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
Christopher Hood, Martin Lodge and Christopher Clifford

Aims of the Study

1.1. The study aimed to develop further the earlier research work commissioned by the Smith Institute and Industry Forum to examine UK civil service performance and capacity in policy-making ('Empowering Government: Reforming the Civil Service', November 1999) against the background of recent civil service reform initiatives. Those initiatives include the 1999 Modernising Government[1] White Paper, the developing competency framework for the Senior Civil Service (and departmentally-specific frameworks below SCS level), and attempts to identify best practice in policy making and consultation. Official letters setting out the detailed aims of the study and the terms of engagement of the research can be found in Appendix 1.

1.2. This study, however, differs from the 1999 Smith Institute/Industry Forum study in three ways. First, while the earlier study was a broad-brush inquiry extending across central government, this study focuses specifically on selected policies relating to business and industry. Second, whereas the earlier study investigated the UK alone, this study aimed to put UK concerns into comparative perspective by comparing the German Bundeswirtschaftsministerum or Economics Ministry (BMWi) with the British Department of Trade and Industry (DTI). Third, while the earlier study drew its research material largely from focus groups and general analysis of a set of policy domains, this study explores civil service policy competencies by tracing out the 'biography' of a selected set of policy documents, to identify what skills, knowledge and capabilities went into making those documents. This particular approach to investigating civil service competencies has not to our knowledge been used before.[2]

2. Background: The German BMWi and the British DTI

2.1. The German Federal Economics Ministry and the British DTI are the main government departments in the two countries concerned with policy towards business and industry. As the table below shows, the BMWi was substantially smaller than the British DTI in total staff and running costs as of 2001, though it had a rather larger overall budget. The general point, however, is that these two major departments constituted a significant concentration of each government's senior public servants and a substantial investment in terms of running costs and top talent.

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[1]. Cabinet Office, Modernising Government Cm 4310 (London: HMSO, 1999).
[2].Though a similar method was used by Edward Page in a study of secondary legislation (Governing by Numbers, London, Hart 2001). By contrast the UK Centre for Management and Policy Studies based a study of 'better policy making' on self-reporting of new methods of policy-making by departments and the UK National Audit Office applied the Cabinet Office's 'modern policy-making' framework to four case studies comprising different problem constellations. See, respectively, CMPS Better Policy-Making (2001) and NAO Modern Policy-Making: Ensuring Policies Deliver Value for Money (2001).

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]

2.2. Both organizations were created long before the current industrial age. Both faced the challenge of adapting their distinct cultures and traditions to current conditions, and both operated in policy territory that was shared with a dominant Finance ministry. The BMWi was the power-house of the economic policy in West Germany after World War II that was championed by Ludwig Erhard (Economics minister from 1949 to 1963) and was associated with the German 'miracle.' In later decades its role developed into that of 'ordo-liberal conscience' for the German state, particularly over cartel policy. The British DTI was a combination of the historic Board of Trade (created in the seventeenth century under an Order in Council that was still in force), with a broad range of regulatory functions, the former Department of Energy and the industrial promotion 'Mintech' tradition of the 1960s.

2.3. Both organizations faced the challenge of adapting to new styles of politics, new ways of working and new industrial environments. In both, professional civil servants had to adapt to Ministers with different personality types and ways of working. Both had faced the challenge over the previous decade or so of moving to some degree from traditional 'branch' styles of working to 'project team' approaches. Both had been exposed to considerable delayering and rationalization pressures, which several interviewees and commentators saw as leading to fewer checks and controls. Both were dealing with a changing global business environment which challenged traditional patterns of consultation and sources of expertise, particularly in domains like communications where technology had been changing radically and business structures had been transformed. Both were centrally involved in EU single market developments, so they faced the challenge of adapting and contributing to the development of EU policy and law and working effectively with new EU policy frameworks and networks.

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[3]. These numbers were obtained from the DTI Human Resource database Calipsoe (25/9/01). The total number includes 708 staff working in regional offices.
[4]. Measured in terms of 'B-payscale' (Source: Übersicht zum Bundeshaushaltsplan 2001.
[5]. Those classified as 'Senior Civil Service': from Government Expenditure Plans 2001/2 to 2003/4
[6]. Approximately 50 per cent of the BMWi budget was used for coal subsidies.
[7]. Source: Bundeshaushaltsplan 2001. Overall running costs including subordinate agencies amounted to €597.8m.
[8]. Overall running costs were €790m.

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 <u>Land</u> 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 agencies with substantial executive, scientific or regulatory responsibilities – eight subordinate agencies employing approximately 7,200 staff in the case of the BMWi[9] and twelve executive agencies and regulatory bodies with more than 3,500 staff in the case of the DTI.[10] Such agencies had long been an established feature of the German federal public service, though their widespread use was a more recent development in Whitehall.[11]

2.6.   The environment that DTI civil servants worked in differed substantially from that of BMWi. DTI civil servants had traditionally operated within a framework of single-party government, in a structure comprising a mixture of 'generalists' and 'specialists.' They worked within a modified form of unitary state structure, in which implementation of industrial policy within England was largely conducted through the DTI's own regional offices – a feature of DTI's organization that had been heavily criticized for over-complexity in the delivery structure. (Scotland, Wales and Northern Ireland had long had specialized industrial policy departments, and devolution was changing the overall picture.) British civil servants had some independent constitutional role (for instance over changes of government) and in some cases duties were laid directly by statute on civil servants, but senior British civil servants had traditionally been seen mainly as agents of their Minister and the government of the day. And while Whitehall was often loosely said to be 'federal' in the way its departments worked, many UK government departments strictly had no legal personality, with management policies for the civil service emanating from the central agencies as well as being developed by departments and other organizations.

