

Danielle Bossaert

How size matters

The constraints and opportunities of public administration in Luxembourg¹

Luxembourg's public administration can, with its 28,875 civil servants², best be compared to the regional administration of a small German 'Land' such as the Saarland (23,730 civil servants in 2014) or to the local administration of a big French city such as Paris (55,000 civil servants in 2017). However, as a sovereign nation-state, it is supposed to deliver to citizens the same range of services (e.g. security, defence, primary, secondary and tertiary education, culture, social security, transport) as the public services of its much bigger neighbouring countries, Belgium, France and Germany with considerable greater human resources capacity. Luxembourg is moreover, as a full member state of the European Union, subject to the same legal obligations – such as to implement EU law – as larger Member States, which can rely on a much bigger bureaucracy.

According to Deryck R. Brown³, small states such as Luxembourg, which cannot rely on specialists in every scientific, technical or managerial area, are only able to manage this herculean task if their officials are reasonably flexible, adaptable, knowledgeable generalists, who could be called upon to cover many issues and perform a broad range of functions all at once.

Small state research⁴ shows that the public administrations of small states reveals

structural and contextual characteristics which are fundamentally different from those of larger states. In many respects, they do not fit the theory of public administration and the classical Weberian features of bureaucracy⁵, such as a high specialization of tasks, a formalistic culture, a rigidly defined division of labour and a clear separation between political and administrative roles. Structural characteristics that distinguish small bureau-

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cracies from large states' bureaucracies are, according to the literature, a higher personalization of the public service, role accumulation, a high degree of informal policy coordination and the predominance of generalist knowledge.

'Small state' in this article refers to states with less than 1 million inhabitants, such as Luxembourg (602,005 inhabitants in 2018), as opposed to big states with tens of millions of inhabitants, such as Germany (82.85 million in 2018) and France (67.22 million in 2018). 'Small' refers to the size of the population and the specific effects resulting from 'smallness', such as the fact that many roles have to be played

by relatively few persons due to the limited number of people available. The same people meet each other repeatedly in different activities.⁶

There is so far hardly any literature on the organisation and characteristics of Luxembourg's public administration, unlike the cases of the public administration of Malta, Estonia and Iceland.⁷ This fact makes it particularly interesting for this article to highlight some special opportunities and constraints of Luxembourg's public administration as compared to large bureaucracies.

The contextual and structural characteristics of the Luxembourg's public administration

Luxembourg's public administration is embedded in a context of 'manageability' (*Überschaubarkeit*), which is characterized by proximity and a lack of anonymity. As is typical of small states, national politics is in Luxembourg – where there exists no regional tier of government – much closer to the local level than in big states. Due to the short distances, access to national politicians and ministers is more straightforward and easier than in federal and multi-level states. Luxembourg's ministers are often quite familiar with issues that are of direct concern for citizens and businesses at a local level, which it would be hard to imagine in large states. Due to the small size of ministerial departments, they are also much more involved in the daily business of the organizations they are heading. This leads Randma-Liiv to conclude that

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ministers heading small public administrations usually play a stronger and more influential role at organizational level than their counterparts in big states.⁸ A direct effect of this characteristic is a greater personalization of politics and organizational management and a more noticeable dependency of policy-making on the person and the personal policy style of the top decision-maker.

Of the 60 members of Parliament, 13 people combine the function of MP with the function of mayor of a municipality and 29 hold both a national and a local mandate. In such a context, where the local and national levels are so deeply interlaced, it may appear tempting to apply to small states the context and criteria often reserved for local government, where the small scale and personal nature of administration prevail.⁹ However, as a nation state, a globalized economy and the third largest European financial centre, Luxembourg has to deal with issues and comply with requirements which go far beyond the field of activities of local government.

In Luxembourg, it is not only the vertical division of competencies which is characterized by proximity and permeability. This is also true for the different hierarchical layers in the small ministerial departments. In such a “closely knit community” (Sarapuu), where people often know each other in person (if not personally then through somebody else), professional relationships are much more personal and informal than in big states. It is according to Baker¹⁰, much more difficult in small states to separate personality from function, “since officials have to interact with their constituents as neighbours, relatives, and friends to a much higher degree than in a larger country”. Veenendaal draws attention to the entanglement of societal roles, private roles and roles in public office in small states and the inherent risk that personal relationships have an influence on public affairs.¹¹ Hence, such small communities are more prone to the risk of conflicts of interest than is the case in larger contexts, where the different societal roles are spread among a higher number of actors.

