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The governance dynamics of the emergent European administrative order
Explaining the strategy process of EU Agencies

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The governance dynamics of the emergent European administrative order:

Explaining the strategy process of EU Agencies

PhD in Management (Social Science and Public Policy)

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Abstract

Over the 1990s and the 2000s, subsequent waves of institutional-administrative reforms have established at the European Union (EU) level a variety of 'public agencies', characterised by a certain degree of autonomy from both the European Commission and the individual Member States.

The research project aims at studying the under-investigated phenomenon of the process of strategy formation in EU agencies, thus contributing to both the field of public management (about the strategy process in semi-autonomous organisations) and the field of EU studies (about the impact on European governance of the organisational behaviour of EU agencies).

The research question has been formulated, in most simple terms, as: how does strategy form in EU Agencies?

The overall thrust of the research is exploratory and theory-building. The research design is a longitudinal multiple case study.

The design school of thought in strategic management and, quite surprisingly, the entrepreneurial school have turned out to provide useful interpretive frameworks for accounting for the dynamics of the strategy process in EU agencies. Implications for public management, general management, and the contemporary debate on EU governance are discussed.

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Chapter 1. Introduction and rationale

In his oft-cited work[1], Terry M. Moe argues that 'Once an agency is created, the political order becomes a different place. Agency bureaucrats are now political actors in their own right: they have career and institutional interests that may not be entirely congruent with their formal mission, and they have powerful resources – expertise and delegated authority – that might be employed towards these 'selfish' ends. They are players whose interests and resources alter the political game' (Moe, 1989, p.282).

We partly agree and partly disagree with Moe: we agree with Moe as regards the significance of the phenomenon and the influence of post-delegation behaviour of public agencies on a given political system[2]; we partly disagree with the 'negative' connotation that seems to be implied by the mention of the 'selfish' ends, as the pursuit of selfish ends may be just one possible story, or one part of more complex stories. We consider that the crucial underlying question, preliminary to any evaluative statement and which requires being addressed, is understanding the organisational behaviour of public agencies after they have been established: this is the goal of the present research endeavour (at least as concerns the specific phenomenon of EU agencies), which we pursue by examining *the way in which strategy forms* in such organisations.

The significance of the administrative phenomenon of public agencies can hardly be underestimated: 'Government agencies are tremendously important in the everyday lives of citizens […] What is more, agencies seem to be on the increase' (Pollitt, Talbot, Caulfield and Smullen, 2004, p.3); indeed, '[I]t is indisputable that the idea of creating 'agencies' has become something of a fashionable initiative in the realms of public management' (Talbot, 2004b, p.3).

The European Union (EU) has been no exception to this trend: over the 1990s and the 2000s, subsequent waves of institutional-administrative reforms have established a variety of 'agencies[3]' (like, to mention the ones whose strategy process we investigate in this study, the European Aviation Safety Agency – EASA - in charge of issuing certifications of airworthiness for all carriers operating in Europe; or the European Training Foundation – ETF - in charge of

[1] N. 685 citations (google scholar, accessed 28 May 2013).

[2] This point of departure is shared with Groenleer (2009), though we reach partly different conclusions (the point is discussed in chapter 9 and Appendix 5).

[3] The conventional legal classification of EU agencies distinguishes:

- 'community' agencies, operating in all policy areas but foreign and security policy (known as the 'second pillar' of the EU) and police and judicial cooperation in criminal matters (known as 'third pillar');
- agencies operating in the former second and third pillar of the EU (the Lisbon reform of the treaties entered into force on 1 December 2009 has abolished the system of the pillars, although the common foreign and security policy still represents a distinctive order, characterized by a specific regulation, see Dony, 2008);
- executive agencies, in charge of operating a specific programme under the responsibility of the European Commission, and
- the two agencies established under the EURATOM treaty.

For a complete list of Agencies, see Appendix 2.

assisting the governments of third countries recipient of cooperation to development from the EU; or the European Research Council Executive Agency – ERCEA – in charge of funding frontier research throughout Europe), public entities characterised by a certain degree of autonomy ('semi-autonomous') from their 'parent administrations', i.e. the European Commission and the Member States (individually and associated in the Council of Ministers of the EU), that is, the 'elective' institutions of the EU.

Such organisations display a number of traits broadly common to them all:

- They are established by EU regulations (that is, their legal basis is in public law, though of that peculiar kind which is the EU legal system), mandated by administrative duty[4], and subjected to the same broad regulatory frame (in terms of organisation, staffing, purchasing procedures) in place for all EU organisations.
- They are set up as distinct organisations (with formal reporting arrangements and separate accounts, though their budget is one item in the Commission budget, with separate budget discharge by the European Parliament for those agencies established after the treaty modifications in the 1990s that have given the parliament a full-fledged co-legislative role as the 'second chamber' of the EU).
- As to their 'corporate governance', they generally have a 'large' board where all member states plus the European Commission are represented, endowed with supervisory and steering powers, and an executive director, the chief executive responsible for managing the organisation, endowed with significant decision powers regarding internal organisation, as well as at times also with legally binding decision powers towards third parties (in the EASA case, for example, it is the director to be the sole authority in issuing the certificate of airworthiness).
- They formally have a 'Work Plan', authorised by the board and the European Commission, usually upon proposal by the executive director ('negotiated' with the formally authorising parties, though there is hardly any form of 'transmission of objectives', and generally no provision of sanctions for failing – nor specifically-related rewards for completion of the activities detailed in the Work Plan).
- They carry out such public tasks as: administering of programmes (in certain instances this entails the disbursement of funds to end-users according to specified criteria); information gathering; policy advice; authorising/adjudication of individual cases (like the issuing of airworthiness certifications); scrutiny, controls, inspections; service delivery.
- Staff are hired either as so-called 'temporary agents' or as contractual agents: under the EU regulation, temporary agents are hired initially via fixed-term contracts,

[4] The notion of administrative duty 'describes the essence of public administration as a legally proscribed entity, In this sense, agencies are not sovereign powers, but execute government functions under delegated authority by way of legal obligation [..] [T]hey cannot initiate their own policies or programmes without legal mandate (Harlow 2006). Administrative duty highlights accountability to higher authorities, and politicians in particular, but duties can be defined in such a way to produce horizontal accountability (another institution) or downward accountability to lower-level group (citizens and clients)' (Johanson 2009, 873-74).

renewable once and then becoming of indefinite duration for as long as the agency continues in existence[5]; staff can also be seconded from other EU institutions.

Such traits – the legal basis in public law; their being set up as 'distinct' organisations to carry out public tasks; their being filled by 'public servants' and at least partly financed by public funds; their *semi*-autonomy and their being subject to some form of steering and control by parent administrations – outline the basic features of what we mean by 'public agency', and notably EU agency, in this work. (We further discuss defining and classificatory issues in chapter 2.)

This multiplicity of new bodies has grown alongside the core executive of the EU, that is, the European Commission, and, together with a variety of other entities (including 'independent' EU institutions like the European Central Bank and 'Services' only partly disaggregated from the European Commission like EUROSTAT - the European Office of Statistics - or EEAS, the European External Action Service), they form the European accumulated administrative system (Egeberg, 2006 and 2010; Trondal, 2009 and 2010). The supranational administration of the EU is no more ascribable exclusively to the European Commission as the 'executive' and the 'administration' of the EU (Cini 1996; Page 1997): alongside the Commission, there is a variety of public entities, the EU agencies, that may be intended, on the one hand, as 'institutions' that demand jurisdictions over the pre-existing ones (member States as well as the other EU institutions) and, on the other hand, as (formal) *organisations* that (are systems of and) produce coordinated action, shaping the environment as much as the environment shapes them (March and Simon 1993; Pfeffer and Salancik 1978) – this latter aspect being of central interest for the purposes and the overall thrust of the present research work. Key processes in determining the nature and contents of the interactions that such entities have with their organisational environment are the processes whereby *strategic decisions* are made in these organisations: the *processes of strategy formation and strategic change* in EU agencies are the object of analysis of the present research work.

The formation of the European accumulated administrative system is part of a broader process of transformation of the EU polity, due to processes of integration[6] occurring primarily,

[5] In legal terms, they are not 'civil servants', whose employer is the EU as such, but 'public servants', whose employer is the individual agency.

[6] Haas (1958, 16) proposed a definition of integration as the process 'whereby political actors in several, distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing states. The end result of a process of political integration is a new political community, superimposed over the pre-existing ones'. As argued by Wiener and Diez (2008, 2), 'this is a broad definition, which includes both a social process (the shifting of loyalties) and a political process (the construction of new political institutions with a direct say in at least a part of their member states' affairs)'. Another major student of European integration, Lindberg (1963:6), leaves it open that there might be no endpoint, that the breadth and depth of integration could be in constant flux. Different theoretical perspectives have been adopted to explain European integration, from neo-functionalism (recently revisited by Niemann and Schmitter 2008) to Liberal Intergovernmentalism (Moravcsik 2008), from federalism (Burgess 2008) to 'governance approaches (Peters and Pierre 2008); we will highlight in particular the 'supranational

though not exclusively, through the adoption of new international treaties on 'The European Union and the functioning of the European Union[7]'. Within such broader processes, the executive order of the EU is transforming, and broadly growing, though surely not in a linear way (due to the juxtaposition of both integration and disintegration dynamics, and to contestation about the nature of what the EU 'ought to' ultimately become, thus determining its being 'a contested polity').

However, literature so far has mainly concentrated on transformations at the polity and broadly governance level (Brent and Stubb 2003; Moravscik 1998; Rosamond 2000; Wiener and Diez 2008), at the political system level (Jørgensen et al. 2007; Hix 2005), or at the policy level (in the countless works, a prominent contribution is Wallace et al. 2010), whilst it appears that the *administrative dimension* of European integration has so far received limited attention (major exceptions include Curtin and Egeberg 2008; Egeberg 2006 and 2010; Egebet et Al. 2009; Olsen 2006; Tallberg 2007; Trondal 2009 and 2010). Most of the studies on the EU administration are centred on the Commission[8], traditionally the 'core' of the executive function in the European executive order. However, more and more the Commission is becoming just one of a set of bodies characterised by a different degree of autonomy, differentiated modalities of steering and control and lines of accountability, and a variety of tasks and responsibilities assigned.

The striking growth in number of EU agencies (more than thirty have been established since the beginning of the 1990s, and a number is in the pipeline for establishment at the time this work in concluded) has attracted academic interest. Certain works emphasise functional explanations whereby the agency form represents an (allegedly) 'efficient' solution to either technical or credibility (credible commitment perspective) problems (see notably Majone, 1997, 1999 and 2000; also Kreher, 1997 and Shapiro, 1997). Other authors counter this efficiency argument by emphasising distributional conflict – hence ultimately politics – as the decisive factor, often adopting a rational choice institutionalism approach (Kelemen and Tarrant, 2011). Yet other authors, like Egeberg et al. (2012) from an organisation science perspective argue for a wider array of factors, ranging from chance events (e.g., the burst of the BSE crisis that – it is argued – played a decisive role in the effecting of the European Food Safety Authority, EFSA) to isomorphism and rational myths spread in the 1990s, like the 'global New Public Management (NPM) trend', to be included in the set of accounts for EU agency creation, alongside institutionalist explanations. Such studies interconnect with those investigating the politics of delegation in the EU more generally (see Pollack, 2003 and 2007). However, these studies, of

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governance' approach (Sandholtz and Stone Sweet, 1998), for the central role it assigns to supranational institutions in the integration process.

[7] The 'season of the treaties of reform' was opened by the 'European Single Act' (1986) and followed by the treaties of Maastricht (1992), Amsterdam (1997), Nice (2000) and Lisbon (2007, entered into force on 1 December 2009).

[8] On the administrative reform of the Commission recent works include Bauer (2008a and 2008b and 2009); Kassim (2004 and 2008); Knill and Balint (2008); Levy (2006); Pollitt and Bouakert (2011); Schön-Quinlivan (2008); Ellinas and Suleiman (2008). On the organisational and governance configuration of the European Commission, see *inter alia* Hooghe (2001) and Metcalfe, (1996 and 2000).

which we have culled but a few, all fall short of explanations of *post-delegation behaviour*: there seems to be a striking absence of studies on post establishment dynamics of EU agencies.

A contribution to the investigation of the organisational behaviour of such bodies may come from public management[9]. In an organisational-managerial perspective, a crucial subject of investigation is the process through which the (implicit or explicit, emergent or deliberate) strategy of the organisation is formed and put into effect. *Strategy* may refer to the process whereby strategic decisions[10] are made, or to the contents of such decisions. Strategy is about purpose, direction and goal, and 'these are as important in public sector organisations as in private' (Johanson 2009, 873). Definitions of strategy make reference to goals and direction, and to (long-term) planning, and these elements have to be taken into account in qualifying the notion[11] (e.g. in the definition by Wright et al.: 'Top management's plans to attain outcomes consistent with the organization's mission and goals', Wright et al. 1992, p. 3). However, as Mintzberg et al. put it: 'Ask someone to define strategy and you will likely be told that *strategy is a plan*, or something equivalent – a direction, a guide or course of action into the future, a path to get from here to there. Then ask that person to describe the strategy that his or her own organization *actually* pursued over the past five years [..] You will find that most people are perfectly happy to answer that question, oblivious to the fact that doing so violates their very own definition of the term' (2009, pp. 9-10, emphasis in original[12]). A key advancement, in

[9] See Ferlie et al. (2005). On defining issues of *public management* as a discipline see, *inter alia*, Barzelay (2001); Dunleavy and Hood (1994); Lynn (2006). Pollitt and Bouckaert, in the 1st and 2nd edition of their work, widely discuss defining issues surrounding public management (see Pollitt and Bouckaert, 2004, chap. 1 - the section has been largely removed from the third edition).

[10] Strategic decisions are here intended, in a very schematic way, as decisions concerning stakeholders' expectations, and/or key relationships with the organisational environment, and/or the organisational structure and routines; such decisions - which may also form in a cumulative fashion, emerging over the time as consistent patterns and be recognised in retrospect - are generally characterized by a high degree of complexity, uncertainty, and innovativeness (see Johnson and Scholes 1999; Lega and Cristofoli 2009). Strategic processes are those decision-making processes whose outcomes are strategic decisions.

[11] In the Oxford Dictionary, strategy is defined as 1. A plan designed to achieve a particular long-term aim; 2. The art of planning and directing military activity in a war or battle. In the Merriman-Webster on-line dictionary three main definitions of strategy are reported:

> *1.a)* **:** the science and art of employing the political, economic, psychological, and military forces of a nation or group of nations to afford the maximum support to adopted policies in peace or war *1.b* **:** the science and art of military command exercised to meet the enemy in combat under advantageous conditions.
>
> 2.*a* **:** a careful plan or method **:** a clever stratagem; 2.*b* **:** the art of devising or employing plans or stratagems toward a goal.
>
> 3 an adaptation or complex of adaptations (as of behavior, metabolism, or structure) that serves or appears to serve an important function in achieving evolutionary success (e.g.: foraging *strategies* of insects).

The above definitions highlight, first, the origins in military and war studies of the very idea of strategy (hence its relational nature: in the case of was studies, strategy towards the enemy), second, the centrality of the idea of ultimate goal (or set of goals) and how to achieve it, and, third, the notion of the efficacy of a given subject in surviving and thriving in the environment.

[12] Pondering defining issues also paves the way for asking questions about the social science interest in investigating such phenomenon: what requires explanations? What's the puzzle here (from a social science perspective)? One might look at formal regulation and procedures, and identify the formally adopted multi-year plans of EU agencies with the substantive outcome of strategic processes. As highlighted by the citation from Minztberg, it is quite problematic to identify 'strategy' with the process of preparing the strategic plan and the output of such plan, and the issue of what strategy 'really' is is

our view, for a suppler definition of strategy is represented by the definition proposed by Mintzberg of strategy as 'consistency in behaviour over time' (2007, p.1; see also Mintzberg et al. 2009, p. 10), from which it ensues that strategies 'form' rather than being first formulated and later implemented, and that patterns of 'consistency in decisions and actions over the time' have to be uncovered in organisations, and their origins investigated. In the present work we will stick mainly to this definition of strategy, although others are employed for qualifying specific aspects of the strategy formation process.

We will resort to the work of Mintzberg and Colleagues - who provide an original and highly influential overview of different approaches to the understanding of the strategy formation process by outlining the main features of what they dub 'ten schools of thought' in strategic management (Mintzeberg et al. 1998, 2nd edition 2009; see also Mintzberg and Lamel 1999) – not just for dealing with defining issues, but also more broadly as a central theoretical source. The schools of thought in strategic management are selectively reviewed in chapter 3.

Strategic processes are of central importance for the understanding of an organisation's behaviour. Curiously, so far such processes have not been investigated in social scientific studies of EU agencies, leaving a gap in the literature, both in the (multidisciplinary) field of EU studies and in the field of public management as such, in which scholarly work has focused on national or local governments, or sectoral-functional organisations like hospitals, schools, universities, and so on, but has not encompassed the administration of supranational organisations (with the partial exception of the European Commission, that has been studied from a public management/public administration perspective but, to our knowledge, in no case through the lens of strategic management). Research work may shed light on how strategic processes unfold in EU agencies and provide a theoretical understanding about how strategy forms in the 'population' of EU agencies. The present research work is thus placed at the crossroads of public management (and notably the strand investigating the 'public agency' phenomenon), the field of 'EU studies', and general management studies (and notably the field of strategic management).

We may now turn to the research question. The main research question has been formulated, in most simple terms, as follows: *How does strategy form in EU Agencies?*

The main unit of analysis is the strategy process: the pattern of strategy-making - encompassing both the way *strategy processes as developmental sequences of events unfold* and *the contents of the strategy*. Correspondently, the *case outcome* to be explained is the *organisational level strategy*.

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much more problematic: when looked from a *social science perspective*, it might be questioned that strategic plans may be more of a pretext (Cohen and March 1974) than a forecast of future behaviour (Quinn 1980); and a rational choice perspective of detailed plans *preceding* action might be complemented, if not entirely supplanted, by a perspective in which it is actions to produce goals (at least as readily as goals produce actions, see March and Simon 1993; Weick 2001, pp. 7-8 in particular). This perspective (highlighting the profound differences between formal procedures and 'actual' decision-making processes) is quite common wisdom from a social science perspective: looked from this perspective, it appears that the processes leading to strategic choices in EU (and other) agencies have so far been under-investigated (if at all investigated), and require shedding light.

Summing up, it is the purpose of this piece of research to investigate one, prominent aspect of post-delegation behaviour of EU agencies, namely the strategy formation process, thus also adopting a perspective 'from the inside out' to the study of public agencies. The work is theory-building in its fundamental orientation and it makes the case for the significance and utility of resorting to strategic management as an analytical framework for understanding the behaviour of public service organisation (provided sophisticated treatments of strategic management that draw on broad and generic social science perspectives are employed), by trying it out in the 'hard case' of the hyper-complex and peculiar case of EU agencies. Strategic management is the main reference discipline, whose explanatory power is 'tested' by contrasting it with 'traditional' bureaucratic models rooted either in political science (such as the 'politics of bureaucracy approach' as developed by Guy Peters - 2010, 1st edition 1978) or in economics (such as Dunleavy's bureau-shaping perspective, Dunleavy, 1991) – both widely discussed in chapter 2. We have found in our empirical study (chapters 5-7) that such alternative frameworks do possess a certain explanatory power, but in a limited and incomplete way, which further corroborates the chosen approach of investigating the organisational behaviour of EU agencies through the lens of strategic management. Strategic management is defined as an applied and interdisciplinary social science that draws from basic social sciences (there including economics, organisation science, political science, social psychology, and others) and it is intended as a theoretically informed analytical framework[13], *not* as synonym for 'importing private sector techniques into the public sector'[14].

We further contrasted explanations of the behaviour of EU agencies based on strategic management with explanations rooted in the politics of bureaucratic structure (Moe, 1989 and 1990), in a Principal-Agent framework, and in functional accounts (reviewed in section 2.1. and discussed in section 8.3). We also considered institutional accounts, especially when applications to the extant cases were available, e.g. the account by Pierre and Peters (2009) of the institutionalisation of EASA.

Findings of this research project provide insights that add to the public management and the strategic management literature, and further our understanding of the dynamics of European governance. The empirical investigation enabled to sketch a frame for outlining what schools of thought to apply in interpreting how strategy forms in EU agencies; as we shall see, the so-called 'design' school of thought in strategic management - suitably re-interpreted and qualified as regards the figure of the strategist, that turned out to be a collective rather than an individual actor – and, somewhat to our surprise, the entrepreneurial school provided the most

[13] Strategic management has both an explanatory orientation ('how things are') and a normative one ('how things should be'): the former will be privileged in our study.

[14] This piece of research is *not* about advocating the deployment of NPM doctrines in the public sector, of which strategic management tools and logics would be a component. Indeed, it aims to move beyond any simplistic assumption about strategic management as an NPM reform 'by-product' and to provide a much-needed contribution to theorisations about the use of conceptual frameworks in strategic management for the study of public service organisations. NPM-inspired reforms, however, may have an influence in creating conditions whereby strategic management approaches may find a more fertile terrain (Ferlie, 2002). This topic is more widely discussed in Appendix 4, and the pertinent application specifically to the EU reform context examined in section 9.2.

useful building bricks for a theoretical understanding of the strategy process. Based on these findings, we examined in closer detail the relationship between the organisational autonomy of the agency and the strategy process, discussing how autonomy is both a precondition to strategy and an organisational goal; we also detected that not all profiles of autonomy have the same importance (in the case of EU agencies, personnel management autonomy and policy autonomy are more relevant both as a goal and as a precondition for the making of strategy than financial autonomy).

At another level of analysis, the study contributed to furthering knowledge on the dynamics of processes of strategy formation and strategic change in public agencies operating under quite distinctive conditions. There are five main features that characterise EU agencies and make it an extraordinary, though comparable, case of special significance for the understanding of the organisational behaviour of public agencies: they have multiple principals (the European Commission and the 28 Member States), whilst usually public agencies have a single parent administration; they have a multi-national staff, which is unusual in core public sector organisations; they belong to a 'contested polity', a polity - the EU - subject to integration (disintegration?) dynamics and whose ultimate legitimacy is in question; they belong to a political system that is only partly subjected to the dynamics and rhythms of majoritarian democracy; and they enjoy a very benign budgetary climate: the seven-year financial planning system of the EU ensures a long-term stability in the financial perspectives. Such factors, in combination, affect and constrain the courses of action available to develop the agency strategy, and in the work we discuss how (see section 9.3). In turn, such knowledge may represent a contribution – however small – to the literature on the phenomenon of public agencies, a growing body of literature, especially after the 'rediscovery' of semi-autonomous organisations occurred during the 1990s throughout the OECD world and beyond (the title of a book by Christopher Pollitt, Colin Talbot, Janice Caulfield and Amanda Smullen provides an effective depiction of the phenomenon and its significance for governmental action: 'Agencies: How Governments Do Things through Semi-autonomous Organisations', Pollitt et al., 2004).

Moreover, we considered certain potential implications on the dynamics of EU governance of the organisational behaviour of EU agencies as interpreted through the analysis of strategic processes. From a European public governance perspective, such analysis may contribute to the understanding of EU public governance 'in action' (Peters and Pierre, 2008[15]): following Peters and Pierre, we would argue that that 'governance and integration appear to have a circular relationship [..] effective governance may produce greater integration, while at the same time

[15] At the most fundamental level, the key issue of governance is 'the capacity of a society to develop some means of making and implementing collective choices' (Peters and Pierre, 2008, p.91). When it comes to the issue of identifying the 'who' and 'how of governance, broadly following Peters and Pierre (2008) it may be stated that in governance approaches governments tend to be considered as one of many (societal) actors potentially participating in the broader processes of governance (though the one that retains the fundamental prerogative of being able of reversing this state of affairs), and the state in itself is conceived of not as monolithic, but as a highly differentiated actor, indeed composed of multiple actors having various degrees of autonomy. The key point here, we would argue, is that most studies of EU governance do not explore the strategic behavior of key actors of governance like EU agencies.

higher levels of integration may increase the capacity to govern. These virtuous cycles could, of course, be mirrored by a downward spiral into governance failure and disintegration' (Peters and Pierre 2008, 92). The study of public governance at the supranational (EU) level assumes a pre-existing integration process to have occurred, but at the same time considers that the organisational behaviour of key organisations like EU agencies may have an impact on the developmental dynamics of the polity stemmed from the integration process. Our analysis points out how EU agencies may be actors of processes of European integration, in the specific policy field where they operate, under certain conditions (see section 9.4).