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[9]. These agencies included: the Federal Cartel Office , Federal Office of Economics and Export, German Office of Foreign Trade, Federal Institute for Geosciences and Natural Resources, Federal Institute for Materials Research and Testing, Federal Institute for Physics and Metrology, Regulatory Authority for Telecommunications and Post.

[10]. Executive agencies and regulatory bodies within the DTI's ambit included: the National Weights and Measures Laboratory, Radiocommunications Agency, Company House, Patent Office, Office of Fair Trading, Office of Telecommunications, Office of Gas and Electricity Markets, Postal Services Commission, Export Credits Guarantee Department, Employment Tribunals Service, Insolvency Service and Small Business Services (see 'The Government's Expenditure Plan', www.dti.gov.uk/expenditure/annexa/page5.htm)

[11]. Albeit common, particularly in Scotland and Ireland, in the nineteenth and early twentieth centuries.

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. Somewhere in between are intermediate forms of criticism. We encountered all three types of criticism, directed at some or all of both departments, during the course of our interviews and research, and Table 2 summarizes some of those positions (though to respect the confidentiality of our interviews and in line with the terms of engagements outlined in Appendix 1, we do not attribute views to named individuals). In general, as we shall show later, the heaviest criticism tended to be concentrated at the organizational rather than the individual level of competency. Indeed, those whom we interviewed outside the public service tended in the main to respect and admire the 'analytical ability' of DTI senior staff and the <u>Sachkompetenz</u> (subject expertise) of BMWi officials. But those interviewees (and numerous inteviewees within the public service) tended to be less respectful and admiring of organizational practices and ways of working.

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
BMWi	- 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.	- BMWi tended to be insular and inward-looking - It was poorly adapted to management of EU policy - It was poor at producing well-targeted internal policy papers - It was poor at identifying and managing new issues like communications. - Consultation was often formalistic and appeared as 'token' activity - There was too much continuity - BMWi worked too slowly (e.g. with long summer breaks).	- BMWi had strong subject expertise, but needed more flexible employment patterns both of regular staff and in more recruitment of outsiders on a short-term basis - It needed to adapt further to project work and to develop project management capacity - It needed to improve management of the split-site Bonn-Berlin structure inside the department. - The system of promotion was not linked with demands placed on civil servants in handling highly politicised policy domains.
DTI	- The department had a deeply confused remit, mixing industrial regulating and championing roles, which ought to be separated - The capacity of civil servants to work autonomously was limited by the constitutional position of the Permanent Secretary (who cannot 'sign off' on policy deals). - The constant re-organisation of departmental boundaries and structures weakened the confidence of DTI staff and reduced policy quality	- Policy delivery was hampered by over-complex programs in English regional offices and general weaknesses of implementation - There was a perceived lack of hands-on industrial experience - The organization was bloated, with poorly allocated resources and defensive culture at middle levels. - It was poor at consulting with unconventional groups - Internal coordination was weak and it was poor at working with other departments - Idea-generation was weak and poorly managed - A blame-avoiding culture skewed behaviour - It was too reluctant to seek guidance from Ministers when their directions were unclear - It worked too slowly.	- DTI had good analytic ability and was generally good at EU management, but needed more intensive use of secondees from industry alongside regular civil servants. - It needed better reward structures and better ways of handling staff - The pressures of day-to-day workload undermined opportunities for further training. - DTI needed to adjust to a more fluid policy-making style in current political conditions and to improve project management in policy development.

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;
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> (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 noted in the previous section). The UK borrowed a variant of the Chinese mandarin system for the civil service via the East India Company in the nineteenth century as a response to a crisis of patronage and the extension of the franchise, but that system has also come under repeated attack from the 1960s. In Appendix 4 we give a brief history of the competency approach in Germany and the UK in recent decades.

3.3. At the time of our study, the competency frameworks applying to the BMWi and the DTI were different in several ways. The BMWi had a departmentally-specific appraisal and leadership evaluation ('360 degrees') framework applicable to all its staff. Perhaps because of the high-grade analytic staff it had to manage, it was seen as a leader within the German federal government in developing these frameworks; and in common with most other federal government departments its appraisal system for competencies distinguished <u>fachliche Kompetenz</u> (subject and substantive knowledge), <u>methodische Kompetenz</u> (leadership and management), <u>soziale Kompetenz</u> (communication inside and outside the department) and <u>persönliche Kompetenz</u> (individual working and presentation style).[13]

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[12]. See E.P. Antonacopoulou, and L. Fitzgerald 'Reframing Competency in Management Development', <u>Human Resource Management Journal</u> (1996), 6 (1): 27-48; S. Horton 'Introduction – the Competency Movement: its Origins and Impact on the Public Sector'' <u>International Journal of Public Sector Management</u>, (2000) 13 (4): 306-318; S. Horton 'Competency Management in the British Civil Service', <u>International Journal of Public Sector Management</u>, (2000) 13 (4): 354-2000.

[13]. BMWi, <u>Personalentwicklungskonzept</u> (1994). BMWi, <u>Beurteilungsrichtlinien</u> (1994). BMWi, <u>Personalentwicklung im Bundesministerium für Wirtschaft und Technologie, Teilbereich Führungskräftequalifizierung</u> (2000). BMWi, <u>Vorgesetzenbeurteilung – Grundsätze und Verfahrensweisen</u> (2001). BMWi, <u>Beurteilungsbogen Vorgesetzenbeurteilung</u> (2000).

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 the Senior Civil Service (since its creation in its current form in 1996) and a departmentally specific framework applying to its other staff.[14] The competency frameworks applying to both categories of staff focused heavily on corporate and process management skills of individuals, rather than on team or organizational competencies.

3.5. The UK senior civil service documents and the German system of 360° evaluation of line managers by their subordinates both stressed managerial rather than technical/substantive performance. Both frameworks established similar requirements and evaluative criteria for performance, with the German document focusing particularly on superior-subordinate relationships. While the German framework incorporated a categoric grading system, the most recent British senior civil service performance management scheme at the time of our study relied on narrative reporting alone.

