

# INTEGRATED STEERING AND COORDINATION OF LOCAL PUBLIC SERVICES IN GERMANY: REASONS AND CONSTRAINTS OF AN INNOVATIVE GOVERNANCE APPROACH

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## ABSTRACT

*Because of the organisational differentiation and complexity of public service delivery at the local level in Germany, the question of the appropriateness of current steering and coordination procedures and their further development arises in local government research and practice. Following an interdisciplinary approach, the aim of this contribution is (1) to examine the idea of the integrated steering and coordination (ISC) of local service delivery and (2) to identify, analyse and discuss reasons and constraints of its implementation based on a qualitative empirical study. Finally, perspectives for local public sector reforms and lessons learnt for other European countries are presented.*

**Keywords** - Complexity, Local Public Services; Organisational Differentiation; Steering; Coordination.

## INTRODUCTION

Dealing with complexity is becoming increasingly relevant in current debates on innovative governance (Ansell and Trondal 2018; Ansell, Trondal, and Øgård 2016; Eppel and Rhodes 2018; Kvilvang, Bjurström, and Almqvist 2020; Christensen and Lægread 2011).

This is especially true for the local level in Germany. The provision of public services in Germany with its federal tradition is characterised by a high degree of complexity. Within the federal system, approximately 11,000 municipalities and about 295 counties are responsible for a broad range of public tasks and services. On the one hand, they have to perform administrative tasks and functions which are delegated to them from the federal government and the respective German federal states (e.g. food control, motor vehicle registration). On the other hand, local authorities deliver a wide range of services as part of their constitutionally protected local self-government. Within this legal framework, which includes both the performance of mandatory (e.g. waste dispos-

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al, water supply, social care) and voluntary tasks (e.g. theatres, sport facilities, business development), municipalities have numerous possibilities for steering and coordination. In the case of voluntary tasks, local authorities have a comparatively large scope for deciding “whether” and “how” – i.e. in what organisational arrangement – they wish to provide public services (Bouckaert and Kuhlmann 2016).

Taking a closer look at the organisational developments of public service delivery at the local level, it can be seen that the provision of a broad range of public services has increasingly been transferred to organisations outside of the local core administration in recent decades. This process has resulted in considerable changes in the organisational landscape especially in larger municipalities (with more than 100,000 inhabitants). Public and welfare services are no longer exclusively and directly delivered by units of the local core administrations, but also by municipally owned corporations (municipally owned enterprises which are completely or partially in municipal ownership) and a large number of third sector or non-profit organisations (Wollmann 2018; Wollmann, Koprić, and Marcou 2016). The latter are usually involved in the provision of local public services based on grants or service agreements/contracts and are thus more or less in the influential sphere of the public authority (Henriksen et al. 2016; Smith 2018). Today, more than 50 percent of all public tasks at the local level are performed by external or decentralised organisations (Hesse, Lenk, and Starke 2017).

The question of steering and coordinating this “highly diverse ‘administrative zoo’” (Bach and Jann 2010) has gained a higher priority in recent years. The organisational development in subnational units leads to new complexities in delivery processes, constellations of actors, interests, and behaviour which have multiple effects on local steering, governance and management procedures. Germany is therefore a particularly interesting case with wide-ranging implications for other European countries. Among others, the following references contribute to the ongoing discussion on:

- the organisational evolution of local public service provision in Germany (e.g. Grossi and Reichard 2016; Kuhlmann and Wollmann 2019);
- the extended managerial autonomy in municipally owned corporations and the effects on ownership and management (e.g. Krause and van Thiel 2019);
- the accountability and corporate governance of municipally owned corporations (e.g. Papenfuß 2020; Greiling and Schaefer 2020);
- the contradictions and difficulties in governing the hybridity of third sector organisations (e.g. Evers 2005; Grohs 2014);
- the role of (micro-)politics as well as political interests and rationales in local steering and coordination (e.g. Schröter, Röber, and Röber 2019).

