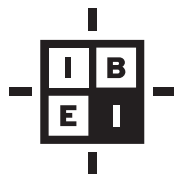


EXPLAINING VARIATION IN ORGANIZATIONAL CHANGE :

The Reform of Human
Resource Management in the
European Commission and
the OECD

Christoph Knill & Tim Balint

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EXPLAINING VARIATION IN ORGANIZATIONAL CHANGE: THE REFORM OF HUMAN RESOURCE MANAGEMENT IN THE EUROPEAN COMMISSION AND THE OECD

Christoph Knill and Tim Balint

Abstract: In this article we investigate the reforms of human resource management in the European Commission and the OECD by analyzing comparatively to what extent both organizations have adjusted their respective structures towards the ideal type of the so-called New Public Management (NPM). The empirical findings show that reforms towards NPM are more pronounced in the Commission than in the OECD. These findings are surprising for two reasons: First, it seems rather paradoxical that the OECD as central promoter of NPM at the international level lags behind the global trend when it comes to reforming its own structures. Second, this result is in contradiction with theoretical expectations, as they can be derived from theories of institutional isomorphism. To nevertheless account for the surprising results, it is necessary to modify and complement existing theories especially with regard to the scope conditions of their causal mechanisms.

Key words: European Commission, Human Resource Management, Institutional Isomorphism, New Public Management, OECD, Organizational Change

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1. Introduction

Much scholarly attention has been devoted to the investigation of driving forces and consequences of the far-reaching national administrative reforms and changes in the public sector in the context of the global wave of the New Public Management (NPM) that swept over Western countries from the early 1980s onwards (Hood 1991; Naschold and Bogumil 2000; Pollitt and Bouckaert 2004). Notwithstanding the fact that the pace and patterns as well as the fine-tuning of NPM reforms vary across countries, there is hardly any doubt that there is a converging trend away from classical Weberian bureaucracies towards more market-oriented management principles and structures. This process of international diffusion was to a considerable extent fuelled by communication activities of international organizations, such as the OECD in the early 1990s (Hood 1995; Lægneid 2002).

In view of these developments, it is rather striking that management reforms within these international organizations themselves so far were hardly subject to comprehensive investigations. We have still limited knowledge about the extent to which international organizations, often considered as crucial diffusion agents with regard to public sector management reforms, actually live up to the standards they promote. It is only recently that the role and functioning of international bureaucracies became a subject of growing importance (cf. Barnett and Finnemore 1999, 2004; Bauer and Knill 2007; Geri 2001; Hooghe 2001; Liese and Weinlich 2006).

In this article, we address this research gap by a comparative analysis of human resource management reforms in the European Commission and the Secretariat of the Organization for Economic Cooperation and Development (OECD). We analyze the extent to which both organizations reformed their human resource management structures and procedures in line with NPM principles. This selection of cases is based on the fact that both organizations differ very sharply with regard to their reform record. While the Commission brought its management structures with regard to many dimensions closely in line with an NPM-like approach, the OECD, by contrast, still represents a more Weberian bureaucracy type when it comes to issues of human resource management.

Moreover, these findings are rather striking in light of the fact that both organizations – notwithstanding their differences in terms of competences and nature (supranational versus international organization) – share many characteristics. Both organizations can be characterized as international bureaucracies where officials with a rather similar educational background are employed. They were founded at around the same time and are based on rather legalistic structures and routines, reflecting the Continental administrative tradition.

In our following analysis we first specify our dependent variable *reform of human resource management* (section 2). In a second step, we present our empirical findings and show why existing theoretical approaches derived from organization theory are not sufficient to account for our empirical puzzle (section 3). Based on

these considerations we consider in a third step alternative explanatory approaches and theoretical modifications of existing theories (section 4). The final section concludes.

2. Empirical Findings: Human Resource Management in The European Commission And The OECD

To assess the reform of human resource management in the European Commission and the OECD we consider formal changes with regard to the categories recruitment, career structure, staff appraisal, and training (Davies 2002; Vaanholt 1997). The OECD and the European Commission regulate their human resource management by staff regulations and staff rules. The staff rules specify the execution of the regulations and can only be changed by the Secretary General. Changes to the staff regulations are subject to the approval of the member states that are represented in the Council.

With regard to human resource management, we distinguish the ideal types of Weber's bureaucracy model (BM) (Vaanholt 1997) and the overall concept of NPM for human resource management (Liebel and Oechsler 1992; OECD 1995, 2005b; Pollitt and Bouckaert 2004). NPM is not one single and coherent reform concept and is differently defined, interpreted and implemented. Nevertheless, certain universal and international approved principles of NPM can be identified, hence representing a general model for reforms in human resource management (Naschold and Bogumil 2000: 84; OECD 2005b: 181). The ideal types and respective indicators are summarized in table 1.

We first consider the *range of reform* by comparing existing patterns of human resource management to an ideal type NPM approach for 1995 and 2007. This gives us an idea about the extent to which each organization moved towards NPM-oriented structures during the observation period. In a second step, we examine the *scale of reform* by comparing the distance to the NPM ideal type for both organizations in 1995 and 2007. This way, we can judge which organization reformed its human resource management most and also which organization is now closer to the ideal type.

