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Public administration in EU countries: Selected comparative approaches

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Abstract

The focus of the paper is on selected comparative models in public administration (human research system, model based on the system of government and models of local government and territorial organization). The aim of this paper is to provide a more thorough view on public administration in the EU-28 countries and to assess the selected comparative approaches and the financial dimension according to the levels of public administration. Evaluation of the selected indicators of financial dimension of public administration was carried out using the method of cluster analysis, whose outcomes confirmed the most notable differences between the EU-28 countries in the first and third cluster in fiscal decentralization of expenditure and in total general government expenditure.

Keywords

Cluster analysis, comparative approaches, EU countries, public administration, public expenditure.

JEL Classification: H76, H83

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1. Introduction

The science of administration can be regarded as an interdisciplinary scientific area as it makes use of information from other scientific areas, which it applies to its research. Emphasis is then placed mainly on the efficiency of the administrative structures (Heady, 2001; Hendrych, 2009; Rowat, 1984). The oldest comparative models of public administration are based on respecting the old law and on the strong authority of a leader, connected with tradition and cult. Comparative administrative science usually consists of two branches, the first of which employs historically comparative methods and the second of which, the spatial one, uses geographically comparative methods. The usage of historically – and geographically – comparative methods represents research on developmental associations on the basis of empirical data, leading to considerations of complex systems of public administration and administrative law, which are traditionally the task of comparative administrative science (Blondel, 1990; Farazmand, 2001; Kuhlmann and Wollmann, 2014; Vidláková and Pomačač, 2002). Various comparative models, usable for comparative purposes of public administration in EU countries, can be traced in the literature. These mainly concern the traditional model of public administration, a model based on the type of state system and administrative levels, a model based on the human resource system, a model based on the geographic and geocultural perspective, a model of local government and territorial organization and a model based on the Nomenclature of Territorial Units for Statistics – NUTS (Bossaert et al., 2001; CCRE-CEMR, 2012; Demmke, 2007; EIPA, 2008; EPSU, 2010; Halásková, 2012; Hammerschmid et al., 2013; Matei and Matei, 2011; Pomačač, 2013; Rosenbloom et al., 2009).

Another view of public administration is the level of decentralization (fiscal, income and tax) and its impacts on public services in EU countries, territorial reforms and solutions to financial and economic crises (Finžgar and Oplotnik, 2013; Governatori and Yim, 2012; Halásková and Halásková, 2014; Neyapti, 2010; Onofrei and Lupu, 2010; Szarowska, 2013; Žárská and Kozovsky, 2008).

However, the questions regarding trends in public administration in managing and providing public services in EU countries, understanding public service

efficiency and standardization possibilities remain open. These matters have been the subject of attention, as confirmed by a number of authors (e.g. Denhardt and Denhardt, 2000; Meričková et al., 2010; Pollitt and Bauckaert, 2000). The work of these authors is focused on either partial specific issues (territorial, personal, financial, etc.) or more detailed analyses of public administration and public services in one or more selected states of the EU. The issue of public administration in EU countries fails to be perceived in a complex manner from various comparative perspectives in most cases. As a result, the aim of this paper is to provide a more thorough view on public administration in the EU-28 countries and to assess selected comparative approaches and the financial dimension according to the levels of public administration.

Having introduced the methods used, an analysis of selected comparative models in the EU countries is provided in Chapter 3 (the traditional model, HR systems, systems of government and administrative levels, local government and the structure of subnational government levels). In the next part, an analysis of the trends and levels of public administration in providing public services in EU countries is conducted. In Chapter 4, the results from the financial perspective of public administration and decentralization of public administration in relation to public expenditures are presented, and a comparison of fiscal expenditure decentralization in the EU countries in the years 2001, 2005, 2009 and 2012 is provided. In the last part of this chapter, the comparison of general government expenditures according to the levels of public administration is considered, using the method of cluster analysis. The analysis of comparative models and outcomes of the financial dimension of public administration in the EU countries is followed up in the discussion about the results. The paper is concluded in the last part.

2. Methods used

When elaborating this paper, analytical methods were applied in the examination of professional literature, statistical data and EU documentation focused on the structure of public expenditures in the EU. From the general scientific methods, the methods of induction and deduction were then used, especially when drawing conclusions. The method of comparative analysis was

used to compare local government expenditures and the extent of decentralization in the EU-28 countries in the years 2001, 2005, 2009 and 2012. For the comparison of general government expenditures in the EU countries in 2012, hierarchical cluster analysis was applied, whereby 3 clusters of the 28 countries were created. Cluster analysis is a multidimensional statistical method used to classify objects. It helps to divide observed units (e.g. territories, regions and lands) into several groups in such a manner that the most similar units are included in the same group (cluster) and vice versa, so that the units of individual clusters differ as much as possible. The individual steps of cluster analysis differ depending on the perception of *closeness* or *distance* of the units within the groups and on whether the set of units is gradually divided, separated or composed differently according to selected criteria. The cluster analysis can be classified in a variety of ways due to the fact that this issue is dealt with by a number of authors (Everitt et al., 2011; Mazzocchi, 2008). Based on the type of computational algorithms used, the methods of cluster analysis are hierarchical, parallel and sequential. According to the direction of the clustering, the hierarchical clustering methods are agglomerative (sequential grouping of units into clusters) and divisive (progressive division of one cluster containing all the units into multiple clusters). Various methods are used to measure the distances between the points of interval variables. Most often, the measurement of Euclidean distances ($d(X, Y) = \sqrt{\sum (X_i - Y_i)^2}$) or the measurement of squared Euclidean distances ($d(X, Y) = (X_i - Y_i)^2$) is used.