If you merge these points into a conceptual idea, steering and coordination mechanism are required that take an organisational focus not only on administrative units but also on various forms of decentralised and external service providers (Friedländer, Röber,

Schaefer 2020). A highly diversified and pluralistic organisational landscape makes it increasingly difficult for many German municipalities to create a balance between managerial autonomy and individual interests of external service providers on the one hand and the enforcement of policy objectives and public interest by local authorities on the other. This challenge is intrinsically linked to the question of a more strategic orientation in local governments and the connection to important areas of coordination (for the international discourse: Bouckaert, Peters, and Verhoest 2010; Peters 2011; Osborne 2010; Van de Walle and Groeneveld 2011). The conceptual idea of integrated steering and coordination (ISC) of local public services tries to address these different issues.

Against this background, the paper focusses on the following questions:

- What are the conceptual characteristics of the idea of steering and coordinating local public services in a more integrated manner?
- From the perspective of the survey participants from local politics, administration, public economy, and the third sector, what causes the need for ISC? What makes it difficult to implement?
- What can we learn from the findings and what are perspectives for other European countries?

### CONCEPTUAL REMARKS ON THE IDEA OF ISC

Theories and concepts of the idea of ISC – both analytical and normative – come in a great variety of shapes and sizes (Friedländer 2019). The topic touches on many research fields in the national and international debate, such as *public policy research*, e.g. different models and cycles of policy making (Heclo 1972; Easton 1965; Jann and Wegrich 2007), *new public management*, e.g. basic institutional economic assumptions (Aucoin 1990 and 1995; Hood 1991, 1995 and 1998; Schedler and Proeller 2011), the German discussion about the *New Steering Model*<sup>1</sup> (Pollitt and Bouckaert 2004; Kuhlmann, Bogumil, and Grohs 2008), *strategic management and strategic planning* (Bryson 2018; Bryson, Edwards, and Van Slyke 2018; Bryson and George 2020), the debate on *public governance* (Peters 2012; Stoker 1998; Klijn 2012), *coordination* (Lindblom 1965; Scharpf 1973 and 1994; Peters 2018; Bouckaert, Peters, and Verhoest 2010), *collaborative governance* (Ansell and Gash 2008; Cristofoli, Meneguzzo, and Riccucci 2017; Eriksson et al. 2020) and *corporate governance* (Grossi, Papenfuß, and Tremblay 2015; Papenfuß 2020).

The brief overview reflects a range of perspectives not only on the need for an ISC approach, but on its nature and on some important requirements for conceiving and defining that nature. Due to the inherent contradictions between politics, management and administration, such an interdisciplinary framework and its systematisation seems to be necessary. ISC should not be understood as an eclectic concept. Rather, ISC describes the idea or approach of:

*The integrated and compatible strategic and operational steering and coordination of core administration, municipally owned corporations under public and private law as well as third sector organisations which are partially or fully financed by public funds and/or contracted by municipalities.* As already mentioned, one main challenge for the complex network of local politics, administration and municipally owned corporations stems from creating a balance between “freedom to manage” on the one side and “political control” on the other. Looking at the relationship between municipalities and their corporations, municipal codes require that local authorities must exert a reasonable influence on these organisations.<sup>2</sup> However, for the relationship between local authorities and third sector organisations, this “trade-off” is even more difficult to grasp, because public ownership as legitimation for political control does not apply to these organisations. In addition, third sector organisations in Germany follow fundamentally different coordination rules which are subject to a mix of subsidiarity, cooperation, power, and competition (Grohs 2014). The basic idea is to question current procedures of steering and coordinating these three organisational areas and to explore options for their further development.

*ISC is primarily a task for the local council, mayor, and politically appointed heads of departments with the aim of creating and supporting the process of policy making and providing services more effectively and efficiently.* For the German local level, the topic of governance trends and challenges so far has often been evaluated in a manner that is too isolated from a management perspective, neglecting that every decision to fulfil public tasks is ultimately the result of political will. With regard to the discussion about the local level in Germany, it can be observed that political framework conditions and perspectives of policy science are not properly considered in questions about the design and implementation of innovative steering and management instruments (e.g. outcome-orientation, performance management). The fact that the success or failure of implementation processes are significantly influenced by the specific rationalities and logics of political action as well as the interaction and counteraction of elements of polity, politics, and policy is unduly neglected (Kuhlmann, Bogumil and Grohs 2008; Röber 2008; Schedler 2003; for additional perspectives: Askim 2008; Klijn 2012).