The extent to which the different dimensions of human resource management reflect either the BM or NPM ideal type is illustrated by an ordinal scale based on five categories, reaching from 0 to 4. The value 0 means that a certain indicator is fully in line with the BM model, value 4 implies full conformity with the NPM ideal. The other values indicate constellations in between the ideal types. Category 1 means that reforms are more BM than NPM, category 2 refers to cases in which characteristics of both ideal types are similarly represented, and category 3 implies that indicators are closer to NPM than BM, although not fully in line with the latter. This distinction is needed because of the fact that empirically we often observe mixtures between BM and NPM elements with regard to the different indicators.

Table 1: Operationalization of the dependent variable

indicators	value (BM)	value (NPM)
recruitment		
selection procedure in general	formal conditions (e.g. educational background), national balance	merit principle, sophisticated selection methods
selection procedure for senior staff	imprecise selection procedure, unrestricted length of appointment	formal selection procedure, length of appointment related to performance
profile of senior staff	expertise, limited responsibility for resources	management capabilities, responsibility for resources
career structure		
entrance	usually first grade (salary class) of the respective career	every grade is open to competition
structure	horizontal and quite impermeable	vertical and permeable
basic salary	dependent on the grade	dependent on task and responsibility
extra pay	paid automatically and related to seniority	performance-related pay for every official
gratification	None	cafeteria system (e.g. monetary and non-monetary incentives)
staff appraisal		
performance appraisal	not obligatory and seldom	obligatory for every official, yearly target agreement
assessment of future potential	not obligatory and parallel to performance appraisal	obligatory for every official, independent of performance appraisal
senior staff appraisal	none	for every senior official in regular intervals
use of staff appraisal results	hardly connected to promotion (seniority principle) and incentives	directly connected to promotion and awarding of incentives
training		
budget and hours of training	constant and low	increasing and appropriate
purpose	no explicit strategy	lifelong learning
management training for senior staff	voluntary and limited offer of courses	compulsory and variety of courses

2.1 The reform of human resource management in the European Commission

In the European Commission, staff regulations and rules apply to 23,000 permanent officials, most of them with contracts for life. Aside from this, there are specific regulations for around 7,000 temporary agents, contract agents, seconded national experts, auxiliaries, and trainees, which, however, are excluded from our analysis.

As far as *recruitment* is concerned, the merit principle is the most important criteria in the selection procedure (European Commission 2007b). But on top of this, a paragraph in the staff regulations ensures national balance, i.e. an appropriate representation of member states' nationals. For senior managers, there is a very clear analysis of nationality in order to avoid overrepresentation or under-representation of certain nationalities, albeit without using a fixed quota (interview, 12/05/2006). Furthermore, the standardized selection procedure is sometimes circumvented by 'parachutage', meaning that ex-members of the Commissioners' cabinets receive tenure easier than other candidates. Another phenomenon is the 'submarine approach', where officials already in possession of fixed-term contracts receive tenure without any selection procedure (Stevens and Stevens 2001). Until the late 1990s, the selection procedure of senior staff was hardly formalized and their profile was primarily based upon their expertise (Bauer 2008). Since 2001 however, senior staff is recruited by posting the vacancy internally, rarely also externally. The recent reforms want the head of a unit to be more of a manager than an expert (interview, 12/05/2006). For this purpose, the new selection procedure contains an additional layer, the 'assessment centre method', where candidates have to prove the generic competences to become a senior manager. The introduction of activity-based management also makes senior staff more accountable for fulfilling certain policy outputs. However, indefinite contracts still limit personal responsibility and officials normally keep their positions until they retire.

The European Commission's *career structure* can be classified as a typical career-based system. The entrance usually takes place in the first level (grade) of the respective career. However, the structure was changed considerably. In 1995 it was composed of four quite horizontal categories with four to eight grades, respectively. The professional staff belonged to category A, followed hierarchically by the categories B, C and D. The translators and interpreters had their own career named LA. At that time, it was quite difficult to be promoted more than twice or thrice so that lots of officials already reached the highest grade after 15 to 20 years of service (Stevens and Stevens 2001). The new system, by contrast, contains two function groups and 16 grades. The categories B and C are now classified as 'assistants' (AST 1-11) and the categories A and LA as 'administrators' (AD 5-16). This structure is more vertical and allows for more merit based promotions than before (European Commission 2004; interview, 12/05/2007). After the reform officials with management responsibilities earn more than their counterparts in the grade not having this responsibility, though the basic salary is still not linked to the job, but to the grade a person holds. In addition to the basic salary, officials get seniority steps that are paid automatically. During the period of investigation they were reduced from eight to five per grade in order to increase the weight of merit and reduce the weight of seniority (interview, 12/05/2006). There are still overlaps between the grades, i.e. an assistant with higher seniority can earn more than an administrator. However, the salary increase now proceeds digressively. This means that after the reform an official quicker reaches a position where he does not get any extra pay simply by staying on his job. This way, the Commission wants to motivate officials to take the effort for their promotions. Finally, a gratification does not exist.

