills, experience and ability.

We focus here largely on the last two senses of competency, developing from the ‘competency movement’ in corporate management,¹² although competencies in the sense of legal authority and jurisdiction cannot be altogether separated from competencies in the other two senses.

3.2. The debate over civil service competencies has a long history in both countries. In Germany the tradition of civil servants as jurists (laying particular stress on communication skills and an ability to reason consistently from general principles) originated in the reaction against absolutism in the nineteenth century and was in turn challenged in the later twentieth century. (One of the manifestations of that challenge was the increased recruitment of economists to BMWi over the last thirty years, as

3.4. In contrast the DTI had a bifurcated competency framework, with a government-wide framework applying to its approximately 200 upper level civil servants who were members of

hiring, but it was trying to develop ‘career anchors’¹⁶ in the sense of policy specialisms within which any individual’s career was expected to develop (the ‘career anchor’ concept was traditionally entrenched in BMWi but contrasted with the traditional UK view of the competencies of the classified civil service, in which a civil servant was seen as capable of doing any job that was designated at his or her grade level). However, neither the German nor the British competency framework realistically addressed the Fachkompetenzen required of public servants in an industry ministry in a world where

- (i) it is increasingly unrealistic to expect all the subject-expertise needed for effective policy on business and industry to be available in-house
- (ii) there is no guarantee that the scientific or academic expertise available on any given topic within a national research community is ‘best-in-world’ and
- (iii) globalization and industry restructuring makes traditional national consultation and intelligence-gathering practices increasingly problematic.

3.9. Fur 5932 T412 0 0 12p6 12 234.5784 5937 54hkn08 Tm(g p65937 54hkn)Tj12 009 Tm()TjET04

through enhanced performance-related pay systems¹⁸), it remains to be seen how easily that can be done in practice. One of the obstacles, according to some of the private business people we talked to, is that the government competency frameworks existing at the time of our study were far too unwieldy to be readily used in appraisal.

3.12. Another and perhaps even more serious obstacle is that in neither case did our interviews elicit a well-understood and common set of benchmarks for assessing how good policy is in a substantive sense (as opposed to how well the policy-making process was managed). We found some attempts to specify aspects of good policy-making. For instance, guidelines for policy-making were found in the BMWi's 'house rules' (establishing provisions for consultation inside and outside the department for different policy scenarios) and the DTI had established a special 'consultation co-ordinator' to monitor the conduct of consultations on various policy initiatives (following recommendations by the Better Regulation Task Force¹⁹). Still, there was no widely-shared 'gold standard' for policy substance, and until one is developed it is hard to see how competency frameworks can be deeply embedded into departmental standard operating procedures. The Cabinet Office document on Professional Poli.b000BT/TT2 3n Tm(be)Tj0./P AMC00BT/TTP

TABLE 3: VARIATIONS IN POLICY MAKING

	Policy stretching	Policy resetting	Conflict brokerage	Handling 'wicked issues'
Degree of underlying political and social conflict	Limited, though bureaucratic politics and tensions in the policy production process may be strong	Medium, but fundamental policy principles are mainly accepted	Fundamental policy issues are inherently contested	All aspects of policy including implementation take place in a highly politicised and contested environment
Complexity of institutional and stakeholder environment	Limited, though more than one government organization may be involved	High, particularly in the strength and diversity of organized interests outside government	Medium, though multiple stakeholders may be involved	High, with no single Minister or department able to control issue definition or the search for solutions

Example

<p>(a) German 2000 telecoms document (using a response to a parliamentary inquiry to state policy up to 2003 in the face of EU developments and changes in the telecoms industry).</p> <p>(b) British 2001 Competitiveness White Paper (aiming to develop earlier (1998) policy initiatives, but with two departments producing the policy document)</p>	<p>British 2000 communications White Paper (adapting regulatory structures to perceived convergence of broadcasting and telecoms) (Basic policy objectives were little challenged, apart from media ownership questions, which were 'parked'.)</p>	<p>(a) German 1998 competition policy case ('Europeanizing' domestic competition law;</p> <p>(b) British 1998 energy review (conflict between support for coal and policy of liberalised energy</p>
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(b) A Brief Account of the Six Cases

4.2.1. A summary account of the six cases is given below (with further details given in Appendix 4) and Table 4 shows some of their salient features.