The idea of ISC is strongly inspired by policy science, which becomes clearer if we look at some of its key questions: One focus is on the “what” and “how” of local service delivery which describes policy making as a process of solving articulated problems. This includes both decisions as well as actions for the implementation of local policy goals. That is why the idea of ISC is to be understood as a purposive and goal-oriented course of action that supports the content and process of local policy making and local service provision. In addition, the perspective of public policy is about the “why” and “wherefore” which refers to circumstances and consequences of policies. The main interest is not only the content but also the interaction between procedural and structural conditions within local policy processes (Easton 1965; Hecló 1972). Finally, a policy science perspective helps to navigate through the different stages of local problem recognition and agenda setting, policy formulation and decision-making as well as im-

plementation in order to examine the internal dynamics of governance practices and the contribution of different organisations and actors to public service delivery (Jann and Wegrich 2007).

Furthermore, the organisational differentiation at the local level over the last 30 years makes it absolutely necessary to analyse the performance of public tasks from an economic perspective. Despite all criticism of unilateral management approaches (Aucoin 1990; Barzelay 1999; Hood 1991; Klenk and Reiter 2019), the central advantage of institutional economics stems from the less “diluted” analytical perspective. Particular attention is paid to aspects of strategic relevance (i.e. the importance of fulfilling a task for the realisation of political goals), specificity of resources (i.e. the extent of the exclusivity of public resources which are necessary for the provision of services, compared to an alternative use of the resources) as well as cost-effectiveness and efficiency (Williamson 1985).

*The focus of strategic steering by a local government is to make long-term and trend-setting decisions and to define overall objectives for local service provision. It seems important that strategic planning and steering of service delivery focus attention on situational requirements and circumstances, stakeholder interest, inter-organisational relationships, and the merging of information. In the context of ISC, this should serve the goal of reducing complexity, avoiding isolated solutions and heterogeneity in steering procedures as well as an “overflow” of decentralisation and autonomy (Bryson, Edwards, and Van Slyke 2018; Poister and Streib 2005; Schedler 2012).*

*The central emphasis of operational management is the responsibility to realise those goals by all service providers. Attention is paid not only to the strategic level, but also to the level of delivering services in individual policy fields (Osborne 2010; Van de Walle & Groeneveld 2011). Here, those parts of the debate on corporate governance of municipally owned enterprises (Papenfuß 2020) and third sector organisations (Siebart 2006) that deal with the internal management of these organisations (e.g. the interaction between supervisory and management board) play an important role.*

*Coordination means the adoption of various hierarchical, market-/management-oriented and cooperative mechanisms in order to ensure the realisation of policy goals and to balance redundancies, contradictions, gaps, and different rationalities at the various steps of local policy processes. The idea of ISC also places a focus on the coordination of service provision through different modes and regimes of governance in order to balance interdependencies between the levels of strategic planning and policy implementation (Klijn 2012; Rhodes 2007, 2012; Stoker 2004). The aim is to use governance modes and regimes to promote stability and to recognise and balance role and rationality conflicts within and between the various arenas of public service delivery (Bouckaert, Peters, and Verhoest 2010).*

Despite the extensive binding of norms and rules within municipal structures, it is to be expected that actors act according to their (hidden) agenda when modes and regimes of governance are changed. Micro-political actors' interests, emergent and informal relations and uncertainty as a source of power are to be understood as daily routines in municipal relations that can impede, but also promote reform processes. Therefore, it seems to be an important prerequisite for the implementation of innovative governance reforms to recognise the character of negotiation processes, power, and interests as well as to coordinate mechanisms which stabilise these influences (Burns 1961; Willner 2011).

