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Eurofound's Definition of Central Public Administration

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Eurofound's Definition of Central Public Administration

Abstract

[Excerpt] Since Eurofound engaged in more systematic research on the public sector, defining central public administration has become a necessity. While there is a branch of research dedicated to employment and working conditions in the sector, linked particularly to the waves of privatisation of various public services, there have been few systematic studies of working conditions and industrial relations at its core, what can be called central public administration (CPA). The aim of this paper is to deliver a working definition of CPA.

Keywords

central public administration, CPA, Europe, Eurofound, public sector, industrial relations, working conditions

Comments

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Eurofound's definition of central public administration

Working paper

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Introduction

Since Eurofound engaged in more systematic research on the public sector, defining central public administration has become a necessity. While there is a branch of research dedicated to employment and working conditions in the sector, linked particularly to the waves of privatisation of various public services, there have been few systematic studies of working conditions and industrial relations at its core, what can be called central public administration (CPA). The aim of this paper is to deliver a working definition of CPA.

Challenges of definition

There is an absence of commonly agreed definitions of key concepts such as public sector, public services and public administration, not to mention ‘central’ public administration. This absence is problematic when comparing several institutions, or even when addressing different issues within one organisation.

The European Commission has referred to the term ‘public services’ in several communications, explaining that this is ‘an ambiguous term since it may refer either to the actual body providing the service or to the general interest role assigned to the body concerned’ (European Commission, 2000, p. 37). It defines the term ‘public sector’ as ‘all public administrations together with all enterprises controlled by public authorities’ (European Commission, 2004, p. 22).

In Eurofound, the terminology varies according to the scope of each research project. The absence of common definitions in the European Industrial Relations Observatory (EIRO) and the European Working Conditions Observatory (EWCO) seems to be primarily linked to their main objective: mapping and documenting national-level situations. As definitions differ depending on the cultural, historical and political background of each country, there are broad references to public sector, public services and public administration without a harmonised definition.

Furthermore, given the national diversity of the public sector, the European surveys – the European Working Conditions Survey (EWCS), the European Company Survey (ECS) and the European Quality of Life Survey (EQLS) – regularly conducted by Eurofound adopt very broad definitions too. Nevertheless, although they target different populations and address specific topics, they all include some sort of identification of the sector in which the respondent works.

In the EWCS, the question is addressed to those in employment by asking them to identify the sector of their work; for instance, Q10 in the EWCS 2010 differentiates between private sector, public sector, joint private–public organisation or company, not-for-profit sector or NGO, and other. In the ECS, managers are asked whether an establishment belongs to the public sector or not. For the self-reported information, the definition of public sector in Eurofound surveys has not been detailed and is applied rather broadly – largely corresponding to ‘general government’ in ‘non market’ sector as portrayed in Figure 1.¹

In both the EWCS and ECS, the information on NACE is also provided (ECS 2009 – NACE 1.1; EWCS 2010 – NACE 2.0). The EWCS 2010 (Q9) asks in detail for the main activity of the company in which the respondent works and the survey agency then converts this into NACE categories.

In the EQLS, only that part of the sample who are (or have been) a part of the labour force report on the sector of their work.

¹ However, for the third EQLS, a question was modified to ask the respondent to identify whether they worked in ‘Central, regional or local government administration’ or ‘Other public sector’ (next to the options of ‘Private sector’ or ‘Other’).

In addition to the question on one's sector, the EQLS contains questions addressed to all respondents that ask to evaluate the quality of public services.² For example, in the EQLS 2011, respondents will rate the quality of seven services (health services, education system, public transport, childcare services, long-term care services, social/municipal housing, pension system), will assess accessibility to postal, banking, public transport, cultural (such as cinema or theatre) services, and recreational/green areas, with more detailed questions regarding medical service, childcare and long-term care.

In this case, the services are understood in a functional way giving a primary focus on their quality from a user point of view, without detailed information on the service provider.

(Eurofound, 2012)

Other studies define the various terms more precisely. For example, in the report *Public sector reform under EMU* (Eurofound, 2002), both a sectoral and an organisational regimes approach are used.