From a public policy perspective, the analysis of strategic processes in semi-autonomous organisations in the supranational European executive order may contribute to further our understanding of European public policy-making, according to an approach attentive to the organisational bases of public policy (Egeberg 1999, March and Olsen 1989 and 1999, Olsen 2006b, Trondal 2007). EU Agencies have an influence on the formulation and implementation[16] of European public policies (by holding information and knowledge; by wielding formal powers; as well as potentially by mobilising networks centred on the agency, and by exploiting the status deriving from being perceived as neutral and apolitical[17]). For example, agencies like EASA or OHIM[18] have direct formal decision making powers, authorising air carriers to fly on the European skies, or the registering of trademarks in Europe; agencies like EMA or EFSA provide 'evidence-based' opinions on the expected effects of pharmaceutical products or the safety of foods, on the basis of which formal decisions are made about whether medications are granted the authorisation to be used by healthcare operators within the EU, or foods may be commercialised in the European single market[19]; agencies like EMCDDA or EEA produce reports of informative contents on complex phenomena like the diffusion and the abuses of drugs in Europe, or air and water pollution, reports that are at least potentially an influential informative input on the basis of which public and private decision-makers operate; agencies like ETF produce policy advice for a wide range of countries recipients of the EU 'Neighbourhood Policy'; executive agencies like ERCEA administer very significant budgets (over 1.5 billion euro per year) affecting the delivery of key policies like the European research policy. To further argue on the implications for policy and society of this research work, we may highlight the consideration that the administration of the EU affects 28 countries (and more, if we consider the influence EU policies potentially have on third countries and global policies) and almost 500 million people – which contributes to the societal significance of generating knowledge about the organisational behaviour of such an important part of the EU administration.

[16] Policy implementation is here conceived as a crucial phase of the 'policy cycle' (Kingdon, 1994), and EU agencies wield an influence on the dynamics of the many decision that still have to be made 'after a bill has become a law' (Bardach 1977), dynamics which we may in general assume to substantially change when a supranational agency enters the scene.
[17] See Peters (2010, 211-13).
[18] See Appendix 2 for a full list of EU agencies.
[19] Previous studies on these two agencies have shown that virtually always competent authorities align their formal decision to the recommendations of such agencies (Groenleer 2009).

There are also other potential contributions to literature that may stem from this study, though their application and development lies beyond the scope of the present research project. The starting point is the consideration that the EU as a political system is indeed unique, yet potentially comparable with other polities (Sbragia 1992 and 2010; Toonen 2010), both national political systems[20] and other forms of supranational or international institutional arrangements. The EU is by far the most advanced case of supranational integration[21] in both history and the contemporary world (McCormick 1999; Sbragia 1992) and it appears in many respects to be the reference case for processes of supranational and international integration elsewhere (including, of course, for the crises it may undergo exactly because of the significant levels of integration it has achieved), which makes the study of the EU an 'exploratory case' of utmost significance[22]: knowledge generated by investigating the EU may be useful also for formulating propositions or elaborating conceptual frames about the features and dynamics of the strategy process in semi-autonomous public organisations in the administrative system of other forms of regional integration[23]; we may think of Mercosur (Vasconcelos 2007), ASEAN (Eliassen and Arnesen 2007), or NAFTA (Sbragia 2007) (see Telò, 2007, for an overview and binary comparisons of the political systems of these forms of supranational governance with the EU supranational governance). However, it is important to notice that not all forms of 'regionalism', or regional integration (that is, a form – however limited – of sharing of powers between two or more nation states) are institutional in character, i.e. not all forms of regional integration necessarily produce an institution or set of institutions at the supranational level for the running of public policies in the regional area (Warleigh-Lack, 2007), rather preferring looser institutional forms like cooperative arrangements and networks: our study is potentially applicable to forms of *institutional* integration, since our analytical focus is on institutions/organisations. Analogously, we may think at forms of international cooperation involving complex administrative architectures of public sector bodies interconnected in their operations, like the UN system, especially in the area of cooperation to development. In this perspective, the EU is 'a case' in the sense that it is a case of politico-administrative system (or polity, or political regime), that is, it is a macro-social unit to compare with other *supranational*, as well as possibly also *international*, politico-administrative systems (alongside national political system, as Pollitt and Bouckaert do): the comparative method, intended as the method guiding the comparison of large macro-social units (Ragin 1987, p. 1), applies when this perspective is

[20] A comparison that Pollitt and bouckaert develop in their study (Pollitt and Bouckaert, 2011).
[21] 'Spontaneous' integration, i.e. not driven by the use of military coercion.
[22] 'Supranational' refers to forms of *sharing of sovereignty* in given regions of the world – a region being composed by two or more nation-states; whilst 'international' refers to forms of *international cooperation* among nation-states that remain entirely sovereign in their own domain (Nugent, 2006, chap. 21).
[23] We do not make any claim about a preference for policy-makers in other regions of the world for conducting forms of (policy) transfer (in its entirety, selectively, or in the form of inspiration) of governance architecture from the EU. We simply argue that the EU the explicit or implicit term of reference in public and policy discussion in other forms of regional integration throughout the world (evidence that seems to add confidence is provided by the account by Jetschke, 2011, of the extent to which policy-makers engaged in the institutional development of ASEAN imported from the EU 'model')

assumed [24] and the EU politico-administrative context is treated as a comparable case. Propositions and conceptual frames may thus serve in subsequent future research works, in theory-expanding and theory-testing fashion, on the dynamics of the strategy process in semi-autonomous public organisations operating in other supranational or international politico-administrative systems.

The thesis unfolds as follows. At first, the literature on EU agencies is reviewed, in the frame of the broader literature on the public agency phenomenon and focusing the issue of *semi-autonomy*; it is highlighted the gap in the public management literature regarding the strategy process of semi-autonomous organisations; the alternative theoretical frameworks that have been employed for explaining the behaviour of the investigated EU agencies (the politics of bureaucracy perspective in the way it has been theorised by Guy Peters, and the bureau-shaping perspective developed by Patrick Dunleavy) are illustrated (chapter 2). The second literature review chapter discusses the application of strategic management to public sector organisations; it provides an overview of the approach of the 'ten schools of thought in strategic management' proposed by Mintzberg and Colleagues, and examines in closer detail certain schools (the design and the entrepreneurial school) that provided the most useful theoretical resources for case analysis (chapter 3); the chapter is complemented by Appendix 4, providing a wider review of the 'sub-field' of strategic management in the public management literature; jointly, chapter 3 and Appendix 4 also indicate the extant limitations (gap in literature) in the study of the strategy formation process in public service organisations.

Chapter 4 is the methodology chapter. Choices of research design (longitudinal multiple case study) are presented and discussed, together with more fundamental issues of methodology (thereby indicating 'the whole bundle of ontology, epistemology and methods', see Talbot, 2010, p. 55). Issues concerning the study of organisational processes are diffusely examined, given the focus of this piece of research on the strategy *process*.

Chapters 5, 6 and 7 are the empirical chapters, describing and analysing the processes of strategy formation in the three selected cases, namely the European Training Foundation (ETF), the European Aviation Safety Agency (EASA), and the European Research Council Executive Agency (ERCEA). The case reports have a similar structure, unfolding as follows: at first a rich narrative of the case is reported; then, an account based on one or a combination of schools of thought in strategic management is provided; its explanatory power is 'tested' against alternative accounts as might be elaborated based on the politics of bureaucracy and the bureau-shaping approaches; a summative section concludes each chapter.

[24] In a widely-cited comparative study of public management reform (4,063 citations as of 5 June 2013, accessed through Harzing's 'Publish or Perish' software based on google scholar data), Pollitt and Bouckaert compare (with certain caveats) the EU politico-administrative system with country-level politico-administrative systems (Pollitt and Bouckaert, 2011). Indeed, the composite nature of its political system makes the EU potentially a term of comparison for a wide range of studies in the fields of political science, government and public administration/public management.

Chapter 8 addresses the research question – how does strategy form in EU agencies? - based on the case descriptions and analyses reported in the previous three chapters. The strategy formation process in EU agencies is widely examined, and the overall 'explanatory power' of theoretical frames in strategic management reckoned against a wide range of alternative frames.

The wider implications of the findings about the strategy process in EU agencies are discussed in chapter 9, where it is examined the relationship between autonomy of the agency and the strategy process and it is developed an analysis of the qualifying features of strategy formation in organisations that are public and semi-autonomous, that operate under conditions of multiple principals and multi-national staff, and that belong to a polity – the EU - whose ultimate legitimacy is in question and a political system only partly subjected to the dynamics and rhythms of majoritarian democracy. Certain wider implications of the organisational behaviour of EU agencies for the dynamics of EU governance are also discussed. A final section summarises the journey and outlines limitations and paths for future developments.

Chapter 2. The public agency phenomenon and European agencies: A review of the public management and the 'EU studies' literature

2.1 Introduction and defining issues

This first literature review chapter examines the state of the art of studies of the agency phenomenon in the EU. The subsequent chapter surveys the strategic management literature in order to identify the theoretical sources to apply to the study of the strategy formation process in EU agencies.

In the study of the phenomenon of 'public agencies', classificatory issues have proved tricky; capturing the borders of the 'public agency phenomenon' may turn out to be a difficult task. A useful approach (Pollitt, Talbot, Caulfield and Smullen, 2004, pp. 7-11 in particular) lies in identifying public agencies as an administrative phenomenon that can be situated in an 'intermediate zone' between 'ministries', broadly defined as public administrations hierarchically dependent on and responsive to an elected official, and 'more autonomous bodies, further out of political control', such as administrative tribunals or state-owned enterprises. Public agencies enjoy *some* degree of *autonomy*, and are structurally separated from the core of the ministry (they are 'at arm's length'), whilst remaining linked to the directorate/ministry/department in ways which afford elected officials to wield some form of 'direct' steering and control over the agency. Further qualifying features of a 'working definition' of a public agency (Talbot, 2004b, p. 5 in particular) may be outlined as follows: (i) the status of a public agency lies principally in public law and its being subject to public/administrative law procedures; (ii) it carries out public tasks; (iii) it is 'staffed by public servants (not necessarily civil servants); and (iv) it is 'financed by the public budget (at least in the sense that the state remains liable for their financial conditions). All such conditions apply to EU 'agencies[25]'.

Another trait of public agencies is re-regulation: by regulation it is meant 'the 'standard operating procedures' and rules which are laid down within government for how public bodies must operate' (Talbot, 2004b, p.12), and re-regulation investigates if and how the creation of 'novel' public agencies brings with it also regulatory change – something which empirically may not be the case: EU agencies are subject to broadly the same regulatory frame as the other EU institutions. Indeed, it has been aptly observed that 'it can be the case that [… A] small agency may have to conform to all sorts of regulatory and reporting arrangements which place a

[25] Specifically on the issue of their status lying principally in public law, EU agencies all have a legal basis in the EU treaties (hence in international public law, though the regulatory basis of EU administrative procedures is mainly rooted in a French-style interpretation of administrative law - albeit in the absence of a single administrative proceeding as the term of reference, as it occurs in 'Napoleonic' administrative systems (see Hoffman and Türk, 2006, for an overview and discussion of the administrative law profiles of the EU).

disproportionate burden upon their management' (Talbot, 2004b, p.13), a consideration that seems to fit EU agencies, relatively small in size but nonetheless burdened with significant regulatory and reporting requirements, much alike the general administrative regulation in place in the European Union.

2.2 The literature on EU agencies

Most studies of EU agencies are concerned with profiles of institutional design (investigating the reasons for the establishment of the agency, or examining the formal decision powers entrusted to such agency, or the 'institutional location' in policy networks and the broader EU system), rather than with post-establishment behaviour. Studies on post-establishment behaviour are much more limited in number and scope. Some of them are concerned with the developmental dynamics of autonomy of EU agencies (Gehring and Krapohl 2007; Groenleer 2009; Martens 2010; Ossege 2011), others focus the institutionalisation process (Pierre and Peters 2009), or more systematically the influence of agencies on the policy process (Martens 2010; Zito 2009); they are closely related with the core of the present research work and they are systematically reviewed below; however, none of the contributions focuses the strategy formation process and the organisational behaviour of EU agencies.

The legal-institutional design of EU agencies (Chiti 2000 and 2009), the capacity of the novel institutional design to establish confidence in the 'credibility of the commitment' by the principal(s) towards given policy priorities (Thatcher and Stone Sweet 2002 and 2003), and the relationships between 'agencification' and the broader trends in the transformation of European governance (Everson 2005; Flinders 2004; Majone 1997) are the aspects more systematically investigated in the literature on EU agencies. The investigation of the relationships between the institutional design of agencies and the transformation of European governance figures prominently in the initial studies of the agency phenomenon at the EU level (Chiti 2000; Everson 1995; Majone, 1997; Kreher 1997; Vos 2000) and represents a field of continued scholarly inquiry (Chiti 2009; Everson 2005; Flinders 2004). Initial works on the topic were especially interested in the type of formal powers entrusted to them: EU agencies have limited regulatory powers, at least when compared with similar bodies at the national level ('the empirical fact [is that] the new European agencies have been denied powers that regulatory bodies normally possess', Majone 1997, 264), whilst they are entrusted competencies in the gathering of information (for supporting policy processes) and the coordination of policy networks spanning the levels of governance (European, national). This may probably be explained by the combination of the reluctance of Member states to create 'strong' central regulators and the consideration that the progress of the single market required administrative tools beyond harmonization of legislation (Krapohl 1997): the establishment of agencies at the European level with mainly information-gathering and information-sharing purposes, though often integrated with other administrative powers, could serve the purpose of facilitating the

development of regulatory networks (Coen and Thatcher 2008). Other works investigate the relationships between the design of agencies and properties of the regulatory regimes at the EU level (Eberlein and Grande 2005, Randall 2006; and Levy-Faur forthcoming).

The adequacy of the institutional design to sustain the credibility of the commitment over time by principals towards declared policy priorities, and the conditions for it to occur, is investigated in a number of works: Krapohl (2004) compares the institutional designs of the pharmaceutical and the food safety sectors respectively (centred around the European Medicines Agency – EMA - and the European Food Safety Authority - EFSA), and concludes about substantive differences on a sector by sector basis, in the case leading to foresee for EFSA a much less successful story than the one of EMA (which was established at the beginning of the 1990s, and is commonly considered a success story – see also Metcalfe 2001); Borras and colleagues (2007) go further and identify and discuss a set of conditions that lead to procedural credibility of EU agencies in their operations in the post-delegation phase.

There has been over the first decade of the 2000s an orientation in EU studies to investigate issues of institutional design and the politics of delegation. The literature on Principal-Agent (P-A) (Eisenhardt 1989c) and the related theory of delegation, which originated in the new economics of organization, have been extensively employed in the study of the EU as such. A general framework in the application of P-A to the EU politico-institutional system is provided by Pollack (2003 and related previous publications) and Thatcher and Stone Sweet (2002 and 2003) – who aim at interpreting the whole of the EU and its component institutions as 'agents' of the Member states, which represent the principals - such principals being the product of history, and thus conceived of as 'a given'. A number of works apply the P-A framework to problems of typical concern in EU studies, like the determinants of the institutional design of EU agencies (Keleman, 2002), the identification of 'optimal' institutional solutions to the development of the single market (Egan, 1998 – who played a leading role in triggering the systematic employment of the P-A framework to the EU), or to the reform of the same major institutions of the EU (the Commission) by outlining how delegation to agencies might impact on it (Vos, 2000), or for explaining delegation at multiple levels of governance in European networks of regulators in industries such as telecommunications, securities, energy and transport (Coen and Thatcher, 2008).

The P-A perspective may lead to certain expectations about the autonomy of EU agencies, determined by their institutional design, and the preference for the principal(s) to limit the different profiles of agency autonomy. However, there is a growing literature about the autonomy of public agencies (Laegreid and Verhoest 2010, Verhoest et al. 2010, Verhoest et al. 2004a and 2004b; Yesilkagit and Van Thiel, 2008 – such literature is reviewed in chapter 2) and specifically on the autonomy of EU agencies (Busoioc 2009 and 2010; Busoioc et Al. Forthcoming; Groenleer 2009; Ossege 2011) that is shedding light on the distance between the extent of autonomy that agencies have by design and the degree of *de facto* autonomy, the autonomy that agencies develop over the time, hence the actual ways in which agencies wield their decision powers (and mobilise their actual resources and capacities, in terms of

information held, skills and expertise, authoritative voice). There seem to be developmental dynamics that are not captured, or not entirely[26], by the P-A framework: post-delegation behaviour of EU agencies is an area almost entirely to be explained. Post-delegation behaviour of EU agencies is a phenomenon yet to be studied, and it naturally complements findings of P-A literature applied to the EU (that are centred on issues of institutional design rather than post-establishment behaviour). Indeed, our findings point to P-A assumptions being relaxed in the cases we have studied, a finding that lays the ground for arguing (as we do in section 9.4 – see also section 8.3), also in line with results from research work by Zito (2009), that P-A is but one scenario in the study of EU politics and policy-making, and perhaps the emphasis placed upon such frame may have been overstated[27].

The strand of research on the determinants of the institutional design of the EU cannot be reduced entirely and exclusive to the Principal-Agent theory. A distinctive frame is that of the 'politics of structural design': an approach developed in the works of Moe (1989 and 1990). Moe argues about a different rationale for the establishment of agencies: in a structural design perspective, elected officials aim at consolidating a given policy orientation beyond the term of their own mandate by enshrining it into a stable structure legally mandated to pursue a certain set of goals (often embodied in the way the public task entrusted to the agency has been designed). In EU studies, an application has been carried out by Kelemen and Tarrant (2011), questioning why and under what conditions the establishment of an agency may be the preferred institutional design vs. alternative available designs afforded by the EU treaties and the legal-institutional setting.

The structural design approach may be employed in combination with a historical institutionalism perspective according to which initial choices shape and constrain further decisions[28], in order to argue about the constraints put upon post-delegation behaviour; however, we have empirically found that design choices – and starting conditions in general - carry only partial explanatory power of post-delegation behaviour (the point is discussed in chapter 8, in the light of the empirical findings reported in chapters 5, 6 and 7).

[26] Literature on 'relational contracting' may be claimed to discuss post-delegation behaviour, but contractual arrangements seem to have limited usage in the phenomenon studied (where, it may be observed, formal 'contracts' between agencies and their principals are not stipulated, differently from certain national experiences, like the UK with a range of Next Steps agencies), whilst there is a broader set of interrelations and interactions between EU agencies and their multiple principals as well as other actors that are largely influential on agency behaviour as well as being affected by it.

[27] Certain unfulfilled promises of this theoretical perspective and of the ways in which it has been used for the study of European integration and governance are outlined by Kassim and Menon (2003) and revisited in Pollack (2007) and Tallberg (2007).

[28] Underpinnings for such claims are often found in a logic of appropriateness perspective (March 1988 and 1999a), whereby institutions shape what is deemed to be 'appropriate behaviour'. Alternatively, Pierson (2000a and 2000b) argues about an economic explanation of path dependency rooted in the mechanism of increasing returns: 'In an increasing returns process, the probability of further steps along the same path increases with each move down the path. This is because the relative benefits of the current activity compared with other possible options increase over time. To put it a different way, the costs of exit – of switching to some previously plausible alternative – rise' (Pierson, 2000a, p. 252).

Also functional accounts (to which historical institutionalism may also be interpreted as a reaction) did not prove satisfactory. According to a functional perspective[29], organisations survive and prosper depending on whether they 'serve' those who created it or have appropriated it: it is functional consequences to determine survival and prosperity – the form - of an institution. Indeed, our study contends the opposite: that a perspective 'from the inside out' that focuses how strategy forms 'within' agencies may contribute to our understanding of developmental patterns of EU agencies. We thus revisit and discuss such perspective in the light of the empirical findings, arguing that this perspective too has a limited explanatory power (see chapter 8).

Summing up, a review of literature points to post-delegation behaviour of EU agencies having been as yet widely under-investigated in the scientific literature[30] - with one exception: the only aspect of post-delegation behaviour that has been systematically investigated in the literature on EU agencies (with an empirical orientation and from a mix of theoretical perspectives) is that of the extent of *autonomy* enjoyed by EU agencies – a notion which is central to the present research work.

2.3 The study of EU agencies autonomy

Autonomy for EU agencies is to be intended from Member States (the 'constituents' of the supranational order) as well as from the 'independent supranational executive' of the EU (i.e.: the European Commission) and from the supranational legislative bodies (i.e.: the European Parliament and the Council of Ministers): these are the 'majoritarian institutions' ('elective' bodies), from which autonomy of EU agencies as non-majoritarian bodies is appraised (in an analogy with national level public agencies, semi-autonomous from the national government departments/ministries, intended as the 'parent' administrations). The presence of semi-autonomous bodies established by and accountable to 'nation-states' as the 'constituents' of the supranational arrangement is characteristic of other forms of regional integration (Mercosul/Mercosur, ASEAN, etc.) and to some extent also of international arrangements in general, whilst the presence of an independent supranational executive endowed with prerogatives like the formal power of policy initiation, i.e. the European Commission, as well as

[29] Whose theoretical roots may be traced back to the works of Talcott Parsons (1949, 1951).

[30] Also the two special issues that the specialised *Journal of European Public Policy* has dedicated to EU agencies (in 1997 and in 2011), whilst discussing a wide range of interesting profiles of EU agencies (notably why they are established, and what impact they may have on European public policy-making), are entirely void of either theoretical or empirical contributions to the issue of how such public agencies behave after they have been established: such collective works entirely overlook all profiles related to strategy formation processes, or even more broadly the organisational behaviour, of EU agencies – which leaves a gap in the literature as regards interpreting and explaining the organisational behaviour of such agencies.

the presence of a directly elected supranational legislature. i.e. the European Parliament, is peculiar of the EU[31].

Why caring about agency autonomy? There are two reasons why this analytical dimension is crucial. On the one hand, it is a pre-condition for strategic management to unfold: without a certain extent of autonomy, the unfolding of the organisational strategy process may be impeded. On the other hand, the search for more autonomy might be an end in itself for the organisation, a substantive content of its strategy. An example is provided by the work of Carpenter (2001, elaborated also in Pollitt 2008, p. 121-123), which explains why in the first decades of the twentieth century certain US federal agencies were capable of acquiring a considerable autonomy from the political 'masters' in the Congress whilst others were not (cases of the former are the US department of Agriculture and the Post Office, a case of the latter is the Interior Department). Building reputation for the agency itself, centred on the key message that the agency is somehow unique and delivers something unique, setting up supporting networks, and in order to do that ensuring continuity in the organisational leadership and accumulating a sufficiently high level of organisational capacity, are key ingredients in this process. This is a process that may well be interpreted as a process of formulation and implementation of an organisational strategy (even more so if we consider that such level of autonomy is not determined by the initial design: in the words of Carpenter, 'Bureaucratic capacity is first and foremost a function of organizational evolution. Neither formal authority nor spending suffices to create an organizational ability to discover and solve problems' – Carpenter 2001, p. 28), even though the terminology employed by the author is very different from the one of the strategic management literature.

How can autonomy be defined? Following recent research work on public agencies, we may introduce the notions of managerial and policy autonomy (Laegreid and Verhoest, 2010; Verhoest et al. 2004a and 2004b; Verhoest et al., 2010; Verhoest et al., 2012; Yesilkagit and Van Thiel, 2008). The former concerns the extent to which the organisation may decide on resources (acquisition and employment of financial and human resources, that is, capital and labour, intended as the main 'production factors') without the authorization/approval of the parent administrations (in the case: the European Commission, the Member States, the Council, and the Parliament). The latter may be defined as the extent to which the organisation may decide on the targets of the policy and/or the instruments to pursue such targets. We qualify public agencies in general, and the investigated organisations (EU agencies) specifically, as *semi*-autonomous because they have a constrained degree in the room for manoeuvre in making decisions on such profiles.