A diagram used to show the individual steps of the cluster analysis is called a dendrogram. The vertical axis helps to find the required rate of clustering. The horizontal axis represents the distance between individual clusters. A dendrogram shows the process of the whole analysis in a graphic way; thus, the results can be viewed in both directions – forward and backward – and the optimal result can be found. In this case, the method of hierarchical cluster analysis was used with Ward's method and measuring distance quadrants. A box plot was created to compare the general government expenditures in the EU countries. The upper and

lower quartiles define the extent of the variables observed (total general government expenditures as a percentage of GDP, local government expenditures as a percentage of GDP and local government expenditures as a percentage of the total general government expenditures). The median is shown in the box. The statistical data from Eurostat were used with the IBM SPSS Statistics 21 software.

3. Comparative Approaches to Public Administration in EU Countries

In the European administrative area, three or four major systems of public administration, which are inextricably intertwined with the traditional development of the states of origin, with regard to different political and organizational cultures and administrative styles, are considered. Most often, the differentiation between the island and the continental tradition can be found, in which the French and German (Central European) branch of continental tradition can be distinguished. It is also possible to adjoin the Nordic and Scandinavian tradition to these systems. Based on these traditions, the following established systems can be perceived:

- Anglo-Saxon, profiting from once-perfect British island isolation;
- French, or more precisely Napoleonic, profiting from the continental tradition of Unitarianism and Centralism;
- German (Central European), profiting from the continental tradition of Federalism and Decentralization, and
- Scandinavian, which combines features of the Anglo-Saxon and German branches (EIPA, 2008; Farazmand, 2001; Heady, 2001; Kuhlmann and Wollmann, 2014; Vidláková and Pomahač, 2002). Different models of public administration tradition can be assigned to the EU-28 countries, as depicted in Table 1.

Public administration in EU countries involves a number of perspectives for analysis for comparative purposes: the human resource system, the system of government, the structure and layers of administrative

Table 1 Public Administration Traditions by Country

| Public Administration Tradition | Countries |
|----------------------------------------|-----------------------------------------------------------------------|
| Anglo-Saxon tradition | Ireland, Malta, United Kingdom |
| Continental European tradition | Austria, Belgium, France, Germany, Luxemburg, Netherlands, Slovenia |
| Mediterranean/South European tradition | Cyprus, Greece, Italy, Portugal, Spain |
| Scandinavian tradition | Denmark, Estonia, Finland, Sweden |
| Eastern European tradition | Czech Republic, Hungary, Lithuania, Latvia, Poland, Slovakia, Croatia |
| South-Eastern tradition) | Bulgaria, Romania |

Source: Own elaboration according to EIPA (2008) and Halásková (2013)

levels, the systems of local government and the trends of public administration in providing public services.

3.1 Human Resource Systems by Country

A significant area of European administrative systems is the *institute of civil service*, which demonstrates several differences in European countries, caused by historical development, traditions and social and political situations. The countries of the EU do not possess a common civil service system since it is part of the countries' sovereignty and is not further defined by the EU law. The system of civil service in the EU countries is based upon professionalism and proven specialized qualification. For acceptance, remuneration and promotion in this sector, qualification and work performance are the decisive factors. The requirements pertaining to political impartiality are defined by two terms – neutrality, that is, impartiality at work, and reservedness, that is, refraining from distinct political activity.

In both the European and the global context, two elementary systems of civil service, with a number of defining characteristic features applied to the human resource system, are usually distinguished (ARCADIS, 2004; Bossaert et al., 2001; Demmke, 2007; EIPA, 2008; Hammerschmid et al., 2013; Vidláková and Pomahač, 2002), namely:

- *Career-based systems*, which are characterized by the dominance of lifelong public service careers, specific criteria for initial entry, a strong emphasis on career development with a high degree of relevance of seniority and relatively

strong differentiation between private and public sector employment. This system is typical of, for example, Belgium, France, Ireland, Luxembourg, Germany, Portugal and Hungary; and

- *Position-based systems*, which are characterized by a focus on selecting candidates for each position, more open access and greater mobility between private and public sector employment. Presently, this system is exercised in Nordic countries (Denmark, Finland and Sweden). In addition, the United Kingdom, Italy and the Czech Republic show features of this system. For more detailed information on the application of the human resource system in EU countries, see Table 2.

Nevertheless, these systems do not occur in their pure form, and some aspects of the two systems are mutually intertwined. They can be characterized as *combined systems*, or systems with structural features. Despite their differences, however, systems of human resource may demonstrate similar trends regarding greater flexibility, job admission modernization, service efficiency performance, a rise in the qualification demand and the associated system of evaluation of public servants. These requirements are mainly influenced by the new system of human resource management, leading to the provision of good-quality public services.

Since this group of human resource systems (Table 3) is still too broad and fails to provide suitable comparisons (e.g. when comparing different career systems

Table 2 Human Resource Systems by Country

| <i>Human Resource System</i> | <i>Countries</i> |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Career-based system | Austria, Belgium, Bulgaria, Cyprus, France, Germany, Greece, Hungary, Malta, Ireland, Luxembourg, Spain, Romania, Poland, Portugal, Lithuania, Slovakia, Croatia |
| Position-based system | Czech Republic, Denmark, Estonia, Finland, Italy, Latvia, Netherlands, Sweden, Slovenia, United Kingdom |

Source: Own elaboration according to EIPA (2008)