Also the *staff appraisal* system has changed considerably. Now performance appraisal contains a target agreement and is conducted every year and independent of the new assessment of future potential. The appraisal of senior staff was introduced as a pilot scheme and is not yet institutionalized. An important goal during the reform process was to enhance the efficient use of staff appraisals as a basis for merit based promotions. In 1995, almost all officials were promoted automatically because of the seniority principle. The performance appraisals did not serve as a valid instrument, also because nearly all officials got the mark 'good' (interview, 12/05/2006). Therefore, a new catalogue of criteria and marks was introduced containing up to 32 merit and priority points. Officials can now accumulate their points and are promoted by reaching a certain threshold. However, for officials with an average performance, an automatic promotion is still existent.

Table 2: Range of reform in the European Commission

indicators	1995	2007	change
Recruitment			
selection procedure in general	2	2	no change
selection procedure for senior staff	0	1	towards NPM, but still closer to BM
profile of senior staff	0	2	towards NPM, but still closer to BM
career structure			
Entrance	1	2	towards NPM, but still closer to BM
structure	0	3	towards NPM
basic salary	0	1	towards NPM, but still closer to BM
extra pay	0	2	towards NPM, but still closer to BM
gratification	0	0	no change
staff appraisal			
performance appraisal	1	4	towards NPM
assessment of future potential	0	4	towards NPM
senior staff appraisal	0	1	towards NPM, but still closer to BM
use of staff appraisal results	0	2	towards NPM, but still closer to BM
Training			
budget and hours of training	0	4	towards NPM
Purpose	0	4	towards NPM
management training for senior staff	0	4	towards NPM

In the 1990s, *training* was no explicit priority of the Commission. The budget was decreasing and officials attended training on average less than three days a year (Stevens and Stevens 2001: 106). Since 2000, however, the budget was more than doubled so that officials now attend training more than nine days a year (European Commission 2005). Connected to this financial investment was the implementation of a new strategy towards a culture of lifelong learning. The goal is to make a more fine-tuned analysis of what each department or official needs and how training can help to deliver that by coaching, internal consultancy, paying external training, etc. (interview, 12/05/2006). The approach to management training was also revised. Senior staff with responsibility for financial and personnel resources are under an

obligation to attend management courses. On top of this, it is no longer possible to be promoted to a management position without having taken those courses.

2.2 The reform of human resource management in the OECD

The staff regulations and rules apply to the 2,000 permanent officials in Paris, of which about 60 per cent have fixed-term and 40 per cent indefinite contracts (OECD 2004). Besides, there are specific regulations for around 300 short-term employees like consultants, trainees and auxiliaries, which, however, are excluded from our analysis.

Starting with the dominant principles in *recruitment*, we find minor changes towards NPM during the observation period, with the merit principle playing a dominant role (interview, 15/03/2006). Though the OECD tries to get a good mix of representation of member states ('national balance'), there is no institutionalized committee which controls the adherence to this goal. In contrast to the strong merit based recruitment of regular staff, peculiarities with regard to the so-called project staff have to be emphasized. The latter refers to OECD officials financed by voluntary contributions of member states for certain projects and positions. It is at the discretion of the OECD directorate that receives the contributions whether the position is advertised, and whether the applicants go through structured selection processes. As it comes to recruitment of senior staff, it is at the discretion of the Secretary General if these positions are advertised. However, in early 2000, the OECD adopted a policy that all senior staff is on fixed term contracts. These contracts are only renewed if the performance is satisfactory. Even internal appointees who are promoted through an internal process have to relinquish their indefinite contracts if they had one. The profile of senior staff is still their expertise although, since the introduction of activity-based management, they are subject to a strong performance discipline (interview, 15/03/2006). This means that they are accountable and responsible for outputs that are laid down in the program of work and budget. Nevertheless, there is no regulation that makes management skills a condition sine qua non for senior positions.

The *career structure* remained almost unchanged since the establishment of the OECD. Every position is open to competition so that lateral entrance into the structure is the normal case. This structure is composed of the categories A, L, B and C, each having again several seniority steps (OECD 2007). Category A is formed by professional staff (45 per cent), administrative and support staff are in category B, manual or technical staff are in category C and linguistic staff belongs to category L. This system is quite hierarchical and tends to make it difficult for officials to progress (interview, 15/03/2006). Since the introduction of result-oriented budgeting, some member states perceived increasing problems for deploying staff in a flexible way, i.e. to shift them from one priority task to another (interview, 17/03/2006). Some member states even believe that the actual system bars the OECD from attracting and recruiting the best specialists. Furthermore, the basic salary is dependent on the grade and not (necessarily) on the task or responsibility a person has. In addition, OECD officials get automatic extra pay by seniority steps. Seldom does it happen that this disbursement is retarded for a determined period of time because of bad performance (interview, 16/03/2006). Senior staff members (grade A7 and A6) dispose of six to eight possible steps, the other grades of ten to eleven. The higher a

person gets, the more the extra pay increases. In connection with the basic salary, this leads to an overlapping of grades so that a superior can earn less than his subordinate. An example (interview, 17/05/2006): It is only after ten years that a newly recruited superior in grade A5 would reach the salary level of his subordinate in grade A4, who already receives all possible seniority steps. The seniority principle is therefore quite important; performance-related pay does not exist. However, it is possible that the Secretary General awards an official with one or more extra seniority steps in return for his particular efforts (gratification).