The sectoral approach divides the public sector into subsectors, namely:

- public administration: territorial or functional government (at national, regional and local level);
- government (ministries, armed services, police and legal system);
- education: primary, secondary or tertiary, universities, research institutes;
- health: hospitals, care;
- public utilities: energy, water, waste disposal and so on;
- transport: railways, regional and local transport (such as bus or metro), airports, docks;
- communications: telecommunications, postal services.

On the other hand, the organisational regimes approach refers to the decentralisation of public administration within functional levels of government:

- central;
- national (national government and its departments);
- regional (federal or county government) or local level (municipal government).

The actual division of tasks and responsibilities between these levels varies greatly between countries.

To describe the scope of the public sector, the two approaches (sectoral and organisational regimes) are juxtaposed in the matrix shown in Table 1.

² On the basis of the EQLS 2007, Eurofound produced the Public Services Index; see Eurofound, 2010.

Table 1: *Scope of the public sector*

Sector	Organisational regime				
	Central public administration National government	Decentralised public administration Regional/local government	Devolved autonomy Within public sector	Market-type decision-making mechanisms Within public sector	Privatised (external) Outside public sector
Functional/territorial government Core functions Other functions					
Education/science Primary/secondary/ tertiary/higher Research					
Health/care/ social services Hospitals Care					
Public utilities Energy Waste Waste disposal					
Transport Railways Airports Bus/metro					
Communications Telecommunications Postal services					

Source: Eurofound (2002, p. 23)

The report *Representativeness of the European social partner organisations: Public administration* (Eurofound, 2011) uses the NACE³ Rev. 2 code 84, 'Public administration and defence; compulsory social security', which includes 'general public administration activities' (84.11) and 'regulation of the activities of providing health care, education, cultural services and other social services, excluding social security' (84.12).

The study explains that

this definition of the public administration sector is activity-based and is irrespective of the legal form of the unit that performs these activities (private law enterprise, public law body, etc.). Moreover, depending on the country, these activities may be organised by any level of administration, including the central state, the regional authorities and the local state.

(Eurofound, 2011)

Definitions and scope

The absence of a unique definition is also clearly related to the diversity in area of interest. For example, several disciplines touch on the 'public sector'. As these economic fields focus on different aspects of the public sector, the scope differs. Nevertheless, they all acknowledge the relativity of the public sector coverage across countries.

³ Nomenclature statistique des activités économiques dans la Communauté européenne (Statistical classification of economic activities in the European Community).

Public economics

'In the broadest interpretation, public economics is the study of economic policy, with particular emphasis on taxation' (Myles, 1995, p. 3). Initially, public economics focused on the collection and disbursement of government revenues only. It has been broadened to include all government economic intervention; even autonomous individual decisions are affected by government actions.

Public finances

Corneo (2009) suggests three approaches to defining the scope of the public sector.

- In a narrow sense, the public sector is made up of the different administration bodies and territorial authorities. For example, in Germany, the administrative bodies are the federal government, the federal states (*Länder*) and the municipalities (or associations of local authorities).
- In a broader sense, the public sector is made up of the different administration bodies and the *Parafisci*. *Parafisci* are autonomous entities with no sovereign rights that fulfil public functions with their own financial sources. An example is the German social security system, which includes public health, unemployment insurance and the public pension scheme.
- The broadest definition encompasses the different administration bodies and *Parafisci* as well as public corporations.

Public sector labour market

The public sector is not defined as such regarding the public sector labour market, but guidelines that encompass the public sector can be obtained from the purpose of this area of economics.

Public sector decision-makers – politicians and bureaucrats – make a number of choices which affect the outcomes in public sector labour markets:

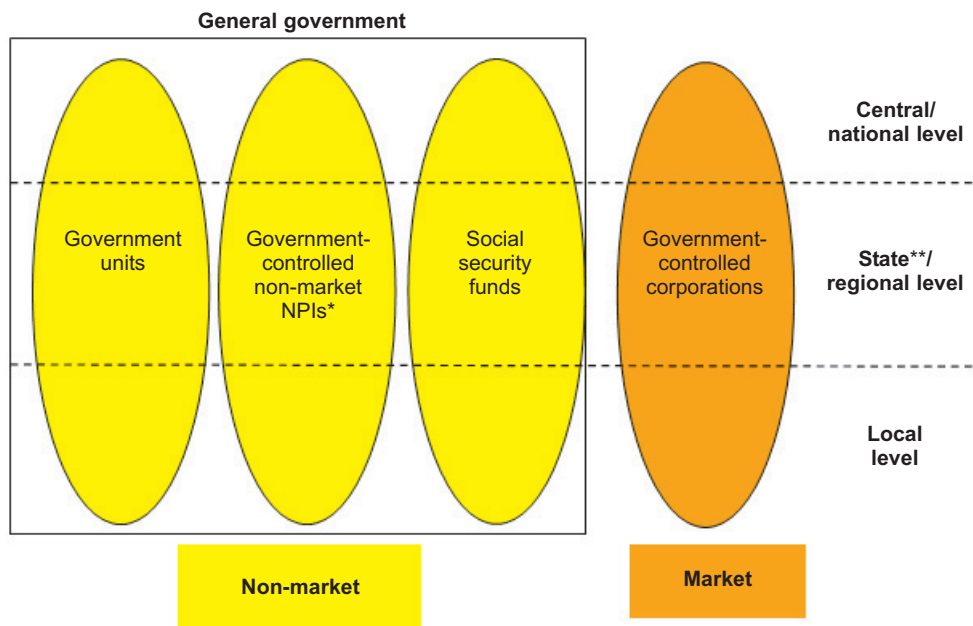
- *What types of goods and services should be provided by the public sector?*
- *What level of resources should be allocated to each public sector activity?*
- *What quantity and quality of labour should be used in each public sector production activity?*
- *What level of payment should be made to workers in each production activity in the public sector?*

(Gregory and Borland, 1999, p. 3,577)

Furthermore, the 'decision-making on public sector employment and wages takes place in a political environment, whereas private sector decision-making occurs in a market environment'. However, this field of economics also acknowledges that 'the precise division between public sector and private sector activity differs from country to country'.

An encompassing public sector

Beyond the significant diversity, it is at least recognised that the public sector regroups various levels of public authorities and other organisations, as Figure 1 illustrates.

Figure 1: *Scope of the public sector*

*NPIS = non-profit institutions; **states of a federal system.
 Source: *Based on European Commission et al, 2009*

Determining what is and is not regrouped under the public sector umbrella in each country is key for several reasons: taxation, labour market regulations, terms and conditions of employment and work, and last but not least, for the sake of comparison.

The general government

According to the *System of national accounts, 2008* (European Commission et al, 2009), every institution controlled by the government belongs to the public sector. Therefore, the public sector is made up of the 'general' government and government-controlled corporations.

The general government comprises all units at central, state or local level, all non-market, non-profit institutions that are controlled by government units, and social security funds. Subsectors of the general government are central, state and local government; social security funds can either be treated as a subsector or as a part of one of the government levels (see Figure 1).

The system of national accounts (SNA) is a statistical framework developed by the European Commission, the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN) and the World Bank. For example, the OECD (2011) defines the public sector as 'including the government and public corporations such as publicly owned banks, harbours and airports', while government includes 'ministries/departments, agencies, offices and some non-profit institutions at the central, state and local level as well as social security funds'. The International Labour Organization (ILO) also uses the *System of national accounts, 1993*.⁴

⁴ See <http://laborsta.ilo.org/applv8/data/sna93e.html>.

Services of general interest

As pointed out by many sources,

terminological differences, semantic confusion and different traditions in the Member States have led to many misunderstandings in the discussion at European level. In the Member States different terms and definitions are used in the context of services of general interest, thus reflecting different historical, economic, cultural and political developments.

(European Commission, 2004)

Certain services can be identified as having an important role in society and therefore are of general interest.