Table 3 Public Administration Tradition and Human Resource Systems by Country

| <i>Public administration tradition and human resource system</i> | <i>Countries</i> |
|------------------------------------------------------------------|-----------------------------------------------|
| Continental Career Systems | Austria, Belgium, France, Germany, Luxembourg |
| Continental Position Systems | Netherlands, Slovenia |
| Mediterranean Career Systems | Cyprus, Greece, Spain, Portugal |
| Mediterranean Career Systems | Italy |
| Scandinavian Position Systems | Denmark, Estonia, Finland, Sweden |
| Eastern European Career Systems | Hungary, Slovakia, Poland, Lithuania |
| Eastern European Position Systems | Czech Republic, Latvia |
| Anglo-Saxon Position Systems | United Kingdom |
| Anglo-Saxon Career Systems | Malta, Ireland |
| South-Eastern Career Systems | Bulgaria, Romania, Croatia |

Source: Own elaboration according to EIPA (2008)

in Germany and Romania or different systems of positions, e.g. in Latvia or Sweden), it is necessary to narrow down the range of these classifications of the traditional public administration and the position of various groups of career-based and position-based systems for human resources. This view can then be used for general comparisons and conclusions in the EU countries (EIPA, 2008). More detailed information on the human resource system and traditional public administration classification are presented in Table 3.

3.2 Model According to the System of Government and Administrative Levels

As regards the *types of systems of government*, the member states can be divided into two major groups: *federal states* (Germany, Austria and Belgium) and *unitary states*. Still, a large number of unitary states can be further divided into *decentralized* unitary states (e.g. Denmark, Finland, France, the Netherlands, Sweden, Poland, Hungary, Slovakia, the Czech Republic and Romania) and unitary states *with a dominant position of the central government* (e.g. Ireland, Portugal, Greece, Luxembourg and Bulgaria). Furthermore, unitary states *with a special position* can be distinguished (Spain, Italy, the United Kingdom, Malta and Cyprus). For more detailed information, see Table 4.

Table 4 Model According to the System of Government in EU Countries

| System of Government | |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Federal states | Belgium, Austria, Germany) |
| Unitary states | <i>Decentralized</i> (Denmark, Finland, Sweden, France, Netherlands, Poland, Romania, Hungary, Lithuania, Slovakia, Czech Republic, Slovenia, Latvia, Estonia, Croatia) |
| | <i>With dominant position of the central government</i> (Ireland, Greece, Portugal, Bulgaria, Luxembourg) |
| | <i>With a special position</i> (United Kingdom, Spain, Italy, Malta, Cyprus) |

Source: Own elaboration according to Halásková (2013)

The structure of local and regional government in European countries varies markedly with respect to their constitutions, historical development and size. EU countries are far from having a unified structure of territorial organization, making their own decisions about the system of local arrangement, including the levels of administration (CCRE-CEMR, 2012, 2013; Kuhlmann and Wollmann, 2014; Matei and Matei, 2011). The European Union comprises twenty-eight member states, including three with a federal structure (Germany, Austria and Belgium), one quasi-federal state (Spain) and twenty-four unitary states. In federal countries (nine federal states in Austria, three regions and three communities in Belgium and sixteen federal states in Germany), the regional level is replaced by the presence of

federal states. These countries have single-level local self-governance up to the level of federal units. Despite their unitary structure, some of these latter states have a heterogeneous territorial organization. As such, Portugal, the United Kingdom and Finland include regions in only part of the national territory (autonomous regions of Madeira and Azores, the *devolved* nations of Scotland, Wales and Northern Ireland, and Kainuu and the autonomous island province of Åland). As a *regionalized* unitary state with regions that have an *ordinary* as well as a *special* status, Italy has a special place in the European landscape. Eleven countries have just one level of subnational authorities, namely municipalities, ten others have **two levels** (municipalities and regions), while the remaining seven, which are some of the biggest countries in the EU, have three levels: municipalities, regions and intermediary entities (i.e. departments, provinces, counties, etc.). For the levels of local government in the EU countries, see Table 5.

3.3 Models According to Local Government in EU Countries

There are different systems of local government on the decentralized level in the EU-28 countries, none of which, however, is a unified one. The extent of centralization and decentralization of public administration is most often defined through the ratio of central, regional and local government expenditures and total expenditures of public administration, or the GDP (Szarowská, 2013; Žárska and Kozovsky, 2008). Another comparative criterion from the perspective of public administration of EU countries is *territorial organization* and the levels of administrative territorial division. Based on government and self-government administration performance, and on the activity of authorities on the local level, three basic forms of local administration organization in the EU can be distinguished (Halásková, 2013; Halásková and Halásková, 2009; Kuhlmann and Wollmann, 2014):

- *The Anglo-Saxon system*, which grasps local administration exclusively as self-government, since no difference between self-government and state government is distinguished.
- *The French system*, which is characteristic of France, where authorities of self-government and government coexist on the local level (elected local and regional councils on one side and prefects on the other).
- *The combined (central European) system of territorial organization*, in which both self-government and government are exercised at the same time on the local level, that is, by the same bodies. Generally, autonomous and transferred authorities are mentioned (Table 6).

Taking another viewpoint, the EU member states may be distinguished into four types of local administrative territorial organization based on the level of administrative territorial organization, the size of the units, their authority, dependence on the central administration or the system of checks by central authorities (Halásková, 2013). These are:

- *The North European system.* Here, local governments enjoy a great deal of autonomy, also associated with incomes from local taxes.
- *The British system.* The basic administrative units are of a slightly larger size; they, however, fail to possess an independent financial base, which is why they are more dependent upon central administration. The delegation of power to the local level is less than in the Nordic system.
- *The Central European system.* The federal organization distributes powers into three grades. Local administrations are somehow smaller, their size and authorities differing across the federal states (e.g. a mayor's office in southern Germany exercises more power than

one in the north). Traditionally, local administrations enjoy a great deal of independence, but always in a specific framework.