Concerning *staff appraisal*, the whole system was reformed in 1999. Performance appraisal is now binding upon all officials and is conducted with target agreements on a yearly basis. The assessment of future potential is also compulsory. At the moment, in some directorates, there are optional '360 degree feedbacks' for the appraisal of senior staff. It is planned to use the results as a basis for promotions and not the length of service (interview 15/03/2006). However, the five-point scale and the written assessment as set of criteria of staff appraisals are not sufficiently linked to promotion or prolongation of contracts (interview, 16/03/2006; interview, 17/05/2006). From 1995 to 2004 the budget for *training* decreased considerably and reached a very low level (interview, 14/03/2006).¹ At the moment, the OECD is rethinking its approach to training, because until now no clear strategy was pursued.

Table 3: Range of reform in the OECD

indicators	1995	2007	change
recruitment			
selection procedure in general	3	3	no change
selection procedure for senior staff	1	3	towards NPM
profile of senior staff	1	3	towards NPM
career structure			
entrance	4	4	no change, yet NPM
Structure	0	0	no change
basic salary	0	0	no change
extra pay	1	1	no change
gratification	1	1	no change
staff appraisal			
performance appraisal	1	4	towards NPM
assessment of future potential	0	4	towards NPM
senior staff appraisal	0	1	towards NPM, but still closer to BM
use of staff appraisal results	1	1	no change
training			
budget and hours of training	1	0	towards BM
purpose	1	1	no change
management training for senior staff	1	1	no change

1. Thanks to the good cooperation with the OECD, the authors received sophisticated information about the variable 'training' in order to validate the data (cf. table 3). However, the specific content of these data cannot be made publicly available.

2.3 The scale of human resource management reforms in comparison

In the following table, we analyze the *scale of reform* by comparing the changes in the distance to the ideal type NPM model for both organizations for 1995 and 2007. In 1995, we find that the human resource management of the OECD was clearly more in line with NPM principles than that of the Commission. The recruitment in general and the lateral entrance into the career even corresponded to the NPM ideal type. By contrast, almost all indicators reveal an adherence to the BM model in the case of the Commission.

Ten years later, in recruiting staff, the OECD still corresponds more to NPM than the Commission. On the one hand, this is due to the fact that, contrary to the Commission, OECD's senior staff members have exclusively performance-linked and temporary contracts. On the other hand, the 'merit principle' is, despite recent problems with the recruitment of project staff, more important than in the Commission. By contrast, the Commission reformed its career structure which is now based on two function groups. In comparison to the OECD, it provides more opportunities for advancement and less visible overlaps of the grades. In addition, managers in the Commission receive a basic salary that reflects their duties better than before. Only the entrance to the OECD's career structure is closer to the NPM ideal type as it is the case for the Commission.

Both organizations adapted their performance appraisals to NPM and conduct appraisals of senior staff on an optional basis. However, a fundamental difference is based on the fact that Commission officials with constantly good performance are automatically promoted once they pass a certain threshold of points. In the OECD, performance appraisals are to a lesser extent formally connected to promotion or prolongation of contracts. Finally, different reform efforts are demonstrated most clearly with regard to training. While the Commission reformed substantially, for the OECD it is the weakest element of human resource management. There is no explicit strategy comparable to lifelong learning in the Commission and the number of training hours per employee decreased considerably.

To conclude, the Commission's human resource management was reformed further (*range*), and even more comprehensively (*scale*), than in the OECD. In the following section, we try to answer the question, how this variation can be explained.

Table 4: Scale of reforms in the European Commission and the OECD

indicators	COM (1995)	OECD (1995)	closer to NPM	COM (2007)	OECD (2007)	closer to NPM
recruitment						
selection procedure in general	2	3	OECD	2	3	OECD
selection procedure for senior staff	0	1	OECD	1	3	OECD
profile of senior staff	0	1	OECD	2	3	-
career structure						
entrance	1	4	OECD	1	4	OECD
structure	0	0	-	3	0	COM
basic salary	0	0	-	1	0	COM
extra pay	0	1	-	2	1	COM
gratification	0	1	OECD	0	1	OECD
staff appraisal						
performance appraisal	1	1	-	4	4	-
assessment of future potential	0	0	-	4	4	-
senior staff appraisal	0	0	-	1	1	-
use of staff appraisal results	0	1	OECD	2	1	COM
training						
budget and hours of training	0	1	OECD	4	0	COM
purpose	0	1	OECD	4	1	COM
management training for senior staff	0	1	OECD	4	1	COM