The challenges of closely knitted communities are also characteristic for Luxembourg with its 600,000 inhabitants and its 28,875 civil servants. The situation is, however, different in so far as the public service is surrounded by a globalized economy – Luxembourg hosts one of the largest financial centres in Europe and a high number of multi-national companies and European institutions – which exceeds by far the size of the country. This is well illustrated by the high domestic employment rate of Luxembourg (432,400 in 2017) and the high number of cross-border workers from France, Bel-

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gium and Germany (183,500 in 2017), who are subject to the Luxembourg tax system and social security system. Public services, such as transport policy, infrastructure policy, are not only designed for the small national population but for a much broader group of users, who exceed by far the tiny Luxembourg population.

A last important contextual characteristic of Luxembourg’s public administration is the tight and tiny national labour market, which is – as is usual for small states – structurally characterized by a lesser degree of functional differentiation and specialization¹² than in large states. It follows from this that it cannot provide the same level of experts and specialists and that, like many other small states, Luxembourg counts the shortage of a high-level workforce as one of its most serious problems.¹³

**Low level of specialization – reliance
on foreign know-how, multi-tasking,
role accumulation and polyvalence**

In small states, public administration is, in the same way as the labour market, characterized by a comparatively lower level of specialization and differentiation.

Small bureaucracies are not equipped with enough personnel to develop the whole range of different roles and functions characterizing the bureaucracies of large states¹⁴ – although, as a sovereign nation state, they have to deal with the same number of topics. Research literature highlights different strategies and opportunities for small governments to overcome this constraint. A first strategy is to rely in selected domains on the support of other states and to buy certain functions from abroad. Due to the critical mass problem, such as in the field of training, Luxembourg’s public officials can participate in a high number of specialized courses abroad, which would be too costly to organize at a national level.

In the field of higher education, the shortage of highly skilled academic staff and specialists on the national labour market has led to a high reliance on a foreign workforce and a predominantly international body of professors and academic staff at the University of Luxembourg.

A further strategy to compensate for limited resources is to prioritize tasks and to concentrate resources on issues which are identified as affecting a specific national interest. In the field of European affairs, Hoscheit describes this strategy in his analysis of Luxembourg’s public administration as follows: “...small states generally pursue their particular interests in a more limited spectrum than do a number of larger states. In this way small states can concentrate their attention, their efforts, and above all their means on a more limited number of essential interests.”¹⁵ This strategy leads on the one hand to a prioritization of issues and to a high degree of activity in some selected topics of vital national interest.

A public administration such as Luxembourg’s deals with a high number of topics in a much more superficial and speedy way than is the case of big organizations. While in France or Germany usually more than one civil servant deals with the different aspects of one single European directive, this same task is in Luxembourg usually executed by one single civil servant, who is at the same time dealing with two or three other EU directives. Many

tasks and topics cannot be dealt with in the same depth as in more specialized administrations and in some rare cases where they are not of direct national interest or not closely linked with the government's programme, a decision may be taken not to deal with them at all. Such a decision, which may be rational and reasonable in the short term, can on occasion have negative long-term effects, which it would have been too time-consuming to analyse at the outset.

In Luxembourg, as in similar contexts, it seems also in future most unlikely that there will be a specialist in every scientific, technical or managerial area. Against such a background, organizational design and management have to adapt to these structural particularities. In Luxembourg's public administration, job profiles are often broader and designed in a more flexible and informal way than is the case in huge bureaucracies with thousands of employees, where job profiles are rather specialized and where distinctions are made between a variety of different professional profiles with rather concrete job specifications. In contrast, the job content can in small and more flexible organizations often be changed more easily and without a considerable bureaucratic input. Murray comes to the conclusion that small public administrations are characterized by a "blurring of job descriptions often of quite radical nature between policy and administrative, public and private, public and parastatal board membership".¹⁶

Recently, however, there have been in Luxembourg serious attempts to develop specialization and expertise in the civil service through the introduction of competency-based recruitment and selection and job advertisements based on professional profiles. A positive effect of this effort is that it counteracts the practice often common in small public administrations, "to adapt structures and jobs to people rather than to fit individuals into formal organizational frameworks."¹⁷

Blurred job profiles, multi-tasking and polyvalence often characterize the job profiles of top administrative decision-makers in Luxembourg. This is even truer in small ministerial departments, where the role differentiation is even less pronounced

and where an expert or unit for all organizational issues does not exist. Given such a context, it is important "to understand that senior officials in small states work under conditions which are significantly different from those of their colleagues in larger states, even if their official titles and duties appear identical".¹⁸

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The advantages of such an accumulation of roles in the same position are a lesser need of cumbersome coordination structures and mechanisms on the one hand and on the other hand a higher degree of policy coherence. Directors General have in general a better overview of their departments than their counterparts in bigger states. This broad overview can contribute to preventing silo thinking and can foster horizontal coordination. This is even truer for ministers who are heading different ministerial departments.