- *The Napoleonic system.* This uses a relatively high degree of control from central governmental bodies. Local governments are controlled by the mayor, who is appointed by central authorities. The basic administrative units can be quite small; on the other hand, quite big local authorities can also be found (mainly in Italy and France). As many as four administrative levels often exist, in which the middle level (departments, provinces or regions) plays an important role in coordination (France) and in some cases also increases the scope of authority (Spain). For more detailed information on models of local territorial organization, see Table 6.

3.4 Trends of Public Administration in Providing Public Services in EU Countries

The role of public administration is associated with the extent and provision of public services in the EU-28 countries. The main trends in providing public services in all the EU member states can be perceived, consist-

Table 5 The Structure of Subnational Government Levels in EU Countries

| <i>Levels of Local Government</i> | |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Countries with <i>one level</i> of local government | Bulgaria (264 municipalities), Cyprus (379 municipalities), Estonia (226 municipalities), Finland (336 municipalities, 2 regions – Kainuu and Åland), Ireland (114 local councils), Latvia (119 municipalities), Lithuania (60 municipalities), Luxembourg (106 municipalities), Malta (68 local councils), Slovenia (210 municipalities), Portugal (308 municipalities, 2 autonomous regions Madeira and Azores) |
| Countries with <i>two levels</i> of local government | Czech Republic (6249 municipalities and 14 regions), Denmark (98 municipalities and 5 regions), Greece (325 municipalities and 13 regions), Hungary (3177 municipalities and 19 counties), Netherlands (418 municipalities and 12 provinces), Romania (3181 local authorities and 41 departments), Slovakia (2930 municipalities and 8 regions), Sweden (290 municipalities and 20 counties of with 4 regions), Austria (2357 municipalities and 9 federal states), Croatia (556 municipalities and 21 counties) |
| Countries with <i>three levels</i> of local government | Belgium (589 municipalities, 10 provinces and 6 communities and regions), Germany (11 553 municipalities, 301 rural districts and 16 federal states), France (36 697 municipalities, 101 departments and 27 regions), Italy (8 094 municipalities, 110 provinces and 20 regions which 5 with special status), Poland (2479 municipalities, 379 counties and 16 regions), Spain (8116 municipalities, 52 provinces and 17 autonomous communities of which 2 with regime), United Kingdom (406 local authorities, 28 counties and 3 nations – Scotland, Wales and Northern Ireland) |
| Total EU (28) | First level: 89 705 (municipalities and local authorities) Second-level: 1 147 (regional or intermediary authorities) Third-level: 105 (regions) |

Source: Own elaboration according to CCRE-CEMR (2012) and DEXIA-CEMR (2012)

Table 6 Systems of Local Government and Territorial Organisation in EU Countries

| <i>Systems of local government</i> | | |
|----------------------------------------------------------|-------------------------------|---------------------------------------------------------------------------------------------|
| <i>Anglo-Saxon system</i> (e.g. United Kingdom, Ireland) | <i>French system</i> (France) | <i>Combined (central-European) system</i> (e.g. Czech republic, Slovakia, Austria, Germany) |
| <i>Models of local territorial organisation</i> | | |
| <i>North European system</i> (Sweden, Finland, Denmark) | | <i>British system</i> (Great Britain, Ireland) |
| <i>Central European system</i> (Germany and Austria) | | <i>Napoleonic system</i> (France, Spain, Italy, Netherlands) |

ing mainly of two seemingly contradictory tendencies (Aaberge et al., 2010; Demmke, 2007; Denhardt and Denhardt, 2000; EPSU, 2010):

- *Europeanization*, meaning the progressive transition from the traditional national framework of definition and organization of public services to the Community level, the effects of which can be found throughout the EU but the forms of which vary widely, from harmonization in all important networks to the open method of coordination in education or health; and
- *Sectoral characteristics and trends*, meaning practically that telecommunications, electricity, water, transport, education or health are not organized in the same way as in the Single Market and on the basis of identical Community rules.

These two trends are mutually interconnected, but the process is gradual and, so far, just common grounds in the role of public administration of each country on all levels (national, regional and local) have been defined. Table 7 provides the comparison of each administrative level in the EU countries that takes part in providing public services.

Regarding the *Anglo-Saxon countries*, public services are provided by all the levels of public administration in the United Kingdom and at the central and local level only in Ireland. In Malta, only the local level (i.e. 68 local units) co-provides public services. At the central level in Malta, both the Parliament and the Government just set the prices of services of basic and complementary social insurance, sea transport, university education and services of care for elderly citizens. In *Scandinavian countries* (Sweden, Finland and Denmark), all the administrative levels take part in providing public services, with the exception of Estonia, where public services are provided at the central and local levels only. In *Mediterranean countries*, or more precisely *South European countries* (Italy, Portugal, Spain and Greece), all the levels of public administration provide public services. Cyprus is the only place where this takes place at the central and regional levels (and the more extended regional level in six cities). In the *countries of Eastern European tradition* (the Czech Republic, Slovakia, Poland, Hungary, Latvia, Lithuania and Croatia), as well as in Romania, public services are provided at all the administrative levels (central, regional

and local). In Bulgaria, public services are provided by the public administration just on the national and local levels.

Furthermore, regarding the *countries of continental Europe*, in France and the Netherlands and in all the federal countries (Germany, Austria and Belgium), all public services are provided by all the levels of public administration. In Luxembourg and Slovenia, only the central and local levels of public administration co-provide public services. For the provision of public services in the EU countries with respect to the administrative levels, see Table 8.

4. Results – The Financial Dimension of Public Administration in EU Countries

The extent of public services and their provision are closely connected with each country's financial abilities, which are one of the main factors in their development. There is no single concept for financing public services by public administration in the EU. A significant role is played by public expenditure. In this part of the paper, local government expenditures and the extent of decentralization of public administration in the EU-28 countries in the years 2001, 2005, 2009 and 2012 are compared. For the sake of documentation, the years 2001 (the first year of the period), 2005 (the accession of ten new member states), 2009 (the year of the post-crisis era, when all countries reached their peak in expenditures) and 2012 (the last year with available statistical data so far) are shown (Eurostat, 2014).