3. How to Explain The Empirical Puzzle? The Limits of Isomorphism Theory

When trying to account for the rather surprising empirical findings, we can generally differentiate between endogenous and exogenous factors. A first approach would certainly be to focus upon endogenous, i.e. internal characteristics within both organizations. In particular, one could think of different internal problem pressure (due to the perception and politicization of performance deficits) in order to cope with the different scale of reforms. Especially performance crises which find considerable public attention are emphasized as potential driving forces for administrative reforms (Bauer 2008; Pollitt and Bouckaert 2004). Indeed, both the European Commission and the OECD were confronted with internal corruption allegations in the late 1990s (Peterson 2004; Stevens and Stevens 2006). To be sure, the two crises were quite different in terms of media attention and politicization; the Santer Commission even resigned in the course of the developments, while the problems within the OECD hardly received high public attention. These differences, however, hardly constitutes a plausible explanation for the observed variation in organizational change in both at the Commission and the OECD level, given that the crises concerned primarily antiquated and opaque accounting procedures. The topic of human resource management only played a minor role in this context. Moreover,

though performance deficits due to existing staff rules and regulations were raised internally in both organizations (European Commission 2000; OECD 1999: 32, 2001: 97, 2003: 94, 2006: 102-3), our analysis has shown that the adoption and formal implementation of respective reforms differ sharply among our cases.²

Apart from problem pressure, there are other endogenous factors like the nature of the organization and its organizational size that may account for an explanation (cf. Knill and Bauer 2007). But there seem to be no discernible connection between the size and the competences of an international organization and its reform efforts in human resource management. This is at least the case if organizations dispose of a minimum number of employees and cover a certain scope of tasks - like the European Commission and the OECD both do.

In view of this constellation, the crucial question is why similar internal arrangements and problems led to far-reaching reforms in the Commission but not in the OECD. Are there differences in the environment of both organizations that can account for our empirical results? To answer this question, institutional isomorphism emerged as a promising framework, as it accounts for phenomena of international spreading and diffusion of policy innovations and reform concepts, not least with regard to public sector reforms (DiMaggio and Powell 1991; Levi-Faur 2002; Meyer and Rowan 1977; Meyer et al. 1997). The central argument advanced by DiMaggio and Powell is that legitimacy rather than efficiency is the major driving force of organizational change. To increase their legitimacy and ensure their persistence, organizations embrace rules, norms and routines that are widely valued in their organizational environment.

Hence, organizational change is essentially driven by external developments rather than intra-organizational concerns about the organization's efficiency. DiMaggio and Powell identify three mechanisms which are driving isomorphic organizational change, namely coercive, mimetic and normative isomorphism. In the following, these mechanisms will be investigated in closer detail.

3.1 Coercive Isomorphism

An important driving force of isomorphic organizational change emerges from coercion. Organizations adjust their structures and procedures to organizations from which they are financially or legally dependent. According to these considerations, DiMaggio and Powell (1991: 74) hypothesize that 'the greater the dependence of an organization on another organization, the more similar it will become to that organization in structure, climate, and behavioral focus'.

Looking at our cases of human resource management reforms in the European Commission and the OECD, this kind of dependence might especially result from

2. The OECD has embarked on a major reform program very recently. As this recent reform program had not been completed and formally implemented at the time of this study, it is not covered in this article.

potential pressures exerted by the member states. In both organizations, the member states could, in principle, exert financial and political pressure for adjusting existing management structures, as they play a crucial role in defining the budget of these organizations. In this context, the dependence with regard to introducing NPM-based human resource management structures is assumed to vary with three factors.

First, the budgetary contributions might vary across member states, implying that OECD and European Commission are not equally dependent on each member state. In view of our research question it is of particular importance whether member states that can be characterized as NPM core countries or member states that are laggards in introducing NPM reforms at home are more influential in terms of political decisions and budgetary contributions. To account for this variation, we divide the member states of the OECD and the Commission into two groups of NPM core countries and NPM laggards and measure the number of votes each group has in the Council as well as its respective budget contribution. This classification is based on common distinctions in the respective literature (cf. Hood 1995; Kim 2002; OECD 1995; Pollitt and Bouckaert 2004). In this context, we assume that no significant changes in the classification of the member states occurred during the observation period 1995-2007. This assumption is supported by comparing respective assessments in the literature. The groups of NPM leader and laggard member states are summarized in the following table.

Table 5: NPM leader and laggard states in the EU and the OECD

group	EU	OECD
NPM leaders	Denmark, Finland, United Kingdom, Ireland, the Netherlands, Sweden	Australia, Canada, Denmark, Finland, United Kingdom, Ireland, New Zealand, the Netherlands, Norway, Sweden, Switzerland, USA
NPM laggards	Austria, Belgium, France, Germany, Greece, Italy, Portugal, Spain	Austria, Belgium, France, Germany, Greece, Italy, Japan, Mexico, Portugal, South Korea, Spain, Turkey
other (lack of data)	Luxembourg	Czech Republic, Hungary, Iceland, Luxembourg, Poland, Slovakia

Second, the budgetary pressures exerted by the member states might increase with the size of the personnel budget in relation to the overall budget. Third, pressures on the personnel budget might be reduced, the more an organization disposes of own resources that cannot be influenced by the member states.

