Workshop on Public Administration Strategies that Help or Hinder Societal Harmony

Strategies to Build Up Holistic Governance

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Abstract

Holistic governance, compared to the traditional public administration and new public management, poses a daunting challenge to current level of governing sophistication. The nature and goal of holistic governance presents the public administration community a new paradigm that directly appeals to the needs of the public. While initiatives like “joining-up government” are correcting the system flaws that come from the fragmentation of functional departments, what holistic governance aspires to go beyond these current efforts. In order to institutionalize the ideals of holistic governance, other than a strong committed political leadership, it is suggested that three strategies should be adopted to serve as institutional drivers to realize the goal: online governance, integrated government organizations and an active civil service.

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The concept of “Holistic Government” is first advocated by British scholar Perri 6 in 1997. In his 84 pages book of Holistic Government, 6 argues that, in the next phase of government reform, government must become:

1. holistic: integrated across the public sector.
2. preventive: moving away from curing to prevent problems.
3. outcome-oriented: focused on outcome not measures of activity.
4. culture–changed: concentrated around persuasion and information rather than coercion and command.

His criticism on the fragmentation of government structure and organization was embraced by Tony Blair’s New Labor administration. In order to overcome the fragmentation of functionally divided departments, British government advocated join-up government (JUG) concept as one of the principle themes in the 1999 white paper Modernising Government(Cabinet Office, 1999). The reason that New Labor quickly endorses holistic governance concept includes three factors. First, many task forces and policy reviews commissioned in the first few weeks in office recommended more integration and coordination across fields of policy formulation and implementation. Second, new administration inherited from the previous government many major initiatives toward integration, like urban programs and electronic government program that it had neither ideological reason nor political desire to abandon. Third, the “wicked problems”, like social exclusion, required a wide range of integrative activities (6 et al, 2002: 19). Thus, under the name of JUG, the U. K. as well as some other OECD countries are pursuing a holistic approach that markedly different from the traditional functionally divided departmentalism. Holistic governance Literatures stress the
importance of institutionalization of holistic approach but not did offer concrete solution. This article tries to fill in the gap.

**Pro and Con of Departmentalism**

Based on the principle of functional division of labor, departmentalism requires only a small head office with large vertically organized divisions of departments. It is a valid organizational norm in an era when communication and the management of knowledge were costly. Separate departments dealt with issues of defense, finance, foreign affairs, education, economy, and home affairs. Three other types of departments generally have close relationship with particular professions: education with teachers, health with doctors and home office with the police. Departmentalism is often very efficient because of the specialization and knowledge base invested in the departments. It tends to have clear line of accountability. It can prevent corruption and waste. It can get things done in efficient manner (Mulgan, 2005).

However, there are drawbacks of this model. The “silos” perspective of different departments hinders the problem solving capability of government. Many important issues could not fit perfectly into departmental slots. Vertical organization has no keen interest in prevention of problems as the benefits of preventive action often goes to another department. It will ignore the issues of cross boundaries nature. But worst of all, it entails the risk problems and individuals being “dumped” by one agency on another (6, 1997: 31).

**Is Holistic Governance New?**

Departmental fragmentation is the key problem that holistic governance theory wants to tackle and coordination and integration of the related departments seems to be the answer. It is criticized that “joining up” only seems new. The coordination of policy making and administration is the latest manifestation of one of the oldest preoccupations in the field of politics and public administration (Pollitt, 2003: 36). Pollitt presents many instances that British government experimented several approaches in solving the fragmentation problems: for example, Churdrill’s system of “overlord” ministers between 1951 and 1953; Heath’s white paper entitled the Reorganization of Central Government propose a more coordinated, strategic approach to policy making. However, policy documents advocating coordination aside, government action in fostering institutional framework was almost not existent until Blair administration.