- **Services of general interest (SGIs):** SGIs are services that public authorities of the Member States classify as being of general interest and are therefore subject to specific public service obligations (PSOs). The term covers both economic activities (see the definition of SGEI below) and non-economic services. The latter are not subject to specific EU legislation and are not covered by the internal market and competition rules of the Treaty on the Functioning of the European Union (TFEU). Some aspects of how these services are organised may be subject to other general Treaty rules, such as the principle of non-discrimination.⁵
- **Services of general economic interest (SGEIs):** SGEIs are economic activities that deliver outcomes in the overall public good that would not be supplied (or would be supplied under different conditions in terms of quality, safety, affordability, equal treatment or universal access) by the market without public intervention. The PSO is imposed on the provider via an entrustment and on the basis of a general interest criterion that ensures that the service is provided under conditions allowing it to fulfil its mission.
- **Social services of general interest (SSGIs):** These include social security schemes covering the main risks of life and a range of other essential services provided directly to the person that play a preventive and socially cohesive or inclusive role. While the European Court of Justice does not consider some social services (such as statutory social security schemes) as economic activities, the jurisprudence of the court makes clear that the social nature of a service is not sufficient in and of itself to classify it as non-economic. The term 'social service of general interest' consequently covers both economic and non-economic activities.
- **Universal service obligation (USO):** USOs are a type of PSO that sets the requirements designed to ensure that certain services are made available to all consumers and users in a Member State, regardless of their geographical location, at a specified level of quality and, taking account of specific national circumstances, at an affordable price. The definitions of specific USOs are set at European level as an essential component of the market liberalisation of service sectors, such as electronic communications, post and transport.
- **Public service:** The term public service is used in Article 93 of the TFEU in the field of transport. However, outside this area, the term is sometimes used in an ambiguous way. It can relate to the fact that a service is offered to the general public or in the public interest, or it can be used for the activity of entities in public ownership. To avoid ambiguity, the Commission communication (2004) does not use the term, but rather 'service of general interest' and 'service of general economic interest'.

Against this background, when the European Centre of Employers and Enterprises providing Public Services (CEEP) launched the study *Mapping of the public services* (CEEP, 2010), it took into account the broad field of 'services of general interest' on the basis of the general definition given by the European Commission (2004). In the report, CEEP therefore chose to use as equivalent terms 'services of general interest (SGIs)' and 'public services' in the broadest sense and to retain the functional conception as the common reference point (see Table 2). The legal status of the unit providing services is not relevant in this approach, which means that private companies providing a service of general interest fall under the scope of public service.

⁵ As per the European industrial relations dictionary: 'The term "services of general interest" (SGIs) is not mentioned in the TFEU. Its meaning derives, in Union practice, from the more common term "services of general economic interest" (SGEIs), which is used in articles 14 and 106(2) TFEU. A precise definition of "services of general economic interest" is also lacking in the Treaties as well as in secondary legislation.' For more information, see the entry on 'Services of general interest' at <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/servicesofgeneralinterest.htm>.

Table 2: Public services as a part of the economy

Sector	Operators/providers		
A – Agriculture, forestry and fishing	Not in general interest – private		
B – Mining and quarrying	Not in general interest – private		
C – Manufacturing	Not in general interest – private		
D – Electricity, gas, steam and air conditioning supply	Public services		
	Public Central/state/local	Government involved	Private
E – Water supply; sewerage, waste management and remediation activities	Public services		
	Public Central/state/local	Government involved	Private
F – Construction	Not in general interest – private		
G – Wholesale and retail trade; repair of motor vehicles, motorcycles	Not in general interest – private		
H – Transportation and storage	Public services		
	Public Central/state/local	Government involved	Private
I – Accommodation and food service activities	Not in general interest – private		
J – Information and communication	Public services		
	Public Central/state/local	Government involved	Private
K – Financial and insurance activities	Not in general interest – private		
L – Real estate activities	Not in general interest – private		
M – Professional, scientific and technical activities	Public services		
	Public Central/state/local	Government involved	Private
N – Administrative and support service activities	Public services		
	Public Central/state/local	Government involved	Private
O – Public administration and defence; compulsory social security	Public services		
	Public Central/state/local	Government involved	Private
P – Education	Public services		
	Public Central/state/local	Government involved	Private
Q – Human health and social work activities	Public services		
	Public Central/state/local	Government involved	Private
R – Arts, entertainment and recreation	Public services		
	Public Central/state/local	Government involved	Private
S – Other service activities	Public services		
	Public Central/state/local	Government involved	Private
T – Activities of households as employers	Not in general interest – private		
U – Activities of extraterritorial organisations and bodies	Not in general interest – private		