The extent of autonomy agencies enjoy is located in an intermediate area between 'independence' (the 'realistic' maximum of autonomy which characterises, in the EU, authorities like the European Central Bank, that has both policy autonomy – it decides on the target of the

[31] The European Parliament is the only directly elected supranational legislature in the world (with the exception of Mercosul/Mercosur, whose designed institutional architecture includes since 2006 a directly elected parliament, although endowed with mainly consultative powers).

monetary policy and the instruments to better pursue it – and managerial autonomy – it decides on the acquisition of capital and human resources without external constraints set or overseen by 'parent administrations', ultimately responding only to the provisions of the statutory act establishing it) and absence of autonomy (as would be the case of a direction or department hierarchically embedded into a larger organisation, like a ministry, or also a nominally distinct entity de facto entirely hetero-directed by external decision-makers).

As further qualification, it may be observed that we are interested in 'actual' autonomy, as enjoyed by decision-makers, rather than *de jure* discretion, as afforded by the regulatory frame, and the two significantly differ (Yesilkagit and Van Thiel, 2008). This entails that autonomy as employed here is an inherently relational concept: autonomy 'from' external decision-makers. Autonomy is intimately connected to another profile of public agencies as semi-autonomous organisations: the way they are controlled by the parent administrations. Part of the answer to the question 'what happens after an agency has been established and given a certain extent of autonomy?' in fact lies in the dynamics of the relationships that develop between the agency and its parent administration(s). There are two broad conceptual frameworks within which such relationships may be analysed: one lies in conceiving of such relations in terms of accountability, of the agency being accountable to a forum [32]; the other one lies in conceptualising such relationships in terms of steering and control by the parent administration towards the agency.

'Steering and control' deals with the transmission of objectives, or at least of 'signals', whereby the parent administration wields an influence on the actual behaviour of public agencies, steers their action before or while it is unfolding as well as controlling it afterwards. Steering and control constrains the agency's autonomy. Steering and control refers to the modalities whereby the parent administration(s) guides, or tries to guide, the behaviour of the agency: the constraints put to the actual *use* of autonomy by the agency (Verhoest et al. 2004a and 2004b; Laegreid and Verhoest 2010). It encompasses also the design of the 'corporate governance' of agencies, but it goes beyond that as it includes also the dynamic components: assignment of goals to the agency, evaluation of the agency and assignment of rewards or punishments, exercise of oversight prerogatives, and so on. Modalities of steering and control by the parent administration(s), by constraining the use of the autonomy, and more broadly by intervening into the organisational dynamics of the agency, affect the organisation's strategic processes.

In the above studies, autonomy is defined in the terms of what decisions can be made by the Agency's executives without the involvement of the parent administration(s) in the making of the decision (or with a kind of involvement that does not override the decision autonomy of

[32] More specifically, accountability 'consists of ascertaining after the fact whether the actor has acted within the boundaries specified by the mandate and has complied with its obligation' (Busuioc and Groenleer, 2012, p. 131); accountability refers to the 'relationship between an actor and a forum, in which the actor has the obligation to explain and justify his or her conduct, the forum can pose questions and pass judgment, and the actor might face consequences' (Bovens, 2007, p.452; see also Bovens et al., 2010; Busuioc, 2010). Finally, it may be observed that accountability is ex post (it amounts to information, explanation and justification after the fact, Busuioc and Groenleer, 2012, p.131).

the agency's executives). Wonka and Rittberger (2010) provide a partly distinct framework for gauging autonomy, based on previous works by Gilardi (2008 – see also Gilardi 2002 and Thatcher 2002a and 2002b) and focused on the notion of 'institutional independence'. They elaborate a composite index encompassing aspects that range from the formal mandate of agencies (whether agency's decisions are binding to third parties or not) to the modalities and procedures of appointment of the Agency Head and the Members of the Management Board, to the 'constraints' set by the regulation of the agency. The proposed notion could be defined as 'formal' institutional independence: the 'independence score' proposed focuses on conditions that are assumed to be conducive to 'independence' in making decisions by the governing organs of the agency. There are many assumptions underlying the way in which the independence score is constructed; basically, the index elaborated by Wonka and Rittberger tries to capture the legal-institutional independence as a direct result of the agency design (the Authors make reference to the institutional resources and formal powers which agency staff has at its disposal to influence EU policies in general), which limits its application to post-establishment behaviour. The issue of agency autonomy is treated also in the work by Christensen and Nielsen (2009), who adopt a narrower scope of analysis and focus the extent of formal autonomy and the kind and scope of legal authority delegated to agencies.

Though different in the notion of autonomy employed, all the above studies empirically show that EU agencies are in a mid-terrain as regards the degree of autonomy: they are indeed *semi*-autonomous organisations (the 'independence score' elaborated by Wonka and Rittberger and applied to EU agencies – excluding from the study executive agencies - locates all agencies in the range 0.21 to 0.64 – the whole interval of the indicator being in the range 0 (absence of autonomy) – 1 (full independence); Christensen and Nielsen 2009 do not elaborate synthetic indexes, but report about agencies having an intermediate degree of autonomy along most of the different dimensions considered).

None of the above studies is geared to capture the evolution of autonomy over the time, an issue which is central in the work of Carpenter (2001), who studies how agencies strive to enhance their autonomy, and the factors that may lead to successfully increment it. This is a dynamic which in the present study we read as one of the consequences – at least to a certain extent – of the 'realised strategy' of the agency, where the realised strategy is the product of both the deliberate and the emergent component of the organisation's strategy (Mintzberg, 1985; the theme is elaborated in section 3.1). From a complementary perspective, Gehring and krapohl (2007) investigate the influence that oversight mechanisms have on institutional independence: the thrust of their work is, in our interpretation, to detect how given features of oversight arrangements may affect developmental dynamics of the agency, although their analysis is static and considers properties of the institutional design, and not the evolution over the time. The broader process of institutionalization of agencies is the focus of a work by Pierre and Peters (2009), that highlight that 'institutionalization is just as much a matter of environmental compliance and tolerance with the emerging institution as it is a matter of intra-organizational development' (Pierre and Peters 2009, p. 337). A more dynamic perspective to

the analysis of the autonomy of EU agencies is adopted by Groenleer (2009), who investigates through a longitudinal multiple case study the institutionalization process of EU agencies and proposes a set of propositions about the conditions under which autonomy develops over time beyond design (institutional development), developments that occur together with transformations in the identity, organizational culture, the net of alliances, and other aspects. These propositions are systematically revisited in a specific focus (Appendix 5), based on the findings of our multiple case study.

In a more 'prescriptive' vein, Busuioc (2009 – see also Busuioc et al. 2010) suggests a framework that aspires at interpreting autonomy (or 'independence'), control over agencies and their accountability in an integrated way; empirically, the study points to actual autonomy of some agencies being *inferior* to the formal one, hence posing the datum that autonomy of agency may diverge from the formal-legal one both by excess and by defect, which poses the empirical puzzle about why certain agencies use less autonomy than they have, whilst others pursue the goal of increasing their autonomy, or at least of exploiting in full the degree of legal-formal autonomy they are entrusted with.

In a similar vein, also Groenleer et al. (2010) illustrate how actual autonomy may be much inferior to formal autonomy, and argue that this may strongly constrain the contribution to legislative enforcement expected of such agencies[33]. Martens' case study (Martens 2010) of the evolution of the European Environment Agency (EEA) over almost twenty years since its inception in 1991 emphasises once again the distance that may be detected between formal and actual autonomy, although in this case in the direction of actual autonomy being *superior*, not inferior, to formal autonomy. The study by Martens, by examining a variety of profiles of agency behaviour (characterised by a strong and consolidated partnership with the Commission, a state of affairs which represents the outcome a profound shift from an initially highly confrontational attitude towards the Commission - and by a set of consistent actions over the time aimed at balancing the capacity of being heard in the policy community, on one hand, with the need for securing a stable supply of resources from key policy actors, on the other hand), highlights the opportunity of considering agency course of action as part and parcel of any thorough account of the governance dynamics of the EU. The influence on policy and governance by EU agencies and the importance (for an improved understanding of such influence) of overcoming the sole consideration of the institutional design, or the uni-dimensional focus just on autonomy, is highlighted by Zito (2009) in his comparative study of EEA and a national agency in the environmental policy field.

The two dimensions – 'what kind of autonomy' (autonomy in what respects) and 'autonomy from whom' – have to be combined for an understanding of agencies' influence on European governance: Egeberg and Trondal (2010) argue that 'EU agencies which might be able to act relatively independently of national governments and the Council, but not necessarily

[33] Our own case study of EASA provides additional empirical evidence about both the extent of autonomy and the behaviour of the agency that seems to lead to different conclusions (the point is further discussed in chapter 6).

independently from the Commission, would contribute to executive centre formation at the European level, and thus to further transformation of the current political-administrative order' (see also Egeberg et al. 2009 on the transformative power of EU agencies over the EU executive order; on the role of the European Commission in these processes, Curtin and Egeberg 2008). The potential of EU agencies to produce increased integration of the administrative branch of the EU was brought to the attention of the scientific community as early as 1997 by Kreher (1997). However, these analyses may be made suppler if the intermediate link in the causal chain, i.e. the patterns of behaviour of EU agencies, is investigated: hence the contribution that the study of the strategy process of EU agencies may add to the debate on the nature of the transformation of the EU executive order.

By way of wrapping up, autonomy is a central concept in the study of the EU (and other) agencies, which may be interpreted as both a precondition for the strategy process to unfold and as an outcome of it. 'Actual' autonomy generally differs from formal-legal autonomy, which points to the importance of understanding the organisational behaviour of agencies as both an effect and one of the causes for de facto autonomy. The investigation of behavioural patterns may be conducted also through the lenses of strategic management – which is the distinctive contribution provided by this piece of research. In turn, studies on EU agencies hint to the influence strategic behaviour (or, with a different wording, organisational behaviour understood through the lens of strategic management) may have on the policy and governance dynamics of the EU – which represents a further rationale for undertaking the present research endeavour (implications of EU agencies behaviour on European governance dynamics are discussed in section 9.4).

2.4 A gap in the public management literature regarding the strategy process of semi-autonomous organisations

Although the phenomenon of public agencies has been part and parcel of the structure of executive government since a very long time (agencies have been in place in Sweden for centuries, see Pierre 2004), it is during the 1980s that reforms inspired by the New Public Management (NPM[34]) have brought to the fore an emphasis on resorting to public agencies for the execution of public tasks. Indeed the emphasis has been on a specific model of public agency - the 'executive agency' - that has come for a certain period (around the second half of the 1990s) to be identified in practitioners' discourse about public management reform as *the* model of agency. The main traits of this specific model of agency have been outlined in Pollitt, Talbot, Caulfield and Smullen (2004, chap. 2) as follows: executive agencies are structurally disaggregated from a parent administration (typically, a ministry) and focused on a very specific

[34] Following Barzelay (2001), we here adopt the 'definition' of NPM as a set of doctrines about the organisation of the public sector. For a summary of such (not necessarily internally consistent) doctrines, see (*inter alia*) Boston (1996), Hood (1991), Pollitt and Bouckaert (2011).

task (mono-task); they have autonomy in the way they employ resources (managerial autonomy), but not in the identification and selection of the policy objectives to pursue; and they are steered through a performance contract (the better the performance, the higher the reward they get from the parent administration). Research work has shown that such model of public agency is but one of a much more variegated population (Allix and Van Thiel, 2005; Laegreid and Verhoest 2010; Pollitt and Talbot 2004; Pollitt et al., 2004; Van Thiel, 2001, 2004 and 2006; Verhoest et al. 2010; Verhoest et al., 2012). One major reform, whose influence on triggering the contemporary debate on public agencies can hardly be exaggerated, is the Next Steps reform occurred in the UK in 1988 that reshaped the landscape of central government, through the establishment of a wide range of executive agencies (Greer 1994, Pollitt and Talbot, 2004); such reform has also been studied systematically through the lenses of one of the two alternative theoretical frameworks employed in this study (see below) for explaining the organisational behaviour of public agencies: the bureau-shaping perspective (the study, evaluative in its orientation, has been developed by James, 2003).

The study of public agencies has formed a distinctive strand of the literature analysing NPM reforms. Such literature addresses issues of institutional design, formal and actual autonomy, steering and control and the constraints put on the actual use of autonomy, trust between agency and parent administrations, consonant or differing values between agencies and parent administrations, profiles of organisational culture, and the performance of public agencies (James 2003; Laegreid and Verhoest 2010;Pollitt et al. 2004; Pollitt and Talbot 2004; Talbot, 2004a; Van Thiel and Van der Wal, 2010; Van Thiel and Yesilkagit, 2011; Yesilkagit and Van Thiel, 2008 and 2011; Verhoest et al. 2010; Verhoest et al., 2012). There seems, however, to be a major gap in the public management literature. Studies on public agencies are concentrated on issues of institutional design, or on developmental dynamics of the system as a whole; they are rarely interested in investigating the organisational behaviour of public agencies, and even less in doing so by focussing the analysis on the strategy process: there seems to be only a limited body of literature investigating the strategy process in semi-autonomous public sector organisations (for an exception, Johanson 2009, who explicitly links features of agencies as semi-autonomous organisations to the analysis of the strategy process; and Barzelay and Campbell 2003 who have produced a book-length single case study on strategic management in the US Air Force, an 'agency' of the US federal government): strategic management studies have not yet been systematically employed to the study of public agencies. Indeed, most studies on strategic management in the public sector (reviewed in Appendix 4) investigate the strategy process in a wide range of organisations (elective governments, especially local authorities; or entities operating in important areas of the welfare state like the healthcare sector: hospitals and local healthcare units), or in relation to major reform programmes that have forced the introduction of strategic plans and the paraphernalia of strategic management (e.g. the Government Performance and Results Act launched by Vice-President Al Gore in the US during the 1990s), without any analytical focus on how semi-autonomy affects the dynamics of the strategy process. In other words, in studies of strategic

management in the public sector, public agencies have not been singled out for their specific features, but lumped together with other sets of public sector organisations.

Moreover, studies on public agencies consider country-level cases, rather than supranational/international ones, which entails that a range of 'context conditions' are held constant, hence potentially limiting the domain to which findings may be generalised. EU agencies represent a distinctive case of interest due to a number of peculiar features. First, they have multiple parent administrations (the European Commission and the 28 Member States), whilst usually public agencies have a single parent administration (e.g.: the Next Steps agencies are generally accountable to one single department). Second, they have a multi-national staff, which is unusual in public sector organizations at national or local level; only certain public sector organisations like universities and research centres tend to have a multi-national staff, in certain countries, and usually only in one component of the staff (academic staff), and even in those cases such organisations usually have a national component which is dominant, at least in the sense of shaping with its culture and linkages the way the organisation is managed (only a few international universities or research centres related to some major project, like the CERN in Geneva, make an exception in this respect). Third, they belong to a 'contested polity' - the EU - subject to integration (disintegration?) dynamics and whose ultimate legitimacy is in question. Fourth, they belong to a political system that is only partly subject to the dynamics and rhythms of majoritarian democracy (although there seems to have been a trend in such direction, see Goetz 2009 and Goetz and Meyer-Sahling 2009). Fifth, they enjoy a very benign budgetary climate: the seven-year financial planning system of the EU ensures a long-term stability in the financial perspectives; even in the period since the 2007/08 global financial crisis, when many national governments have reported important cuts, the EU budget - and with it the budgets of EU agencies - has remained remarkably stable (empirics, however, led to qualifying this statement; see also section 9.3).

The field of public management may thus benefit from the investigation of EU agencies, as an extreme case (Yin 2009, see also chapter 4) that may enable expanding our understanding of the organisational behaviour, and specifically the strategy formation process, of public agencies.

2.5 Alternative potential explanations rooted in political science and economics

Having considered how the agencies of the EU are usually studied, and before elaborating our own approach to the study of this administrative phenomenon by resorting to strategic management as the reference discipline, we may turn to review alternative theoretical frames through which EU agencies *could* be studied - next to the one we propose. The main underlying question is here: do explanatory frameworks rooted in such disciplines like political science or

economics enable to account for the observed phenomena (the behaviour of EU agencies) in an exhaustive manner, that is, in such a way that no room is left for other explanations, and notably explanations rooted in a strategic management disciplinary perspective? We will argue, throughout the case studies and in the concluding discussion, that the answer to the above question is negative, and political science or economics explanations do not (entirely and exhaustively) account for what could be observed. However, in order to claim that, we do introduce alternative frameworks and employ them in case analysis.

Empirical observations about the influence that EU agencies may have on European public policy (e.g., Martens, 2010), or the expansion of tasks for some agencies beyond their initial mandate (observed in the case of EASA and illustrated in a detailed way in chapter 6), or the long-term perspective that executives of such agencies adopt, even in agencies established on a temporary basis (see the ERCEA case history reported in chapter 7), all configure a picture that might possibly be interpreted through the lenses of consolidated models of analysis employed for the study of public bureaucracies. Because of their potential in explaining such phenomena, we have selected two of such theoretical frameworks [35] : the 'politics of bureaucracy' perspective elaborated by Peters (2010, 1st edition 1978), and the bureau-shaping perspective deriving from the blending of the bureau-shaping model (Dunleavy, 1991) with elements of Niskanen theory of budget-maximization by public bureaus (Niskanen, 1971 and 1973).

Peter's politics of bureaucracy

Peters' politics of bureaucracy is a theoretical perspective to interpreting and explaining bureaucratic influence on policy-making – hence, its analytical focus is partly different from the one in the present research work, which is primarily on explaining EU agency behaviour, and only as an implication its influence on policy-making. One central idea of what is nowadays a classic of public administration (the book being in its sixth edition) is the analogy with how a political party may influence policy (Peters 2010, pp. 197ff in particular). By revisiting the work of Rose (1976), who provides a set of criteria that a political party must fulfil if it is to provide government after it has been elected, and modifying the components that apply strictly to political parties, Peters identifies a set of criteria that any group attempting to govern ('the root word for government implying control and steering') a society has to fulfil (Peters 2010, 197): (a) the group must formulate policy intentions for enactment in office – in other words, it must have its own well-developed idea about what government should do (applied to bureaucracy, this has been labelled 'agency ideology'); (b) these intentions must be supported by the

[35] It is important to stress that by contrasting alternative theoretical frames we do not – either implicitly or explicitly – assume that there is no basis to judge between competing theories, that no theory can be objectively privileged over any other – rather we claim the opposite: that theories do have a different explanatory power, and that the ultimate criterion whereby such explanatory power may be tested is the adequacy to 'reality out there' (on this issue see Talbot, 2010, pp. 8-9 and 204-205 in particular; we discuss this and related methodology issues in chapter 4).

availability of 'not unworkable means' to the ends; (c) there should be some competition over the allocation of resources; (d) the group should be in sufficient numerical strength in the most important positions in the regime; (e) those given office in such positions must have the skills necessary for running a large bureaucratic organization; and, (f) high priority must be given to the implementation of goals.

Peters then discusses the extent to which bureaucracies and bureaucrats fulfil such criteria. He concludes that bureaucracies encounter many limitations in fulfilling such criteria (Peters 2010, 197-210 in particular), and, of course, ultimately they can only provide 'non-consensual directions', legitimacy by the public ultimately missing to bureaucracies as providers of government: although operational legitimacy as the appropriate collective allocators of values may under certain conditions be gained by bureaucracies, formal legitimacy remains the missing element (Peters 2010, 228), and popular control remains a highly problematic issue in a 'politics of bureaucracy' perspective. However, the basic idea is confirmed that, although only sector by sector and without any unifying philosophy of government (as could be provided by party government), bureaucratic government may occur: the bureaucracy may supply government to a society. In a plurality or even in all the policy sectors in a given political system, bureaucratic elites – with differentiated ideas usually on a sector by sector basis and thus steering in diverse directions – may provide government in the form of 'non-consensual directions', and act as a sort of cartel of elites for society[36]. The author then discusses at some length the resources that bureaucracies may deploy to influence public policy (Peters 2010, 211-13), as well as the resources that political institutions may mobilize to counter such trend (Peters 2010, 213-14), and the resulting dynamic games that unfold through a variety of ploys, including: affecting the budgetary process, holding a sway over the planning process, and accrediting the bureaucratic office/agency as a venue where policy-making occurs, e.g. because of it statutorily gaining an advisory role.

One qualification concerns the scope of Peters' theorisation: his analysis is centred on the 'core' bureaucracy, those bureaus of close collaboration with elected officials (politicians). Thus, it may be that the application to an agency represents a kind of conceptual stretching of the analytical framework devised by the author of this famous study. However, the EU produces mainly 'regulatory' policies, as highlighted by the widely-debated and often cited definition of the EU as a 'regulatory state' proposed by Giandomenico Majone (Majone, 1998, 1999, 2000,

[36] The topic of how public bureaucracies affect the policy-making process is obviously a widely studied one. Authors like Page (Page Jenkins, 2005; Page, 2012; see also Page 1992) have extensively investigated this phenomenon, and the conclusions they draw from their studies put emphasis on the influence that also the lower ranks of the bureaucracy may have on the policy process – underlying such conclusions is a weberian rather than kingdonian (Kingdon, 2004) conception of policy making, a conception of politics and policy-making as routine beyond heroism: it is Weber's famous evocation of 'political activity as the strong slow boring of hard boards with both passion and an eye for perspective rather than surfers with their surfboard waiting to ride the big wave as it comes along' (Page and Jenkins, 2006, p.1). However, this study is not directly about the influence of bureaucracy over policy-making: hence, whilst Peters' framework could undoubtedly have been enriched with these and other sophisticated and insightful studies, in order to avoid overcomplicating the analytical framework, and for reasons of parsimony of notions, we stick to the traditional, highly influential and in many respects mainstream conceptualisation elaborated by Peters.

2002); and EU agencies are involved in such processes – in declaredly a technical role (Majone, 1997, Majone and Everson, 2001). It thus does not appear improper to apply such framework to EU agencies

In sum, the theoretical perspective of the politics of bureaucracy may fruitfully be applied to the study of a political system, the EU, which has often been dubbed 'the bureaucrats' heaven'. Such theoretical perspective may explain aspects of how agencies, all of which are run by 'bureaucrats', deploy the resources they control for affecting the policy process, which is one way of interpreting agencies behaviour. However, this theoretical perspective seems to overlook other profiles of agency behaviour, like those that more directly concern the organisational structure of the agency, or the resources it is capable of acquiring. Other theoretical perspectives may be better equipped to this regard.

The bureau-shaping perspective

The public choice literature is another potentially important source of theoretical frameworks for studying EU agencies. An 'exemplar' (or perhaps it may more properly be qualified as an 'offshoot' of the public choice literature, for its own internal consistency and originality of conception, see Talbot, 2011, p. 29) in this field is the bureau-shaping model elaborated by Patrick Dunleavy (1991), based on a systematic review (and critique) of previous literature and especially of Downs' *Inside Bureaucracy* (1967) and Niskanen's theory on budget-maximization in public bureaus (Niskanen 1971 and 1973). Drawing mainly from economic theory[37], Dunleavy proposes a highly sophisticated model for explaining the shape of public bureaus. Dunleavy also suggested the potential to explain the UK executive agency 'Next Steps' reform (Dunleavy 1991, p. 226), and this suggestion has been picked up by James in his systematic application of this model to assess the Next Steps reform. James (2003) further elaborates the model for its application to the Next Steps agencies established in the UK at the end of the 1980s and proposes what he labels 'the bureau-shaping perspective', derived from the blending of Dunleavy's bureau-shaping model and Niskanen's budget maximizing perspective. According to this model, collective strategies for bureau-shaping (not 'simply' budget maximising) are carried out by bureaucrats designed to bring their agency into line with an ideal configuration which confers to the agency both *high status and agreeable work tasks* and *the highest possible level of budget associated with producing output by the department* (i.e., the core budget[38] spent by

[37] And drawing on the very strong assumption of humans as 'rational utility maximisers' – a stance that may well be contested (as are more minimalistic positions in economicistic thinking, where it is argued that utility maximization is merely an axiomatic assumption for theoretical purposes: a claim it is hard to accept, see Talbot, 2010, p. 6).