3.6. Both of these approaches have their strengths and weaknesses, though few of the BMWi staff we interviewed saw many advantages likely to be delivered by the bifurcated DTI system. Both frameworks can be considered as 'wish lists' rather than closely grounded in operational practice (in Germany, the armed forces and the diplomatic services rather than the domestic civil service were seen as the leading public-sector organizations in developing competency management). The BMWi framework specifically included negotiating and consultation competencies, but the UK SCS and DTI frameworks were heavily inward-looking. They gave little emphasis or attention to the outward-facing aspects of policy work (in spite of the emphasis on 'outward lookingness' in the Cabinet Office's guidelines for modern policy making and evidence in the public management literature that the central feature of public service leadership is the ability to span across different systems and cultures within and outside government[15]). Although it was claimed by some that the managerial-behavioural bias of the UK competency framework had to be considered alongside various other skills and knowledge requirements, it seems strange and illogical that a central 'competency' document for civil servants does not incorporate all the key attributes and qualities required of them.

3.7. All of the three policy domains we examined demanded strong Euro-competence – an ability to get effective results from the EU policy process – that like other external competencies (gaining subject-expertise from outside and managing and designing consultation processes) was not clearly identified as a core competence in either the British/DTI or BMWi documents. Interviewees in BMWi declared that broadening and deepening Euro-competencies was a key challenge for the future. In principle, DTI civil servants had a comparative advantage over their BMWi equivalents in EU work, since they were largely working in their own language, but that expertise was not recognized as a core competency and even in DTI Euro-expertise was frequently separated from general policy expertise.

3.8. Both organizations were trying to grapple with changing demands for subject-expertise in policy-making, though the emphasis differed. BMWi was trying to recruit staff from more specialized industrial backgrounds, although constrained by its obligation to hire policy-making staff from those qualified in law and economics. DTI had no similar constraints on

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[14]. DTI, Success Profile: How We Want to Work Together (undated).
[15]. See P. Ingraham 'Linking Leadership to Performance in Public Organizations', OECD 18.7.2001 (PUMA/HRM(2001)8/Final)

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. Further, at a time when the UK government was emphasizing the need for 'evidence-based policy' (and several key documents had highlighted the importance for policy quality of government departments' ability to relate effectively with research work[17]) it is notable that the SCS competency framework included no reference to hands-on experience in systematic research. (The absence of specific reference to that key competency implies a dubious assumption that any intelligent person can readily understand what 'evidence' research can and cannot produce and in what time-frame.) In our case studies we found some experience of this type available within DTI, but it was not extensive.

3.10. Both frameworks were heavily (and in the view of many we talked to, excessively) focused on the competency of individuals rather than the competency of organizational units. Yet some of the strongest criticism we elicited from interviewees both inside and outside the two departments (some of which was summarized in the previous section) were directed at the latter kind of competency. We will say more about this issue in the next section, but we can note that incentivising units and teams rather than individuals was seen by a number of our interviewees as an appropriate way of encouraging good policy-making.

3.11. Major questions also arise as to how deeply the official competency frameworks in both cases were in fact embedded in the standard operating routines of the departments – again, perhaps in contrast to military practice. Numerous interviewees explicitly or implicitly dismissed the frequently-changing UK competency framework as banal corporate 'management-speak', mainly serving a symbolic purpose for internal and external consumption, while in practice subject expertise (both in terms of background and technical or substantive knowledge) tended to be the feature of policy competency most often referred to by civil servants. Neither in the BMWi nor in the DTI did we find strong and concrete evidence of the competency frameworks being deeply rooted in appraisal and reward systems. Although in both cases we heard of ambitious-sounding plans to make that linkage tighter in the future (in Germany, linking competencies more directly with promotion, in Britain

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[16] . The original concept of the 'career anchor' developed by Edgar Schein at the Sloan School of Management, MIT, in the 1970s in fact referred to underlying motivational and attitudinal factors that underlay individuals' career paths (see E.H. Schein 'How "Career Anchors" Hold Executives to their Career Paths' Personnel 52 (3) 1975: 11-24 and E.H. Schein Career Dynamics: Matching Individual and Organizational Needs (Reading, MA, Addison-Wesley 1978). That original concept of 'career anchors' contrasts sharply with the one-size-fits-all approach to civil service competencies contained in documents such as the UK SCS framework.

[17] . See Sir R. May 'The Use of Scientific Advice in Policy-Making' March 1997 (www.dti.gov.uk/ost/ostbusiness/index.htm); the BSE Inquiry: The Report 2000 (www.bseinquiry.gov.uk)

through enhanced performance-related pay systems[18]), 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 Force[19]). 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 Policy-making for the 21st Century[20] represented a creditable start in the UK that needed to be built upon, but as currently formulated it had some obvious limitations, notably a focus on process rather than substance of policy and limited acknowledgement of the ineluctable tradeoffs that any listing of features of good governance always raises (for instance, the trade-off between fixed consultation periods and meeting urgent political demands for policy action).

4. Six Case Studies to Explore the Working of Policy Competencies

(a) The Range of Cases

4.1.1. To explore the working of civil service policy-making competencies in the two organizations, we selected a total of six policy documents (three for each department) in three policy domains. The three domains were energy policy, communications policy, and policy for competitiveness and competition. The documents were
- the 1998 change to the German competition law (GWB)
- the DTI/DfEE 2001 competitiveness white paper Opportunity for All in a World of Change
- the 2001 German policy document on telecommunications sparked by a parliamentary question (Große Anfrage 'Aktuelle Wettbewerbssituation in der Telekommunikation und Entwurf der Antwort der Bundesregierung' (April 2001))
- the DTI/DCMS 2000 communications white paper A New Future for Communications, DTI (1998)
- the German Energiedialog 2000, and
- the DTI's 1998 energy review, The Review of Energy Sources for Power Generation.