## Methodology

The single case study presented is that of the ISC of local public services in Germany. The debate on suitable steering and management instruments has a long tradition in Germany. It started as far back as the 1980ies, resulting in the concept of the New Steering Model, and will – as already mentioned – be carried forward as part of the enabling and ensuring state together with innovative ideas for integrated governance approaches (Barlow and Röber 1996; Wollmann 2001; Pollitt and Bouckaert 2004; Friedländer, Röber, and Schaefer 2020). That is why a single-country study on Germany is a relevant case to learn from. It also allows the broader academic community to reflect theoretical and conceptual assumptions on the ISC of a pluralistic organisational landscape.

This is particularly true for the local level. Although ISC is a crucial issue for all government levels, it has to be stated that the local level is of highest relevance. As already explained in the introduction, the local government level plays a significant role in implementing public policies and providing citizen-oriented public services. In Germany, it has been the major arena of public sector reforms, modernisation, and outsourcing tendencies in recent decades (Pollitt and Bouckaert 2004).

This study uses a qualitative approach. The appropriateness of this methodology can be justified by the fact that ISC is a relatively unexplored topic (van Thiel 2014; Ritchie and Lewis 2003). As mentioned above, the focus of this study is the fundamental description and evaluation of reasons and conditions as well as limitations and perspectives. A qualitative study is perfectly suitable for this purpose because it allows a more realistic identification of the environment, experiences, and assessments of the interviewees in this complex and new field of research (McNabb 2010).

For the semi-structured interviews, eleven key questions were formulated on the “*understanding, reasons, and framework conditions of ISC*” (e.g., when you think of the topic of ISC, what comes to your mind first? What are the reasons for or against ISC?), “*integrated steering and coordination mechanisms that are being used or are planned to be used*” (e.g., how are public service providers in your city steered and coordinated

in an integrated manner? Why?), “*perceived effects of these governance modes*” and “*perspectives and limits of ISC*” (e.g., what are effects, perspectives and limits of ISC?). The questions were extensively tested in a pre-test with several experts and scholars.

Interviews were conducted with a total of 25 local decision makers which allows first structural findings on patterns in this unexplored research field. In order to offer a great range of perspectives on ISC, actors from all topic-related areas were included, i.e. members of local councils, politically appointed heads of departments, members of different administrative units as well as top managers of municipally owned corporations and local third sector organisations. The aim was to recruit at least one respondent for each area. Table 1 summarises the group of respondents working in the following (policy) fields and functions: accounting, budgetary management, child and youth welfare, controlling and finance, education and coaching, support for people with psychological disorders, holdings management, public housing, public transport, geriatric care and work for the elderly, social welfare office.

**Table 1: Survey participants and characteristics**

No.	Code	Area	Position
1	HCA01	Core administration	Head of department
2	HCA02		
3	StCA01		Staff member
4	StCA02		
5	HCA03		Head of department
6	HCA04		
7	MMOE01	Municipally owned enterprise	Management/supervisory board
8	HCA05	Core administration	Head of department
9	HCA06		
10	HCA07		
11	StCA03		Staff member
12	PHCA01	Core administration/politics	Politically appointed head of departments
13	HCA08	Core administration	Head of department
14	MTSO01	Third Sector Organisation	Management
15	PHCA02	Core administration/politics	Politically appointed head of departments
16	HCA09	Core administration	Head of department
17	MTSO02	Third Sector Organisation	Management
18	HCA10	Core administration	Head of department
19	HCA11		
20	StCA04		Staff member
21	HCA12		Head of department
22	MTSO03	Third Sector Organisation	Management
23	HCA13	Core administration	Head of department
24	MTSO04	Third Sector Organisation	Management
25	MMOE02	Municipally owned enterprise	Management/supervisory board

The semi-structured interviews were conducted from October 2016 to June 2017. They lasted between 40 and 90 minutes. The transcribed material was structured, reduced, evaluated and interpreted based on deductively and inductively derived categories.

For some survey results, additional findings from a document analysis were used in order to evaluate the subjective assessments more deeply (McNabb 2010). The document analysis was carried out for documents which are publicly available and are considered relevant for steering and coordination procedures in local authorities, such as coalition agreements, council documents, municipal holding reports, municipal strategy documents and target systems, budget plans and reports of state courts of audits. The document analysis is mainly intended to identify good practice examples and to provide information on which elements may be applied and which characteristics these may have.