Source: Based on CEEP (2010), adapted to NACE 2.0

Central administration in the public sector

Variability of definition

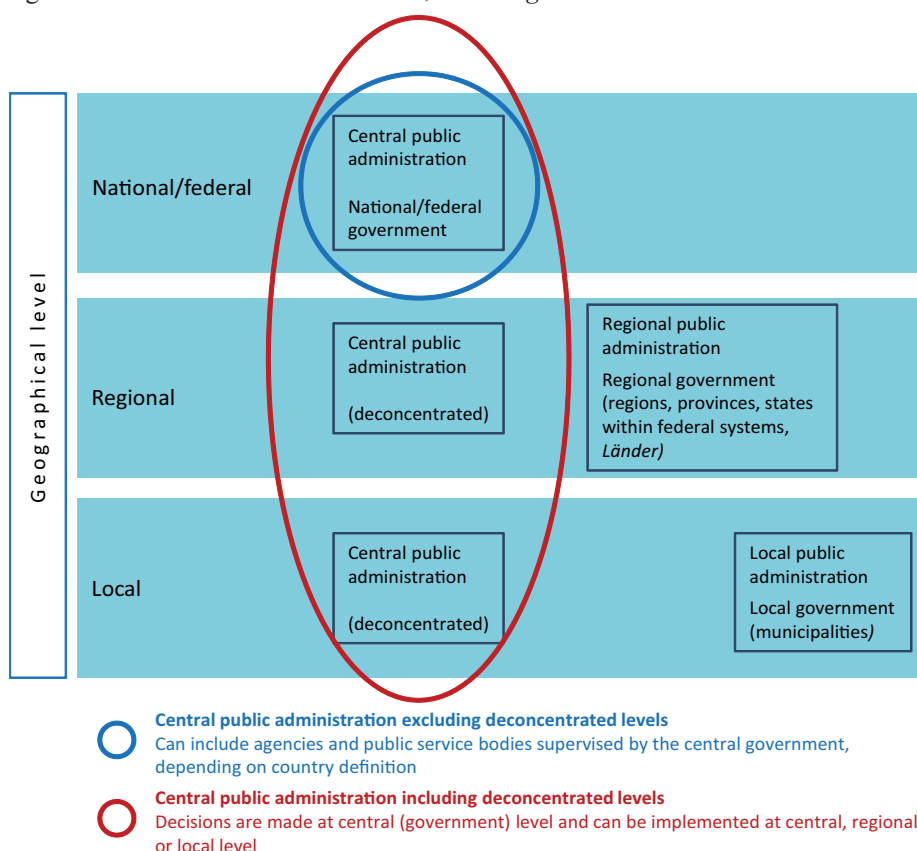
As with the overall public sector, the delimitation of CPA is dramatically different depending on the historical and cultural construction of the administrative side of the political power practised by central governments across European countries. These differences have become even more radical since public services have started to become privatised, as the reforms have not occurred at the same time in each country. Nevertheless, a CPA sector still exists in each country.

Again, the use of the term ‘central administration’ is not coherent in the literature or among countries. There seem to be two main perceptions of the term.⁶

- Several comparative studies, in relation to certain countries, refer to central administration as one of three levels in the national or federal government administration apart from the deconcentrated administration at regional and local levels. Thus, the use of the term ‘central administration’ in these countries suggests that it excludes the deconcentrated levels.
- The term ‘central administration’ can also refer to the central public administration at all levels (central, regional or state and local level) and thus includes the deconcentrated levels.

The two approaches are summarised in Figure 2, where deconcentration refers to the transfer of administrative functions through the relocation of central administrative bodies to different geographical areas.

Figure 2: Public central administration, including deconcentrated levels



⁶ The term ‘central government administration’ has been used very differently in several comparative studies, depending on the country being examined. See Irish Presidency of the Council of the European Union et al (2013); Austrian Federal Chancellery (2006); Derlien and Peters (2008); Demmke and Moilanen (2010); and the Ministry of Budget, Public Accounts and Civil Administration of France (2008). According to CEEP (2010), the second alternative was predominantly used.

However, what is included in central government (whether or not agencies and public service bodies are part of the central government administration) can differ from country to country. Some guidance on this can be obtained from the *System of national accounts, 2008* (European Commission et al, 2009), which suggests that agencies should be treated as part of the central government if they are controlled by the latter (see the text box below). Furthermore, the functions carried out at several government levels or by agencies or private companies also differ from country to country (see the annex, available separately). Finally, employees' affiliation to the different levels is not straightforward and needs to be clarified according to the country context.