4.2.2. The 2001 German policy document on telecommunications (Große Anfrage ‘Aktuelle Wettbewerbssituation in der Telekommunikation und Entwurf der Antwort der Bundesregierung’) was a response to a parliamentary inquiry by the opposition party, the Christian Democrats on 23 January 2001 (BT14/5167). The response, which followed established departmental and governm

full harmonisation in this sphere of law, was opposed by academics and the Federal Cartel Office and was challenged by demands from other departments. New proposals, representing a compromise with the Federal Cartel Office, were published in July 1997. Political compromise packages, dealing in particular with market concentration in retailing and the sale of television rights for sport, had to be accommodated in the winter of 1997/8 and the legislation came

(c) Analyzing Skills and Competencies in the Six Cases

4.3.1. Section 3 showed that there is no single and firmly-established way of categorizing public service competencies, but rather that official frameworks had changed over time and differed to some degree between BMWi and DTI. Section 4(a) suggested that demands on competencies might be expected to depend on the context of each policy document, from 'policy stretching' to 'handling wicked issues'. If policy team competencies were selected to reflect policy context in that way, we might expect to find a different mix of skills and capacities deployed in the six cases.

4.3.2. To compare the skills and competencies contributed by public servants across the six policy documents and the two departments, we broke competencies down into three

TABLE 5: THREE DIMENSIONS OF POLICY COMPETENCY

	Background			Technical or Substantive Knowledge			Contribution to Social Process	
	Quality	Indicator		Quality	Indicator		Quality	Indicator
B1	Experience inside government and the department	Years and proportion of career spent inside BMWi or DTI	TS 1	Policy history knowledge	Knowledge of policy development over time in a given domain	CS P1	Memory	Recollection of previous relevant experience
B2	Industry and business experience	Years and amount of career spent in business or industry	TS 2	Contextual knowledge of business or other sectors	Knowledge of market conditions and other environment Factors	CS P2	Network function	Spanning different systems inside or outside government
B3	Implementing Front-Line Delivery Experience	Years and amount of career spent in delivery or regulatory activity	TS 3	Knowledge of ma				

by identifying all the key core-team individuals involved in the production of each document and giving an approximate coding for each of those individuals on each of the 18 competency elements identified in Table 5. Table 6 gives the aggregated results of this exercise, recording the proportion of team members that seemed to score high on each of the 18 competency elements for each of the six policy documents, together with mean and standard deviation (to give an idea of the homogeneity or otherwise of each policy team in its array of competences).

4.3.5. The analysis is necessarily limited, for example by missing data, small numbers and possible coder bias.²³ But it is striking that no analysis of policy-team competencies along these lines seemed to be taking place in either department, in spite of all the high-sounding words that continue to pour forth about skills and competencies in the public service. That observation seems to bear out the critical comments of many of our interviewees about what they perceived as a lack of attention to organizational competencies compared to the appraisal of individual skills and capacities,

TABLE SIX: ANALYSIS OF AGGREGATE COMPETENCY PROFILES OF THE SIX POLICY DOCUMENTS

	German Telecoms	UK competitiveness	UK telecom	German competition	UK energy	German energy
	%h m	%h M	%h M	%h m	%h m	%h M 2P@

demands set out earlier were mistaken; that the policy-making process is always too volatile even for experienced senior civil servants to recognize and predict the nature of any policy problem with sufficient reliability to select an appropriate policy team; or that the assessment of the individuals in the policy teams may be inaccurate. But the alternative interpretation, that the competencies of policy teams are rarely carefully selected to reflect the contextual conditions of each case, cannot be dismissed and it fits with we were told by many of our interviewees. Indeed, in the

4.3.11. The DTI competitiveness case stands out both because of the relatively high concentration on project oversight, critical dialogue and conflict handling and the relatively high concentration of 'politics' background in a policy team engaged in a 'policy stretching' exercise. It

One is the question of how a contemporary industry department designs and manages the consultation processes that lie at the heart of policy-making. A second is the question of how standard-setting, information-gathering and behaviour-modification fit together in contemporary policy-making for business and industry. A third is the question of what guidelines or benchmarks are available to judge the quality of civil servants' contributions to policy-making for business and industry. This final section comments briefly on these three issues.