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[18]. See Cabinet Office, Senior Civil Service Pay and Performance Management: Information and Support (Cabinet Office, London, 2001).
[19]. Better Regulation Task Force, Helping Small Firms Cope with Regulation (London, Cabinet Office, 2000).
[20]. Cabinet Office, Professional Policy-Making for the 21st Century (London, Cabinet Office, 1999). This document identified nine features of 'modern policy making', notably the ability to be 'forward-looking', 'outward-looking', 'innovative, flexible and creative', 'evidence-based', 'inclusive', 'joined-up' and to include 'review', 'evaluation' and 'lesson-learning'. Another approach is provided by the NAO's set of ten questions for departments trying to manage the risk that policies do not deliver what was intended or at reasonable cost (NAO, Modern Policy Making 2001: 18-21).

4.1.2.   We were commissioned to examine civil service contributions to policy-making and our research was accordingly designed to trace out the 'biography' of these six policy documents by identifying the civil servants who produced them and exploring the skills and competencies they drew on in the process.

4.1.3.   These six cases were not intended to form a statistically representative sample of types of industrial policy-making. We had neither time nor funding to conduct a study that was representative in that sense. But the cases were designed to cover a range of cases demanding different sorts of policy skills and competencies from civil servants, rather than seeking to generalize from a single case. Sun Tzu in his classic Art of War[21] says that in warfare there are no constant conditions, and that applies to civilian as well as military service, according to many of those we interviewed in both countries. Some policy documents, we were told by civil servants reflecting on their diverse experiences, are best understood as publicizing existing policy, some reflect a ground-up re-think and many come somewhere in between.

4.1.4.   The six cases differed in several ways, and Table 3 shows some of the ways they could be grouped, with a comment on the different competency demands made by each of the types. Some of the policy problems, such as the energy and telecoms cases, fitted more neatly than others into existing specialized sources of policy expertise, within or across departments. Some involved linear developments of, or incremental changes to, previous policy, while others, notably the German energy case, were attempts to get to grips with major policy shifts in turbulent political conditions. Radical technological change, changes in industrial structure and EU policy developments were central features of the policy context in communications but rather less so in the energy mix cases.   Some of the cases allowed more scope for autonomous work by civil servants than others did. Accordingly, the table distinguishes cases of 'policy stretching', 'policy resetting', 'conflict brokerage' and 'handling wicked issues'[22], referring to the underlying conflicts involved and the complexity of the institutional and stakeholder environment. Other differences could be noted as well, but the general point is that the six cases cover a range (even if not the full range) of different policy-making circumstances. Any realistic discussion of civil service policy-making competencies has to take account of the range of contextual conditions that civil servants may need to operate in.

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[21]. Sun Tzu The Art of War (ed J. Clavell, New York, Delta 1983: 29)
[22]. Wicked issues or problems are conventionally defined in terms of their polyvalence and intractability. See Churchman, C (1967) 'Wicked Problems' Management Science 4 (14): 141-2.

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	(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). (b) British 2001 Competitiveness White Paper (aiming to develop earlier (1998) policy initiatives, but with two departments producing the policy document)	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'.)	(a) German 1998 competition policy case ('Europeanizing' domestic competition law; (b) British 1998 energy review (conflict between support for coal and policy of liberalised energy markets);	German 'Energiedialog 2000' (aiming to produce a cross-party and societal consensus on energy mix policy, including support for coal while the phasing out of nuclear power plants was taking place separately)
Some of the key demands on civil service competencies	(1) Grasp of policy history and feedback from implementation experience (2) Grasp of government process political and policy context (3) Networking capacity across department or government (4) Project management capacity	(1), (2), (3) and (4) plus (5) Greater capacity for negotiation, conflict management and consultation within and outside government	(1), (2), (3), (4) and (5) plus (6) Greater capacity to muster and manage expertise over conflicting knowledge claims	(1), (2), (3), (4), (5) and (6) plus (7) Greater political experience and enhanced capacity for autonomous policy activity

(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 governmental procedures, was discussed and agreed by the Cabinet in early April 2001. The enquiry was directed mainly at market developments in Germany in telecommunications, the spread of new interconnection technologies, access to the Internet and employment trends. The government response was developed within one unit of the telecommunications division of the BMWi, involving four officials. As the response restated existing policy, in particular the policy not to consider regulatory reform until 2003, officials drew on existing knowledge of policy developments within the existing structures and did not consult with outside interests or experts.

4.2.3. The DTI/DfEE competitiveness white paper <u>Opportunities for All in a World of Change</u> was published in March 2001 and marked the end of a policy process that formally began in mid-2000. It built upon a 1998 DTI White Paper <u>Our Competitive Future: Building the Knowledge-Driven Economy,</u> published under Peter Mandelson shortly before he resigned as DTI minister in December 1998. The 1998 White Paper had set out to redefine both competitiveness policy and the DTI's role. By contrast, the main aims of the 2001 White Paper were to develop existing policy initiatives further, provide a coherent picture of departmental activities and include more initiatives aimed at the 'old economy', to balance the 1998 White Paper's emphasis on the 'new economy'. The nine-month gestation of the White Paper involved internal consultation within DTI, three seminars with business people on competitiveness themes, and seminars with regional development agencies. Moreover, in late 2000 it was decided that the White Paper should be jointly produced between DTI and DfEE, given a shared agenda on skills.

4.2.4. The DTI/DCMS White paper 'A New Future for Telecommunications' was published in December 2000 and established the framework for legislation to alter the regulatory framework for telecommunications and broadcasting. It marked the end of the process which had originally started when telecommunications were dropped from the Utilities Bill in early February 2000. From its conception, it was organised as a cross-departmental initiative. The process formally began in March 2000, with the appointment of a Project Manager dedicated to the production of the White Paper, and the first draft was produced in the summer 2000. The White Paper's key message, the convergence of technology which should also be translated into the wider policy framework, was developed from previous work on convergence, broadcasting and telecommunications. It involved a formal consultation process (resulting in 2-3,000 pages of responses) and a specific 'expert hearing' of five specially commissioned reports on diverse aspects of convergence and broadcasting.