4.1 Decentralization of Public Administration in Relation to Public Expenditures in EU Countries

Fiscal decentralization can be characterized as a transfer of specific fiscal functions of the central government to governments at lower levels and as an enhancement of the roles of hierarchically lower levels of local government. Fiscal decentralization means that sub-central levels make decisions on the services provided and are responsible for a substantial part of the expenses through their own income base (Aristovnik, 2012; Finžgar and Oplotnik, 2013; Halásková and Halásková, 2014; Horvátová et al., 2012; Szarowská, 2013; Žárska and Kozovsky, 2008).

Table 7 Administrative Levels Providing Public Services in EU Countries

| <i>Levels of Providing Public Services</i> | <i>Application in EU Countries</i> |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| State, regional, local level | Austria, Germany, Belgium, United Kingdom, France, Netherlands, Denmark, Finland, Sweden, Italy, Portugal, Spain, Greece, Czech Republic, Slovakia, Poland, Hungary, Lithuania, Latvia, Romania, Croatia |
| State and local level | Ireland, Luxemburg, Slovenia, Estonia, Bulgaria |
| State and regional level | Cyprus |
| Local level | Malta |

Source: Own elaboration according to EPSU (2010) and CCRE-CEMR (2012)

The share of local budget expenditures in the total expenditures in terms of the budgetary system varies across the EU. The highest local government expenditures as a percentage of GDP over the period 2001–2012 were observed in local governments in Scandinavian countries, reaching 37% in Denmark, around 25% in Sweden and up to 20%, and more than 20% in more recent years, in Finland. By contrast, the lowest expenditures as a percentage of GDP were observed in Malta, where they reached less than 1%, Cyprus (around 2%) and Greece, where the expenditures reached around 3%. The local government expenditures for the entire monitored period are above the EU average (excluding the Scandinavian countries) in states such as Italy, the Netherlands, Poland and the United Kingdom (Figure 1).

It is clear from Table 9 that over the years 2001, 2005, 2009 and 2012, the strongest fiscal decentralization was present in Denmark (as the share of local government expenditures as a percentage of the total general government expenditures) and other Scandinavian countries (Sweden and Finland). In 2001, strong decentralization took place in Ireland, where a lower extent of decentralization is observed due to reforms and changes. The Netherlands, Poland, the United Kingdom and Italy are among the countries with a larger extent of decentralization of public administration. A medium level can be observed in Lithuania, Latvia, Estonia, Hungary and the Czech Republic. Moreover, a large extent of centralization considering the minimal amount of own resources is observed in Malta, Cyprus and Greece. A marked degree of centralization of public administration is observed in Ireland, Portugal, Spain and Luxembourg. The extent of decentralization of expenditures in EU countries over the years 2001, 2005, 2009 and 2012 is provided in Table 10, as local government expenditures as a percentage of general government expenditures.

It is important to consider the fact that the financial capabilities of each local government are influenced by

various factors (geography, territorial organization, the level of decentralization as well as the nature of competencies carried out by the local authorities). The extent of the financial capabilities of local governments in the respective EU countries is also associated with territorial organization and the public services provided (Governatori and Yim, 2012; Oplotnik, 2012).

4.2 Comparison of General Government Expenditures According to the Levels of Public Administration in the EU-28 Countries – Results of the Cluster Analysis

The crucial task is to define the volume of public expenditures, their structure and what should be expended on which needs with respect to the available sources of financing and budgets of government levels in EU countries (Faaini, 2006; Freysson, 2012; Halásková, 2012; Onofrei and Lupu, 2010; Szarowská, 2013; Zai, 2012). For the sake of the comparison of the EU states according to their public expenditures at the level of public administration in the year 2012, the method of hierarchical cluster analysis was used. The total general government expenditures (% of GDP), local government expenditures (% of GDP) and local government expenditures (% of the total general government expenditures) were selected for the comparison. The output of the hierarchical cluster analysis consists of three clusters of EU-28 countries that are least similar from the point of view of internal similarity (Table 10 and Figure 2).

The most similar countries in the first cluster, based on the selected criteria of public expenditure, are represented by Belgium, Germany, Ireland, Greece, Spain, Luxembourg, Austria and Portugal. Identical similarity is also shared by Malta and Cyprus. Most countries are to be found in the second cluster, of which the most similar in terms of selected public expenditures are Bulgaria, Slovakia, Lithuania, Romania, Estonia, the Czech Republic, Croatia and Poland. Identical similar-

Table 8 Selected Public Services in EU Countries According to the Levels of Public Administration

| <i>Levels of Public Administration</i> | <i>Categories of Public Services</i> |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Central level | Telecommunications, Postal services, Production of electricity, Transport-distribution of electricity, Gas transport-distribution, waste water, Higher education, Vocational training, Complementary social protection, Hospital health services, Ambulatory health services |
| Sub-national levels | |
| Third-level (provincial, state, regional levels) | Regional transport, regional public administration services, territorial development, water services, educational services, health care, cultural services or services of social housing. |
| Second-level (districts, regions) | Responsibilities usually include secondary schools, environment, roads and land-use planning. |
| First level (cities, municipalities local governments and governments) | Manage local roads, water supply, waste collection, public transportation, health and social protection and in most EU countries also primary education and pre-primary education. |

Source: Own elaboration according to EPSU (2010) and CCRE-CEMR (2012)