[38] The core budget of an agency consists of those expenditures which are spent directly on its own operations, the bureau budget includes the core budget items plus any monies which the agency pays out to the private sector; in sum, the bureau budget covers all expenditures which are directly controlled by the bureau's own decisions (Dunleavy, 1991, p. 181); next to this, the programme budget and the super-programme budget include, respectively, any monies which the agency passes on to other public sector

an agency on its own activities, excluding the share of the budget that is passed to others to spend[39]), within the constraint set by political masters contingent on the existing and potential shape of the agency's activities. In qualitative terms, characteristics of an agency which are positively valued by senior officials (bureaucrats) include (Dunleavy 1991, p. 202):

- staff functions allowing for innovative work, longer-time horizons, broad scope of concerns, high level of managerial discretion and low levels of public visibility (as opposed to line functions including routine work, short-time horizons, narrow scope of concerns, low level of managerial discretion and high levels of public visibility);
- a collegial work atmosphere, attainable in small-sized work units, restricted hierarchy and predominance of elite personnel (highly qualified staff), and cooperative work patterns (as opposed to what Dunleavy labels 'a corporate atmosphere', characterized by large-sized work units, extended hierarchy and predominance of non-elite personnel, work patterns characterized by coercion and resistance, and conflictual personal relations);
- a central location, meaning it is proximate to the political power centres, metropolitan (capital city location), and conferring high status social contacts (as opposed to a peripheral location, remote from political power, in a provincial location, and void of opportunities for high-status contacts).

On the budgetary side, the core budget and the bureau budget (the one which may be directly spent on agency's delivered outputs) is what senior officials would prefer to have as high as possible, differently from other public choice models that emphasise total budget maximisation (e.g. Niskanen 1971).

The 'bureau-shaping perspective' blends Dunleavy's perspective with Niskanen's in that it leaves open the possibility to consider next to the core budget other components of the budget as well (determining utility functions that are different but of similar shape, hence reflecting a broadly similar pattern of behaviour). In formal terms, following James (2003, pp. 154-55) the utility function may be expressed as:

$$U = X^{\frac{1}{2}} + Y^{\frac{1}{2}}$$

Where U is the level of utility, X is the budget per senior official, and Y is an indicator of high status and agreeable tasks (in the model elaborated by James: the proportion of policy work in total time work; but broader weighed or un-weighed combinations of factors determining 'high status' may be employed to get closer to the wider Dunleavy's formulation).

bodies for them to spend, and any spending from other bureaus from their own resources but over which the agency nonetheless wields an influence.

[39] Dunleavy classifies agencies in delivery, regulatory, contracts, control, and taxing agencies, according to a taxonomy related to their tasks and the kind of budgets that are assigned to them.

The constraint on the official imposed by politicians is:

$$Y = 1 - aX$$

Where (1) is the limited work time available to the senior official, (a) is the proportion of management time in total work time which politicians insist an official must spend supervising each unit of budget per official and 0<a<1.

At the interior optimum the slopes of the constraint and indifference curve are equal (assuming independence of the marginal utilities of X and Y, entailing that policy work time and budget per senior official affect utility only by the sum of their separate contributions).

Dunleavy developed the bureau-shaping model as a general model to explain a range of administrative situations. It may be applied to explain certain profiles of administrative change and reforms: what kind of contents of the reform package bureaucrats will prefer to consider and which ones they will tend to discard, given the desires of their political masters as well as the level of attention politicians will deploy over the detailed design of the reform package. It may also be interpreted as a theory (indeed one of the most sophisticated and elaborated in studies of the bureaucracy) that aims at predicting the kind of form that agencies will tend to have over a given period of time, through successive adjustments under the steering of the senior officials, given the constraints set by politicians and by exploiting the opportunities that will present themselves as a result of the dynamics in the political system. In this respect, the bureau-shaping perspective may be applied for explaining at least organisational shape-related profiles of the agency 'strategy', although it should also be noted that decisions about organizational form are only one part of the domain of strategy: strategy is also about 'positioning' in the organizational environment and relating with stakeholders, profiles that strictly speaking are not within the remit of the bureau-shaping perspective. On the other hand, the bureau-shaping model (as well as the bureau-shaping perspective derived from it) aims at predicting also other profiles of bureaucratic behavior that lie beyond the realm of strategic management, like bureaucrats' choice of post in the broader administration (whether senior officials will move to agencies or stay in ministries) and agency creation (whether and what kind of agencies will tend to be created, where they will be located, etc.). The application of the model is instead here limited to what Oliver James refers to as 'the practice of executive agency working': aspects like the drawing of the boundaries with the parent administrations and the reciprocal scope of action as it unfolds in its daily operations, the kind of tasks that the agency seeks to acquire and those that it strives to get rid of through successive adjustments over the time, the size and especially the profiles of the recruited staff, and the increases in the core budget it strives to extort from budgetary authorities..

Summing up, we have introduced two theoretical perspectives for the study of EU agencies behaviour, rooted in central disciplines for the study of administrative behaviour like political science and economics. The two frames allow for 'testing' the explanatory power of strategic

management. Should they suffice in explaining the behaviour of EU agencies, they would undermine the claim we make that strategic management does have explanatory power for the study of EU agencies behaviour. Should they turn out to be irrelevant, we might argue for the employment of yet other theoretical perspectives. It emerged from case analysis (chapters 5, 6 and 7) that they do have a certain explanatory power, yet incomplete, and strategic management does explain an important part of EU agencies behaviour (see the discussion chapter 8).

2.6 Concluding remarks

Alongside providing a range of conceptual tools for the study of EU agencies (from the very notion of agency autonomy to models for interpreting bureaucratic behaviour like the politics of bureaucracy and the bureau-shaping perspectives), this chapter serves the purpose of demonstrating the gap in the 'EU studies' literature as concerns the investigation of the behaviour of EU public agencies, as well as a gap in the public management literature as regards the study of the strategy process in public agencies, and EU agencies.

In the next chapter we turn to reviewing the strategic management literature, in order to both identify the intellectual resources for the study of EU public agencies from such perspective, and to detect gaps in the literature as regards the application to public service organisations, and notably to the study of public agencies at the supranational level of governance.

Chapter 3. Strategic management literature and public sector organisations

3.1 Introduction

This chapter reviews the strategic management literature in view of identifying its best application to the study of EU agencies. In doing so, this section also discusses another gap in the literature, and notably the strategic management literature, namely the paucity of models for understanding the strategy process in organisations that are constrained in their autonomy (semi-autonomous organizations), that are constitutively interacting in a systematic way with one or more parent administrations that exercise some form of steering and control over them, and that are characterised by administrative duty. The strategic management literature seems to have overlooked the topic of how strategy unfolds under such conditions, that is, in public agencies and notably in EU agencies, i.e. that specific kind of public agencies that are characterised by multiple parent administrations and a multi-national staff (which is unusual in core public sector organizations at the national level), that belong to a 'contested polity' like the EU (subject to integration/disintegration dynamics) and to a political system that is only partly subject to the dynamics and rhythms of majoritarian democracy, and that a priori enjoy a benign budgetary climate (the seven-year financial planning system of the EU ensures a long-term stability in the financial perspectives – though field investigation revealed that this picture has to be partly amended). In sum, the strategic management literature has concentrated on commercial sector/generic organisations (mostly), on public service organisations (to a certain extent), but very rarely on public agencies, and not at all (at least based on what we could detect through the systematic review of the literature we conducted) on EU agencies.

Strategic management represents for the present research project the 'source discipline' from which terminology, concepts and frames of analysis are drawn, for application to the study of EU agencies. To this purpose a (necessarily selective, given its magnitude) overview of the strategic management literature is reported in this chapter, and a review of the (all in all relatively scant) literature on strategic management in the public sector is reported as separate section in Appendix 4, in which an attempt is made to provide a broad perspective on such literature, through the discussion of a range of 'key' questions - an attempt which eventually amounted to a relatively long paper in itself, which is why it has been kept distinct and placed as appendix.

The employed definitions of strategy have been briefly introduced in chapter 1. Specifically, we already introduced the distinction between strategy as plan (an intention, a guide or course of action into the future) and strategy as pattern (consistency in decisions and behaviour over the time), which brings us from the 'intended', or 'deliberate' strategy to the 'realised' strategy (as effectively argued by Mintzberg and Colleagues, 2009; see also Mintzberg and Quinn, 1996). The difference between the two is the 'unrealised' strategy. There is, however, another

possibility: that a pattern is realised that was not expressly intended, which is called 'emergent' strategy (Mintzberg et al., 2009, p. 12).

Another distinction is the one between strategy as 'position', that is, 'the locating of particular products in particular markets' (Mintzberg et al., 2009, p. 13 – for public service organisations we might argue for a wider conceptualisation of positioning, also or indeed mostly beyond the marketplace) and strategy as 'perspective', namely 'an organization's fundamental way of doing things' (Mintzberg et al., 2009, p. 13).

A major divide in strategy studies is between strategy analysis focused on contents, usually having an overall normative thrust, and strategy analysis focused on the process formation, having an overall interpretive thrust – the latter being the focus of the present research work. We focus on explaining change (or absence thereof), that is, on how organisation's strategies form over time, rather than on what (contents of the) strategy may lead to superior organizational performance. We would definitely side with those advocating the perspective of overcoming the process-content dichotomy in the strategy literature and bridging the two (Chakravarthy and White, 2002; Grant, 2002; Johnson et al. 2003; Hendry and Seidl 2003; Mellahi and Sminia 2009; Pettigrew et al. 2002a and 2002b; Sminia 2009; Johnson et al. 2003), but that is a tall task (the two realms draw on distinct theoretical branches, use different languages, conceptual tools and techniques of analysis), and in an exploratory study like this we concentrated our efforts on explaining the strategy process and the related developmental event sequences (Garud and Van de Ven, 2002; Van de Ven, 1992 and 1995).

Yet another distinction is made about whether strategy is conceived of as being unique (each organisation 'should' adopt a strategy specific to its own distinctive traits) or generic (a limited set of strategies – at least, of 'successful' strategies - are available, and the basic strategic choice is which one to select out of this limited set).

Last but not least, conceptions of the strategist (addressing the question: who is the strategist?) are probably almost as numerous as the strands of research on strategy: differences are detectable as to the role of the strategist (designer; innovator, mediator – see Lega and Cristofoli, 2009); the role of intuition vs. formal planning in aiding the strategist; whether it is one person ('the' strategist) or a collective/plural/distributed figure, and the interconnections with the leadership theme, and so on. We will discuss these topics selectively, driven by the specific purposes of our investigation.

In the remainder of this chapter we review the original approach proposed by Mintzberg and Colleagues of the 'ten schools of thought' in strategic management (Mintzberg et al., 2009), to then focus the two schools (the design school and the entrepreneurial school) that provided the most useful theoretical resources for case analysis. The reasons why we resorted to Mintzberg's frame, following up a wide review of the strategic management literature, are manifold. First, its intellectual sophistication: the accessible way and language with which each approach to strategic management is presented is far from being simplistic, rather it reflects a long process of distillation of concepts and theories that eventually provide a toolkit for strategic management analysis wide in scope, complete, accurate. Second, its employability in research

work: the key variables in each approach (school of thought) are clearly defined and operationalized. Third, its flexibility of usage, which allows it to be employed also beyond the circumstances of organisations operating in the marketplace (though that one is the main domain where it has been applied so far). Indeed, fourth, also the lack of frameworks equivalent to Mintzberg's for the study of strategic management in public service organisations is an additional, complementary reason.

Appendix 4 provides a review of the 'sub-field' of strategic management in the public management literature, and discusses the key questions addressed by such literature, outlining a state of the art of the debate on strategic management in the public sector. Jointly, the present chapter and Appendix 4 also indicate the extant limitations (gap in literature) in the study of the strategy formation process in public service organisations.

3.2 The ten schools of thought in strategic management

The 'ten schools of thought' in strategic management may be intended as streams of literature gathered around some core ideas about what strategy is and how the strategy process unfolds. The schools reflect and incorporate all the above mentioned dichotomies: emphasis on the content of the strategy 'vs.' emphasis on the process of forming of the strategy; deliberate vs. emergent in character, and so on.

Such schools are: the design school; the planning school; the positioning school; the entrepreneurial school; the cognitive school; the learning school; the power school; the environmental school; and the configuration school (Mintzberg et al., 2009). The first three are more prescriptive in the fundamental thrust – but may also be used descriptively and for interpretation purposes (as we do with the design school, relatedly to the ETF and the ERCEA cases). The next six are more descriptive/interpretive in nature – we resort mainly to the entrepreneurial school (somewhat to our surprise, for reasons discussed at the beginning of the next section). Finally, the configuration school aims at being comprehensive, at combining the others through sequencing them as different phases or stages, by means of the notion of organisational life cycle. We will make an attempt (mainly speculative in character, for reasons discussed in chapter 8) to use it this way, for integrative purposes – in a necessarily only tentative and speculative fashion.

The design and the entrepreneurial schools are reviewed in closer details in the next section, given they proved to be the most useful theoretical resources for case analysis. In fact, it emerged from the empirics (chapter 5, 6 and 7) that either an entrepreneur or a collective designer were the main architects of strategy, and the way strategy formed may be aptly interpreted by employing either of these schools.

In briefly presenting the other schools in the same order in which they are introduced by Mintzberg and Colleagues, the planning school comes first. It has historically been one of the first to emerge, associated to the work of Ansoff (1965). It is also probably the one school that

took stronger roots in the (overall quite limited) literature on strategic management in public sector organisations (Bryson 2011, 4th edition; see also Bryson et al., 2009; Bryson et al., 2010; Johnson and Scholes 1999; Lega and Cristofoli 2009). Strategy formation is intended in the frame of this school as a formal process that unfolds in stages: the objectives-setting stage; the external and internal audit stage; the overall assessment of the strategy stage; the operationalization of the strategy in a system of operating plans, referred to as the master plan; and last (and too often least, according to the critics of this school) the implementation stage, guided by the operating plans that act as tools for controlling the proper execution of the overall plan. The distinctive manipulative usages that the 'formal' strategic plan may have in public sector organisations are discussed by Llewellyn and Tappin (2003) in their very interesting paper (see Appendix 4). Criticisms have pointed at the fallacies of long-range forecasting as well as to the pitfalls that lie in detaching those who think (the planners) from those who act (all the others). Even more fundamentally, according to Mintzberg and Colleagues, the 'grand fallacy' of the planning school is that it is ultimately *not* about strategy, because strategy is synthesis, not analysis: 'analysis may precede and support synthesis [..] analysis may follow and elaborate synthesis […] but analysis can never substitute for synthesis' (Mintzberg et al., 2009, pp81-82).

Another influential school is the positioning school, closely associated to the works of Michael Porter (1979, 1980; see also 2008). This approach too puts emphasis on analysis, but of industry characteristics, as the necessary premise for selecting the proper strategy out of a limited set of options. According to this school, strategy formation is mainly selecting out of a limited set of generic strategies (at its simplest, competing either on price or on product quality). 'Portfolio approaches' have been widely used (BCG – Boston Consulting Group - and GE – General Electric – matrices being the most famous), and this has been the case at times also in the public sector (Rebora and Meneguzzo, 1990).

The entrepreneurial school (which is discussed more at length in the next section) shifts back the attention towards the individual 'envisioning' the strategy, rather than on strategy being the outcome of processes of analysis. Distinct but cognate is the cognitive school, which places emphasis on strategy formation as a mental process, and digs into the mind of the entrepreneur. Cognition is also centre stage in the learning school, a perspective whereby strategy formation is seen as an emergent process, nourished by whoever can learn in the organisation (see also Rashman et al., 2009). The strategist becomes a collective actor in the learning school, and strategy is emergent, recognised in retrospection rather than formulated in advance. These traits are in common with the cultural school, at least to the extent that organisational culture may be associated to collective cognition, though the emphasis is perhaps specular: whilst the learning school stresses strategic change – albeit mainly in an incremental fashion – the cultural school provides arguments for explaining continuity, even in the presence of major reshufflings in executive positions. Both schools have deep interconnections with two major strands of scientific inquiry in the strategic management discipline: the resource-based literature – where 'resources' are those assets that have the

properties of being valuable, rare, imperfectly imitable, imperfectly reproducible - and the dynamic capabilities literature – which investigates the processes of dynamically acquiring/generating/refreshing resources for sustaining competitiveness (for an overview, see Furrer et al. 2008) – although it may be contested that the two schools only partly cover the same terrain of these relatively more recent strands of inquiry.

In the power school, strategy formation is conceived of as a process of negotiation. Regarding this school we should perhaps emphasise how the topic of 'power' is ubiquitous in public administration studies, being quintessential to political science, a disciplinary setting where a large number of public management centres and institutes – or at least of scholars of public management - often reside, at least in the UK. This may limit the contribution this school may potentially provide – at least in terms of representing a 'fresh, novel perspective' to the study of administrative phenomena.

In the environmental school, strategy formation becomes a reactive process: the organisational environment 'dictates' what is available to the strategist(s) - usually quite little, especially in interpretations closer to conceiving of the environment as 'iron cage'.

Last but not least, in the configuration school strategy formation is conceived of as a process of transformation, whereby strategy may form along the lines of different patterns (basically, one of the others depicted by the other schools) at different stages of the organisational life cycle. One basic idea (like in the design school) is that of fit: configurations (exemplars are Mintzberg's famous 'machine bureaucracy' and 'professional bureaucracy') are generic types of constellations of mutually supportive elements, that may turn out to be relatively stable as long as there is fit between external demands and internal capabilities (during a stage of the organisational life cycle), whilst strategic change occurs as quantum leap between one and another configuration, to regain some form of fit.

3.3 Theoretical sources in strategic management employed in case analysis

Based on the empirical work (chapters 5, 6 and 7), the most useful theoretical resources for case analysis have been the design school (notably for the ETF and the ERCEA cases, see chapters 5 and 7) and, somewhat to our surprise, the entrepreneurial school. Indeed it may appear quite striking to employ such a school for the study of a public organisation: in modern, legal-rational, 'Weberian' bureaucracies there is formally no equivalent to the entrepreneur: appointed officials are office holders, not 'owners' of their office in the modern bureaucratic state; this is the line of demarcation with the 'old' patrimonial state, in which offices were 'owned' (and even transmitted in a hereditary way). Ownership of office is obviously not the case with the organisations we are studying. However, the functional equivalent may be there: some EU agencies have had only one executive director during the entire period of observation, who usually was the first person to be hired by the agency, and the one who led it throughout all crucial passages of its organisational development since the establishment. In this respect,

the role in strategy performed by the executive director closely resembles that of the entrepreneur as described by the entrepreneurial school. This applies, in our selected cases, to EASA (chapter 6).

The design school puts a special emphasis on the uniqueness of strategy: the search of a proper strategy occurs without resorting to any kind of generic models 'picked off the shelf' about how to formulate the strategy and find an apt niche (like in the positioning school), or without looking for exemplars to be replicated; strategy is conceived as unique to each organisation. The key notion is that of 'fit' between the extant configuration and the changing environment: '[A]t its simplest, the design school proposes a model of strategy making that seeks to attain a match, or *fit*, between internal capabilities and external possibilities' (Mintzberg et al., 2009, p. 24). This is famously expressed in the SWOT (Strengths, Weaknesses, Opportunities, and Threats) model, whereby the internal appraisal of strengths and weaknesses leads to the identification of the organisation's distinctive competences, whilst the external appraisals of the opportunities and the threats in the environment leads to the identification of the key success factors. The evaluation of such elements guides the formulation of the strategy. The form that strategy often takes is that of the search for a niche in the environment where the organisation may thrive.

A central role is predicated of the chief executive officer as the 'architect' of strategy. In the original conception of this school, and throughout most of the mainstream literature in this strand of thought, one actor, indeed one brain, plays the key role of making the synthesis. However, a subsequent literature on the 'substitutes for leadership', originally developed by Kerr (Kerr, 1977 and 1978; Howell, Dorfman and Kerr, 1986), and more recent developments in the related literature on distributed leadership in the public sector (see Telkeen, Ferlie and Dent, forthcoming; Van Wart, 2005 and 2008) paves the way for interpretations of how the strategy process unfolds that, whilst keeping the same broad frame of the design school, allow for a collective actor to act as the strategist of the agency (this notion is further analysed in chapter 8.2).

Another key premise of the design school is the conception of strategy as deliberate: as being intended and made explicit *before* it is being realised (something which occurs at a later, and neatly distinct, stage). From the above it also derives that strategy has to be kept simple.

The main critique moved to the design school is the predicated separation between strategy formulation and implementation, between 'thinking and acting'. Such separation assumes that 'all that is relevant' may be known to the strategist before the fact, which is a very demanding requirement; moreover, such assumption limits learning, since the implementation phase is conceived of as one of execution, rather than one of experimenting and adapting 'along the way'. It is, however, a model of strategy-making that may fit a range of situations, notably when powers are concentrated at the organisational apex and the degree of internal organisational complexity is overall limited – circumstances that may be detected in EU agencies.

The other main school of thought in strategic management to which we have resorted is the entrepreneurial school, which is centred on the role of the founder of the organisation as the key player in the strategy process. The main traits of strategy according to the entrepreneurial school are as follows (Mintzberg et al., 2009, chapter 5):

- Strategy is conceived of as 'perspective': more than detailing things to do, strategy is in this approach what gives sense and provides the direction where to go, thus stimulating and energising people within and around the organisation; it is a notion associated with image and sense of direction, namely it is about vision (strategy as a visionary process). A detailed plan (business plan) may then be elaborated, but it is not the core of the strategy, rather it is a consequence of it, and may be easily adapted en route to best pursue the imagined vision.
- The strategic perspective is the construct of the leader, and it lies mainly in the head of the leader – based on her/his intuition, judgement, wisdom, experience, and insight (strategic thinking as 'seeing').
- In the entrepreneurial mode, strategy making is dominated by the active search for new opportunities, in conditions of uncertainty that are seen as opportunities more than as threats. Growth is the dominant goal of the entrepreneurial organisation, and power is centralised in the hands of the chief executive (Mintzberg et al., 2009, chap. 5). Interestingly, it should also be observed that 'as organizations grow larger the leader as the entrepreneur […] seems less relevant', as the entrepreneur is especially associated with the start up and development of the organisation, or at times with the turnaround of organisations otherwise faltering (Mintzberg et al., 2009, chap. 5).
- As a further qualification, the entrepreneur, and entrepreneurship, are not necessarily associated with the creator of the organisation and the business – however, strategy as shaped by 'the founder' that invents and innovates the business, moulding the organisation s/he has established accordingly, still remains the sheerest instance of what the entrepreneurial school is about and what it aims to explain.

As mentioned at the outset of this section, it has been somewhat to our surprise that the entrepreneurial school provided an apt frame for interpreting the strategy process in EU agencies, under certain circumstances. These are widely discussed, based on the EASA case study (chapter 6), in sections 8.2 and 9.2 (along different profiles).

The wider review of the strategic management literature that we have conducted, which encompassed also more recently emerged tendencies like the strategy-as-practice approach, or strategizing perspective (see Jarzabkowski 2005 and 2008; Jarzabkowski and Spee 2009; Johnson et al. 2007; Whittington 1996 and 2003; Whittington et al. 2003), seems to have highlighted a gap in the generic strategic management literature: the issues of 'what is strategy?' and 'how does strategy unfold?' are never analysed and problematized with regard to semi-autonomous organisations – a dimension that is missing or at most only occasionally

surfacing in the literature, as well as equally absent from the generic strategic management literature is the issue of 'administrative duty' as the rationale for the establishment, and constraint over the operations, of an organisation. Thus, generic SM literature may benefit from insights from the multiple case study (we discuss implications of the findings of the multiple case study for the generic strategic management literature in section 9.3).

On a concluding note, this chapter is rather short and focused selectively on the theoretical frameworks (specific schools of thought) that have eventually been actually employed in the analysis of the empirical evidence (see chapters 5, 6 and 7, and chapter 8 for a discussion). As underlying argument, in this chapter we also argue about the contribution the Mintzbergian approach of the schools of thought in strategic management may have for the study of public services organisations too – and not just for commercial sector organisations, which is the domain of application of most of Mintzberg's scientific research. However, there is much more about strategic management in the public sector. In Appendix 4 we do provide a review of the literature on the topic of strategic management in public sector, centred around certain key questions; Appendix 4 thus complements, completes and is indeed an integral part of the review of literature – which only for limitations of space (the ceiling of 100,000 words to the main text of PhD theses at King's) is placed as an Appendix, based on the criterion of putting in the main text only what is more directly employed in the study (empirics plus analyses).