The reasons that “joined-up ” concept rose up the agenda in the 1990s and became institutionalized in Blair’s administration, according to Geoff Mulgan, the director of the Strategy Unit in the Cabinet Office, are (Mulgan, 2005):

1. Many significant problems—poverty, competitiveness, family and environment—were evidently ill-suited to existing structures or tools.
2. The new public management of the 1980s, based on breaking issues down into their component parts, had turned out to be particularly ill-suited to more complex
problems, prone to worsen “dumping” of problems across organizational boundaries.
3. The nature of interconnectedness of problems. The avoidance of social exclusion has
to do with the risk factors and protective factors in early life.
4. Rapid progress in technology and the ensuing rapid reductions in the costs of
horizontal communication and coordination. Cheaper communication made complex
and efficient organization possible.
5. The influence of consumerism that ask to offer citizens the most efficient and
convenient services.
6. System thinking is replacing the atomistic models of thinking that dominated the first
half of the 20\textsuperscript{th} century.

What Has Been Done?

Although the challenge to improve coordination horizontally within government is an
external one (6, 2004: 2), the British “joining-up” slogan is not used in other Anglophone
countries. Canada preferred to call it “horizontal management” and Australia used “connecting
government”. New Zealand adopted the term of “whole of government” (Farlard, 2004: 42).
Among these four countries, the critical British report “Wiring It Up” (2000) is the most
comprehensive document that carefully examined the complex nature of dealing with the
cross-cutting issues. The report details the ways to realize the vision of holistic government. It
asserts that ministers and senior civil servants need to provide strong leadership for cross-
cutting work in order to create a culture which fosters cross-cutting initiatives. In the
meantime, leaders should be judged and rewarded for their performance in securing cross-
cutting objectives (Cabinet Office, 2000: 28). It also lists different forms of cross-cutting
interventions and joint working (Cabinet Office, 2000: 16):

1. organizational change;
2. merged structure and budgets;
3. joint teams (virtual or real);
4. share budgets;
5. joint customer interface arrangements;
6. joint management arrangements;
7. shared objectives and performance indicators;
8. consultation to enhance synergies and manage trade-offs;
9. sharing information to increase mutual awareness.

In the U. K., the Cabinet Office set up a Strategy Unit to coordinate the joining-up
initiatives. The great majority of recommendations from the reviews have been implemented
and are regularly tracked by the Strategy Unit (see http://www.nao.gov.uk/
publications/workingprogress/joinedup1.htm). And by 2003, nearly half of the Strategy Unit’s
work was initiated by departments rather than Prime Minister’s Office (Mulgan, 2005).

The pursuit of joined up government was not a uniquely British phenomenon. The fact
that it is found throughout many different countries suggests that it is at least in part connected to wider trend (Ling, 2002: 618-621). In Australia, examples of joined-up working include Centrelink, which provides information to the public on behalf of a number of services, and an inter-agency approach to combat drug misuses. In Canada, joined-up working has two dimensions. First, between the federal government and the local states and territories. Second, across departments. The “Programme Review” reform in 1994 let public services to share their resources. In Holland, joined-up government extends in three directions: between the central and the local levels of government; between departments; and between “social partners” (for example, in advisory group). In New Zealand, government set out Strategic Priorities and Overarching Goals that including cross-cutting targets. In the US, joined-up work is primarily between the federal government and the state governments. Major programmes for delivering childcare, training and community safety depend upon the voluntary sector, for example: Boost4Kids, the Child Care Partnership Project, 21st Century Skills, Safe Cities (Ling, 2002: 621).

Strategies to Institutionalize Holistic Governance

According to Perri 6’s reasoning on holistic governments, twelve major changes of policy and style of managing government are called for (6, 1997: 10-12):

1. Holistic budgeting: budget should be organized not by functions or organizations but around outcomes and geographical areas.
2. Organizations defined around outcomes.
3. Integrated information systems: One-stop shops should become the principal means by which the public deals with government.
4. Case Workers: The roles of frontline staff should be developed, empowering them to purchase services that suit the needs of the individual.
5. Outcome-based contracts.
6. Audits for prevention.
7. Enhancing the status and role of preventive work.
8. Early warning systems with safeguards: All public agencies should make greater use of risk assessment tools, futures tools, contingency planning and scenario planning.
9. Smarter purchasing.
10. Culture audits. Audits on the cultural dimensions of key problems to identify beliefs, attitudes, values, habits and assumptions among services users and the wider public.
11. Building information and persuasion into budgets.