Table 6 summarizes the characteristics the OECD and the Commission display with regard to the three above-mentioned indicators (cf. European Commission 2006, OECD 2006, 2005a).

On all indicators, it becomes apparent that we should expect more NPM-based changes of the human resource management in the OECD than in the Commission. While in the EU, the share of Council votes of NPM laggards is more than twice as high as those of the NPM core countries this difference is much less pronounced in the OECD. A similar picture emerges for the structure of the budget and respective budgetary contributions. More than 50 per cent of the EU budget is financed by NPM

laggards, such as Germany, France, Italy and Spain. In sum, it is obvious that we should expect more pronounced NPM-oriented reforms in the OECD than in the Commission. Our empirical findings, by contrast show an exactly opposite pattern. This leads us to the conclusion that coercive isomorphism did not seem to play a significant role in the reform process.

Table 6: Indicators of coercive reforms

indicator	EU	OECD
number of Council votes		
... of NPM leaders	32.1%	36.7%
... of NPM laggards	65.6%	43.3%
... of other member states	2.3%	20%
relative budget contribution		
own resources	27%	7.3%
... of NPM leaders	19.6%	33.1%*
... of NPM laggards	53.2%	41.2%*
... of other member states	0.2%	1%
relative size of the personnel budget	2.5%	47.2%

* = plus voluntary contributions

3.2 Mimetic Isomorphism

Organizational adjustment to the environment is not only expected to take place as a result of coercive pressures, but may also occur in constellations of high uncertainty; e.g. ambiguous goals, uncertain means-end relations or the confrontation with new problems. In such constellations it is argued that organizations imitate the structures of other organizations which they perceive as particularly successful. Instead of a long-winded search for own solutions to existing problems, organizations strive to ensure their legitimacy by emulation (DiMaggio and Powell 1991: 75; Guler et al. 2002: 213).

With regard to potential uncertainty affecting the human resource management reforms in the Commission and the OECD we concentrate in the following on the financial and personal resources of these organizations. To what extent can they trust in the continuous development of their financial and personnel means? These factors are measured by three indicators, namely the length of the budgetary period as well as the development of the budget and the staff size during the observation period (1995-2007). The more uncertain the situation of an organization with regard to these aspects (expressed by short budgetary periods and decreasing budget and staff size), the more we should expect the imitation of NPM-oriented management reforms. This expectation is based on the general observation that during the last two decades, NPM has developed into a dominant reform approach around the globe, notwithstanding persisting differences in the speed and scope of adoption across countries (Pollitt and Bouckaert 2004).

When having a closer look at the different indicators, we arrive again at the conclusion that mimetic isomorphism should be more likely in the OECD than in the Commission. This becomes firstly apparent by the fact that the financial planning within the EU is based on a relatively long period; the member states decide every seven years upon the financial framework for the yearly budget. In the OECD, by contrast, the budget is based on yearly and (from 2007 onwards) biannual decisions of the Council. Compared to the Commission, there is hence more uncertainty with regard to financial planning in the OECD.

Secondly, the long-term financial planning in the EU at the same time implies that during the observation period both the size of the yearly budget and personnel resources within the Commission remained highly stable. In the OECD, by contrast, on both indicators significant decreases can be observed from the late 1990s onwards. Between 1996 and 1999, the member states decided to cut the OECD budget by 18 per cent implying that the OECD had to cut 220 jobs (OECD 1997a: 93; OECD 1999: 32). This development was triggered by reductions in the financial contributions of the United States which also induced other members to reduce their payments. As a consequence, the staff numbers fell by 10 per cent between 1995 and 2005, although five new members joined the organization during this period (Czech Republic, Hungary, Poland, Slovakia and South Korea). Moreover, the OECD's nominal budget in 2007 is below the 1995 numbers (OECD 1996, 2000, 2006), implying – as one OECD official states – that 'you have to do the same amount of work with less money' (interview, 17/03/2006).

We hence find that the variation in human resource management reforms between the Commission and the OECD cannot be explained by mimetic isomorphism. Given the much higher uncertainty with regard to financial and human resource planning, NPM-oriented reforms were much more likely to take place in the OECD than in the Commission.

3.3 Normative Isomorphism

A further mechanism driving isomorphic organizational change is based on similar dominant normative orientations and beliefs of staff members. In this context, especially the impact of similar professional backgrounds and the role of professional organizations and epistemic communities (Haas 1992) in spreading common understandings and perceptions of policy problems and solutions are emphasized in the literature (Hasse and Krücken 2005: 26).

In terms of professional standards (education, academic background), rather similar orientations can be assumed for the OECD and the Commission. In both organizations, the staff is recruited amongst the best-educated academics in Europe (Hooghe 2001; Spescha 2005). Against this background, we consider it more appropriate to focus on the home country of the staff members rather than their educational background. This focus is also used by other studies, such as Hooghe (2001). In her study of decision-making within the European Commission, she found

that the Commission bureaucrats, in many instances, define their respective positions by taking account of the ‘majority opinion’ in their home countries. For our concrete case of human resource management, we should hence expect that the support of staff members for NPM-oriented reforms depends on the extent to which such developments were adopted or are supported in their home countries. The higher the number of staff from NPM core countries, the more the organization will adopt NPM-based reforms.