Chapter 4. Methodology

4.1 Research design

The research design is a *multiple case study*. Case-oriented research seems to represent an appropriate research strategy considering the type of research question posed[40] (Yin, 1994, 2003, 2009): with Yin, in fact, we would argue that case study investigations are especially fit to addressing 'why' (i.e.: 'what explains') and 'how' research questions, like the one formulated in the present research – while it is unfit for other types of research questions. Case study is a research method particularly apt for studying decision processes (Yin 1994, 12; see also Eisenhardt 1989b, Eisenhardt and Graeber 2007, Leonard-Barton 1990, Mintzberg 1979, Pettigrew 1997), especially when the boundaries between phenomenon and context are not clearly evident and the study deliberately wants to cover contextual conditions (Yin 1994, 13). It is thus appropriate for investigating how elements (like, e.g., the politics and policy dynamics at the EU level) interact with other events over time to produce strategic changes in EU agencies (the subject of this study). We are thus interested in elaborating process models or patterns (Langley, 1999; Langley and Trux 1994, 619-620) that may adequately describe, interpret, and explain developmental event sequences (Van de Ven 1992, 170) – that is, concatenations of activities, events, choices or behaviours 'ordered' over time and leading to a given outcome (state of affairs of a given social phenomenon): process research being in this framework concerned with understanding how things evolve over time[41] and why they evolve in a given way (Langley 1999; Van de Ven and Huber 1990). Process research may find in the longitudinal (multiple) case study method[42] a proper research design[43].

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[40] Other reasons for preferring the case study research strategy regard the extent of control over behavioural events (which is very limited or null, hence ruling out opportunity for designing quasi-laboratory experiments) and the focus on contemporary (as opposed to historical) events (Yin, 1994, pp.8-9).

[41] A complementary definition of process is that of a sequence of events 'that represents an underlying pattern of cognitive transitions by an entity in dealing with an issue', since 'some developmental process models, such as Huff's (1990) maps of strategic thought, are concerned with underlying processes of unspoken cognitive choices, emotions or motivations, which are not directly observable. To study them inferences must be drawn by diagnosing patterns in observable activities, events, or behaviors over time of the subject' (Van de Ven 1992, p. 170).

[42] Some authors consider the *comparative* research design as distinct from multiple case study (Ragin 1987). In this perspective, 'comparative' concerns the 'context'. i.e. the politico-administrative context or political regime, typically when cases are processes, reforms, entities within countries, countries being the macro-social unit of analysis that are compared and represent the individual 'cases'. In the present work we basically consider all cases (strategy processes of semi-autonomous supranational EU organisations) as occurring within the same politico-administrative context or political regime (i.e. the supranational governance configuration of the European Union), hence the research design falls squarely into the multiple case study research design (Yin, 1994).

[43] Mohr (1982, see also Langley, 1999 and Langley and Trux, 1994, on whose argument we rely here) suggests that two fundamentally different types of theoretical approaches can be used to investigate organisational phenomena: 'variance' and 'process' models. Variance models focus on correlations between groups of variables and a specific outcome, whilst process models aim to understand the sequence of events leading to some results over time. Our study focuses the second type of phenomena, hence process models appear to be the kind of theorisation the research work aims at. Moreover variance analysis meets measurement/detection problems (what is the 'extent' of strategic change?), small-N

A qualification is required as concerns the adoption of a *longitudinal* multiple case study. Given our focus on the strategy *process*, occurring in different settings, we would consider the longitudinal multiple case study the most proper for the achievement of the research objectives. Following Pettigrew (1990 and 1992), we would argue that 'the longitudinal comparative [multiple in our terminology] case method best suits the research topic we are pursuing, the contextualist mode of analysis we adopt, and the broad research objectives we have in mind. The longitudinal comparative case method provides the opportunity to examine continuous processes in context and to draw in the significance of various interconnected levels of analysis. Thus there is scope to reveal the multiple sources and loops of causation and connectivity so crucial in identifying and explaining patterns in the process of change' (Pettigrew 1990, 271).

However, the longitudinal case study method also poses feasibility issues about how far back in time it is possible to go, and/or for how long developmental dynamics may be monitored and data collected, before resources (in terms of time, possibility to have access to the site, etc.) end. It is also for this reason that, also following the advice of the Upgrade Committee during the upgrade process from MPhil to PhD status, a limited number of cases was chosen for in-depth investigation (see section 4.6, case selection).

Multiple case study is a particularly appropriate method for theory-building purpose (Eisenhardt, 1989b); central to building theory from case studies is the replication logic inherent in the multiple case study: each case 'serves as a distinct experiment that stands on its own as an analytic unit [..] multiple cases are discrete experiments that serve as replications, contrasts and extensions [..] [T]he theory is better grounded, more accurate and more generalizable (all else being equal) when it is based on multiple case experiments [..] constructs and relationships are more precisely delineated because it is easier to determine accurate definitions and appropriate levels of construct abstraction from multiple cases' (Eisenhardt and Graebner, 2007, p. 25, 27); in this perspective '[E]ach case [serves] to confirm the inferences drawn from the others' (Eisenhardt 1989a, 545). *Theory building from case study research is the main thrust* of the present research work since, as demonstrated by the review of literature, a gap in theory in both the field of strategic management (as concerns the study of how the strategy process unfolds in semi-autonomous organisations constrained by administrative duty) and public management (particularly the public management of EU organisations) is detectable, and this research work aims at filling it. Indeed, the literature review shows that there seems not to be a 'viable' existing theory that offers a feasible answer to the research question (Eisenhardt and Graebner, 2007, 26), whilst the importance of the phenomenon urges for exploratory research work.

As a consequence of the theory-building nature of the present piece of research, the study does not start from some *specific* propositions: a suggestion by Eisenhardt (1989b) for the initial step of a research project aiming at theory-building from case study is to 'avoid thinking

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problems (the population is too small for usage of most statistical techniques – there are of course statistical techniques, less powerful, that may be applied to small-Ns, like the Mann-Whitney test, but how can such analysis address the research question?).

about specific relationships between variables and theories as much as possible', the rationale being that theory-building research is begun as close as possible to the ideal of no theory under consideration and no hypotheses to test[44]. Though this is the very distinctive trait of theory-building case study as opposed to theory-testing or to descriptive or evaluative case study (Yin 1994, 3-4), it is however important to note that any form of investigation of empirical evidence cannot be 'theory-free', even in its starting phase, and theories, or at least models and analytical concepts, will accompany the investigator throughout the whole journey. Consistently with this approach, the broad frame of reference adopted for interpreting strategy process is the Mintzberg et al. (2009) 'ten Schools of thought in strategic management', illustrated above. The research method is broadly patterned on Allison's 'alternate templates' approach, famously illustrated and developed in Allison's account of the Cuban missile crisis (Allison, 1971; see also the second edition with Philip Zelikov, 1999). In the study, the author provides three theoretical accounts of the dynamics whereby decisions were made during the crisis that brought the world on the verge of a nuclear war. His first reading of the unfolding of the events is very much actor-centred and based on a 'rational actor' perspective; the second model focuses the organisations involved and the key analytical focus is organisational behaviour; the third model is more 'political' in its analytical focus and it is referred to as 'governmental politics'. In our own framework, strategic management (in its various variants) represents one theoretical perspective, that we contrast with the two other theoretical perspectives of the politics of bureaucracy (in the way theorised by Guy Peters) and the bureau-shaping perspective (mainly patterned on the approach elaborated by Patrick Dunleavy). The research design adopted is a multi-theoretic approach[45] applied both individually to each case and comparatively to generate knowledge through cross-case analyses ('multi-theoretic cross-case comparative analysis', as in the apt wording suggested by the examiners). This kind of approach has many affinities with the realist evaluation approach advocated by Pawson and delineated in a range of research works (see Pawson, 2013, and Pawson and Tilley, 1997; also Pawson, 2002); some epistemological underpinnings of this approach are discussed in the next section 4.2.

Regarding the question of the external validity of the case study method (i.e. how to answer the oft-heard question 'how can you generalise from a single case'), a pertinent answer comes from Yin that clarifies the crucial point that 'case studies, like experiments, are generalizable to

[44] As Suddaby notes (2006, 635) – though he makes specific reference to grounded research, which does not characterise the present research piece – 'The real danger of prior knowledge [..] is not that it will contaminate a researcher's perspective, but rather that it will force the researcher into testing hypotheses, either overtly or unconsciously, rather than directly observing.'

[45] Organisation science if a further and complementary theoretical source: we have made explicit (in a dedicated section: Appendix 3) some key analytical concepts and theoretical perspectives drawn mainly from organisation science that provide the repertoire of conceptual tools for the study of decision processes in the investigated cases.

theoretical propositions and not to populations or universes. In this sense, the case study, like the experiment, does not represent a 'sample' and the investigator's goal is to expand and generalize theories (*analytic generalization*) and not to enumerate frequencies (statistical generalization)' (Yin 1994, 10, emphasis added). Case study is thus a comprehensive research strategy and its method of generalisation is analytic generalisation, in which theory is used as a template with which to compare the empirical results of the case study: if two or more cases are shown to support the same theory, replication may be claimed – empirical results being even more potent if two or more cases both support the same theory and do not support an equally plausible rival theory (Yin 1994, 31).

Case analysis aims at identifying themes and concepts as well as relationships between variables (in variable-oriented case study research), or patterns in developmental processes (in more case-oriented, sensitive to complexity and historical specificity case study research, see Ragin, 1987, ix), that lead to the emergence of interpretive and explanatory frameworks: by iteratively comparing emerging frameworks and data the process moves towards a theory which closely fits the data. A theory may take the form of a set of interrelated propositions, of a range of formal hypotheses (in which case the predictive power of theory is likely to be higher), or some looser form of *causal*[46] understanding, relating holistic process characteristics to other variables (multiple alternative developmental paths), inferred from cases about the population/the domain to which findings can be generalised. Especially in case-oriented, holistic case study research the analysis of concatenations of social mechanisms is an often useful approach (see Hedstrom 2005 and Hedstrom and Swedberg 1998, on concatenations of social mechanisms, Gambetta 1998, on the usefulness of social mechanisms analysis for middle-range

[46] The notion of *causality* is complex and problematic and any attempt at the systematic analysis of it, and its history, would go beyond the scope of this work. One definition of 'causal effect' is 'the difference between the systematic component of observations made when the explanatory variable takes one variable and the systematic component of comparable observations when the explanatory variable takes on another value' (King, Keohane and Verba 1994, 81-82)., the explanatory variables are the key causal variables (also called the 'cause' or the 'treatment variable') and are distinguished from the control variables. This notion, however, with its emphasis on distinguishing 'key' causal variables from control variables, and indeed with the very usage of the term of 'variable', is contested by other Authors. In particular, this notion is sometimes 'challenged' by the idea of multiple causality. In multiple causation (Ragin 1987, x and chapter 2) 'outcomes are analyzed in terms of intersections of conditions, and it is usually assumed that any of several combinations of conditions might produce a certain outcome'. Multiple and conjunctural causation is about multiple intersecting conditions linking features of context and process to certain outcomes – and 'different conditions combine in different and sometimes contradictory ways to produce the same or similar outcomes' (which is also referred to as 'equifinality').
Causality may be interpreted in deterministic or probabilistic terms. In probabilistic causality, the distinction between necessary and sufficient conditions largely tends to disappear (King et Al. 1994, 87): claims identify a causal variable and assert that this variable increases the probability of a given outcome; this claim cannot be translated into a claim about the necessary and sufficient conditions for the outcome (in the example reported by King et Al., , the claim was about poor communication among superpowers during crisis increasing the likelihood of war).
Another distinction is between symmetric and asymmetric causality: in the latter, causal effects differ when an explanatory variable is increased as compared to when it is decreased (King et Al. 1994, 89-91).
In our study, whose thrust is theory-building, we tend to be quite agnostic about *a priori* determination of the type of causality, in order to retain theoretical flexibility (Eisenhardt, 1989b) and do not unduly constrain the process leading to the emergence of theory.

theorising, Boudon 1991 Boudon 1991, revisiting the work of Merton1968; Elster 1993; Stinchcombe 1989).

The basic criteria for assessing the quality of the research design are internal and external validity. Yin (1994, 33), relying on standard tests judging the quality of any empirical social research, recalls four criteria: internal and external validity plus, preliminarily, construct validity, and, eventually, reliability (replicability).

- *Construct validity* concerns the establishing of correct operational measures for the concepts being studied.
- *Internal validity* regards establishing the set of *causal* relationships whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships.
- *External validity* establishes the domain to which the study's findings can be generalised. Generalisation is based on causal inference[47]: learning about causal effects (applicable to a given domain of inference) from the data observed (King, Keohane and Verba 1994, 8). All attempts at generalising are subject to a certain degree of 'uncertainty': as King and Colleagues put it: 'reaching perfectly certain conclusions from uncertain data is obviously impossible' (king, Keohane and Verba 1994, 8-9); in case study research such degree of uncertainty may be significant and what is aimed at is more often 'weak' generalisation (i.e.: claims are made about the direction, not the magnitude, of effects - whilst 'strong' generalisation assumes the same level of effect in the relevant population). In our case, generalisation is to the population of EU agencies (i.e., semi-autonomous, administrative duty-constrained public sector organisations operating in the EU politico-administrative 'context'[48])
- *Reliability* consists in demonstrating that the operations of a study (such as the data collection procedures) can be repeated, with the same results. This criterion regards replication of the *same* case study, on the same data – the rationale for this is that scientific research procedures are public ('science is public, not private', Merton, 1949[1968], 72): it has to pass the critical scrutiny of other observers.

Since this research work aims at theory-building, criteria should be introduced also for assessing the 'quality' of theories produced from the analysis of data. A very useful contribution in this

[47] Inference (according to King, Keohane and Verba 1994, 8) is the generalising logic irrespective of whether the case study uses qualitative or quantitative data (both may be used, also in combination, in the case study method).

[48] Findings may then be used for generating propositions of other forms of theorising about semi-autonomous, administrative duty-constrained organisations in other supranational and international polities; further elaborations may be applied to issue of strategic management of public organisations, and possibly also to strategic management *tout court* (though to that purpose the issue of *publicness* – what publicness is and the similarities dissimilarities between public and private organizations - and the implications for the strategy process would require being discussed; see Bozeman and Straussman, 1990, Nutt and Backoff, 1995, Rings and Perry, 1985 – and in certain respects also Moore, 1995).

respect comes from Karl Weick (Weick 1979) that considers the accuracy of theories, their simplicity or parsimony, and their generality.

4.2 Epistemological (and ontological) premises

A number of 'epistemological' traditions may be detected in the social sciences. A common classification identifies at first a 'positivist tradition', also known as empiricism, whose roots may be traced back to the neo-positivism philosophical movement. In such perspective, reality is 'out there', not in the subject investigating it, though there is in such tradition a strong reductionist thrust and an emphasis on quantitative methods, perhaps deriving from a conception whereby the social sciences are broadly likened to the natural sciences; indeed, in such tradition the natural sciences provide the pattern, and according to such perspective little is left beyond what is measurable. It may further be argued – though this is contestable – that the inductive method is the preferred, if not the only, logic of inference, and little room is left for deduction and broadly the role of the subject in the process of knowing[49].

Partly as a reaction to the positivist tradition, the constructionist tradition (constructionism, or social constructionism – also terms like postmodernism or relativism are at times employed for referring to broadly the same tradition) puts an (over?)emphasis on the subject and 'reality' can only be understood subjectively (observations and categorisations being ultimately culturally specific claims).

We side with scholars like Talbot (2005 and 2010) in arguing that an intermediate position – indeed a third, distinct position - is available: the realist tradition 'broadly attempts to reconcile these irreconcilable position [namely positivism and constructionism]. Ontologically it accepts that there is indeed a real reality "out there", independent of our observation of it. To that extent, it agrees with positivist assumptions. However, in relation especially to human organizations, it also sees that there are major epistemological problems in understanding how we can "know" this reality that are not resolved by the reductionist and quantitative methods of positivism […] Realists generally advocate "mixed methods" as a solution' (Talbot, 2010, p. 57).

The adoption of a realist tradition approach has important implications for how we conceive of the human nature, i.e., holistically and consistently: the multiples facets of human beings can

[49] This statement requires important qualifications: an important part of modern physics (often considered the 'king' of all sciences – though this statement too is obviously questionable) grants the subject a fundamental role. An exemplar is the principle of indeterminacy of Heisenberg ('A principle in quantum mechanics holding that increasing the accuracy of measurement of one observable quantity increases the uncertainty with which another conjugate quantity may be known', from the American Heritage Dictionary of the English Language, Fourth Edition copyright ©2000 by Houghton Mifflin Company. Updated in 2009. Published by Houghton Mifflin Company): in short, the perturbation introduced by the subject who measures properties of particles in quantum mechanics determines a situation whereby the more precisely the position (as an example of a property) of the particle is known, the less precisely the speed vector (direction and speed of movement) of the particle is knowable. The Schrödinger equation (the integral of the distribution of the probability of presence of the particle applied to the whole universe) leaves us with only one 'certainty': that the particle is somewhere in the universe(!) (the integral, in fact, equals 1).

never be reduced to mono-dimensional interpretations whereby human nature is interpreted only and exclusively along the canons of the 'rational utility maximiser' of economics or the 'blank slate' standard model (humans being born, all and everywhere, *tabula rasa,* blank slates on which almost everything can be written) shared across many social sciences (the point is efficaciously argued by Talbot, 2010, pp. 6-9 in particular); we return to this topic in due course. Before that, we briefly discuss certain philosophical issues concerning the foundations of the realist tradition.

As preliminary definitions, ontology refers to the nature of being[50], or the nature of reality; epistemology concerns how humans can know about reality, the conditions and nature of human knowledge. We share the conceptual and terminological definitions that 'methodology' is a term that should be used for the whole bundle of ontology, epistemology and the research methods employed in empirical investigation (Talbot, 2010, p. 55), rather than as synonym for 'methods of research' (discussed elsewhere throughout this chapter).

One possible foundation of the realist tradition lies in *realist phenomenology* – which requires introducing two more notions: 'nous', which concerns the things in themselves, as they 'really' are; and 'phenomenon', which regards the manifesting of things. In such philosophy, things transcend the subject, but the subject is necessary for the manifest*ing* to occur. In the other main stream within phenomenology, namely *idealist* phenomenology (Husserl, 1980; for an overview, Kenny, 2010, pp. 879-80 and Reale and Antiseri, 1988, pp. 427-444), the 'metaphysical status' of the essences that are known to the subject is left unresolved, i.e., it is unclear whether they are existent beyond the subject to whom they manifest themselves, or not – in the latter case, things exist only in the process of revealing themselves - a perspective which could perhaps provide a foundation for constructionist positions (which is why we side with realist – rather than idealist - phenomenology). Epistemologically, the subject is capable of knowing through the process of 'epoché' (*ἐποχή*, or the suspension of judgement in order to 'enable' things to manifest themselves). In a realist phenomenology, 'things as they are' are revealed to the subject, but they 'precede' it, they come before the subject. However, in realist phenomenology the subject plays a crucial role in allowing things to manifest themselves: citing Leibniz's famous 'motto', '*nihil est in intellectu quod prius non fuerit in sensu, excipe: nisi ipse intellectu'* (see also Reale and Antiseri, 1988, pp. 354-355 for an appreciation of the background to it, notably in Aristotle's metaphysics): whilst all that is known (whatever is in the intellect or mind) first was in sensorial perceptions[51], the very nature of the intellect comes 'before' sensorial perceptions, it is the condition for things to manifest themselves.

[50] The order of being in itself (ontology – onto and logos), as distinct from the order of entities (ontic as distinct from ontological).

[51] Philosophers like Immanuel Kant and St Anselm – from different premises - argue for one, major exception: God's knowledge, which is im-mediate, not mediated, and God as subject, rather than being the condition for things to manifest themselves, is the condition for them being kept into existence. A distinction is here introduced between being and existence, perhaps better expressed in languages like Latin, in which 'esse' refers to being (without connoting any 'transformational' dynamics perhaps suggested by the suffix 'ing'), and 'existere' ('ex' meaning 'outside of' and 'sistere' is the root for 'stay': staying outside of itself) suggests that entities 'are' because the being – outside of them - lets them stay

The other crucial foundational assertion of phenomenology is that phenomena are not the limits of knowledge, the only domain that is knowledgeable to humans (to the self-conscious subject), rather they are the door through which the nous, the things in themselves may get to be known. In such perspective, the phenomenon is conceived of as an 'open door', the gate through which human knowledge, albeit always limited, may get access to things in themselves (referred to as 'essences', a word repudiated by the neo-positivist tradition). This is in contrast to Kantian formalism (Antiseri and Reale, 1988, pp. 653-678; Kenny, 2010, pp. 576-582) whereby things get knowable only due to the way they are structured by the human mind (only the phenomenon is knowable, and the categories of knowledge reside in the human mind that enables phenomena to be known, by having them to be structured by the human mind).

We conclude this brief *excursus* on philosophical foundations of a realist tradition by further arguing about its significance: ontology frames presuppositions about all aspects of life and what is good and right (Stout, 2012, p. 390), thus laying the foundations of any political philosophy; in turn, 'political philosophy informs action and therefore informs public administration theory' (Stout, 2012, p. 391), and '[A]ny political theory rests upon a metaphysic, a concept of the ultimate nature of reality' (Waldo, 1948/1984, p. 21).

Crucial implications of a realist methodology (intended as the overall approach to ontology, epistemology, and methods) include a tight critique of approaches that either assume a mono-dimensional conception of the human nature, or juxtapose different conceptions for purposes of generating 'islands of knowledge', that may be applied to distinct problems without responding to any call for overall consistency of knowledge across the sciences. We side with Talbot (2010), in arguing that, first, research work in the social sciences cannot ignore the crucial issue of the basic understanding of human nature, and, second, in rejecting any simplistic assumption about human nature. We already mentioned the limits of interpreting human nature only and exclusively along the canons of the 'rational utility maximiser' of economics (for example, why should the behaviour of actors that have implications for how strategy forms in organisations be interpreted only - indeed always and 'necessarily' – through the lenses of utility maximising, perhaps leading almost invariably to forms of gaming? Whilst this behaviour may be detected, it may well combine with other patterns of behaviour, not just by different actors but by the very same person in her/his actual behaviour). Economicistic explanations ignore human/cultural evolution, the findings of disciplines like behavioural genetics and social psychology, and ultimately do not provide warranted arguments for ruling out altruistic/other-regarding behaviour. Similarly, the 'blank slate' model of human behaviour appears limitative[52] (one manifestation of it are perhaps strands of inquiry rooted in sociological new institutionalism as well as normative new institutionalism whereby, in a logic of appropriateness or through isomorphism, 'appropriate behaviour' is dictated to individuals by institutions). Once again,

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into existence ('why the being rather than nothingness?', in the formulation of the fundamental metaphysical question according to Saint Thomas Aquinas– or, 'why does the being let entities be?' in Heidegger's formulation).

[52] The very (philosophical) idea of the intellect preceding sensorial perceptions – as in Leibniz's famous formulation – leads us to discarding a pure 'tabula rasa' approach.

whilst we certainly do not deny the contribution of such explanations, we aim at more consistent overall explanations.

It is also grounded in this perspective that we identify one more reason why the 'schools of thought in strategic management' approach seems to us convincing: rather than being tied to one or a limited set of assumptions about human nature, it is based on a multifaceted conception of human beings. It opens up the possibility of different but complementary (not mutually exclusive, nor unrelated) understandings of the 'phenomenon' under investigation (the strategy process), which is in turn part of the broader deploying of human action in social settings (specifically, public service organisations).

One sociological theoretical perspective that, we would argue, is broadly consistent with the realist tradition approach and provides certain useful analytical tools for the development of empirical analysis is the theory of structuration (Giddens, 1979 and 1984). For the purposes of our work, we pinpoint only one aspect – not uncontested but often held as broadly acquired - of this theory, namely the analytical distinction between institutional realm and action realm, and the usage of temporal bracketing for purposes of analysis (Jarzabkowski, 2009, Barley, 1986). Temporal bracketing is employed for purposes of analytically distinguishing and studying sequentially a phenomenon that 'by its nature' manifests itself concurrently as institutions and (purposive social) actions[53]. Specifically, we make reference to the usages of structuration theory in management (Jarzabkowski, 2009: Langley 1999: Barley, 1986): in our case analysis, this meant swinging between analyses of the institutional realm through the 'suspension' of the consideration of the actors' courses of action, and the analysis of actors' behaviour suspending (i.e., to some extent 'fictionally holding constant') the institutional context, in an iterative way.