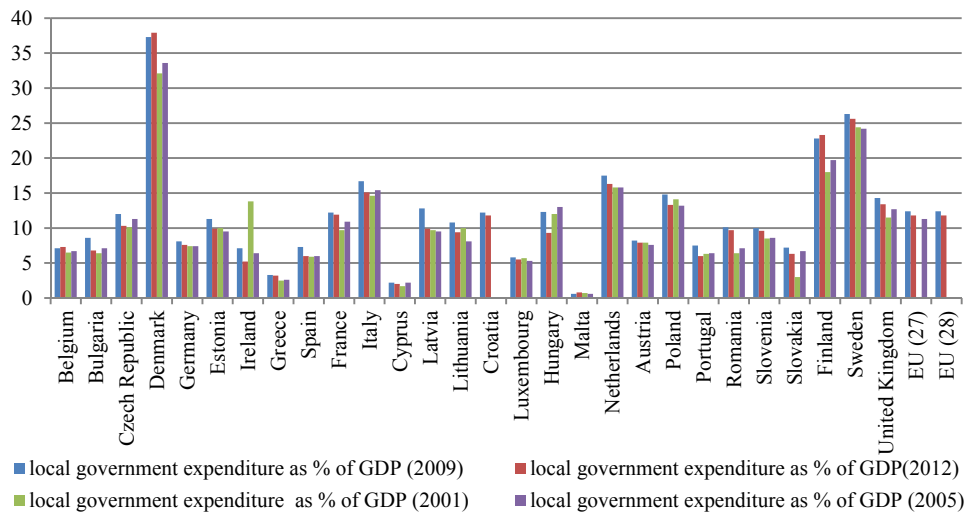


Figure 1 Local Government Expenditures in EU-28 Countries as a Percentage of GDP
Source: Authors according to Eurostat (2014)

Table 9 Extent of Fiscal Decentralization of Expenditures in EU-28 Countries

| Country EU | Local government expenditures as % of total general government expenditure | | | | Country EU | Local government expenditures as % of total general government expenditure | | | |
|----------------|----------------------------------------------------------------------------|------|------|------|----------------|----------------------------------------------------------------------------|------|------|------|
| | 2001 | 2005 | 2009 | 2012 | | 2001 | 2005 | 2009 | 2012 |
| Belgium | 13.2 | 12.9 | 13.2 | 13.2 | Luxembourg | 14.9 | 12.7 | 12.8 | 12.4 |
| Bulgaria | 15.7 | 19.0 | 19.2 | 18.9 | Hungary | 25.1 | 25.9 | 23.9 | 19.0 |
| Czech Republic | 23.0 | 26.2 | 26.8 | 23.1 | Malta | 1.6 | 1.3 | 1.4 | 1.8 |
| Denmark | 59.2 | 63.6 | 64.8 | 63.6 | Netherlands | 34.8 | 35.2 | 34.0 | 32.3 |
| Germany | 15.5 | 15.7 | 16.7 | 17.0 | Austria | 15.4 | 15.2 | 15.6 | 15.3 |
| Estonia | 28.7 | 28.2 | 25.2 | 25.0 | Poland | 32.2 | 30.4 | 33.2 | 31.5 |
| Ireland | 41.5 | 18.8 | 14.7 | 12.2 | Portugal | 14.6 | 13.7 | 15.0 | 12.6 |
| Greece | 5.5 | 5.8 | 6.1 | 5.9 | Romania | 17.6 | 21.1 | 24.5 | 26.5 |
| Spain | 15.2 | 15.6 | 15.8 | 12.5 | Slovenia | 18.0 | 19.0 | 20.5 | 19.9 |
| France | 18.7 | 20.3 | 21.4 | 21.0 | Slovakia | 6.7 | 17.6 | 17.3 | 16.6 |
| Italy | 30.6 | 32.1 | 32.1 | 29.8 | Finland | 37.5 | 39.1 | 40.6 | 41.1 |
| Cyprus | 4.4 | 5.1 | 4.7 | 4.3 | Sweden | 44.8 | 45.4 | 47.9 | 49.2 |
| Latvia | 27.7 | 26.5 | 29.2 | 21.3 | United Kingdom | 28.9 | 29.3 | 28.1 | 28.0 |
| Lithuania | 26.6 | 23.8 | 24.0 | 26.0 | EU (28) | 23.6 | 24.2 | | |
| Croatia | - | - | 26.4 | 25.9 | EU (27) | | | 24.3 | 23.9 |

Source: Author’s calculations according to Eurostat (2014)

Table 10 Cluster in EU-28 Countries According to General Government Expenditure

| Clusters in EU | EU countries |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| One cluster | Belgium (BE), Germany (DE), Ireland (IE), Greece (EL), Spain (ES), Cyprus (CY), Luxembourg (LU), Austria (AT), Malta (MT), Portugal (PT). |
| Two cluster | United Kingdom (UK), Slovakia (SK), Slovenia (SI), Romania (RO), Poland (PL), Hungary (HU), Lithuania (LT), Latvia (LV), Italy (IT), Croatia (HR), France (FR), Estonia (EE), Czech Republic (CZ), Bulgaria (BG), Netherlands (NL) |
| Three cluster | Denmark (DK), Finland (FI), Sweden (SE) |