Role accumulation in the case of an accumulation of contradictory roles with different goals and interests, however, also

entails challenges such as risks of conflict of interest. And it is last but not least time-consuming, while its management becomes more and more demanding in times of growing specialization.

Small state research identifies the practice of multi-tasking and role accumulation as a particular feature of small public services, which leads through the mixing of the political sphere with the administrative sphere to a deviation of the small state from the classical theory of public administration. According to this theory, the 'bureaucrat' should be merely responsible for implementing policies designed by politicians. Such a deviation may lead to the question of whether the classical theory of public administration does fit under all circumstances the different reality of small public administrations.

Limited formalization – the strong role of flexible, pragmatic and informal decision-making

According to the Weberian theory of bureaucracy¹⁹, bureaucracies are highly regulated organizations which are characterized by a high degree of formalization and the standardization of processes and reporting systems, detailed service instructions, rigid and tightly described procedures and detailed organizational charts which allocate clear responsibilities for every situation. In such an organization, decision-making systems have a well-de-

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"Bundeskansleramt", seat of Germany's chancellor via Wikimedia Commons



Lamermont building, seat of Belgium's Prime Minister via Wikimedia Commons



Hôtel Matignon, seat of the French Prime Minister via Wikimedia Commons

finer vertical hierarchy of command. The strengths of such organizations are a high level of objectivity, neutrality, while major constraints are highly rigid, cumbersome and time-intensive decision-making processes, inflexibility, slow reactivity to change and the risk of silo-thinking.

As Baker and other researchers highlight²⁰, the scale and structure of small bureaucracies are so different from those of larger states that the same prescriptions, principles and features cannot always be applied to both types of organization. In the literature, characterizations of small public administrations also vary considerably from those of large states. Small bureaucracies are generally described as being less formalistic, with less rigid guidelines, while typical features mentioned are "a pragmatic and informal management of procedures",²¹ a tendency to flexible and informal working procedures, decision-making through informal coordination, less formal hierarchies, a more direct access to top decision-makers and more consensual decision-making. According to Jugl²², small states bureaucracies benefit from less 'noise' (Tullock): flatter hierarchies, greater flexibility in dealing with scarce resources, and lower administrative costs for monitoring.

The strengths of such organizations are short administrative pathways, fast decision-making if needed and a potentially flexible and pragmatic adaptation to change. According to Curmi²³, one may compare the advantages of such a tiny organization with a small firm "which does not need a huge bureaucratic machinery that creates rigidities" and which "may be better placed than a large firm to react quickly to the needs of its staff".

As the literature also highlights, such small and flexible public organizations are however also characterized by negative aspects. Obvious weaknesses are on the one hand risks of arbitrariness and subjectivity, which can impede the development of an objective, professional and performance-oriented public administration. On the other hand, in such an informal environment with a low level of formalization and standardization (e.g. few formal guidelines) and the lack of a clear distinction between plan-

ning, execution and monitoring/evaluation functions, the implementation and monitoring of big horizontal reform projects may become more difficult and lengthy than in more formal organizations with a clear allocation of responsibilities and formal service instructions.

Many of these findings are confirmed by the Luxembourg case study. In Luxembourg's manageably sized ministerial departments, with on average 60-90 people, policy-making is characterized by a flexible and pragmatic working style. A rather informal decision-making style is facilitated by the proximity of major actors and the fact that the number of persons involved in the various relevant networks is rather small and sometimes involves only a handful of actors.²⁴ The fact that top civil servants often know each other in person and are familiar with who does what across ministerial boundaries encourages fast and flexible decision-making. According to the experience and perception of the author, daily work is to a lesser extent dictated by formal structures, guidelines and detailed service instructions than in large administrations – although there have recently been efforts towards a greater formalization of procedures and processes. It is very often the needs of the 'terrain', which dictate the daily work agenda of civil servants. Meanwhile, it is often pragmatic, ad-hoc and case-by-case solution-finding

which takes precedence over the development of a systematic and standardized approach to be then applied in a general way to all cases.