4.2.5. The 1998 change to German competition law (GWB) which led to a narrowing of provisions between domestic and EU law, emerged in the context of the competitiveness debate in Germany in the early 1990s. The initiative was first mentioned in the government's <u>Standortbericht 1994</u>, but more detailed work emerged with the first 'draft proposals' (<u>Eckpunktepapier</u>) of May 1996. The document's assumption, that Germany should aspire to

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 into force in August 1998. The policy work for the legislation emerged mainly from within the BMWi's competition policy units and from a joint working group between ministry officials and the Federal Cartel Office, although wider consultation took place through formal procedures and ongoing academic and practitioner conferences.

4.2.6.   The 1998 'Review of Energy Sources for Power Generation' was a result of increasing political concern over the future of the domestic coal industry in the light of the ending of contracts with the domestic power generation industry and in the light of the rapid shift towards gas-fired power generation in the context of the 'dash for gas' following liberalisation. Within the context of a moratorium for building further gas-powered generation stations (which was continued), the review challenged the existing non-subsidy culture for coal and increased the awareness of energy source supply trends. It also encouraged the review of the electricity trading arrangements and of the application of environmental regulations. The review was published in October 1998 and extended the 'gas moratorium' policy. The work was conducted within the Energy Directorate of the DTI (and an early involvement of the Treasury minister, Geoffrey Robinson), with two limited consultations with the private sector and other groups. Consultants were utilised to provide technical information.

4.2.7.   The German 2000 Energiedialog emerged in the context of wider disputes within German political parties, social organisations and wider society on the use of energy sources, in particular nuclear power. Previous attempts to establish a consensual approach towards energy policy had failed throughout the 1990s. In the light of the decision by the Red-Green coalition (elected in 1998) to phase out nuclear energy, the Economics ministry launched an attempt to reach consensus on the future use of energy sources. This 'Energiedialog', led jointly by the Minister and the Association for Future Energies, was further co-ordinated by the SPD-'think tank', the Friedrich Ebert Stiftung. The Energiedialog included people from political, business, trade union and environmental backgrounds. The organisation and moderation of the Energiedialog was managed within the BMWi, where 10-5 officials across three units were involved in preparing and negotiating documents with a wide input of the represented organisations and five public discussion meetings. The final document, setting out broad claims with regard to future energy policy was published in June 2000.

TABLE 4: SELECTED FEATURES OF SIX POLICY CASES

Case	Broad Policy type	Approximate Size of Core Civil Service Production Team	Government Organizations Closely Involved Other than BMWi or DTI	Approximate Length of Time Taken to Produce Document	Number of Major Iterations	Nature of the Consultation Process
2001 German policy document on telecoms	Policy stretching	4	None	2.5 months	One	Internal moderation following departmental guidelines
DTI/DfEE 2001 competitiveness white paper	Policy stretching	9-10	DfEE with particular attention from No 10 Downing Street, Treasury	9 months	Two (with a late decision to reshape the document as a joint product of two departments) plus continuous detailed change	Internal DTI workshops plus three business seminars and seminars with regional business people.
The DTI/DCMS 2000 communications white paper	Policy resetting	7-10	DCMS, e-envoy, Radio Communications Agency	7-8 months	One (for telecommunications, less controversial than broadcasting)	Consultation process generating 6,500 responses plus recruitment of six special experts on convergence and broadcasting. Seminar with 'stakeholders'
The 1998 change to German competition law (GWB)	Conflict brokerage	A maximum of 10	Federal Cartel Office plus issue-specific political involvement by Chancellery, Agriculture and Environment ministries.	3 years	Two	Formal consultation and hearing processes, joint working group with Federal Cartel Office
DTI's 1998 energy review	Conflict brokerage	Approx 7	Treasury	Approx 9 months	At least 2	Formal written consultation and informal consultation
German 2000 Energie-dialog	Handling 'wicked issues'	10-15	None	1 year	One, but continuous modification (document emerged incrementally)	Continuous dialogue with and adjustment across political, business, trade union and environmental groups at senior and working level.

(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 overlapping categories – background and experience, technical and substantive knowledge and contributions to the social process of policy development (the latter is what the UK competencies framework focuses on almost exclusively). This three-part characterization was intended to bridge the German and UK frameworks, and while the three dimensions of competency undoubtedly overlap in practice, they are in principle separable. Each is certainly the focus of particular debates about what individual civil servants and government organizations should be capable of knowing or doing in their contribution to policy-making.

4.3.3.   In the 'background and experience' dimension, we examined the extent of inside and outside experience, particularly in industry; the extent of front-line delivery experience; the extent of political and parliamentary experience; the degree of overseas or 'foreign' experience; and the degree of experience in systematic research. In the 'technical knowledge' dimension, we examined policy history knowledge; sectoral knowledge and particularly knowledge of business structures and practices, formal knowledge of management techniques, government process knowledge (comprising knowledge of the terminology, standard operating routines and repertoire of policy instruments in government), foreign language and cultural knowledge; specific professional or formal policy-analytic skills (such as law, advanced economics, statistics). In the 'contributions to social process' dimension, we examined memory capacity, networker/linker capacity (denoting the capacity to link the policy team to other sources of relevant expertise or opinion), project oversight, appraisal and critical judgement (comprising both friendly criticism and outright challenge to test policy quality); conciliation and conflict-management capacity; idea generation and championing contributions.