However, this study has some limitations. First, the research project is not expected to be “representative” and “generalisable”. The small number of interviews is not comprehensively representative. Second, we mainly assess perceptions that may differ from actual behaviour. To uncover potential bias between perception data and objective data, we conducted an additional analysis of publicly available documents. Nevertheless, on this basis, no conclusions should be drawn with certainty about actual behaviour and implementation. Third, administrative executives mainly evaluate the topic. Additional survey participants from local politics, management, and supervisory board of municipally owned enterprise and third sector organisations might offer further views on ISC. Nevertheless, considering these limitations, the findings provide new knowledge which might help to develop an understanding of ISC.

## **Results and Discussion**

In this section, empirical results are presented which on the one hand illustrate the need for an ISC approach, but on the other hand also show major constraints that make implementation quite difficult. This comparison will serve to discuss the tension between these two controversial lines.

### *Coping with Complexity and Fostering Strategic Orientation*

The effects of decentralising and outsourcing local public services form a main starting point for dealing with the further development of steering and coordination and examining the implementation of innovative solutions. An insufficient overview of the diversified service providers, overlapping competencies and responsibilities as well as redundancies in delivery processes were repeatedly mentioned as causal reasons for existing deficits of steering and coordination in German municipalities. There still seems to be the need to reduce the organisational fragmentation and complexity and to deal with the feasibility of ISC approaches (HCA02; HCA04; HCA08; HCA09; HCA12; HCA13; PHCA01; PHCA02; StCA01; StCA02).



This need is particularly evident for those administrative tasks that are most affected by the consequences of organisational differentiation. On the one hand, this is the case for the holdings management (HCA02; HCA03; HCA12; StCA01; StCA02). On the other hand, this need particularly applies to the coordination of the contractual and financial relationship between local administrations and third sector organisations (MTSO01; MTSO02; MTSO04). Steering and coordination in both areas are characterised by a tension between centralisation and decentralisation, where complex constellations and interests of actors have to be considered.

If you look on the coordination of third sector organisations by public authorities, responsibilities in local core administrations are often difficult to identify. In some cases, different sectoral administrations assert their claim to control the same funding project. In other cases, it is common practice to “close off” requests for funding because of certain individual interests and hidden agendas. According to the experiences of some respondents, there are many indications of redundant funding structures, distortions of competition and insufficient orientation towards the strategic objectives of a municipality (HCA13; MTSO01; MTSO02; MTSO04).

As some respondents clearly stated, it seems increasingly necessary for local authorities to regain an overview of the structures and processes of service delivery. From their point of view, it would be important to develop a deep understanding of the change of public tasks and organisational options for their fulfilment (HCA01; HCA08; PHCA02; StCA01; StCA02). The interviewees stressed the importance of transparency and a clear allocation of responsibilities in order to identify, assess, and avoid confusions and redundancies in local delivery and negotiation processes (HCA01; HCA02; HCA08; HCA09; MMOE02; StCA01). In the context of functional privatisation, outsourcing, or delegation, the aim of local administrations should be to show local politicians, but also citizens, whether and why certain public tasks can be performed by organisational arrangements, e.g. of the third sector, in a more demand-oriented and cost-effective manner than by public organisations. Therefore, procedures for institutional choice were considered as central elements for strategic planning in local authorities (PHCA02; see also State Court of Audits of Lower Saxony 2017).

In recent years, in municipal holdings management, politicians have been paying more and more attention to steering concepts that aim to bind municipally owned enterprises more closely to their local authority. As some results of the document analysis demonstrate, this includes the integration into municipal strategies, budgets, and controlling systems, more coherency in formulating interorganisational goals as well as the realisation of synergies between units of core administration and municipally owned corporations (e.g. City of Osnabrück 2015a and 2015b; City of Darmstadt 2015; City of Leipzig 2014, City of Bremen 2017). These examples underline the considerable “gap” between the ownership and the management of municipally owned enterprises, for which public authorities still struggle to find appropriate solutions (HCA02; HCA12; StCA02). In

this context, it was also taken into account that the formulation and implementation of overall municipal strategies should not lead to an excessive restriction of the management autonomy in municipal enterprises. Otherwise, there would be a risk that management boards would reject local strategy processes or would not recognise their results (HCA02; HCA12; StCA02).