Although Perri 6 expands the concept of holistic government to holistic governance in his third book on holistic governing line in 2002 and revised some content of the above mentioned principals, a paradigmatic switch on the functioning of government emerges. The traditional bureaucracy paradigm is deeply rooted in Max Weber’s mechanistic view of the
organizations and prevailed before 1980s in the field of public administration. Functional division of labor, hierarchical operation, rule-bound working environment, and input-oriented are the basic tenets. On the other hand, the New Public Management emphasizes professional management, performance, benchmarking, competition, market-oriented, and decentralization. The traditional bureaucratic administration tries to do everything that is “public” in nature, while the NPM tries to do every public work with private sector logic. It is the holistic government paradigm that switched the angle of "public affairs" to the angle of “the public”, naming citizens, taxpayers, and clients (see Table 1). It makes no sense that citizens have to learn all the knowledge about the complex structure and organizations of the government to ask for help in their life events. It also makes no sense that the variety of governments have developed into unrecognizable maze to laymen as well as insiders.

Table 1: Three Paradigms of Public Administration

<table>
<thead>
<tr>
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<th>Traditional Bureaucracy</th>
<th>New Public Management</th>
<th>Holistic Governance</th>
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<td>Functional Division</td>
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<td>Financial Base</td>
<td>Annual Budget</td>
<td>Market/Competition</td>
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</tr>
<tr>
<td>Civil Service</td>
<td>Rule Bound</td>
<td>Discipline/Efficient</td>
<td>Ethics and Values</td>
</tr>
<tr>
<td>Main Resources</td>
<td>Manpower</td>
<td>Information Technology</td>
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</tr>
<tr>
<td>Public Service</td>
<td>Offer Public Service</td>
<td>Ensure Public Service</td>
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</table>

In view of the globalization phenomenon and the internet environment, the meaning of government has to include levels of sub-national, national and cross-national. With the proliferation of different types of government organizations, like agency and variety of public bodies, public-private partnership has become widespread phenomenon in every country (Flinders & Smith, 1999; Light, 2000). With the help of low cost information technology, e-government has become an inevitable option of governing tool. Integrated budgeting, although still not in sight for significant number of countries, is a technically feasible vision.

The theory of holistic governance indeed covers more ground than the ensuing “joined-up” public sector reform projects in many countries. And the authors of holistic governance
theory suggest many ways to realize the ideal state of holistic governance. But they did not propose any strategy that will institutionalize the holistic governance operation. It is evident that political leadership will play the most important role in achieving the momentum that holistic governance ideal demands. The contribution of Mrs. Thatcher to the New Public Management is enormously important. So is that of Tony Blair to the “joined-up” initiatives.

Other than the political leadership required in promoting holistic governance cause, there are three related strategies that will facilitate the realization of holistic governance: online governance, integrated organizations, and active civil service. These three strategies are necessary and complementary institutions that will pave a solid foundation for holistic governance. The three strategies represent three dimensions of infrastructure: technological foundation, organizational foundation, and human resources foundation. The explanation follows.

**Online Governance**

Internet technology enables human society to break the barriers of time and place in unprecedented way. In the late 1990s, internet technology spread all over the world almost instantly. Not only internet technology changed the economic and societal operation, it also changed the organizational operation fundamentally. From the perspective of governmental functioning, information technology and the utilization of internet has produced many new words to describe governance, such as wired government (O’ Looney, 2002), virtual state (Fountain, 2001), and the more familiar electronic government (Grönlund, 2002), and digital government.

Before the late 1980s, the concept of electronic government meant using information technology to execute administrative work. Main task of the early period was to increase the automation of government activities. The invention of internet technology transformed the concept of electronic government from the stand alone computer system to a networked system. The impact of internet technology on electronic government is to build up a mutually communicated and interactive computer system. There are three levels of the e-government functioning: First, using internet technology to put government forms and tax application online. Second, government can connect employees, suppliers, and customers with internet technology. Third, digital technology can improve efficiency, effectiveness, and service quality of the governmental operation. That is to say that e-government can obtain three kinds of objectives: efficiency, quality, and democracy (Grönlund, 2002). Although e-government is high on agenda among almost every country, the “integrated public service” that permits two-way information exchange, service provision, and transaction is still in its early stage. But it is expected that with the constantly improved website technology, an integrated web service to all people will reach the level of sophistication in very short period of time.