Source: Author’s elaboration according to SPSS

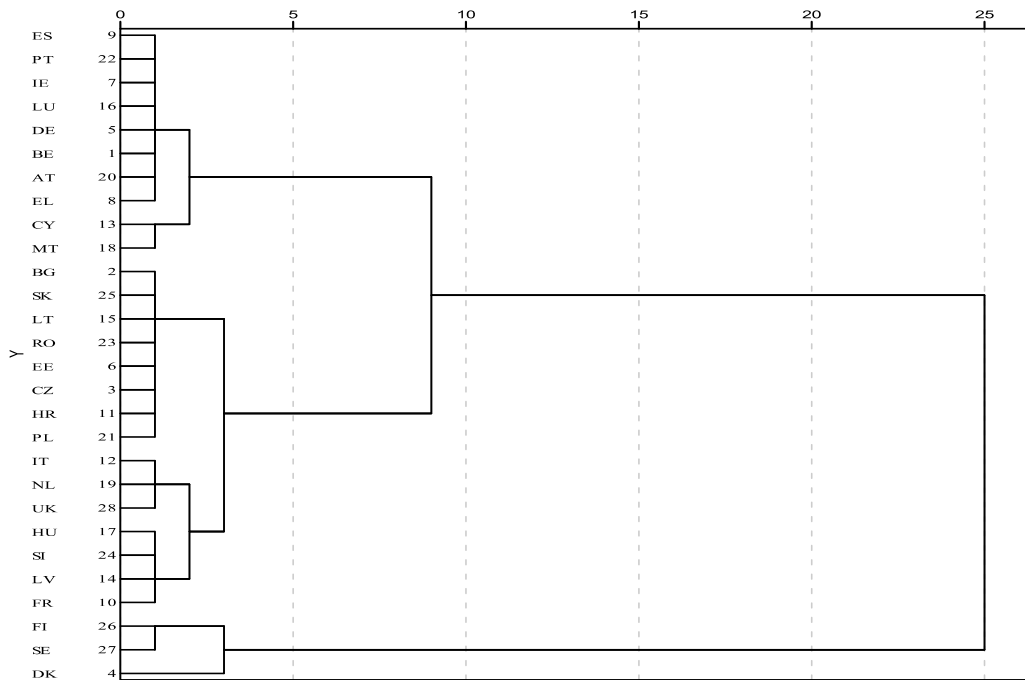


Figure 2 Dendrogram According to Selected General Government Expenditures in EU Countries
Source: Author's elaboration according to SPSS

ity is also found in Italy, the Netherlands and the United Kingdom, and another group of similar countries comprises Hungary, Slovenia, Latvia and France. The third cluster of similar countries consists of Scandinavian states (Finland, Sweden and Denmark), of which Sweden and Finland are the most similar; Finland and Denmark show marks of a lesser degree of similarity (Figure 2).

The box plot (Figure 3) presents the results of the cluster analysis in selected categories of public expenditures in EU countries. It can be observed that the lowest and highest values of public expenditures are in countries in the first and the third cluster, respectively. The most marked differences among clusters are observed for decentralization, for which the greatest extent is in countries of the third cluster and the smallest extent is in the first cluster. In the first cluster, the median value is about 12% (the highest value of decentralization is present in Germany, 17%, and the lowest is in Malta, 1.8%). In the second cluster, the median value for decentralization is about 26%, with the highest rate in the Netherlands, 32.3%, and the lowest in Slovakia, 16.6%. In the third cluster, the median value (extent of decentralization) is the highest of all the clusters, 49% (the highest in Denmark, 63.6%, and the lowest in Finland, 41.1%). The least notable differences among all the clusters of the EU-28 countries are observed in the total general government expenditures as a percentage of GDP (Figure 3). The median is about 45% in the first cluster (the highest expenditures in Belgium, 55%, and the lowest in Ireland, 42.6%). In the second cluster, the

median of the total general government expenditures reaches 46% (the highest value in France, 56.6%, and the lowest in Bulgaria, 35.9%). In the third cluster, the median is about 57% (the highest value in Denmark, 59.4%, and the lowest in Sweden, 52%).

5. Discussion

Public administration in EU countries and its position in the European administrative space is developing continuously, thus inducing a discussion of a variety of comparative approaches (Blondel, 1990; Bossaert et al., 2001; EIPA, 2008; Farazmand, 2001; Heady, 2001; Kuhlmann and Wollmann, 2014; Rowat, 1984). In connection with the expansion of the EU, changes to the structure, position and internal organization of the respective countries need to be considered. There is no legal document in the EU to prescribe a model of public administration and territorial organization that should be adopted by the member states. As a result, it is the member states that decide on the structure, extent, functions, activities and internal organization of public administration, which is their exclusive competence. However, each country is obliged to respect its internal (among others, economic, cultural, social and territorial) conditions and, in connection with that, create its own system of these relations and structure of public administration. Although EU countries can be associated with one model or placed into one category, they show signs of marked differences and specificity. As argued by research studies (CCRE-CEMR, 2012, 2013;