This argument, however, needs further specification. First, it can be assumed that the extent to which staff members perceive themselves as associated with dominant beliefs and positions of ‘their’ national context decreases over time. The longer the tenure of officials, the more the socialization with the orientations and goals of the international organization will become dominant over their domestic socialization (cf. Hooghe 2001: 211). Second, the extent to which officials might act as agents of diffusion within the international organization is dependent upon their degree of embeddedness in international discourses and networks in which issues of human resource management are debated.

To analyze the Commission and the OECD along the above-mentioned indicators, we concentrate on overall staff with academic background and administrative top officials in both organizations (European Commission 2007a; OECD 2004). For overall staff figures, we focus on all officials within the career track A at the OECD level (906 persons in 2004) and the new career track AD at the Commission level (10,184 persons in 2007).³ With regard to top officials, we considered the nationality of the grades A6 and A7 (53 persons) in the OECD and of A1 and A2 (275 persons) in the Commission. The staff composition of the Commission and the OECD according to these dimensions is displayed in the following table.

Table 7: Nationality of staff and top officials in the European Commission and the OECD

Indicator	COM	OECD
whole staff with academic background		
... from NPM leaders	26.8%	48.5%
... from NPM laggards	73.8%	49.0%
... from other member states	0.4%	2.5%
top officials		
... from NPM leaders	31.3%	56.6%
... from NPM laggards	68.6%	43.4%
... from other member states	0.1%	0%

Looking at top officials, we find that within the Commission around two thirds of the personnel are nationals of NPM laggard countries basically from France,

3. For the OECD, we relied on the most recent data available (OECD 2004). For the Commission we took the data of 2007 (European Commission 2007a) and excluded staff from the countries who joined the EU in 2004, assuming that the latter are of limited importance in order to account for reform developments between 1995 and 2007. In both organizations the national composition of the staff has remained rather stable over the last decade.

Germany, Belgium, Italy and Spain. Less than a third of the staff has the nationality of a NPM core country. This picture is even more pronounced by looking at the whole staff with academic background. In the OECD, by contrast, top officials from NPM core countries make up 56.6 per cent, while for the whole staff the share of NPM leaders and laggards is almost equal. Based on these figures, mechanisms of normative isomorphism with regard to NPM-based reforms should be more pronounced for the OECD than for the Commission.

This expectation, which is contrary to our empirical results, is further supported when considering the length of time staff typically is employed in both organizations. In the OECD, only 30 per cent of the top officials and 45 per cent of the whole staff have timely unrestricted working contracts, while in the Commission almost all staff members have tenure. Compared to the Commission, we can hence assume staff socialization in the OECD to be much more based on the national context rather than being shaped by the organization itself. This should facilitate the transportation of dominant domestic ideas with regard to human resource management into the organization.

The same statement applies with regard to the involvement staff members into international communities and networks in which NPM and human resource management reforms are discussed. While the Commission is predominantly concerned with issues of drafting and policy formulation, the OECD perceives itself primarily as a think tank which via its Public Management Committee (PUMA)⁴ explicitly acted as a *the* international promoter of NPM-based human resource management (OECD 1995; Sahlin-Andersson 2002). Against this backdrop, it sounds almost like an irony that OECD recently announced a new report on 'modernizing public employment' in order to push respective reforms in its member states (OECD 2005b), while at the same time keeping rather 'old-fashioned structures' at home.

In summary, we find that the different mechanisms of coercive, mimetic and normative isomorphism provide no sufficient explanation in order to account for the variation in human resource management structures found in the OECD and the European Commission. While isomorphic changes towards NPM-based structures should be more pronounced in the OECD than in the Commission empirical findings reveal exactly the opposite pattern. The central puzzle hence emerging from our analysis is: Why did the OECD not embrace to a similar and even stronger extent NPM-based human resource management reforms as the Commission? We argue in the following that this puzzle can be addressed by closer investigating the limits of mechanisms of institutional isomorphism.

4. PUMA was renamed into Public Governance and Territorial Development (GOV).

4. Scope Conditions of Isomorphic Change

It is an important achievement of isomorphism theory to differentiate between different mechanisms that drive organizational change. Moreover, the theory identifies the factors that affect the relative importance of each mechanism in a specific constellation; e.g., coercive isomorphism is more pronounced, the more an organization is dependent from other organizations. What is theoretically underdeveloped, however, is the fact that – in many instances – organizations will have multiple choices when striving for increasing their legitimacy in their organizational environment. On the one hand, there might be more than one dominant model that could serve as a blueprint for change. On the other hand, and this is of special importance in our case, isomorphic change might refer to different dimensions, levels or aspects of existing organizational structures, routines and practices. In other words, it is unclear under which conditions an organizations decides to reform, for instance, its formal structure, its decision-making procedures or its human resource management. Which parts of the menu of potentially legitimacy-enhancing reform models circulating in the international environment do organizations actually select and why?