Coping with these complexities is therefore linked to an awareness of the regulatory intensity. The findings show that formalisation and rule binding in a diversified organisational landscape does not always lead to the expected steering success (HCA02; HCA12; StCA02). As noted in the academic literature, dealing with diverse organisational settings, manifold actors, and interests requires rather a sensitive and precise combination of different governance modes (Schneider 2012; Scharpf 1994). Their combination would depend on the question of whether flexibility, voluntariness, and trust offer the appropriate regulatory framework for public service provision or if the organisational structures and the constellations of actors instead require stronger rule binding, control, and, if necessary, sanctioning (HCA12; MMOE02; MTSO01; MTSO02; PHCA01).

Beside the issue of coping with complexities, the idea of ISC was associated with the need to react more strategically to local challenges. Innovations in local governance should not be regarded as an end in itself, but as a prerequisite to solve articulated problems of citizens in qualitative and quantitative terms. One of the respondents stated: *“For years, if not decades, a very formal discussion took place. We can get away from this kind of discussion and should think about a truly efficient way of organising the performance of tasks, in which we ask ‘How can a task that was decided on a political level be fulfilled most expediently and efficiently?’”* (PHCA02).

Therefore, some respondents understood ISC mainly as a political task. The focus should be on questions of the future orientation of the municipality, such as: *“What do we as a city want to do in the future, what do we want to steer, what measures do we need to achieve these goals? Of course, the question of which resources are available for this and whether there are personnel capable of implementing these measures is also very important.”* (StCA02). Survey participants from politics and administration considered ISC as an essential component of modern and innovative local governance that addresses fundamental questions of public action, long-term direction as well as good governance, integrity of public managers, and accountability to the society (HCA02; HCA03; PHCA01; StCA01; StCA02).

### *Major Constraints of Initiation and Implementation*

If you look at the results of the implementation, in most municipalities you will find a rather “loose collection” of concepts and instruments. Cities primarily deal with pilot projects in individual organisations or policy fields rather than with comprehensive approaches (e.g. municipal strategies and mission statements, concepts for integrated ur-

ban development or socio-spatial services, outcome-oriented budgets or digital monitoring and controlling systems). This fragmentation has often been explained by the fact that the existing structures of service provision at the local level and actors' experiences and perceptions are both too diversified and too specific to respond with a comprehensive or holistic model (e.g. HCA03; HCA04; HCA06; HCA08; HCA13; StCA01). According to one respondent, it would make more sense to consider ISC as a flexible and agile approach, which *“does not mean that everyone is pursuing the same goal, but that the activities of the different parts of the administration and its ‘satellites’ are coordinated with each other, and when there is a need for influence, it can be realised effectively.”* (PHCA02; also PHCA01). The definition of policy objectives for public service providers and the coordination of a broad network of these organisations in relation to such local strategies will not work solely based on an overarching methodology, but has to fit exactly a specific organisational setting. Each organisational arrangement requires the most appropriate approaches in order to create a balance between “freedom to manage” on the one hand and “political control” on the other.

If we summarise these findings, dealing with processes of differentiation and decentralisation is paradoxically not only a reason or motivation for ISC, but also one of its greatest constraints. The diversified organisational landscape of public service providers in most (large) municipalities (e.g. the City of Frankfurt am Main with more than 540 municipally owned enterprises) is considered by many respondents to be too broad for an implementation (HCA01; HCA06; HCA08; MTSO01; MTSO02).

Approaches of local governance and the policy processes that they support are characterised by such a high degree of complexity that its reduction can only be realised up to a certain degree. Merely merging the processes of municipal holdings management with the coordination of third sector organisations would require time, information, and capacities whose availability cannot be guaranteed. A complete understanding of the problems, their causes and effects would be almost impossible (see also Scharpf 1997). In any case, when implementing sub-processes of ISC it would have to be taken into account that the projects are likely to run over several years (HCA02; StCA01). For example, the linkage between cooperative local strategy processes and budget preparation procedures is necessary for the implementation of an ISC system. However, it was also described as a huge task (HCA08; StCA01; StCA02).