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 management techniques	Knowledge of project planning and other management methods	CS P3	Project oversight leadership and planning	Exercising functions of management and direction at all levels
B4	Politics & Parliamentary Experience	Years and amount of career spent as political advisor, secondment to parliament, or in private office	TS 4	Government process knowledge	Knowledge of a range of legal and political procedures & instruments	CS P4	Appraisal and critical judgement	(a) Filtering ideas and assessing them in the context of political administrative and compliance feasibility , (b) Challenging policy proposals
B5	'Foreign Experience'	Years and amount of career spent outside UK or Germany and outside EU	TS 5	Language and cultural knowledge	Degree of fluency in different linguistic and cultural contexts	CS P5	Conflict handling	Acting as arbiter or conciliator e.g. with ministers and outside interests
B6	Research Experience	Years and amount of career spent in systematic research	TS 6	Specialist analytical Knowledge	Specific professional skills (e.g. as economist, statistician, lawyer)	CS P6	Knowledge management generation and championing of ideas	Working in 'think tank' mode and using expertise effectively

4.3.4. This categorization, summarized in Table 5, is limited in several ways, but it picks up more aspects of civil service competency than frameworks that focus only on the 'social process' dimension and links to many of the issues we identified in the competency debate (as summarized in the previous section). We applied it to the six policy documents in our study

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, or to use competency frameworks rather than a random or inertia approach for selection of policy teams. (Greater criticism of organizational than individual competencies might not have been remarkable if we had only interviewed civil servants – who understandably might be more inclined to make critical comments in the abstract rather than the ability or knowledge deficits of specific individuals – but the same applied to outsiders we interviewed.)

4.3.6. Limited as it is, the analysis in Table 6 is consistent with the view that policy teams were more commonly selected by a mixture of inertia and happenstance than by self-conscious reference to competency requirements. The policy teams varied substantially in their degree of homogeneity (with greater homogeneity in the small German telecom team and the UK energy and German competition cases than for the other three cases) but their competency profiles did not vary according to the expectations we set out earlier. If we compare the observations in Table 6 with the expectations about different competency requirements given at Table 3 above, we can see that those expectations are only weakly met for the policy teams as a whole. For example, the idea that 'wicked issues' such as the German Energiedialog might require greater political experience than cases of policy stretching, resetting or conflict management did not appear to be reflected in a markedly higher concentration of civil servants with a strong background of political and parliamentary experience (B4) in that case compared to the others (but it is notable that the team contained a markedly higher score on international and research background). Likewise, the idea that cases of policy resetting, conflict brokerage and 'wicked issues' would be reflected in policy teams with a higher concentration of conflict-management activity (CSP5) than cases of policy stretching is not supported by the analysis in Table 5, where the largest team concentration on conflict management activity was in the DTI competitiveness case. The idea that knowledge management activity (CSP6) would be more concentrated in cases of conflict brokerage and 'wicked issues' than in cases of policy stretching and policy resetting was also not borne out in this analysis.

4.3.7. These observations merit further investigation and a refinement of the analytic method. It may of course be that the cases were mis-classified; that the expectations about competency

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[23]. For example, we interviewed fewer BMWi than DTI civil servants, and it was harder to distinguish specialist skills from generic competencies in the BMWi case because there is no established distinction between specialist and generalist skills.

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	σ	%h	M	σ	%h	M	σ	%h	m	σ	%h	m	σ	%h	M	σ
Background																		
B1 Department.	75	2.5	0.87	66	2.5	0.67	42	2.28	0.7	66	2.5	0.76	100	3	0	28	1.86	0.83
B2 Business	0	1.25	0.43	0	1.2	0.40	0	1.14	0.35	0	1	0	0	1.16	0.37	14	1.29	0.55
B3 Frontline	25	1.5	0.87	33	1.89	0.87	14	1.43	0.73	40	1.8	0.98	16	1.4	0.8	14	1.29	0.55
B4 Political	0	1.25	0.43	10	1.4	0.66	0	1.43	0.65	20	2	0.71	0	1	0	14	1.43	0.73
B5 Foreign	0	1	0	20	1.6	0.8	14	1.5	0.76	0	1	0	0	1.16	0.37	14	1.57	0.73
B6 Research	0	1	0	0	1.37	0.48	0	1	0	0	1.25	0.43	16	1.5	0.76	28	1.71	0.88
Technical and Substantive Knowledge																		
TS1 History	75	2.25	0.66	20	1.5	0.81	28	2.14	0.64	60	2.4	0.8	86	2.71	0.7	57	2.29	0.88
TS2 Context	0	1.5	0.5	0	1.7	0.46	0	1.57	0.49	0	1	0	33	1.66	0.85	28	1.86	0.83
TS3 Mgt	0	1	0	10	1.4	0.66	14	1.57	0.67	0	1	0	0	1	0	0	1	0
TS4 Govt	50	2.25	0.91	30	2	0.77	28	2.14	0.64	40	2.2	0.75	83	2.66	0.41	14	1.71	0.70
TS5 Culture	0	1	0	33	2	0.82	33	1.66	0.94	0	1.25	0.43	0	1.4	0.49	14	1.75	0.83
TS6 Special	0	1	0	0	1.2	0.40	14	1.29	0.70	0	1.5	0.5	50	2	1	14	1.57	0.73
Contribution to Social Process																		
CSP1Recall	50	2.5	0.5	18	1.64	0.77	14	2.14	0.32	60	2.6	0.49	50	2.33	1	57	2.29	0.88
CSP2 Link	50	2.25	0.91	60	2.5	0.67	14	2	0.53	80	2.8	0.4	16	1.66	0.75	86	2.86	0.35
CSP3 Lead	0	1.5	0.5	63	2.55	0.65	28	1.57	0.90	20	1.67	0.75	16	1.66	0.75	43	1.86	0.99
CSP4 Judge	50	2.5	0.5	72	2.64	0.64	28	2.29	0.45	80	2.8	0.37	66	2.66	0.47	43	2.43	0.49
CSP5 Strife	0	1.25	0.43	45	2.27	0.75	28	1.71	0.88	20	2	0.63	50	2.16	0.92	43	2	0.93
CSP6 Ideas	0	1.25	0.43	9	2	0.43	28	2.14	0.64	40	2.4	0.73	16	1.66	0.75	43	2	0.93

Note: All categories were assessed on a 'high, medium, low' score. '%h' is defined as the percentage of interviewees who were assessed as 'high' in that particular category, 'm' is the mean score across all civil servants assessed in that particular category, while 'σ' represents the standard deviation.