4.3 Designing the case study: overview of the steps

In her widely cited article[54] on building theories from case study research, Kathleen Eisenhardt (1989b) outlines what she calls a 'roadmap' for conducting case study research for theory-building purposes. In outlining the main steps of the research design we broadly follow her suggestion, though with qualifications and integrations. The identified eight steps are (Eisenhardt 1989b, 533ff.):

- Getting started (research question, a priori constructs and analytical concepts);
- Selecting cases (definition of population, selection criteria, holistic or embedded cases);
- Crafting instruments and protocols;
- Entering the field;

[53] A parallel may be drawn with institutional analysis and development, as developed especially by Elinor Ostrom, distinguishing between institutional context - formal and informal norms, value systems, distribution of resources - and action arenas where patterns of interaction unfold and whose outcomes may in turn affect the same institutional context.

[54] 11,441 citations (with an average 520,05 citations per year) – source google scholar, accessed 15 November 2010.

- Analysing data;
- Shaping hypotheses;
- Enfolding literature; and
- Reaching closure.

The steps have to be intended as logical and not necessarily chronological (also given the inherent circularity of the case study method). Following up the definition of the research question and the justification of the gap-filling nature of the social science inquiry (rationale), which is the indispensable starting point of the research design[55], the first step (getting started) includes also the possible *a priori* specification of constructs, as an aid to shape the initial design of the research. In particular we consider the notion of 'semi-autonomy' to have a central position in the present research and consequently the specification of different profiles of autonomy to be constructs of central significance for the investigation.

The other central issue in case study research is related to the fundamental problem of defining what the case 'is' ('what the case under examination is a case of?'): the definition of the *unit of analysis* (Yin 1994, 21-25). In the frame of the present research, the unit of analysis is the strategy process occurring in semi-autonomous 'supranational' EU organisations. Case outcomes (*explananda*) are strategic choices and decision-making patterns in strategy formation and strategic change.

As regards the subsequent step of case selection, it consists of two, interconnected design choices: the specification of the population from which to select cases, and the sampling criteria. The specification of the population is crucial for defining the limits for generalising from findings. The population has been identified in the EU bodies characterised by a certain extent of autonomy from 'elective' institutions (semi-autonomous), and characterised by administrative duty. As regards the second choice, the sampling of cases in case study research (Yin, 1994) is theoretical, not statistical: cases are chosen for theoretical, not statistical reasons (case selection is illustrated in section 4.6).

Cases may be holistic or embedded (Yin 1994, 41-44), that is, the attention may be given to the case in its entirety, or alternatively attention may be given also to one or more subunits within a case; for example, strategy formation in one EU agency may be the case, and the plurality of strategic changes occurred over the period of observation may represent as many embedded cases.

[55] On this point we put more emphasis on the importance of defining the research question(s) before starting the research than Eisenhardt does: not only it focuses efforts (p. 536), but the definition of the research question is also a guidance in conducting the whole research, as well as in justifying the selection of this research method in contrast to others – though we agree with the idea that the research question may be revisited, refined and even possibly changed during the course of the case study, given the inherently 'circular' nature of case study research back and forth between theory and extant literature, on one hand, and empirical evidence, on the other hand.

The two subsequent steps concern the crafting of instruments and protocols, and entering the field[56], aspects which are discussed in detail in the section 'Data collection' (4.8).

The phase of data analysis partly overlaps with data collection, since a key feature of theory-building research is the freedom to make adjustments during the data collection phase (Eisenhardt, 1989b, p. 439) as part of the process leading to a suppler theory; adjustment can be the addition of cases to probe particular themes which emerge, or they can be made to data collection instruments or to data sources in selected cases. Analysing data is the heart of building theories from case studies (Eisenhardt 1989b, 539), and it is also the most problematic, given the difficulty, if not outright impossibility, to codify the process whereby conclusions are drawn from data.

Case analysis may be, broadly, articulated into two phases: within-case analysis and the search for cross-case patterns. Different approaches may be utilised for within-case analysis (see below for a discussion when process data – the type of data of main interest in the present research work - are examined). The common point in the variety of approaches to conducting case analysis is that an adequate explanation for the case outcome has to be elaborated: the causal texture of the case has to be outlined (see also above, internal validity). This is a distinctive trait of case study analysis as opposed to other research methods that aim at statistical explanations (explaining variance, through, e.g., correlation or regression analysis or other tests of co-variance between dependent and independent variables).

As regards the search for cross-case patterns, it benefits from looking at the data in different ways. One approach lies in sifting cases into various categories or dimensions, and then examining within group similarities coupled with intergroup differences; the starting point in this approach are the identified categories (that are later revisited and refined or modified). Another approach (always following the suggestions by Eisenhardt 1989b) lies in selecting pairs of cases and then listing similarities and dissimilarities between each pair, with seemingly similar cases that may reveal subtle differences, and an apparently different pair that may reveal profound similarities. The sharpening of constructs is a step in shaping hypotheses or formulating propositions; verifying that the emergent relationship between constructs fit the evidence in each case is a second step. In the replication logic which characterises case study research, cases which confirm emergent relationships enhance confidence in the validity of the relationships, and cases which disconfirm the relationships provide an opportunity to revise, refine and/or extend the theory; when a relationship is supported, the qualitative data often provide a good understanding of the dynamics underlying the relationship, that is the 'why' (causal texture) of what is happening (Eisenhardt 1989b, 542).

[56] Entering the field is a critical phase in qualitative research in general, because, as Gephart notes, 'Qualitative research often studies phenomena in the environments in which they naturally occur and uses social actors' meanings to understand the phenomena (Denzin & Lincoln, 1994: 2) [..]First, qualitative research employs the meanings in use by societal members to explain how they directly experience everyday life realities. It builds social science constructs from members' "concepts-in-use" and focuses on the socially constructed nature of reality' (Gephart 2004, 455).

The two final steps of the process of theory-building from case study research are enfolding literature and reaching closure. The comparison of the emergent concepts, theory or hypotheses with the extant literature is an essential feature of theory building (Eisenhardt 1989b, 544). In a very schematic way, what may happen is that literature may display similar findings or conflicting findings. Similar findings add confidence to the results of the research. Conflicting findings may help shed light on some incorrectness in the results (i.e. a challenge to internal validity) or to the limitations of results that, though correct, may be idiosyncratic to the specific cases of the study (i.e. a challenge to external validity); for these reasons, the examination of conflicting results may ultimately lead to deeper insight into both the emergent theory (that may as a result be at least partly reframed) and the conflicting literature (that may as a consequence be re-interpreted and combined or reconciled with the findings of the research through the elaboration of wider perspectives that raise the level of conceptualisation and theorisation and the generalisability of results).

Closure of the process (i.e. of the research work, but the final wrapping up and writing of results) is reached when not only theoretical saturation is reached (which leads to stop adding cases), but also iterating between theory and data adds only incremental improvement to theory.

The unit of analysis in the present research are strategy *processes*. The subsequent section discusses methodological implications in studying organisational processes as well as some approaches for theorising from process data.

4.4. Studying organisational processes: methodological implications and approaches

The unit of analysis are strategy-making *processes*. From the methodological point of view, it is then useful to identify approaches for theorising from process data[57]. Langley proposes seven approaches for conducting theory building research from process data (Langley 1999). The seven approaches are: narrative approach; quantification approach; alternate templates approach; grounded theory approach; visual mapping approach; temporal bracketing approach; and the synthetic approach.

We carefully examined them all and eventually resorted selectively to three of them. In the present research design, in fact, the narrative approach is employed for representation and analysis of data; the alternate templates approach has been used for the suppler construction, through alternative potential retellings of the story, of analytic narratives: more specifically, the bureau-shaping model, the politics of bureaucracy perspective (as outlined by Peters 2010) and the perspective of strategic management are employed in turn to account for the dynamics of

[57] It should be noted that those proposed by Langley, through a systematic review of literature, are approaches for theorizing from process data in general, not necessarily within the frame of a case study research design, though that is the application of interest for the purposes of the present research work. .

the strategy process in EU agencies. The synthetic approach has then been used for the final phase of the elaboration of theory, and as replicating strategy (for replication of theoretical proposition). In this section, we briefly present these approaches after discussing some general issues in processual analysis and strategy process research (Pettigrew 1992 and 1997; Pettigrew et al. 1992; see also Pettigrew 1979).

A first issue concerns the very nature of process analysis, which is concerned with events and theories about process data and with providing explanations in terms of sequence of events leading to an outcome: temporal ordering, probabilistic interaction and, especially, detecting patterns among events is thus a crucial issue in process theorisation (patterns among events being often described in terms of phases that occur over time to produce a given result – but it should be noted that linear progression is just one of many possible alternatives, and emphasis has been put in literature on the possibility for divergences from the main route, for cycles as patterns, and for parallel tracks, see Mintzberg and Westley 1992, Van de Ven 1992).

Another key issue in process analysis and theorising concerns what Pettigrew (1990, 1992) refers to as 'treating in an integrated way process, contents and context'. The key idea is that 'the overall research challenge in our work is to link the content, contexts, and processes of change over time to explain the differential achievement of change objectives'[58]. Linkages can be distinguished for analytical purposes in vertical linkages (across levels of analysis) and horizontal linkages (of phenomena over time). The vertical level refers to the interdependences between higher or lower levels of analysis upon phenomena to be explained at some further level; for example, the impact of a changing socioeconomic context on features of intraorganisational context and interest-group behaviour. The horizontal level refers to the sequential interconnectedness among phenomena in historical, present, and future time. An approach that offers both vertical and horizontal analysis is said to be contextualist in character. In summary, the key points to emphasize in analysing change in a contextualist mode, are (Pettigrew et al. 1992), firstly, the importance of embeddedness, studying change in the context of interconnected levels of analysis. Secondly, the importance of temporal interconnectedness, locating change in past, present, and future time. Thirdly, the need to explore context and action, how context is a product of action and vice versa; and finally the central assumption about causation in this kind of holistic analysis, causation of change is neither linear nor singular - the search for a simple and singular grand theory of change is unlikely to bear fruit.' (Pettigrew 1990, 269). Implications are that '[T]arget changes should be studied in the context of changes at other levels of analysis [..] Our second background assumption about contextualism is the importance of revealing temporal interconnectedness [..] Our third background assumption [is that] Context is not just a stimulus environment but a nested arrangement of structures and processes where the subjective interpretations of actors perceiving, comprehending, learning and remembering help shape process. Thus processes are

[58] Pettigrew (1990, 268); though the sentence was referred to a specific research project that the author was at the time conducting, we consider it makes the key point. Also other analysts of organisational change have emphasised the importance of organisational linkages (Goodman, 2000).

both constrained by contexts and shape contexts, either in the direction of preserving or altering them.' From the theoretical point of view, the approach proposed by Pettigrew tends to put emphasis more on multiple conjunctural causation than linear causality. From the practical point of view, conducting research with such approach is extremely demanding, as the same Author recognises: 'The analyst of change will know how difficult it is to take our background assumptions of contextualism into the practice of field research.' (p.270).

Treating in an integrated way process, contents and context has a number of implications. One is the combination of retrospective (time series) and real time analysis (Pettigrew 1979). The broader issue is that of time: how many years have to be considered, be it retrospectively or through real time analysis. The question is: what is the period of observation? Hence one issue is that of when to make judgments about outcomes evaluations in a change process (what change in qualitative and quantitative terms), and the perspective from which 'change' and 'continuity' may be appreciated as such, since the selection of the time horizon may affect what is assessed as 'change' and what as 'continuity'[59]. In a similar vein, Pettigrew, Ferlie and McKee warn against treating 'innovations as if they had a clear beginning and a clear end' (Pettigrew et al. 1992, p. 6); discrete episodes are always to some extent an artificial construct, and change processes can never be separated from their immediate and distant antecedents. Similarly, we would add, an 'end date' is always arbitrary, and case outcomes manifest themselves over time and rarely in full in a specific instant. What considerations can be drawn from the consideration of these issues for the study of the strategy process in relatively 'young' organisations like EU Agencies? When (with what temporal horizon) can the case outcome (strategy formation and strategic change, and patterns, if any, in change and continuity in strategy in EU agencies) be evaluated? For at least some recently established agencies the temporal horizon may encompass the period since the establishment of the same agency, whilst for others continuity or change in strategy has to be assessed over a time horizon closer to the present, which represents only a segment of the life of agencies. However, in practical terms this meant in our research that for only one case (ETF) case analysis started not from the establishment of the agency but from the strategic turn occurred at the beginning of the 2000s, against the backdrop of the state of the art that formed during the 1990s (ETF has been operational since 1994), but without digging into the dynamics of that initial period. For the two other cases we were able to encompass the whole of the organisational life since the establishment of the agency and till the end of the data collection period (2012), usually identifying multiple 'phases' in the strategy formation process.

Another issue in conducting longitudinal analysis is that of feasibility: how to collect data (retrospectively or real time) about the process over the defined period? One challenge is that of 'making the most' out of *ex post* investigation. Johnson et al (2003) warn against excessive reliance on top managers ex post reporting over past events (though top managers are usually

[59] 'Empirically and theoretically, change and continuity are a matter of time. Any adequate empirical inquiry into change has to be capable of revealing the temporal patterns, causes, and movements from continuity to change and vice versa.' (Pettigrew 1990, 272).

the entry point) and advocate to complement the research design by focusing on day-to-day activities, in a selective way. A research strategy with a high potential (in terms of construct, internal and external validity) is one based on combining one real-time longitudinal single site study with retrospective case studies about the same phenomenon – i.e. ex post, replicated multiple sites (Leonard-Barton 1990). However, tough feasibility issues arise and have to be carefully considered when considering application to the present study. It is for this reason that case studies have all been planned as retrospective cases (although a component of real time data collection turned out to be useful in complementing the analysis, as when a two-day conference held by one of the agencies – ETF – with a range of key stakeholders was held). Yet another challenge is that of conducting research in such a way to be 'pluralist', i.e. in such a way that 'the often competing versions of reality seen by actors in change processes' are described and analysed (Pettigrew et al., 1992; an approach that may perhaps incline towards a social constructionist approach; however, in another work Pettigrew emphasises the need for the researcher to 'recognise the complexities of being honest', rather than just constructing case analysis as a mosaic of opinions – Pettigrew 2002, p. 2). As an additional point, a useful analytical tool in the treatment of context is that of distinguishing between an outer context (the national or international political, economic and social context) and an inner context – the ongoing strategy, structure, management and political process of the organisation or other unit where change takes place (see Pettigrew et al 1992, p. 7 and 267-299).

Finally, to conclude this overview of some key issues in conducting change process analysis, a remark on a methodological point: the combination of events and variables within the frame of a case study. Variables are here defined as the state of an entity or a property of an entity, events as 'things that happen or take place' (from the Oxford dictionary). A number of Authors have insisted on separating events and variables (Barzelay, 2001; Barzelay and Gallego, 2006, Mohr, 1982, Ragin, 1987); siding with Langley, we would instead argue that 'the insistence on exclusion of variables from process research unnecessarily limits the variety of theories constructed. It may be important to understand the effect of events on the state of an entity (a variable) or to identify the effect of a contextual variables on the evolution of events' (Langley 1999, p. 693). Combination of the two may be fruitful: e.g. the unfolding of events constituting strategic change in an EU agency might be leading to the agency shifting from service delivery to policy advisory tasks (i.e., a change in a property, or 'variable', which we could observe in the ETF case, reported in chapter 5): the two constructs (events and variable) may usefully be combined. We thus argue about the potential for the analysis deriving from not constraining process research by insisting on the a priori exclusion of variables, although we are conscious that the emphasis in the two approaches to case studies is usually different[60].

[60] Event-oriented studies are usually interested in treating cases holistically, in examining the influence of context on outcomes in ways sensitive to complexity and historical specificity and that aim at generating new conceptual schemes (Ragin 1987, ix, an author who, it should be noted, is interested in the *comparative* method analysis: macro-social units are the object of analysis); variable-oriented case studies move from the appreciation that – all other things being equal – appreciation of complexity (and context) sacrifices simplicity and possibly (but not necessarily, other factors such as the degree and scope if

In the remainder of this section we present the three approaches for theorising from process data (Langley, 1999), namely the narrative approach, the alternate templates approach, and the synthetic approach.

The narrative approach involves the construction of a detailed story from the raw data. Examples in the area of strategic management are the classic work of Chandler (1964) and, as regards strategic management in the public sector, Barzelay and Campbell (2003). Narratives may serve different purposes, and consequently be the result of different treatments of data. First, they may be 'a preliminary step aimed at preparing a chronology for subsequent analysis – essentially, a data organization device that can also serve as a validation tool' (Langley 1999, 695). These are descriptive (as opposed to explanatory) narratives that answer descriptive questions about 'what has occurred' in the case under consideration. This type of narratives are always preparatory to subsequent steps of the analysis; such steps may be conducted with other research strategies as well as within the frame of the narrative strategy, whereby analytical narratives serve the purpose to 'clarify sequences across levels of analysis, suggest causal linkages between levels, and establish early analytical themes' (Pettigrew 1990, 280). The goal is to outline the causal texture leading to case outcomes; this step immediately precedes attempts to generalise beyond the extant case, it represents 'a necessary prelude to the cross case analysis and more explicit pattern formation which follows' (Pettigrew 1990, 280); in single case study research method, it represents the necessary step before addressing theoretical research questions. For yet other researchers 'the narrative can be the main product of the research. The aim is to achieve understanding of organizational phenomena-not through formal propositions but by providing "vicarious experience" of a real setting in all its richness and complexity […] it is the contextual details in the narrative ("thick description") that will allow the reader to judge the transferability of the ideas to other situations' (Langley 1999, 695). The narrative strategy plays a central role in the present research work: we aim for analytic narratives of each individual case, comparison among cases representing the main strategy for developing on the analytical themes and, ultimately, addressing the research question. Incidentally, it may be noted that the (hopefully enough) rich narratives that we have produced might indirectly serve also the purpose to provide the reader with the elements to judge about its transferability to other cases, hence providing also a form of practical knowledge about how to conduct the strategy process in other settings (by extrapolating 'practices' in operation in the experience - vicarious experience - provided by the narrative), although this 'how to' type of questions are outside the scope of the present investigation.

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replication and the source of the conceptual ideas - here again we agree with Langley, 1999, p. 706) this may limit generality, hence an emphasis on 'simplifying' through the grammar of variables. Ragin (1987, p.69) argues that the two strategies are complementary (case-oriented strategy is best suited for identifying invariant patterns common to relatively small sets of cases, variable-oriented strategy is best suited for assessing probabilistic relationships between features of social structures conceived as variables over the widest possible population of observations), since 'the case-oriented strategy is incapacitated by a large number of cases; the variable-oriented is incapacitated by complex, conjunctural causal argument'. Our criticism, however, is about considering the two approaches to case study (variable- and event-oriented) as necessarily dichotomous (either/or) instead of tendentially distinct but potentially combinable, at least partly or for specific purposes of investigation.

There are different styles of writing the narrative, which reflect different conceptions and underlying theoretical frameworks in conceiving of a narrative. Broadly, and simplifying, we may identify event-centric narratives, actor-centric narratives, and variable-oriented narratives. The first are centred on describing (often through thick narratives) the unfolding of events and accounting for such processes; an exemplar in the field of strategic management of public sector organizations is Barzelay and Campbell (2003). The second one puts centre stage the purposive social action of key actors whose behaviour is attributed a heavy causal effect; an exemplar is Moore's (1995) multiple stylised cases. Variable-oriented narratives aim at unveiling causal chains mainly analysed in terms of dependent and independent variables or configurations of them (in multiple conjunctural causation); an exemplar is Ferlie et al. (2005). We have mainly aimed at producing variable-oriented narratives, paving the way to the synthetic approach, though other styles have partly been employed too (especially actor-centric has turned out to be a useful tool to pursue an analysis of the strategists' behaviour and its influence at multiple levels of action).

Probably the main limitation of the narrative strategy lies in the fact that 'this approach does not, of its own, lead to either *simple* or *general* theory' (Langley 1999). Though especially the point about the criterion of the generality of theory that may be engendered only from narrative strategies is highly controversial, a sense that '[W]ithout denying the usefulness of the narrative approach for communicating the richness of the context to readers [..] [A]ppealing process research needs to push beyond authenticity to make readers feel that they learned something of wider value' (Langley 1999) is often present when dealing exclusively with the narrative strategy. One approach – that we adopt in the present research work - for overcoming this limitation lies in complementarily resorting to the synthetic approach.

The synthetic approach 'takes the process as a whole as a unit of analysis and attempts to construct global measures from the detailed event data to describe it. The researcher then uses these measures to compare different processes and to identify regularities that will form the basis of a predictive theory relating holistic process characteristics to other variables (e.g., outcomes and contexts)' (Langley 1999, 704). The aim is thus to overcome the limitations about the alleged lack of predictive power of process theorising, assumed to be strong on producing understandings and explanations of phenomena, but less so on producing predictive theories (Van de Ven 1992). In this approach, 'the original process data are transformed from stories composed of "events" to "variables" that synthesize their critical components' (Langley 1999, 704[61]). There are inherent and procedural limitations in this approach. The main intrinsic limitation lies in the risk of losing crucial information about the interrelatedness between contents, context and process (Petttigrew 1990 and 1992) in the transformation of process data

[61] Who also underlines the strength of this approach: 'these process variables [..]are not necessarily the standard process variables (e.g., use of planning and rationality) that might have been chosen had the researcher simply developed a questionnaire-based study [..] Rather, they incorporate more subtle nuances, including aspects of timing (e.g., simultaneity of alternatives, deadline versus leader-driven conflict resolution, and real-time versus delayed information), that could only be detected as important through close contact with real processes. In this way detailed process data can lead to more meaningful and potentially more powerful explanatory variables.'

into variables. A more procedural limitation concerns the requirement of a clear definition of the boundaries of the processes that are investigated and 'a high enough level of abstraction to permit the comparison of several cases', which also entails that the approach works better when a certain number of cases are included in the comparison. This approach broadly represents the other term of reference in the present work, complementarily to the narrative approach in the analytic variant, for the ultimate purpose of achieving a sufficient level of generality[62] in the theory or models elaborated for addressing the research question (and discussing the extant literature).

The third approach to which we have systematically resorted in our study is the alternate templates approach. The classic exemplar is Allison's study of decision-making processes during the Cuban missile crisis (Allison, 1971), an exemplar that has indeed shaped the whole of the present piece of research. In this strategy for making sense of data, 'the analyst proposes several alternative interpretations of the same events based on different but internally coherent sets of a priori theoretical premises. He or she then assesses the extent to which each theoretical template contributes to a satisfactory explanation' (Langley 1999, 698). This approach is thus multi-theoretic and, when applied to a plurality of cases (which did not occur in Allison's work but it does in the present piece of research), comparative.

Indeed, a qualification is required. At one point Langley qualifies it as 'essentially deductive', in the sense that the starting point are already elaborated theories and the 'predictions' that may be derived from them. However, at least in the way in which this approach has been used in the present piece of research, this is *not* a proper characterisation of this piece of research: whilst deductive approaches start from theory to formulate (and then test) set of hypotheses, this is not the approach used here. In this piece of research we explored the explanatory power of different perspectives to 'make sense' of dynamics (i.e., the organisational behaviour of EU agencies) that are both complex and difficult to interpret, but we did not formulate (nor tested) any *a priori* set of hypotheses. Whilst we do recognise that in some interpretations this approach is intended as close to pure testing of theory, by using the case to 'test' the predictive power of different theories, and then rejecting those that are weaker (ruling out rival explanations), more often (as in both the Cuban missile crisis case and in the present research work on the strategy processes of the agencies of the European Union, in which we have explicitly adopted an approach inspired by, in many respects patterned on, Allison's approach) alternate templates are used to shed light on partly different aspects, or 'portions', of the massive empirical evidence available (and different retellings of the story are produced, for each model employed). The alternate templates approch is a multi-theoretic approach applied both individually to each case, through multiple readings of the case evidence, and comparatively to generate knowledge by means of cross-case analyses.