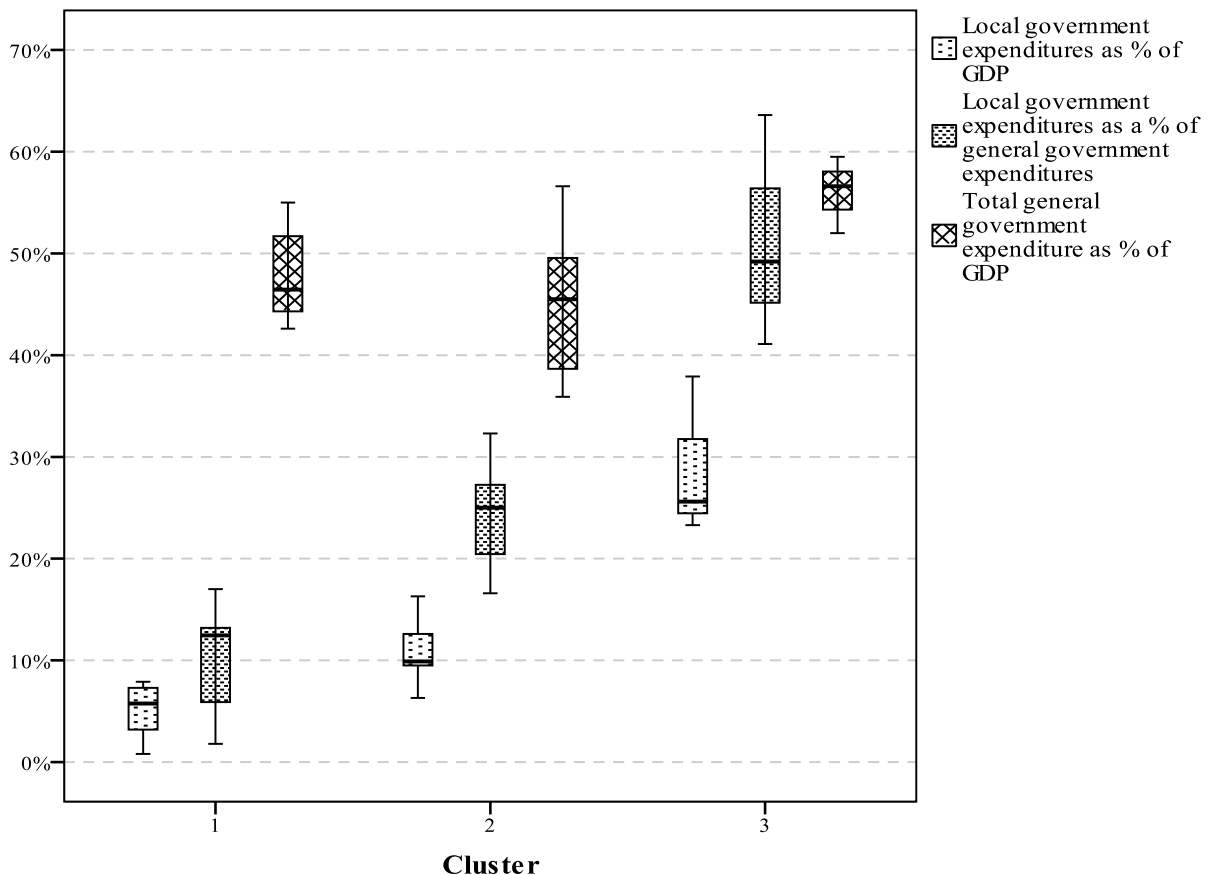


Figure 3 Box Plot According to Selected General Government Expenditures in EU Countries
Source: Author's elaboration according to SPSS

DEXIA-CEMR, 2012) and some authors (Halásková and Halásková, 2009; Matei and Matei, 2011; Meričková et al., 2010; Oplotnik, 2012), it is characteristic of all the EU-28 member states that they create subnational government levels, which, however, vary significantly in each country (in the number of administrative levels, size, number of inhabitants and extent of authority). Comparing local government and public services, it is possible to say that the rise in the volume of local budgets is a reflection of increased autonomy and responsibility of local governments in providing for and financing the public sector in their own area, but also of the rise of the public sector as a whole. The nature and type of public services then determine the structure and volume of expenditures of local budgets. The extent of expenditures of local governments influences the revenue budgetary restriction and the extent of responsibility and authority for providing public services at the municipal and regional levels, as argued by some authors (Horvátová et al., 2012; Maksimovska-Veljanovski and Stojkov, 2013; Mikušová Meričková and Nemeč, 2013; Oplotnik et al., 2012, etc.). As each country creates its own system of public administration,

including a non-unified concept of financing, these differences in EU countries are also influenced by demographic, economic, political, legislative and other factors. Hence, a number of issues connected with public administration in EU countries remain unresolved and open to further research. This mainly concerns the redistribution processes in public administration, the specificity and diversity of administrative systems in EU countries and a more detailed comparison of the economy of the public administration subsectors according to the ESA methodology, which takes into account the variability of administrative structures.

6. Conclusion

In EU countries, public administration is strongly influenced by traditions, which also influence the public administration performance, the reform tendencies taken and the aspects of modernization. A number of common features, which enable the creation of models and approaches for their comparison, can be traced in public administration in EU countries, namely the legislative definition of public authorities in constitutions and

legislature at national levels, the human resource system or state system created and the system of local government and territorial organization in the EU-28. The most marked differences in public administration in EU countries occur in the structure of subnational governments and in financial resources at the levels of public administration.

The comparison of public administration and its financial dimension showed that fiscal decentralization plays a vital role in public administration. Fiscal decentralization contributes to the effective provision of public services by adjusting the expenditures to the local priorities and preferences, which motivates local governments to achieve better mobilization of resources and thus greater transparency and responsibility for their expenditures. Among the countries with a high degree of decentralization belong the Scandinavian countries, whilst a small degree of centralization of public administration and strong dependency on central resources is seen in Greece, Malta and Cyprus.

Furthermore, the differences in the financial dimension of public administration in EU countries were confirmed by the cluster analysis. The outcome of the cluster analysis in terms of the selected criteria of public expenditures showed that the EU-28 countries can be divided into three clusters that are least similar from the viewpoint of internal similarity. The most marked differences in public expenditures were observed in EU-28 countries in the first and the third cluster, in which fiscal decentralization of expenditures constitutes the most notable difference, or more precisely local government expenditures as a percentage of the total general government expenditure. In the first cluster, the highest value of fiscal decentralization is represented by Germany and the lowest by Malta (with a difference of 15.2%). By contrast, in the third cluster, the highest value is represented by Denmark and the lowest by Finland (with a difference of 22.5%). The box plot clearly shows a wide range of values among all the countries of the same cluster (Figure 3). The smallest differences in all the clusters of the EU-28 countries, however, are perceived in the total general government expenditures as a percentage of GDP, for which the differences between the median of the first cluster and the median of the second cluster is only 1%.

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