5.2. Design and Operation of Consultation Processes. Consultation in various senses was central to the production of five of six policy documents whose biographies we examined in section 4. Who was consulted, when and how, affected how policy was shaped. Hence consultation can be considered a central competency for policy-making civil servants – one that deserves more attention than the vague arm-waving references to ‘working with others’ in the current UK SCS competency frameworks, the equally vague references to ‘networking’ in the DTI’s own competencies framework or the general stress on ‘inclusivity’ in the Cabinet Office guidelines for ‘modern policy-making.’²⁴ Such fr

conventionally divided into ‘green paper’ and ‘white paper’ procedures, is affected by the emergence of global or regional business structures, changing interest group structures and by the capacity for dialogue offered by modern information technology (a capacity that raises tricky questions about how to make consultation targeted, well-thought-out, co-ordinated and consultee-friendly in a way that avoids ‘consultation fatigue’, especially on the part of smaller firms and organizations with limited capacity to respond to consultation demands).

(iii) Consultation within and outside government with experts and scientists (an aspect of consultation that has been much discussed in other contexts, particularly food and agriculture risks, but no parallel framework has been set out for economic and industrial policy.)²⁹

5.2.2. As briefly indicated above, the context for each of these types of consultation has changed to some extent for both departments, as politics/government, business and science alters. Business people who gave us their views identified varying levels of quality in consultation across different parts of the two departments (giving a high rating to some units), but explicit and general principles for consultation across all three dimensions set out above have been slow to develop. In neither BMWi nor DTI did such principles as had been developed fit closely with civil service competency frameworks, and in neither did they encompass all three major dimensions of consultation. In both cases most interviewees appeared relatively (and in our view unjustifiably) complacent about the difficulties of ensuring that expert and scientific advice was best-in-world in current conditions. We note the difference between the BMWi, where consultation rules are legally binding on Ministers and civil servants and are part of the departmental codes of conduct, and the more permissive framework within which the DTI works, outside of those consultation requirements that are specifically written into particular pieces of legislation.³⁰ That raises broad questions about the desirability of general administrative procedure legislation to constrain Ministerial and civil service discretion over the design of consultation arrangements. But even if that quasi-constitutional issue is left aside, it is hard to see why these central skills in designing and operating consultation processes were largely absent from current civil service competency frameworks, particularly in the UK.

5.3. The Link between Front-Line Implementation Perspectives and Standard-setting in Policy. Civil servants in an industry department need to be able to contribute to policy-making in a variety of political climates and conditions. Sometimes – there were cases of this kind among the six documents we examined – the constraints on them are such that all they can do is supply the words to paper over political cracks or ‘park up’ as creatively as they can issues that are politically road-blocked. Both are certainly ‘competencies’ that are needed sometimes, although they are conspicuously (and in our view unrealistically) absent from official competency frameworks. However, where policy-making am

setting, information-gathering and behaviour-modification or implementation. That link – or the lack of it - has long been identified as a central problem in public administration and it remains problematic today, particularly in modern conditions where standards are often set by the EU and other international bodies, and information-gathering and implementation are often conducted through local and special-purpose bodies, creating potential underlap and complexity in the overall system.³¹ That means that a vital organizational competency for a national-level industry department in policy-making is the ability to link together effective ground-level implementation experience with influence over standard-setting. We might expect that ability to be highly stressed in competency frameworks for individuals and organizational units within industry departments, but in neither case was that expectation met and nor was there evidence of much concentrated thinking about how to enhance the linkage.

5.3.1. Front-line implementation experience (and other forms of relevant experience) can be brought together with policy-setting in government in various ways. We identified three ways in which that can be done, namely by transfers and dialogue between those at the front line and those in policy positions in government, by transfers and dialogue between those in government and those in business and industry, and by international exchanges.

- (i) The interchange between ‘front-line’ delivery experience and policy-making was much more commonly found within our DTI cases than our BMWi cases, and it appeared that BMWi had to rely on dialogue with the Länder rather than interchange except in rare cases
- (ii) Interchange between government and business experience, by secondments of civil servants into business or of business people into government service, was also much more commonly found within the DTI than the BMWi, for example in secondees working in the DTI’s Innovation Unit. Whereas in the BMWi case the legal basis of civil service employment appeared to preclude such interchanges (a provision that was criticized by many of our interviewees), the difficulties of promoting such interchange in the DTI case were practical rather than legal. They included the well-known difficulties of how to retain civil servants who go out on secondment to more highly-paid jobs in the private sector and how to attract able business people into much less well-paid positions in the civil service.³²
- (iii) International interchanges. In both departments, most international experience was gained by civil servants working in international organizations and particularly the EU, and though we know of cases where civil servants have been seconded across national governments, there were no-clear cut cases of such secondments in the six policy biographies we examined. Recruitment of permanent staff from other countries was blocked outright for the BMWi as a result of the legal basis of civil service employment, but not for the DTI or the British civil service. It must be asked whether a contemporary industry