It should be noticed that such approach does not assume, neither explicitly nor implicitly, that all templates have equal explanatory power – a point that we would like to stress - and for

[62] Accompanied by the maximum possible level of clarity and parsimony.

example in the Cuban case the organisational process model and particularly the political model have, in the accounts produced by Allison, the capacity to shed light on otherwise incomprehensible events that the third model (rational actor model) was missing. It is also a very demanding method, as it requires a mastering of both a variety of theoretical frameworks and of the massive empirical evidence (that may further grow because every theoretical framework may require the collection of different types of data). It may, however, be useful in the study of strategy-making processes. For example, by adopting as alternate templates different models of the strategy process (like the schools of thought outlined by Mintzberg et Al. 2009), events may be interpreted and developmental patterns identified; for example, the same case may be interpreted by adopting the model of strategy as deliberate design and then opposing it to an account based on strategy as emergent pattern (Mintzberg and McHugh 1985), or as a combination of both (Quinn 1980). This type of analysis may be useful particularly when applied to one or a very few cases that are particularly 'rich', or 'extreme', or 'deviant', and does not need necessarily to be applied to all cases (nor is it usually feasible).

In the present research, the three theoretical perspectives adopted as templates – strategic management, the politics of bureaucracy as outlined by Peters, and the bureau-shaping perspective – have been employed in turn on each case study, with the ultimate aim of both contrasting and complementing the explanations provided. A difference lies in the fact that in the first template – strategic management – which school of thought to apply in each case was identified more 'inductively', based on the analytic narrative produced, while the bureau-shaping and the politics of bureaucracy perspectives have been applied to every case in a more straightforwardly direct way, in order to test their respective explanatory power. In handling theoretical diversity we have also adopted some form of prioritising, putting centre stage the strategic management perspective – along the lines of the ten schools of thought. It has been suggested that 'complementing is especially proper for obtaining increased insight on a specific case, contrasting may be most relevant for developing and testing theories beyond specific cases' (Roness 2010, p. 5). In the case studies we do both: complementing, in order to get a deeper insight into the cases; and contrasting, in order to pinpoint the specific contribution that strategic management may bring to the understanding of EU agencies organisational behaviour.

Findings have been expressed in the form of verbal summaries of patterns of strategies combined with sets of interrelated propositions (usually highlighted in italics).

4.5 Explananda (case outcomes to be explained)

In our study, explananda belong to broadly the following categories: a strategic decision (i.e. a decision having consequences on the expectations of key stakeholders, on key interdependences with the environment, on the organisational structure) and/or a decision-making pattern (i.e. regularities in a plurality of instances of specific decisions, which appears

particularly fitting when emergent strategies consolidating through repetition of patterns concerning core processes are the subject of analysis) and/or the strategic change it implies (be it interpreted as the 'implementation' of the decision, if analytically meaningful, or the full deployment of a change in the pattern, as above defined).

Change has to be interpreted in contrast with continuity (Pettigrew 1990), that is, by considering the pace and sequence, if any, between continuity and different patterns of change in strategy (Mintzberg 1982).

4.6 Case selection

In case study research designs, cases have to be selected for theoretical reasons, such as replication, contrary replication [63], extension of theory, and elimination of alternative explanations (Yin 1994, 46); case selection is based on theoretical sampling. A specific challenge of theory building from cases is that dependent and independent variables are not a priori identified (in particular, we did not know the traits of the strategy process in an agency before studying it) – but a priori constructs may be. One approach for case selection thus lies in selecting on the basis of variation in the a priori constructs employed for framing.

Three agencies (more precisely, sites where strategic processes unfolded) have been identified from the population (the overview of EU Agencies is reported in Appendix 2). The basic criterion for doing theoretical sampling has lain in considering a priori constructs, and searching for variation in combinations of constructs, that is, the basic selection criterion has been the search *for a combination of similarity/dissimilarity* along a number of dimensions that either may ex ante be attributed an influence on the strategy process ('independent variables') or that qualify the strategy process ('dependent variable') – given that in process-oriented case studies the overall pattern along which the process (in our case, the strategy process) unfolds (that is, *the* dependent variable) is not known a priori. Such dimensions include:

- *Age*: whether the agency is relatively 'old (established in the 1990s) or 'young' (established in the 2000s); agency age is significant in relation to the unfolding of the strategy processes: patterns of consistent decisions may take time to form, or at least before they become recognisable; age of an organisation is also central in a cultural perspective to organisational analysis, one important idea being that over the time organisations become 'value-bearing institutions', and such values (norms, rites, symbols) will powerfully affect decision-making patterns (see Christensen et al., 2007).
- *Duration*: whether the agency has by statute an indefinite duration, or whether it is temporary (like executive agencies, that have a 'termination date', although legally the

[63] Replication or 'literal replication' means that the added case predicts similar results, whilst contrary replication is based on theoretical replication, that produces contrasting results but for predictable reasons.

mandate can be renewed) may powerfully affect the strategy process, especially if we assume that 'survival' is an implicit but overarching goal of organisations;

- *Size*: it may be articulated into the staff size and the budget size; in terms of staff, EU agencies are roughly speaking 'small' organizations, and a distinction may be made between those which are around 100 staff (Small), and those around 500 (Large).
- *Science management/scientists/epistemic communities*: certain agencies do rely systematically for the running of their operations on professional, often epistemic, communities of scientists (e.g.: the European Research Council Executive Agency, for the evaluation of research project applications); others do not; it is thus possible to distinguish between those agencies necessitated to manage professionals/scientists ('High on science') and does that do not ('Low on science').
- *Type of Task*: tasks typically executed by EU agencies include one or more of the following: Information gathering; Advice; Scrutiny/Control/Inspection; Authorisation/Adjudication (legally binding [64] or quasi-legally binding [65] to third parties; non-legally-binding); Disbursement of grants/subsidies; Service Delivery.
- *Corporate governance and relations with stakeholders:* thereby including the composition of the governing[66] board (whether it is 'standard', namely composed of representatives from EU member states – one each – plus the Commission, and a few others; or not, the main alternative being that it is composed mainly by 'experts' in the field); the procedures of appointment of the director; accountability frames (to whom and how).
- *Funding:* only from EU budget or also fee-based.
- *Turnover in directorial position*: distinguishing whether there has been turnover in the post of executive director or not (at the time of observation).
- *Formal presence of a strategic plan*: it is an aspect relevant especially if strategy as deliberate is assumed – however, all agencies have a document of sort: a 'publicly declared strategy', whose 'actual significance is one of the aspects we have investigated – but as a matter of fact this dimension does not allow discriminating between agencies.

Out of the identified population of EU agencies (see Appendix 2), the three selected cases have been: the European Training Foundation (ETF); the European Aviation Safety Authority (EASA); and the European Research Council – Executive Agency (ERCEA)[67]. In the terms of the above criteria, they may be classified as follows:

[64] Only four agencies –so far – have been entrusted the capacity to take decisions legally binding to third parties: they are EASA (European Aviation Safety Authority), OHIM (Office for the Harmonisation in the Internal Market, for the registration of Community Trade Marks), CPVO (Community Plant Variety Office, for plant variety rights), and ECHA (European Chemicals Agency, for chemical substances).
[65] EMA and EFSA, as well as EMSA (European Maritime Safety Agency) and ERA (European Railway Agency). 'Quasi' in the sense that the Commission adopts the legally binding (to third parties) act, though proposal of the Agency is almost invariantly accepted.
[66] Names may vary: management board, governing board, or others.
[67] Meeting an additional criterion of variation of the treaty base for establishment: Art 308 EC for ETF, other treaty provision for the others. Consequences: unanimity (Art. 308) vs. majority voting, larger vs. narrower range of activities, consultation vs. co-decision procedure.

- ETF: [Established in the 1990s; Indefinite duration; Small in staff size; Low on science; from service delivery to policy advice (over the observation period) as main task; no Fees; Standard Board; Turnover of director; presence of a formal strategic plan]
- EASA[68]: [Established in the 2000s; Indefinite duration; Large in staff size; Intermediate on science; Scrutiny, Authorisation [69] and Advice as tasks [70]; financing also fee- based; Standard Board; no Turnover of Director; presence of a formal strategic plan]
- ERCEA: [Established in the 2000s, Temporary (limited duration); Small in staff size; High on science, Disbursement of grants as main task; no Fees; no Standard Board: board composed of scientists (flanked by a five-person steering committee including Commission officials); Turnover of director; presence of a formal strategic plan]

The three cases provide a theoretically selected sample of cases of strategy formation processes.

Whilst in qualitative research – where sampling is theoretical rather than statistical – the criticism may always be formulated that, when viewed from yet another theoretical standpoint, perhaps one more case chosen along yet another set of criteria might be added, the combination of the above outlined criteria provided a wide range of combinations of similarities and dissimilarities which eventually allowed to have both 'enough' variation and – at least to our consideration – to reach theoretical saturation through replication. We could in fact (to mention but a few elements, whose significance will be clearer to the reader after the reading of the case studies reported in chapters 5, 6 and 7) detect the role of the executive director in the strategy process under conditions of turnover (ETF and ERCEA allowing for replication) and absence of turnover of the director (EASA, allowing for contrary – theoretical – replication, and for detection of a pattern of strategy development under conditions of absence of turnover); the role of scientists/professional communities in the strategy process; the influence that duration (temporary vs. indefinite) may have on the forming of organisational goals; and so on, thus ultimately suggesting that the selected set of cases was satisfactory – and the PhD Upgrade Committee strongly confirmed this choice, urging for rich narratives to be developed, and for concentration of all the available resources (time and money for travels) on these three cases. In fact, the PhD Upgrade Committee explicitly recommended to limit to three the cases investigated, in order to be able to develop case analysis in depth, given the complexity of investigating strategy processes. The next step of such investigation concerns the definition of constructs and the case study questions.

[68] Also of interest for the so-called process of 'self-tasking' it undertook, and the significant transfer of competences from national level.
[69] Legally binding to third parties –the function of issuing airworthiness certification is the sole responsibility of the executive director.
[70] Drafting of regulations in the form of "Opinions", as well as of technical Annexes.

4.7 Constructs and Case Study Questions

Data collection techniques (further outlined in the next section) are part of the broader tasks of what Yin refers to as 'crafting instruments and case study questions and their probable sources of evidence' (Yin pp. 63-77). The main goal of the data collection phase is to address the case study questions (understanding 'what happened in the case'), and delineate how they relate to constructs and processes. Five categories of case study questions and related constructs for case analysis have been identified (see Appendix 1, reporting the interview protocol). Three of them are directly derived from the three theoretical frameworks outlined: we have labelled these ones category C, D and E questions (related, respectively, to collecting empirical evidence about the unfolding of strategic processes – category C -; about politics of bureaucracy patterns of behaviour – category D -; about bureau-shaping patterns of behaviour – Category E). Two further categories have been added, in order to 'cast the net' in as large a way as possible by collecting empirical evidence about the history of the agency, and the history of (what appeared *prima facie* to be) strategy-making events: these are labelled categories A and B. The rationale for such approach lies in the theory-building (rather than theory-testing) thrust of the research, hence the desirability of leaving room for 'unexpected' elements that may later find their place in the explanation of the strategy process of the studied organisations.

Constructs have then been elaborated to align each of the three theoretical perspectives with empirical evidence. Proceeding in reverse order, i.e. starting from the bureau-shaping perspective (category E questions, see Appendix 1 for the full list), we have operated as follows to identify the main constructs:

- the first component of the utility function outlined by the bureau-shaping perspective is 'status', associated with the agency performing tasks allowing for innovative work, longer-time horizons, broad scope of concerns, high level of managerial discretion and low levels of public visibility. In quantitative studies this is usually summed up by the variable 'policy work' as opposed to all other tasks. Given the qualitative nature of the present study, we could to some extent keep the whole range of qualities that enter the first component of the utility function, and the related construct is the type of tasks performed by the agency. Given the change process-oriented (that is, longitudinal) orientation of this study, what is tracked are attempts (mainly in the form of deliberate 'strategic' moves by executives in the agency) to progressively reshape agency's tasks in order to maximize some combination of the above 'desired properties' of them. An example is the recasting of the tasks of the European Training Foundation in the official mandate of the agency: a process that unfolded over the period 2000-2008 and was actively sustained by agency's executive through various initiatives, delineating a trajectory that appears to fit quite well this pattern (ETF shifted from delivery of technical assistance in EU-funded programmes to providing policy advice);
- a second component of the utility function in the bureau-shaping perspective is the collegial work atmosphere, attainable in small-sized work units, restricted hierarchy and

predominance of highly qualified staff, and cooperative work patterns – elements of which seem to be detectable in the staffing policy pursued, although under severe constraints on recruitment procedures, by agencies like ETF and ERCEA[71].

A looser (and conceptually less focused interpretation of bureau-shaping, which is not present in the original formulation by Dunleavy) considers more generally 'power' – that we could measure as the assignment to the agency of tasks entailing that the agency comes to wield in a discretionary way a considerable influence over some of the stakeholders - as a component of the utility function. Although we would tend to disregard this element from the analysis, the process of self-tasking at the European Aviation Safety Authority (which appears to have managed to continuously increase its 'powers', in the form of acquiring tasks entrusting the agency to make authoritative decisions compelling for recipients, on a fully discretionary basis) is an element to consider that may lead to expand the variables and the constructs employed in the analysis to encompass 'power' (intended as authoritative decision rights exercised on a discretionary basis).

These constructs have been labelled E1, E2 and E3 respectively, and based on these a number of interview (and data collection though other sources) questions have been produced (Appendix 1).

The other key component of the bureau-shaping perspective (which blends the extremely rigorous and sophisticated contribution by Dunleavy with the original budget maximisation perspective present in Downs and especially Niskanen) is the maximizing of the agency budget: Dunleavy identifies in the core budget the one that enters the utility function, whilst Niskanen points to the overall budget of the agency. EU agencies tend not to manage programme or other types of budget and the overall budget tends to coincide with the core budget (with the exception of ERCEA). We have thus tracked – given the focus of this study on the change processes – what could be interpreted as deliberate attempts (mainly in the form of deliberate 'strategic' moves by executives in the agency) to progressively increase the agency's budget[72]. This construct has been labelled E4.

Case study questions associated to this perspective may be formulated in the form of whether and how deliberate attempts to maximise E1, E2, E3 and E4 respectively are detectable in the case under examination. The roots of the bureau-shaping perspective in rational choice (a logic of consequences, March 1988 and 1999a) are reflected in the formulation of case study questions in terms of deliberate and calculative courses of action by individual agents (chiefly, executives in or surrounding the agency, with a stake in it)

[71] The model by Dunleavy includes also a preference for the agency to be located in a central location, meaning it is proximate to the political power centres and it is such to confer high status social contacts – however, this pertains to agency design, on which, in the case of EU agencies, the executives in such organisations did not have any control at all.

[72] Just detecting a trend towards the increase of the budget over the years may not be enough, as this could also be the product of decisions taken by the supervising authority.

Turning to the politics of bureaucracy perspective, there are in this perspective three main types of 'ploys' (Peters, 2010) that can be triggered by a bureaucracy to provide government to a society (i.e. to shape public policy). Two of them concern respectively how the bureaucracy is starting up and shaping structured and long-term plans, and how it holds a sway on the budgetary process. Both point at deliberate actions to affect formal plans (the EU, like most public bureaucracies, operates extensively through formal plans). Constructs may point to whether and how the agency has actively managed to be consulted in the preparation of the pertinent EU planning and financial perspective: participation to consultative or decision venues, as well as informal 'lobbying' (which may indirectly be detected, e.g., also by probing how executive split their managerial time). These constructs have been labelled D1 and D2.

A third ploy that bureaucracies may employ to affect public policy lies in gaining legitimate status to provide policy advice: this may occur, e.g., by having a formal role in the 'consultation procedures' that are often conducted by the European Commission before it proposes a new bill (in the EU, the Commission has the policy initiation prerogative, meaning that the legislative bodies – Council of Ministers and European Parliament may examine bills only if and when proposed by the Commission). This refers to construct D3.

Case study questions are formulated in the form of whether and how deliberate attempts to maximise D1, D2 and D3 respectively are detectable in the case under examination. The formulation reflects the consideration that the politics of bureaucracy perspective – although cross-cutting a range of theoretical standpoints about how decisions are made in institutions – has in our interpretation a strong underpinning in rational choice institutionalism.

Turning to the strategic management perspective, a first set of constructs and related questions (categories C1, C2, C3 and C4) detect who are the 'main actors' in the process, and what kind of role do they play in it; what are the sources that supply contents to the strategic plan, whether they are external (which might point to strategy as being 'generic', picked up from a toolkit, as the positioning school suggests) or vice versa unique, and possibly elaborated 'from within' the agency (an assumption in the design and the entrepreneurial school).

The entrepreneurial school of thought points to the role of the 'founder' (i.e., in our case, the director since the establishment) of the agency. By probing what role the director has (in those cases in which it was also the first person to be hired by the agency), what are the issues on which other managers consult with/report to the director, as well as (with obvious significance also for other profiles of analysis) how the agency came about with such things as mission statement and vision statement, constructs and related data collection questions have been identified (categories C5, C6 and C7 – see Appendix 3).

We further 'tested' for schools that conceptualise strategy as emergent, rather than deliberate, and selected the learning school: in order to empirically detect whether the pattern of strategy conforms to that approach, aspects like successive adjustments in the process of implementation and reformulation of the strategic plan, adjustments in the way work is organised in the agency, or the evolution and consolidation of guiding ideas that appear to be

shared about what is 'proper behaviour' in the organisation, and how all such things 'emerged' and consolidated over the time have been detected (categories C8, C9, C10 and C11).

Other constructs (C12, and also C10) point to trends in the environment (in the form of pressures, sudden events, major shifts in the parent administrations or other stakeholders' attitudes and expectations towards the agency), in order to probe whether there is tendency to the emergence of specific configurations leading to a 'fit' with the environment (which, alongside the design school, also allows collecting evidence for testing the explanatory power of schools like the configuration school and the environment school for explaining the strategy process).

Still other constructs probe the role of professionals, and epistemic communities (category C13), also to 'test' whether it is the agency to drive the epistemic community, or the community driving the agency – which is important to delve into the issue of whether the organisation 'really' has a strategy (one alternative being that it is dictated by external actors, or more impersonal forces, which would point to the substantive absence of strategy, at least in certain periods, and just tactical responses to be there).

Cross-cutting is the investigating of whether there is consistency over time in decisions: strategy as pattern of consistent decisions (strategic capacity) vs. simply tactical responses (see C1, C2, C3, C4, C10, C11, C12, C13, C14 in particular), once again with the objective of delving into the issue of whether the agency has a strategy, as well as to uncover how it formed over the time.

Finally, certain constructs (investigating the presence and influence of 'strategy meetings', tracking the stories of innovations) relate to strategy practices (strategy-as-practice approach – categories C14, C15, and also C1 on procedures adopted in the preparation of the strategic plan – if present – and the annual work programme – compulsory for all agencies), as a complementary perspective of analysis of the strategy process.

Case study questions reflect the above constructs: the full list is reported in Appendix 1. In addition, a framework suggested by Mintzberg and Colleagues (Mintzberg 2007, pp. 384-385) for case analysis of the strategy process formation has also been used. The protocol they employed for the case study questions (that is, for explaining the causal texture of the case in such a way that it is geared to building theory about patterns of strategy formation) comprises the following sets of questions (here reported in slightly abridged version, and geared to the context of public sector organisations, where adaptation has been deemed proper; questions apply to each period of change in strategy):

- How were the different strategies interrelated (in hierarchical fashion, around a dominant element, in some *gestalt* configuration, etc.)? When and why did peripheral strategies become central ones?
- What were the characteristics of each strategy (e.g.: expand, re-position) and its attributes (conservative, hedge, defensive, flexible, etc.)
- What form did the strategy take (public, explicit, implicit, or not consciously recognised)? Was there inconsistency between the intended and realised strategies? Why?

- What appear to be the key characteristics on which the strategy was based (strength of the agency, threat or pressure, opportunity, managerial personality, etc.)? What was the key strategic/success factor of the period? The critical strength or distinctive competencies (and how did the organisation find out)? What degrees of freedom were available to the organisation?
- What evoked or influenced any changes in strategy? What was the relationship between the change and external events or trends?
- What brought on the new period? (needs emerged in the last period? the release of a major constraint? Everything just lining up? An emergent pattern perceived as such?)
- How were the strategic choices made – single individual, debate, bargaining? What role did formal analysis play? What alternative proposals were considered and who generated them?
- What factors of timing, delay, and interruption entered the process?
- Can the change be described as incremental, piecemeal or global (or some combination)?
- Can strategy-making behaviour be described as reactive or proactive? Was it triggered by/passed through a 'crisis'?
- Was the strategy made explicitly, a priori (intended) that determined consequent actions, or were decisions or actions made one by one which evolved into an emergent strategy? Could decisions be identified, or only actions could?

To complement this analysis, after the broad picture of successive changes in strategy (if occurred) is drawn, questions may point to the overall pattern that characterises the strategy process: how can the developmental path be characterised: sequential-linear, cyclical, convergent/divergent, …? Strategic change as we could detect it unfolded mainly in a sequential-linear way, a pattern that may often (though not necessarily) qualify strategy unfolding along the design and the entrepreneurial schools, in which one or a few rational actors have a leading role.

4.8 Data collection techniques and ethical issues

Data have been collected through multiple sources. First, data available as documentary evidence have been accessed; these included: the formal act that established the agency; other regulatory acts; multi-year plans; minutes of governing board meetings; reports and other 'factsheets' on the agency; documentation on meetings with stakeholders; general EU and sectoral documentation providing evidence about the agency activities; etc..

A second set of data have been collected through face-to-face interviews. These are extensive interviews with selected key 'informants' (i.e., more than 'respondents'): generally, the director general/executive director; all the other executives in the organisation, in both line and staff functions, forming the top management team; members of the management board

(usually including the chairman or deputy chairman); and others. These were generally very senior people – and interviews turned out to be tremendously informative. The list of interviews is reported in Appendix 1.

Next to the interviews, I also had a wide set of informal talks with other informants. On occasion, some of them became 'intimates', with whom it was possible to exchange views and ask for additional information on an almost continuous basis, also through informal modalities (phone calls, etc.), during the course of both data collection and data analysis.

Following up pilot empirics, an interview protocol for conducting semi-structured interviews has been crafted: in Appendix 1 it is reported its logical structure and the presentational format, already widely discussed in the previous section. Interviews have been in the form of semi-structured interviews. All interviews consisted of open-ended questions. These 'a priori identified' interview questions have been supplemented with questions considered fruitful to pursue during the interview (Eisenhardt 1989a, 547). Indeed, in the running of interviews many questions – most often empirical, at times interpretive - emerged. Emphasis was put on facts and events more than on respondents' interpretations (though both are significant, particularly when it comes to issues like interpretations of what strategy is). Interviews lasted between one and three hours and a half. When more time was needed, respondents have never refused to allocate more time to the interview. Whilst permission to tape record the interview has always been asked, only a subset of interviews have been tape-recorded: initial interviews showed that respondents were more at ease when tape recording was not done, and overall more 'open' to share confidential opinions and recount the unfolding of events. Notes were taken and reviewed whenever possible within 24 hours, and in almost all cases within 48 hours (this occurred when a range of interviews were scheduled over two days and at times I could only briefly review the notes during the evening in-between: a brief review was anyway always done by the evening of the day when the interview was conducted). Transcripts of all interviews have been produced, and cross-checked with respondents (a few times this led to them asking for further confirmations about the confidentiality with which data were going to be treated: in all cases they fully confirmed their willingness to have provided the interview and never withdrew from participating to the research project). For all three the case studied, the final interviews (chronologically speaking) of the round mostly provided only confirmatory evidence to the account elaborated (interviews pointed out the same 'facts' to have been 'landmarks' in the development of the strategy; the same actors to have played out a key role in that or that other respect; and the like), adding confidence to the consideration that empirical saturation had been reached.