Since the beginning of internet age, governments with substantial computer investment
and internet connection, national or sub-national, are all setting up websites to serve the public with information and services. To some extent, governmental websites have become the showcase of governmental services. Peng identifies the early age of internet usage of governmental portals as the web-based unconnected government (Peng, 2002a, see figure 1). This early stage can be further divided into three sub-stages: publishing, interaction, and transaction (Accenture, 2001). At the publishing stage, governmental websites offer only information of certain organizations, serving as an instant bulletin board. However, the publishing function already greatly enhanced the accessibility of government information that never existed before. When government websites can interact with their users, the communication channel becomes two-way function that effectively improve the relationship between government and the general public. When transactions can be executed on the government websites, like paying tax dollars or buying products/services, the potential of internet technology is further utilized. At this stage, to the citizens that are not so familiar with the structure and relationship among governmental organizations, government websites remain somehow not so convenient to use. From the perspective of holistic governance, why can’t the general public obtain all the public services from a single portal at a time the internet technology has progressed to such a sophisticated level?

A single entry portal that offers all the government services requires three dimensions of website integration: integration among different levels of governments, integration among different departments, and integration among websites. At present time, many countries are working toward this vision with different levels of achievements. The difference among countries is the extent that the single government portal can offer integrated services.

To achieve a fully integrated single governmental portal requires tremendous efforts in integration among numerous units of government organizations. During the integration process, all the administrative regulations and procedures have to be carefully examined and rationalized to allow transparent scrutiny of the public. In the meantime, the general public can access government services with ease just like using credit card in the daily life. When the single government portal advanced to the fully integrated level, the online governance can be truly realized. And the online governance will be the main driver toward holistic governance. If the goal of online governance is fully understood and accepted by the political actors, administrators, and the general public, the integration problems of administrative activities and the website presentation could be solved professionally and administratively rather than politically.
Integrated Government Organizations

The theory of holistic governance tries to remedy service fragmentation that comes from departmentalism prevailing in all countries. Departmentalism exists at central government level as well as local level. Even when dealing with foreign affairs, central government has to depend on different departments to fulfill various functions as situation occurs. The structural pattern of departments among central governments reveals that similarity far exceeds difference among countries. Due to the different historical backgrounds, the number of departments in different countries is between 12 and 30 (Heady, 2001: 80). Peng found that during the last two decades, the number of departments in central governments present a situation of convergence among OECD countries (Peng, 2002b). On the one hand, in post-communist countries, the number of central government departments increased from 5 to 6 in 1980 to 14 to 16 in 2001. On the other hand, those countries with more than 20 departments were reducing the number of departments. Although the number of departments spread between 7 and 26 in 2001, most OECD countries have 10 to 19 departments. If we zoom in a little bit further, there are 10 countries that have 14 to 16 departments. If we neglect the
different wordings of the departments, it seems that every country has 13 core functional departments: home affairs, foreign affairs, finance, economic affairs, defense, education, justice, transportation, labor, agriculture, culture, environment, and social security. Department of labor has to do with specific group of people. All the other departments are basically functional divisions. Viewing from the fact that current division of departments is primarily based on functional lines rather than administrative process, clients, or geographical division, the departmental fragmentation should be considered as a result of evolution among OECD countries. This fact poses a question that, in order to establish organizational structure for the sake of holistic governance, should the functional departmentalism be totally replaced, or should it be kept intact but be added with some revision? The former option seems unrealistic in that the built-in efficiency of departmentalism could not be traded off easily with any significant benefit.

Organizational revision becomes more favorable not only because of its theoretical beauty but because of the reorganization trend since the NPM movement. The NPM reform trend transforms government organizations to substantial degree. The agency system adopted by the U. K. after 1988 has been spread to many other countries with various ramifications (Flinders & Smith, 1999). The agency system can be regarded as a different form of departmentalism. There are two dimensions in promoting departmental integration: horizontal integration and integration includes matrix type organizational framework and integrating mechanism of the current organizational operation. Matrix type organizational framework refers to the combination of functional departments and the cross-cutting departments that serve the purpose of coordinating cross-boundaries issues. Cross-cutting departments include departments of human resources management, planning, and information technology. The functions of cross-cutting departments are the same as those of Chief Personnel Officer (CPO), Chief Research Officer (CRO) and Chief Information Officer (CIO) in the private sector. Functional departments and cross-cutting departments can be linked by internet technology and communication tools to interact frequently and efficiently. The logic that embedded in the functional matrix organizational system is as follows:

1. Departmental organization that primarily based on functional division.
2. Cross-cutting units, like CIO, CPO, CRO, work with functional departments to form a centripetal, integrated organization.
3. Establish regular and irregular integrating mechanism.
4. Regular review on the extent of integrating process and results with tools of budget constraint and goal management.
5. Establish integrating system with the help of system design process of information technology.
6. Systematic communication with related policy stakeholders, such as other governments, clients, voluntary sector, NGOs, and internet groups.
The integration of government functions needs not only the integrating mechanism but also the changing of values structure of government operation. A well integrated government administration requires a delicate and enforceable accountability system to support the monitoring function (Wilkins, 2002; et al, 2005). When the governance relationship become more complex, many levels of governments and many departments are involved in a specific policy area, the accountability structure may turn into an unsolvable and unrecognizable maze. At any stage of establishing a single portal e-government, the design of e-governance will need full cooperation from a full range of actors, policy makers, and even clients. The value system of a well integrated organization, by definition, requires values that include: integrity, accountability, service, equity, innovation, teamwork, excellence, honesty, commitment, quality, openness, communication, recognition, trust, effectiveness, leadership and idea (Kernaghan et al, 2000: 269). These organizational values are dynamic, interactive, forward-looking, and active in nature. They are markedly differently from the traditional unidimensional thinking and its associated values like legal regulation, power, status quo, centralization, departmental in essence. How to cultivate these values and make them the backbone of governmental operation requires a different breed of civil servants.

**Active Civil Service**

If “world government” is an utopian goal, then holistic governance may be another. The first strategy to realize online governance, with the aid of rapid development of information technology, is gradually becoming within our reach. The second strategy of integrating government organization is possible when we can reform the government structure, make good use of information technology, integrating financial and human resource to upgrade the efficiency and effectiveness of the government capability. However, in the final analysis, holistic governance will become reality only when an active civil service is firmly in place.

In retrospect, the NPM movement and various government reengineering have deeply reformed the administrative culture to that of performance, efficiency, results-oriented, and competition. But the public administration community has gradually expressed anxiety that derived from decentralization, contracting-out, delegation, and privatization. Denhardt’s “New Public Service” (2003) can be seen as a counter balance argument that criticizes the private sector bias of the NPM. Denhardt asserts that managers of the public sector should have the following quality (Denhardt, 2000: 189):

1. commitment toward organizational values;
2. serving the public;
3. empowerment and leadership sharing;
4. pragmatic incrementalism;
5. dedication toward public service.

In order to realize holistic governance, managers as well as civil servants should display the above-mentioned ethical behaviors. Civil servants should serve as “moral entrepreneur”
(Hart, 1984). Louis Gawthrop further asserts that administrators should have strong conviction upon democracy and ethics, deeply believe in superior values of democracy, and the moral vision of democracy (Gawthrop, 1998: 24). However, although active civil service is necessary and highly desirable in constructing holistic governance, it is a challenging task for any country. An active civil service needs a new system of human resources management that recruits and selects civil servant possessing quality of moral sense, firm commitment, and taking initiatives. Other than the advanced selection methods to screen out qualified civil servants, an active civil service should have a comprehensive system in developing and rewarding the civil servants. When the governing environment becomes even more complex and delicate, the knowledge expertise required of new age civil servants will be enormous. A new development plan for civil servants’ career has to be created accordingly. And only when the idea of holistic governance enters civil servants’ blood stream and integrated operation become natural the success of holistic governance could be achieved (Richards and Kavanagh, 2000: 9).

**Conclusion**

Holistic governance, compared to the traditional public administration and new public management, poses a daunting challenge to current level of governing sophistication. The nature and goal of holistic governance presents the public administration community a new paradigm that directly appeals to the needs of the public. While initiatives like “joining-up government” are correcting the system flaws that come from the fragmentation of functional departments, what holistic governance aspires to go beyond these current efforts. In order to institutionalize the ideals of holistic governance, other than a strong committed political leadership, it is suggested that three strategies should be adopted to serve as institutional drivers to realize the goal: online governance, integrated government organizations and an active civil service.

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