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 BMWi case, the general reliance on branch structures for policy development works against any such selection.

4.3.8. Table 6 suggests that in the aggregate the BMWi and DTI policy teams did not differ markedly over most of the 18 aspects of competency, in spite of the substantial differences between the two departments that we noted earlier. In the two policy stretching cases, the DTI competitiveness team had a higher relative score for experience in implementing front-line delivery than the BMWi telecoms team. For the two conflict brokerage cases, we observed the opposite pattern as between the BMWi and DTI teams. We conclude that the two departments found different ways of producing the 18 aspects of competency we identified and produced profiles that were not markedly different overall, in spite of the much greater emphasis that has been placed on management in the UK civil service over the past twenty years or so.

4.3.9. Appendix 5 gives a brief narrative account of each of the six policy cases, how the teams operated and what stages the production of the documents went through. In the interests of brevity we do not reproduce those accounts here, but we will comment briefly on two cases that seem particularly puzzling in the light of our earlier analysis, namely the BMWi Energiedialog and the DTI/DfEE Competitiveness White Paper.

4.3.10. The apparent puzzle for the BMWi <u>Energiedialog</u> is that the policy team that worked on it did not differ markedly in their overall competency profile from the policy stretching, policy resetting and conflict brokerage cases. We classified this case as a 'wicked issue' because there was no point of leverage within the government over German energy mix policy, conflicts were entrenched both at the political and bureaucratic level, and there were multiple powerful stakeholders with opposed interests and high stakes. Unlike the other documents in our study, the <u>Energiedialog</u> did not articulate policy or prepare for legislation, but simply aimed to achieve a consensual discourse among the entrenched adversaries to establish guiding principles for future energy policy decisions by BMWi after the decision to phase out nuclear power. The process of producing the document, which took 12 months, involved 10 to 15 BMWi civil servants and about 40 different political, quasi-public and private organizations, and it also involved a substantial commitment from the minister, who had previously worked as a senior manager in the energy sector. While many of the interviewees we spoke to were critical of the BMWi's organizational inflexibility and the difficulty of operating the complex negotiations required within a highly-stressed organization, it not clear that a different competency profile could have produced a different or better result. The eventual document was criticized by some as a 'lowest common denominator' exercise that aimed to please too many constituencies, but it is debatable whether a different mix of civil service competencies could have avoided that.

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 may be that such a profile is required for an exercise that seeks to draw together the various units of a complex bureaucracy like the DTI, but it is not clear that it produced an outstanding product. The eventual product attracted criticism as a remarkably laborious effort to create what could be considered to be a relatively modest policy-stretching document. Indeed, some interviewees saw a downside to the elaborate project management competencies that were assembled for this case, claiming that too little attention was paid to solid policy substance rather than superficial 'whizzy ideas' and time-horizons were so short that they effectively suppressed new ideas. Some argued that the document delivered exactly what Ministers had wanted, but business critics saw the document as containing too many small initiatives, and even inside critics with an appreciation of the political conditions in which the document was produced saw it as lacking in ambition and limited in the effectiveness of its response to major problems.

4.3.12. Judgements varied about the quality of most of the other six policy products. For example, in the BMWi telecom case, some of our interviewees argued that it had succeeded as a modest exercise in restating and analysing ongoing developments in German telecoms regulation and markets. More generally, BMWi staff involved in wider aspects of communications policy were criticized for a lack of flexibility and strategy in dealing with a fast-moving sector. The DTI communications white paper was argued by some to be a notable example of cross-departmental production and effective use of management tools such as the intranet and Gannt charting (surprisingly little used in policy management). It attracted little public criticism other than criticism for lack of detail about the regulatory merger (the creation of Ofcom) that was the central theme of the white paper, and the view expressed to us by some interviewees that the policy had developed from pre-set conclusions, in spite of apparent stress on consultation and expert submissions. For the competition law case, the BMWi team attracted criticism for (in effect) approaching a 'policy resetting' problem as if it had been a 'policy stretching' problem (delaying effective response by needless creation of conflict). Some interviewees argued that the final product had successfully maintained the technical and philosophical integrity of the German competition law. Others were critical of the way the original idea had been allowed to get 'out of control' in the legislative process (for some, leaning too much towards the views of the Federal Cartel Office, for others, leaning too much towards industry-specific concerns) and the way in which the Ministry had been unable to resist issue-specific demands by other departments, parties and industry groups.

5. Policy Implications of the Study

5.1.   This selective study of civil service competencies in the BMWi and DTI raises several questions for policy and institutional design. Radical critics and qualified supporters of the two departments (as described in section 2) could be expected to disagree sharply about recipes for change, and the constitutional differences between the two departments (also described in section 2) limit the extent to which practices from one can be readily adopted in the other. Nevertheless, many of the future challenges facing the two departments are not so different, and at least three broad competency-related design issues emerge from the six policy case studies in this study.