We argue in the following that organizations base these decisions upon the relative legitimacy gains to be derived from the varying options for isomorphic change. The case of the OECD shows that these potential gains are strongly affected by the specific legitimacy problems an organization is confronted with. Given the OECD's rather fundamental crisis with regard to its very self-identity and future development, isomorphic adjustments of its human resource management were no sufficient remedy to overcome this crisis.

First, the OECD since the 1990s is in a fundamental crisis with regard to the definition of its future objectives and mission.⁵ As its then General Secretary Johnston emphasized already in 1997, 'it has become clear that the OECD suffers from a lack of distinct identity (...). Dealing with the full range of public policy issues it has become increasingly difficult to capture in a few descriptive words what the Organization actually does' (OECD 1997b: 3). Notwithstanding this early diagnosis, the OECD still lacks a clear focus and decision what to do with which member states (interview, 16/03/2006; interview, 17/03/2006). The new Secretary General Angel Gurría assumed his office in June 2006 and asked – again – the member states to better define the OECD's role. He argued for a new and clear mandate; a mandate for relevance.

Conflicts on future goals are highly difficult to resolve in view of internal decision-making structures based on unanimity. This holds true in particular, as the adoption of new goals in light of the tight budgetary situation would require reducing other activities. Such redistribution conflicts, however, are difficult to address within the existing structures (Chavranski 1997: 71; interview, 17/03/2006).

5. See also various reports in Financial Times 2 March 2003, 30 November 2005, 29 May 2006; International Herald Tribune 29 November 2005, 10 February 2006, 10 May 2006; Süddeutsche Zeitung 15 March 2003.

For the persistence of the status quo, it is sufficient that there is only one member state objecting to dissolve a certain working group or committee. Overcoming this crisis requires respective adjustments in the decision-making procedures, an issue that is discussed for years, albeit without any solution on the horizon yet.

A second problem related to that is the unresolved conflicts with regard to potential enlargements of the OECD. There is an ongoing debate whether the organization should integrate bigger 'players', such as Brazil, China, Russia or India, or rather focus on the accession of Central and Eastern European countries. The longer this conflict over a more global or a more European focus lasts, the higher is the risk that the OECD loses its profile or 'policy monopoly' to other international organizations, such as the EU, the International Monetary Fund, the World Bank or the World Trade Organization in the field of foreign trade and economic policy (interview, 17/03/2006). This problem is further aggravated by the fact that in the general public, there is a decreasing perception and knowledge of the activities and the achievements of the OECD. For instance, in most member states, the general public is not aware of the fact that the highly politicized 'Program for International Student Assessment' (PISA) ranking was launched by the OECD.

In sum, we can observe a continuing identity crisis of the OECD that constituted an important scope condition of isomorphic change. As the OECD's organizational environment is almost exclusively constituted by national governments and their civil servants attending respective meetings and working groups, the identity crisis had also an external dimension that can be termed as legitimacy crisis. Against this background, isomorphic adjustments of OECD's human resource management were no sufficient remedy to overcome this crisis. On the contrary, the member states did not agree upon a substantive management reform but upon the reduction of costs by downsizing staff and reducing the budget for training. As far as the European Commission is concerned, such fundamental conflicts in objectives and challenges could not be identified. Due to its seven-year financial framework and its political sovereignty, such problems are over and above less likely to occur than in the OECD.

5. Conclusion

In this paper, we compared human resource management structures in the European Commission and OECD and their development towards NPM-based reform models between 1995 and 2007. Our results show that overall an orientation towards NPM models is more pronounced in the European Commission than in the OECD. This finding is striking from both an empirical and theoretical perspective. Firstly, it appears quite paradoxical that just the OECD – considered as one of the most important international promoter of NPM – has a rather old-fashioned human resource management that needs to be further improved and reformed in the future. Secondly, our empirical results conflict with theoretical expectations derived from institutional isomorphism: coercive, mimetic and normative pressures for NPM-based adjustments were stronger for the OECD than for the European Commission so that we actually

should have observed opposite reform patterns. Against this background, our comparative analysis suggests that organizations are highly selective in terms of how to react to pressures for isomorphic change. Thus, we have argued that isomorphism theory needs to be complemented by arguments with regard to the conditions under which organizations adopt policy innovations diffusing internationally. They seem to be contingent upon the specific problems with which an organization is confronted and the potential legitimacy gains for overcoming these problems.

Annex

interviews	Place	interviewees
interview, 14/03/2006	Paris	ambassador of OECD member state
interview, 15/03/2006	Paris	two employees of the OECD human resource department
interview, 17/03/2006	Paris	two representatives of the OECD Staff Association, ambassador of OECD member state, national expert for OECD personnel policy
interview, 12/05/2006	Brussels	seconded national expert for the reform of the EU staff regulations, two employees of the DG Personnel and Administration
interview, 17/05/2006	telephone interview	ambassador of an OECD member state, national expert for OECD personnel policy

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