Finally, yet importantly, policy-making in Luxembourg's informal public administration is generally much less grounded in theoretical analyses and concepts and abstract design than in larger states. This is illustrated by the strategy 'Digital Luxembourg', in which policy-making is prag-

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matic and solution-oriented. In order to speed-up digitalization in the public and private sector, the Prime Minister launched in 2014 an all-inclusive strategy including a broad range of concerned actors from the public and private sectors and from academic institutions. Characteristics of this approach are its flexibility, limited institutionalization and inter-ministerial, horizontal cooperation through the involvement of three key ministries,

the Ministry for Communications and Media, the Ministry of the Economy and the Ministry of Finance.

Conclusions

The analysis of Luxembourg's public administration has shown that 'small size' entails constraints such as scarce resources, the critical mass problem, the lack of anonymity, risks of arbitrariness and conflicts of interests through unhealthy role accumulation, low levels of formalized work procedures and a high dependence on foreign expertise. It has however also illustrated that 'small size' can be associated with specific opportunities such as a lower level of bureaucratic rigidity as compared to large organizations, relatively short and direct communication paths across hierarchies, a more direct and easier access to decision-makers (if needed) and more opportunities for informal coordination than in large states.

The analysis has, last but not least, highlighted that there exist some effective strategies for small public administrations to counterbalance the scarcity of resources and that a 'small organization' can also – if wisely managed – mean in a positive way more flexibility, agility, a higher capacity for adaptability and faster decision-making than is the case in a 'large organization'. ♦

1 The author is solely responsible for the content of this article; the views presented herein are not necessarily those of the Ministry of Civil Service.

2 Open Data Portal Luxembourg, <http://data.public.lu/fr/datasets/agents-de-la-fonction-publique>, checked on 28 February 2019

3 Deryck R. Brown, "Institutional Development in small states: Evidence from the Commonwealth Caribbean", in: *Halduskultuur – Administrative culture* 11, 1, 2010, p. 57

4 See for instance Randall Baker (ed.), *Public administration in small and island states*, West Hartford, Kumarian Press, 1992; Tiina Randma-Liiv, "Small states and bureaucracy: Challenges for public administration", in: *Trames*, 6, 56/51, 4, 2002, p. 374-389; Külli Sarapuu, "Comparative analysis of state administrations: The size of state as an independent variable", in: *Halduskultuur – Administrative culture*, 11, 1, 2010, p. 30-43; Baldur Thorhallson, *The role of small states in the European Union*, Aldershot, Ashgate, 2000; Sebastian Wolf, "Elemente einer makropolitischen Theorie des Kleinstaats", in: *Arbeitspapiere Liechtenstein-Institut*, Nr. 42

5 Max Weber, *Essays in sociology*, ed. by H. H. Gerth and C. Wright Mills, London, Routledge, 1948

6 Benedict Burton (ed.), *Problems of smaller territories*, London, Athlone Press, 1967, p. 47

7 For Estonia, see for instance the articles of Tiina Randma-Liiv and Külli Sarapuu in footnote 4, for Malta the publications of Lino Briguglio and Godfrey Baldacchino on small states, and for Iceland the publications of Baldur Thorhallson.

8 Randma-Liiv, op.cit., p. 379

9 Baker, op.cit., p. 7

10 Ebd., p. 17

11 Wouter Veenendaal, *Politics and democracy in microstates*, London, Routledge, 2014, p. 22f.

12 Hans Geser, "Ausgangspunkte zu einer Soziologie kleiner Staaten", in: Arno Waschkuhn (Ed.), *Kleinstaat. Grundsätzliche und aktuelle Probleme*, Vaduz, Verlag der Liechtensteinischen Akademischen Gesellschaft, 1993, p. 52ff.

13 See Randma-Liiv, op.cit. p. 377

14 Geser, op.cit. p. 52ff.

15 Jean-Marc Hoscheit, "Administrative adaptation in the context of regional integration: Luxembourg and the European community", in: Baker, op.cit., p. 276

16 Murray quoted in Baker, op.cit., p. 15

17 Randma-Liiv, op.cit., p. 380

18 Sarapuu, op.cit., p. 34

19 See footnote 5

20 Baker, op.cit., p. 6ff.

21 Thorhallson, op.cit., p. 80

22 Marlene Jugl, "Finding the golden mean: Country size and the performance of national bureaucracies", in: *Journal of Public Administration Research and Theory*, 29,1, 2019, p. 118-132

23 Liliana Curmi, "Governance and small states", in: *Occasional Papers on Islands and Small States*, 4, 2009, p. 11

24 Hoscheit, op.cit., p.271.