Definition of central government

In the *System of national accounts, 2008* (European Commission et al, 2009), the general government is made up of central, state and local government (social security funds can either be treated as a subsector or as part of one of the government levels). Whether or not agencies and public service bodies are part of the central government is left open, as central government is defined as being 'generally composed of a central group of departments or ministries that make up a single institutional unit plus, in many countries, other institutional units' (p. 80).

Central government:

- has the authority to impose taxes on all resident and non-resident units engaged in economic activities within the country;
- is responsible for national defence, the maintenance of law and order and relations with foreign governments;
- may incur expenditures on the provision of services, such as education or health, primarily for the benefit of individual households;
- may make transfers to other institutional units, namely to households, non-profit institutions, corporations and other levels of government.

Agencies should be treated as part of the central government if they are controlled by the latter.

Significant changes in CPA

When studying restructuring in the public sector, the entry point for research was mainly 'public services' and 'services of general interest'. Therefore, the research essentially focused on privatisation processes and the impacts on work and employment in public companies or departments that were becoming private companies or joint private-public organisations. In the meantime, there has been little research dedicated to the 'survivors', that is, the departments and workers still in one specific part of the public sector (CPA) performing more 'administrative' tasks; the differences in functions and work have had an impact on employment terms and working conditions.

Reforms have been transforming the public sector landscape in Europe almost since its inception. As early as the beginning of the 1970s, a reduction in public employment and costs and increased customer orientation were the key reasons behind the changes; some reformulation of European social policy seeking a high-quality and comprehensive public sector to maintain and develop the European social model contributed to this trend. Furthermore, the search for efficiency of public services has been at the heart of the privatisation of public services launched at European level.

Implementation of these reforms has led to reorganisation, restructuring and cuts to jobs and costs. All these aspects have had significant impacts on working conditions, not least because of the shift from public regulation to private rules.

This shift has been accompanied by changes in industrial relations too, as different social partners, sectoral regulations and social dialogue processes intervene.

As part of the broad public sector (or more rightly, at the heart of the public sector), central public administration has also been impacted by these reforms. Moreover, specific reforms have been directly implemented in central administration. As research underlines, 'the scope and pace of the reforms already implemented in Public central administration contradict the so-called "immobility" of the civil service' (Demmke and Moilanen, 2010). The same rationale (increased efficiency and reduced costs, which in many ways is similar to the 'lean' concept⁷) is put forward for reforming CPA, as a recent survey of top-level public civil servants indicates (Demmke and Moilanen, 2012).

Reducing administrative burdens and increasing performance management are two issues that score highly in all Member States. Flexibilisation, which is applicable to several areas, such as job security, pensions, health, compensation, work organisation, recruitment and career progression, appears with various degrees of importance across the Member States. Moreover, comparisons between the public and private sector (in terms of performance indicators or ratios) also contribute to increasing the sense of urgency for the implementation of these reforms.

The study of the impact of reforms on various aspects of working and employment conditions in this field aims to bring in-depth knowledge to one part of the public sector that has been less researched so far, mainly dealing with the connection between governmental policies and actions.

Conclusion

Eurofound should use the discussion in this working paper as the basis to carry out in-depth analyses of industrial relations and working conditions in CPA in Europe. The analyses should address the following areas:

- the reforms in CPA and their impacts on employment and working terms and conditions;
- the evolution of the nature of employment in CPA (public or private, permanent, fixed-term and so on);
- the type of work and occupation;
- working conditions;
- social dialogue and industrial relations (actors, processes and outcomes).

Various methodological issues challenge all analytical comparison when studying CPA:

- the variety of the delimitation of CPA across Member States;
- the difference in starting points, either in quantitative terms or in reform issues;
- the inability of statistics to capture the overall situation.

The economic crisis underlines the timeliness of such an investigation. The public sector overall and, more specifically, CPA are the principal targets of the austerity measures launched by most European governments, which has a substantial impact on work and employment in the sector.

⁷ Lean production or lean enterprise is based on the idea that all the resources not dedicated to activities strictly related to the creation of added value for the customer are wasteful and therefore should be eliminated.

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