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 frameworks overemphasise internal leadership and management functions, and underplay the outward facing consultative activities that should be at the heart of the activities of an industry department. Indeed, an influential US study from the Maxwell School has suggested that knowing 'who' (to consult with or use) rather than 'how' is a key to public sector leadership.[25]

5.2.1. At least three different types of consultation competencies were called for in the production of most of the policy documents we examined, namely

(i)   Consultation within government, inside and across departments and other parts of the state, including the delicate issue of consultation and communication between civil servants on the one hand and ministers and their political advisers on the other. (How to structure those communications so that ministers get the best out of their civil servants (and vice-versa) has been little discussed in official documents in the UK since the 1918 Machinery of Government Committee report[26] and the development of the 'Carltona principle' of partnership and reciprocity of information between civil servants and ministers,[27] although politicians' experience and operating styles have greatly changed over the century or so that has elapsed since the Haldane Committee considered the issue.[28])

(ii)   Consultation outside government with groups affected by policy, including business and the public at large. This aspect of consultation,

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[24] . See f.n. 20 above.

[25] . See §3.6 above, f.n.15.

[26] . Report of the Machinery of Government Committee 1918 Cd. 9230 (London HMSO): 10, §30

[27] . See Sir C.D. Foster 'The Civil Service Under Stress: The Fall in Civil Service Power and Authority' Public Administration 79 (3) 2001: 726.

[28] . Unofficial accounts and discussions of this issue include G. Kaufman (1997) How to be a Minister a personalized account based on experience as a junior minister in the 1970s and the IoD's ideas about introducing an adapted model of French ministerial cabinets into British Government in the 1980s (Institute of Directors; Reskilling Government (London, 1986). See also T. Daintith and A. Page The Executive in the Constitution (Oxford, Oxford University Press 1999), and Martin Stanley's 'how to' account of civil service work (M. Stanley; How to be a civil servant, London, Politico's Publishing, 2000, and see also his website www.civilservant.org.uk).

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 amounts to something more than political signalling or presentation, questions arise as to the link between standard-

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[29]. See §3.9 above, f.n. 17.
[30]. See Cabinet Office, Code of practice on written consultation, (Cabinet Office, 2000) for the permissive framework.

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

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[31]. See C. Hood, H. Rothstein and R. Baldwin (2001) <u>The Government of Risk</u> (Oxford, OUP)
[32] . This issue was also identified in CMPS, <u>Better Policy-Making</u> 2001: 21.

department can achieve the central competencies that are required without a more international pattern of recruitment.

5.3.2. For the BMWi, the fact that those entrusted with much of the implementation of industrial policy were elected Land governments meant that the implementation perspective was entrenched in the policy-making system as a whole for many but not all aspects of industrial policy. That structure created a system that the BMWi had to live with intelligently rather than direct. The DTI operated in quite different conditions, and though our policy document biographies showed that some front-line implementation experience was centrally incorporated into the core policy team in some cases, there seems to be no general machinery to ensure that. Indeed, as we suggested earlier, the composition of policy teams seemed haphazard in most cases for the DTI and it was also managed by default in the BMWi (where policy-making mostly took place within branches, with fewer cross-cutting project teams). That observation suggests that a key aspect of organizational competency – the capacity of the policy team against the job in hand – was handled much more casually than the appraisal of individual competencies. It is notable that the team competencies that the two organizations deployed across different types of policy issue varied much less than a deductive analysis might lead us to expect.

5.4. **Standards for Good Policy-Making**. Not all policy geese can be swans and professionals need to have standards that enable them to distinguish good from bad and better from worse work. Indeed that could be considered as one of the defining features of any profession. Evidently such evaluations are hard to make, given the often hyper-political context in which policy-making civil servants work – conditions that were observable in several of our cases. Indeed, the idea of policy quality audits within Whitehall (analogous to the various audits, evaluations and inspections that have developed in other parts of the public sector) has been dismissed before in the UK on the grounds of its political sensitivity and the risk that it could damage relations of trust between civil servants and Ministers. Nevertheless, looking at policy-making competencies, either of organizations or individuals, without any capacity to judge the substantive quality of what is produced,[33] seems to be a case of Hamlet without the Prince of Denmark. Such approaches allow evaluation only of process but not substance, and thereby go against much of the declared thrust of contemporary public sector reform. Furthermore, while there are inherent difficulties in any evaluation and appraisal system, standards of appraisal and evaluation require transparency and clarity.

5.4.1. Most of the existing forms of policy assessment have an inherent negativity bias, for instance in audit office reports or particular inquiries that highlight dramatic shortcomings in policy quality. Such inquiries also do not permit an assessment of the substantive quality of civil servants' policy work in the light of the constraints in which they operate. Those evaluations can only take place, if at all, in confidential appraisals at individual level. Yet if organizational competencies merit more attention, that approach cannot be sufficient. At the organizational competency level, there were no institutionalised evaluations of policy quality at all in the BMWi case, and in the case of the DTI they were haphazard and unusual.

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[33]. As applies to the UK SCS competency frameworks and the Cabinet Office's <u>Policy-Making for the Twenty-First Century</u> as discussed earlier.

5.4.2.   The trust problem may well mean that assessments of policy substance need to be confidential. But it does not mean the criteria for making such assessments need to be secret, or that such assessments must necessarily be as casual and haphazard as they appeared at the time of our study. Nor is it clear that judgements of policy quality against political constraints are inherently impossible to make, since fragments of such an approach had begun to develop in the UK in recent years.[34] Though there was no established overall framework for evaluating policy quality in either BMWi or DTI, many civil servants we interviewed suggested ways of judging policy substance against constraints and were evidently capable of doing so, suggesting that peer-review evaluations are far from impossible. The challenge for any central framework for individual and organizational competencies is to collect and develop those judgements about policy substance into explicit and testing criteria for evaluation and organizational development. That means going beyond the shallow, banal and process-oriented (tick-the-box) focus of most contemporary guides to good administration to consider the harder and more challenging issues that face civil servants engaged in policy-making (particularly but not only in cases of policy resetting, conflict brokerage and the handling of 'wicked issues').

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[34]. Indeed, our UK cases revealed that various features of the Cabinet Office's guidelines for modern policy-making were adopted sometimes, but their application seemed to rely on happenstance and individual activity rather than a systematic approach within the organization.