For this reason, there were also doubts among the survey participants whether an ISC approach has “optimal” steering and coordination capacities in turbulent situations where reactions to local problems are required ad hoc (e.g. flood disasters or protection of refugees) (e.g. HCA02; HCA08; MTSO04; StCA01; StCA02). Tackling complex policy issues must therefore be concentrated on individual policy areas, organisations, or projects in a first step before consideration can be given to extending implementation structures or integrating various sub-areas (e.g. in integrated urban development) (HCA13).

The study also revealed that the introduction of such governance approaches would inevitably lead to conflicts. Many of the local actors in the examined cities regard the implementation of new governance modes with disinterest, non-participation, scepticism or even resistance (e.g. HCA08; HCA12; StCA01; StCA02). From a theoretical point of view, this can be explained by the fact that the processes of implementation lead to changes in micro-political arenas and a re-sorting of competencies and property rights (Burns 1961; Willner 2011). Of course, this has an impact on organisations, actors, and their micro-political structure, which in turn leads to mistrust or a blockade mentality. In such cases, we are dealing with many actors who follow the slogan: “*We have not needed this all these years. Therefore we do not need it now!*” (StCA01).

These circumstances make it very difficult to realise such reform projects, which was described by one respondent as follows: “*Everyone wants to be a ‘string-puller’. However, you should not give anyone the feeling that you want to take away his strings. Especially in the phase of planning and introducing local strategy processes, I think it is very important for the position of the process manager that she or he is a very reserved person, has no personal interest and does not see her- or himself as a dominant ‘string-puller’.*” (HCA08).

When implementing strategic management approaches, project managers are thus confronted with the challenge of observing and accepting the particular interests of individual actors, while at the same time promoting an orientation towards higher-level organisational goals. Micro-political behaviour therefore plays an important role in the interaction between individual actors (e.g. heads of departments), between actors and their organisations (e.g. administrative staff and top management) and between organisations (e.g. core administration and municipally owned enterprises), if different groups are to be convinced to deal and identify with the idea of ISC. One respondent stated: “*If you play with your cards on the table from the very beginning and say that the reform process will take an incredibly long time, then resistance is to be expected.*” (StCA01).

The development and realisation of integrated steering approaches are therefore the result of extensive negotiation processes. To this extent, negotiation and cooperation are generally regarded as important coordination mechanisms for such reform processes (e.g. HCA06; HCA07; MMOE02; PHCA01; StCA01; StCA02; StCA03). However, the survey also pointed out the great effort required to convince actors of the reform purpose for their own area of activity. In order to strengthen acceptance and legitimacy for such extensive projects and to reduce information asymmetries and resistance from the very beginning, it was stressed that all relevant actors need to be involved in the process of strategy and policy formulation and that sufficient space for the exchange of interests needs to be created (StCA01; StCA02). However, if different interests and potential for action have to be taken into account and if micro-political action and reaction becomes necessary, this can result in high coordination costs which under certain circumstances

will not be reflected in corresponding reform outcomes (Van Genugten 2010; Scharpf 1973).

The implementation of ISC seems to be a matter that requires a number of preconditions to be met, especially when it is about the actors and their interactions or counteractions. The quality of decision-making processes and the capacities for solving problems depend primarily on the people, their competencies, creativity, and will. In discussions with representatives of local core administration, reference was made to the special role of a mayor who supports such reform projects. Programmes directly initiated by a mayor have a greater binding effect in the perception of decentralised units. A mayor thus plays an important role in the integration and exercises a certain interpretive authority in the implementation of ISC (HCA01; HCA04; PHCA01; StCA01; StCA02). Some respondents see similar requirements for other public managers in core administration and municipally owned corporations who identify with their public mandate and who are aware of their role and function within the process of public service delivery. Therefore, aspects of integrity, credibility, and a sense of responsibility fulfil an important prerequisite for advancing ISC processes (HCA05; HCA12; MMOE02).

## CONCLUSIONS

Although the findings certainly show only a small part of the set of factors, it has become clear that the idea of ISC is surrounded by recognisable tension. The need for ISC is justified by the fact that local government in Germany has to create counterbalances to decentralisation, fragmentation, and complexity of public service provision. Local authorities should guarantee the provision of public services that meet citizens' expectations. This requires the implementation and combination of modes and mechanisms which fit specific organisational arrangements and their individual interests, but at the same time enable a municipality to take responsibility for the control and coordination of the various service providers within the framework of local self-government.

However, the ISC of public services seems to be an endeavour with many preconditions to be fulfilled. This is certainly one of the main reasons for the moderate numbers of project initiations and implementations. The necessity of balancing very complex structures, actor constellations, interests, and rationalities through appropriate governance modes is – paradoxically – not only a reason or motivation for ISC, but also one of its greatest constraints.

In other words, on the one hand the idea of ISC serves to cope with complexity and confusion at the subnational level. On the other hand, it will generate new complexities, especially when it requires extensive coordination and negotiation processes. This is

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because in such negotiation systems – as is well known from sociology and organisation studies (cf. Scharpf 1994) – there is always the risk that problem solving or positive coordination by a large number of actors will not work and lead to perforation rather than integration of strategic orientation.

What can we learn from the German case and what are perspectives for other European countries?

With regard to the debate on NPM reforms and innovation in local governance over the past 30 years, it should be remembered that Germany and other European countries have almost exclusively dealt with many reforms that had a strong – almost exclusive – focus on management issues (Pollitt and Bouckaert 2004; Kuhlmann, Bogumil, and Grohs 2008). Such one-dimensional perspectives of managerial concepts often neglect the important characteristics of the public sector – mainly its specific political nature and internal “behind the scenes” challenges.

In this context, the study – and this has received little attention in the international literature on innovative governance so far – has made quite clear that success and failure of new governance approaches are particularly dependent on micro-politics. Power resources and power relations are the central “tightrope act” that constructively or destructively influence the implementation of innovative governance approaches. Therefore, the German discussion on local steering and coordination is a very good example for showing that in the future, not only should a distinction be made between good and bad concepts, but also between good and bad implementation. In the case of complex reform projects, such as an ISC, it is crucial to give more attention to the dynamics and framework conditions of its implementation. For the international scientific community, the topic of ISC also has important implications for the discussion about public leadership, motivation, values, competencies, and public sector training (e.g. Röber and Schröter 2015).

Furthermore, the case of Germany makes obvious that the implementation of innovative governance reforms also needs agile structures and incrementalism in order to align steering and coordination systematically to changing parameters and to permit learning processes (for the basic debate in policy sciences see: Lindblom 1959). It seems important not to ignore the basic strategic positioning of a municipality, but to use the “principle of small steps” to further develop steering and coordination processes where it appears necessary for the quality of public service provision.

Whether the various demands – e.g. between more or less decentralisation and centralisation, cooperation and hierarchy, or strategic orientation and responsiveness – can be fully met with the idea of ISC cannot be answered finally. Much more important for the

international scientific community is that the innovative topic of ISC raises awareness of current challenges and potential perspectives of local steering and coordination processes. The issue provides a basis for thinking about how the quality of local service provision can be improved in federal states and how steering and coordination can be adopted to the consequences of new organisational complexities in subnational units (in this context, see the discussion in the international community on “Positive Public Administration”: Douglas et al. 2019).

## NOTES

- <sup>1</sup> The New Steering Model as the German version of New Public Management was mainly pushed by the KGSt, the Local Governments’ Joint Agency for Administrative Management, which is an independent consultancy agency organised by voluntary membership of German municipalities, counties, and local authorities with more than 10,000 inhabitants.
- <sup>2</sup> As a result, most German municipalities have a corporate governance or holdings management, which includes all the tasks, institutions, actors and administrative units involved in enabling a municipality as an owner to take responsibility for the control of its enterprises. It also involves the activities of supervisory bodies and representatives of the shareholders within municipally owned corporations as well as political committees responsible for finance and holdings (Friedländer, Röber, and Schaefer 2020).

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