As regards field procedures (gaining access to the sites), the letter requesting interview was usually in the form of an email addressed to the executive director and sent to her/him and, in two cases out of three, also to one or two of her/his close aides. The process of scheduling the interviews was supported by the same director or some of her/his close aides. The list of interviews (in anonym form for confidentiality purposes) is reported in Appendix 1. The Ethical full approval has been provided by the Ethics Committee of King's College London, and the

information sheet for participants (consent form) employed are reported at the end of Appendix 1.

In the case of ETF, interviews were complemented with attendance at one of the initiatives promoted by ETF with stakeholders, namely the 'ETF regional conference with Arab States (held jointly with the EGPA 5th Euro-Mediterranean Dialogue on public management)', held in Amman/Dead Sea (Jordan) on 25-27 September 2012. I had the chance to observe the way ETF manages its relationships with key stakeholders ranging from the EU institutions (the European Commission – the conference was attended by the Head of Cabinet of EAC DG and the Director General, and a video message by the Commissioner in charge of Education was delivered to the audience -; the European Parliament – the event was attended by the then chair of the Education and Employment Committee of the European Parliament) to beneficiaries of ETF policy advice (ministers and high level officials from all the Arab countries recipients of the European Neighbourhood Policy), to the academia.

A third and complementary set of data originated from direct observations, during my visits at agencies. In fact field notes were also taken (a sort of ongoing commentary about what is happening in the research, involving both observation and analysis). For example, the emphasis given to the agreements reached by EASA with the powerful American Federal Aviation Authority (FAA, see chapter 6), put in a frame and hanging with great visibility in the director's corridor, was empirical evidence collected through direct observation that could be triangulated with evidence collected by means of interviews pointing to the strategic significance not just of the 'alliance' with the FAA, but more broadly of the importance the FAA has had as a model in moulding the 'strategic vision' of EASA.

The main criterion in data collection has been the triangulation of data sources (data triangulation[73]): using multiple sources of evidence for 'confirming' the 'facts' on which analysis is grounded. One objection might be that often, when it comes to strategy processes, interviewees respondents are the main source of data, and biases could affect interviewees, especially when accounting for events that occurred in the past; however, an important underpinning for relying on interviews may be drawn from previous research (Huber, 1985) indicating a high temporal stability in executives' recollection of important decisions. Moreover, as already outlined, we did not rely on interviews only: other sources included direct observations, wherever possible, as well as talks with 'intimates' in agencies for getting another view on the investigated phenomena.

[73] The concept is different from those of triangulation among different investigators, among different perspective on the same data (theory triangulation) and of methods (methodological triangulation) (Yin, 1994, p.92).

4.9 Data analysis

This aspect has been diffusely illustrated above (see Section 4.4: 'Process data analysis'). We may resort to the words of Eisenhardt for purposes of summing up:

> Case analysis may be, broadly, articulated into two phases: within-case analysis and the search for cross-case patterns. Within-case analysis will be conducted by applying the narrative approach, the alternate templates approach, and the synthetic approach. At first, a descriptive narrative is developed; then, the strategic management template is applied; eventually, retellings according to the politics of bureaucracy and the bureau-shaping perspectives are attempted. Eventually, the synthetic approach is employed, in an attempt to transform the original process data from stories composed of events to 'variables', or at least set of interrelated statements, that synthesize their critical components.
>
> This leads us to the search for cross-case patterns. Such analysis benefits from looking at the data in different ways (Eisenhardt 1989b). One approach lies in sifting cases into various categories or dimensions, and then examining within group similarities coupled with intergroup differences; the starting point in this approach are the identified categories (that are later revisited and refined or modified). The constructs outlined in the previous section may provide an entry point to the identification of such categories. Another approach lies in selecting pairs of cases and then listing similarities and dissimilarities between each pair, with seemingly similar cases that may reveal subtle differences, and an apparently different pair that may reveal profound similarities. The sharpening of constructs is a step in shaping hypotheses or formulating propositions; verifying that the emergent relationship between constructs fit with the evidence in each case is a second step. In the replication logic which characterises case study research, cases which confirm emergent relationships enhance confidence in the validity of the relationships, and cases which disconfirm the relationships provide an opportunity to revise, refine and/or extend the theory; when a relationship is supported, the qualitative data often provide a good understanding of the dynamics underlying the relationship, that is the 'why' (causal texture) of what is happening (Eisenhardt 1989b, 542).

Data analysis has been done in continuous iteration with theory (enfolding extant literature), on one hand, and in partial overlapping with data collection, on the other hand. The iteration process ended when saturation was reached: the incremental improvement to theory due to the iteration between data and theory is minimal. The process of completion of the case studies unfolded along the following steps (logical rather than chronological): drafting of a first version of case description and analysis; collecting the data through interviews and the other identified techniques; contrasting the explanatory power of theoretical approaches (the three approaches systematically applied to all cases, plus ad hoc ones derived from enfolding the extant literature: this was the case for EASA where the so-called 'exogenous dimension of institutionalisation' – an approach formulated in a contribution by Pierre and Peters, 2009 – has been employed to account for the transition from the previous regime, centred on a network of national-level aviation authorities, to a regime centred on a European agency, namely EASA, a story partly overlapping to ours, which is discussed in chapter 6), to then eventually go back to case description and analysis for the drafting of the final version of the case (subsequently further revised for the final writing up of the work).

In running the multiple case study, certain basic notions of organisational analysis that represent the 'shopping basket' of the conceptual tools for the study of decision processes have turned out to be extremely useful. Such notions include, as regards analytical concepts (intended as Observer's concepts rather than Practitioners' concepts): the distinction between a logic of consequence and a logic of appropriateness; the notion of sense-making as developed especially in Weick (1995 and 2001); the distinction of exploration and exploitation in

organisations; and others. A review of a range of conceptual tools, drawn mainly from organisation science, that have been useful in the analysis of organisational (continuity and) change in the studied cases is reported in Appendix 3.

Chapter 5. The European Training Foundation: Strategic turn at the turn of the millennium

5.1 Introduction

The European Training Foundation (ETF) has been one of the first agencies to be established at the beginning of the 1990s, a period that in retrospection we may recognise as the starting moment for the development of the agency form at the EU level of governance. It has been operating at the crossroads of the fields of vocational training and education, on one hand, and the external relations of the Union, on the other hand. Europe and the EU were different when ETF started to be operational: central eastern European countries had just escaped the sphere of influence of the collapsed Soviet Union and were eagerly knocking at the door for EU membership; the Balkans and the Mediterranean area were becoming both new threats (first the Balkans, only later the Mediterranean) and new opportunities for an EU in search (then as nowadays) of its governance architecture and an effective way to deal with foreign affairs; transformations that contributed to shape what later became the European Neighbourhood Policy. Education and vocational training - hardly a field that may be treated in a dismissive way by any government, at any time – had a prominent role in EU discourse as well as funding, since broad-scope programmes like PHARE and TACIS (aimed at supporting the transition to democratic governance and free market economy in former Warsaw Pact countries) and sectoral programmes like TEMPUS conveyed resources for the development of education and vocational training to these neighbouring countries.

Against this backdrop, a relatively small organisation found its way, not without major challenges and changes, in the EU institutional setting. The ETF, formally established in 1990[74], became operational in 1994, and since then and until the beginning of the 2000s was mainly engaged with the delivery of technical assistance services throughout the whole cycle of the projects in the field of education and vocational training in the third countries recipients of the funded programmes of the EU. Although the complexity of the technical interventions in which ETF was engaged was at times extremely high, the tasks executed were relatively repetitive and predictable. The core competence was one of project management: administering or, mainly, monitoring the implementation of EU-funded projects in third countries. Then, a major strategic turn occurred, and over the years between 2000 and 2010[75] the tasks of the agency,

[74] Council Regulation 1360/1990.

[75] The consolidation of the new state of affairs – especially in the terms of the 'legitimacy' of the novel role of ETF towards its stakeholders (both within and outside of the EU) has been continuing also in the successive years, through initiatives like partnerships in the geographic areas of operations for ETF with academic associations, and the like. The consolidation of the strategic turn occurred during the direction of Director Madlen Serban continued also beyond the year 2010, that we to some extent fictionally set as

and its very position in the EU institutional-administrative environment, changed. ETF became a provider of high-level policy advice to the third countries recipients of EU funds – referred to as the 'partner countries' - and a veritable actor of vocational education and training policies in such countries. Its staff have since been operating as policy advisors – in the broadest meaning of 'facilitators of policy development', whereby the ETF advises policy-makers on the potential policy options and promotes capacity building, dissemination and networking - throughout many countries in Asia, the Caucasus, the Near East, the Mediterranean area and the Balkans. ETF came to perform a full-fledged policy advisory role. Such strategic turn was also embodied in a recasting of the mandate of the agency whereby, as stated in *regulation EC 1339/2008 of the European Parliament and of the Council of 16 December 2008 establishing a European Training Foundation (recast)*: '[T]he objective of the Foundation shall be to contribute, in the context of EU external relations policies, to improving human capital development'. A large mandate, as equally large is the list of countries in which the regulation enabled ETF to operate – indeed potentially the whole world, provided that in the country it is in place a 'Community instrument or international agreement (with the EU) that includes an element of human capital development'. The replacing of a number of staff with new staff in order to incorporate the skills and competences required for the new performance of the new tasks also manifested the strategic turn occurred at ETF (from 'technical assistance' to a 'policy support organisation').

How did it happen that a public organisation changed its mandate, the core tasks, the skills and competencies available to execute them, the set of key relationships and the kind of interdependencies with the institutions of the EU (chiefly the Commission in its various articulations), and broadly the 'position' in the EU administrative system[76] (see Table 5.1)? How did such process, which we may well qualify as a strategic turn, unfold? In this study we argue that a set of actors – entering and exiting the decision opportunities and interacting in various and differentiated ways over the time – jointly operated to shrewdly steer the re-orientation of the agency and managed to achieve legitimacy from key external stakeholders for it, and that this process occurred in an environment surely not devoid of threats for the very survival of the agency. It also emerged from the study a widespread consciousness amongst the agency executives that ETF did need to find a niche, and that it found it by casting for itself a role – that of policy advisor to third countries in the field of education and vocational training - which has no homologues in other jurisdictions (e.g.: there is no counterpart in the US, notwithstanding the important amount of funds the American government has historically allocated to cooperation to development, nor in other countries active in cooperation to development, nor at the international level in the UN system), a fact which suggests that ETF had to engage in some form of innovation, rather than imitation, and direct learning from its

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the date of completion of the turn. However, the new state of affairs was for the most part delineated around the year 2010, hence the rationale for setting this date as the end of change process period.

[76] It would of course be improper to overstate the significance of the change occurred up to the point to overlook continuity: some elements of the monitoring of funded projects are still present at the end of the observation period – but the overall position of the agency in its environment changed: this is what is explained in this study (*explananda*).

own ongoing experience, rather than relying on some form of copying and vicarious learning from other polities. Strategy appears to have been conceived of as unique: the outcome of the search of a specific solution to the specific problem, i.e. finding a new niche[77], that the agency had to face. We suggest in the analysis that an important part of what has occurred may be interpreted through the lens of the 'design' school of thought in strategic management (Mintzberg et al., 2009), properly adapted to accommodate a picture in which more actors operated collectively as the 'designer' of the new strategy.

By adopting different perspectives to the analysis of change at ETF, other than those in strategic management, we also found that an approach adopted by public bureaucracies to gain influence over the policy-making process - to become an institutional venue affecting policy-formulation[78] - has been put into effect by ETF, leaving room to consider that also the 'politics of bureaucracy' perspective in the way theorised by Guy Peters (Peters, 2010) may shed light on aspects of the behaviour of ETF during the observation period. Last but not least, the trajectory of organisational change seems to have been shaped by deliberate attempts along the direction to upgrade the agency towards higher-level, policy advice tasks, whilst remaining small in size, a familiar organisation staffed with high-skilled people: upgrading the status of an agency, especially in the form of acquiring policy tasks and dismissing delivery ones, and keeping a collegial atmosphere is a pattern of bureaucratic behaviour described by the bureau-shaping perspective theorised by Patrick Dunleavy (Dunleavy, 1991).

However, what case analysis suggests is that bureaucratic theories may provide explanations for only part of the case outcomes, turning out to be incomplete in describing and interpreting what happened: the 'repositioning' of the agency in its organisational environment by finding an apt niche and by gaining the legitimacy to sustain the new status. We would argue that a strategic management perspective allows to more thoroughly interpret the observed change: the fine-grained dynamics of the change process whereby the agency has repositioned itself are more aptly interpreted if the conceptual tools of analysis provided by the literature on strategic management are employed, as this research work tries to show. Specifically the design school is the framework to point to for qualifying how strategic change occurred.

[77] An institutional one, within the EU polity, rather than a market niche.
[78] Although it should be noted the reference is to the formulation of the education and training policies of countries recipients of EU technical assistance, in turn part of the EU external policy.

	Year 2000	Year 2010
Mandate and core tasks	- Technical assistance to EU-funded projects; project management of the project cycle - Occasional policy advisory role (mainly to the European Commission, only indirectly to third country governments through the managed projects)	- Support to Commission - Policy analysis - Capacity building (of partner countries) - Dissemination and networking [together giving ETF a full-fledged policy advisory role] - Residual – though not entirely abandoned – project administering role
Key profiles of relationships with European Commission, Member States, European Parliament, Partner Countries Governments	- European Commission: acting on behalf of, on one hand, and striving for enhanced autonomy from, on the other hand - Member States: project-related interactions (if and when a project of salience for the government of an EU member state is in place) - European Parliament: limited interactions - Partner Countries Governments: intense interactions, mainly operational, related to management of projects	- European Commission: high level interactions on policy-related issues - Member States: high-level interactions on policy-related issues, on a more intermittent basis depending on EU Member State foreign policy priorities and its historically-determined relations with the Partner Country - European Parliament: systematic relations - Partner Countries Governments: ETF experts as provider of contents for the policy process of the country; relationships with high-level decision-makers in the country
Organisational configuration[79]	- A project management organisation	- A 'think tank'-like organisation; policy advisory task forces - Enlarged range of skills available (including skills in economics and policy of education)

Table 5.1. Mandate, Key profiles of relationship with stakeholders, and organisational configuration of ETF (2000-2010)

[79] The organisational chart was changed more than once during the period of observation; however, this concerned the allocation of tasks to the organisational units, not *what tasks* were performed, and what skills were acquired or otherwise made available – the latter being the observed change we aim to explain.

How did the events that marked the strategic turnover eventually embodied in the new tasks and mandate, in the upgraded status and resources, and the acquired legitimate role unfold? This story is narrated in the next section. The subsequent sections aim at providing explanations for the observed change.

5.2 A new role for ETF

Soon after ETF started to be operational (1994), already in 1996/97 the developments of the EU-funded programmes that were aimed at supporting the transition of former soviet bloc countries to democratic institutions and free market economy - like PHARE[80] and TACIS[81] - or at strengthening EU cooperation to the development of Mediterranean countries- like MEDA[82] - provided the frame in which ETF found its well-recognised role and function, namely that of delivering technical assistance in the field of vocational training on behalf of the Commission. Especially significant was in this frame the assigned task to administer a programme called TEMPUS, an EU programme set up in 1990 and aimed at supporting 'the modernisation of higher education and to create an area of co-operation in the countries surrounding the EU' (and located in the Western Balkans, Eastern Europe and Central Asia, North Africa and the Middle East). The delivery of TEMPUS engaged more than twenty people at ETF, whilst the rest of the staff was involved with technical assistance (mainly the monitoring of projects) for the other aforementioned programmes.

At the turn of the millennium the circumstances changed dramatically (an overview of events during the observation period is reported in Table 5.2). After the resignation of the Santer College of Commissioner (1999), due to a financial scandal, reform of the governance and management of the Commission gained prominence and led to the 'Kinnock reforms': a set of interventions on financial and personnel management at the Commission, named after the Commissioner in charge of administration, the former British politician Neil Kinnock. What ETF did before was no more feasible with the regulations that embodied the Kinnock reforms, that is, for the Commission to outsource tasks in the field of external relations. So, some in the Commission (and elsewhere) raised the issue of 'what to do with ETF? Kill it?'. The situation had suddenly become fluid, and a new game, which had at stake also the very survival of the

[80] The EU Programme of aid to the countries of Central and Eastern Europe which had applied for membership of the European Union.

[81] A programme designed to 'encourages democratisation, the strengthening of the rule of law and the transition to a market economy in the New Independent States (NIS), created as a result of the break-up of the Soviet Union (recipient states are: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

[82] A programme designed to deliver 'cooperation measures designed to help Mediterranean non-member countries reform their economic and social structures and mitigate the social and environmental consequences of economic development (Council Regulation (EC) No 1488/96 of 23 July 1996 on financial and technical measures to accompany the reform of economic and social structures in the framework of the Euro-Mediterranean partnership).

agency, had started. A new 'role' for the agency in the EU landscape had to be found, and this also had to be embodied in a new mandate legally entitling the agency to perform new tasks, compatible with the novel regulation about Commission tasks and outsourcing[83]. The legal framework required the co-decision procedure[84], entailing that both the council of ministers of the EU (where national governments are represented) and the European Parliament held in a joint way the prerogative to legislate on this matter[85]. Given the peculiar feature of the EU legislation procedures, according to which the Commission holds the policy initiation prerogative, i.e. the legislators (the Council of Ministers and the European Parliament) cannot discuss any bill unless it is formally submitted to them by the European Commission, a quite large range of actors were entitled to have a say in the game around the future of ETF.

Other contemporaneous, though more predictable, events were also changing the landscape. In particular the agreed accession of as many as ten countries (rather soon followed by the agreements for Bulgaria and Romania as well) to the European Union were transforming 'clients' of ETF into its constituents, with the right to a seat in the management board of the agency. Financially, these major changes to European governance also meant that important funded programmes, like PHARE, in which ETF used to execute important tasks on behalf of (and financially rewarded by) the Commission were going to disappear. ETF was at the crossroads between 'reinventing' itself or being substantially downsized, possibly even being terminated.

Important for the story we are recounting were also the changes in the way in which the EU was managing its financial interventions in third countries. A major reshuffling of financial instruments (which led to the reduction of funded programmes from about forty to six) in the field of cooperation to development was occurring at the time, and more emphasis was going to be put on earmarked grants. One major shift was that more and more '[T]he money were given directly to the country [hence] it was emerging the need that somebody provided advice to the government of the partner country, in the fields of education economics', in order to assist the governments of third countries recipients of EU funds across the whole of the policy cycle, for supporting the building up of administrative and policy capacity as well as for ensuring that EU money were properly spent (the new approach to cooperation to development was expressed as 'helping the countries help themselves'). The new instruments affected ETF also by demanding of it to perform an advisory role throughout the project cycle of EU external relations projects.

The transforming environment was bringing not just threats, but opportunities as well (at least if actors were to interpret – and grab them - as such). Whilst former accession countries were exiting the scope of ETF, the forming European Neighbourhood Policy was going to make a range of countries enter the scope of interventions of cooperation to development (in the

[83] From the legal point of view, ETF was (re-)established – with a new mandate – in 2008.
[84] The name according to the then extant treaty framework; this is nowadays known as 'ordinary' procedure.
[85] The situation was different when ETF was first established in 1990, as that occurred with a regulation issued by the Council only.

broadest sense) of the EU; and the EU external action was reframed in more ambitious terms than what was afforded by the frameworks provided by programmes like TACIS or MEDA. Another significant contemporaneous event was the growth in prominence in the European public discourse of the 'Lisbon agenda for the competitiveness of Europe' (the agenda set out in a conference held in Lisbon in the year 2000 outlining the path to make Europe 'the most competitive economy in the world'). This programme of reform, marked by a new and distinctive style of policy-making, included concepts like that of 'lifelong learning' and the connected notion of 'lifetime education', an idea that could usefully be appropriated in the rhetoric construction of the new function and role for ETF by the key actors engaged in casting a new role for the agency. The Lisbon process, that had at that time just been started, introduced in the public debate ideas which were giving a new emphasis on vocational training – and a new repertoire of concepts to interpret it, and to pitch policy agendas and reform proposals to it. It is also to be observed that an advisory role was to some extent already encapsulated in the initial mandate of ETF, which suggested that ETF was to become a 'centre of expertise' in the field of vocational education and training. This was also reflected in the initial organisational structure, that included a dedicated unit for policy advice to the Commission, a kind of policy intelligence unit, in charge of providing advice to the Commission (but not to third countries, something which later became instead a core task for ETF); the unit was labelled 'Strategy Unit'. In this sense, a policy advice task was already part of the ETF portfolio since the inception (directed only to the Commission and not to the governments of third countries) but not as a corporate competence, and not expanded to encompass a policy advisory role towards the governments of third countries. Such task was only limitedly executed, however, and in a way detached from the rest of the activities of ETF. The Unit had been abolished in 1999. This finding – that major organisational change has its roots in the deeper past, before 'innovation' starts to be apparent, is consistent with the view that setting a start and an end date in the study of complex organisational change is to some extent always fictional, given the impossibility of 'treating innovations as if they had a clear beginning and a clear end' (Pettigrew et al., 1992, p. 6).

How was ETF to cope with the transforming environment? A decisive intervention came from Mrs Catherine Day, at the time deputy director general and representative of the Directorate General "External Relations" (DG Relex) in the governing board of ETF[86], who was later to become the Secretary General of the Commission under Barroso's terms. The move that turned out to be a watershed event occurred when she sent a letter – specifically, an email - to a range of officials within the Commission, a letter which circulated widely and in which she

[86] The regulation sets to three the number of representative that the Commission appoints to the governing board of ETF, although it only has one vote, like each member state; the chairmanship of the ETF Governing Board is held by the Directorate General Education and Culture – DG EAC – which is the 'DG de tutelle' for ETF, i.e. the DG of the European Commission officially responsible of supervising ETF activities.

outlined a 'vision' for ETF[87]. The main thesis was that ETF had to become an expertise support to the Commission Delegations (present in all third countries), that its task was to shape the education policy of the countries recipient of EU interventions, so that they were 'aligned' with EU goals, and not to monitor, administer, or in other ways be involved in the running of projects, a kind of task that was going to be outsourced for the most part to the administrations of the countries recipient of EU funds. In the letter, she warmly encouraged all DGs and EU Delegations in third countries to cooperate with ETF, in view of EU policies consistency. What was depicted in the letter was a kind of high-level, 'institutional' (given ETF is an official organisation of the EU) policy think tank in charge of supporting the EU partner countries in the formulation of 'better' education policies, and by way of that also shaping such policies in accordance with EU values and policy priorities.

Actors in different DGs of the European Commission reacted differently [88]. In DG Enlargement, the DG in charge of dealing with accession countries to prepare them to become a member of the EU, this envisaged new role and function for ETF was interpreted as an opportunity: ETF could become a very useful aide in preparing the (then) accession countries to make the best use of the European Social Fund (ESF, an important line of funding delivered by the EU in the field of vocational training) after accession. Also executives in other DGs, like DG Enterprise, assumed a benevolent attitude towards this new vision of ETF; similarly the executives in what later became DG Home (in 2008), in which the opportunity to use ETF on migration issues was envisaged. Other Commission Departments, instead, tended to interpret the new proposed role for ETF as a threat to their core business, because of potential overlapping: the new ETF was going to become an increasingly influential actor in the field of the external action of the EU. Still other DGs were more neutral, like the same EAC. This attitude changed when the Neighbourhood Policy came to be fully developed (2006/08), which led to consider the new ETF as a policy-related instrument, hence representing an opportunity for the same DG EAC to have a role in the European Neighbourhood policy, by means of its supervisory role towards this agency, which was mandated to operate - and with an influential function - in this policy field.

Based on the previous account of multiple influential actors crowding around ETF and making their presence be felt, it might be questioned whether ETF did have a role in its own recast, or whether instead the process has ultimately been entirely driven from the outside, determined by a 'deal' reached mainly within the Commission services and agreed by the various actors potentially influential over the process and having a stake in it. On the contrary, certain key actors did lead the agency across this perilous turn. To better appreciate their decisive contribution, we may set the unfolding of their actions against the backdrop of the

[87] The letter was circulated in the year 2000, amongst European Commission officials, but never discussed at ETF Governing Board meetings.

[88] To the benefit of the reader less familiar with the EU polity and administration, it may be noted that the Directorates General of the Commission have traditionally enjoyed a relatively high degree of autonomy (see recently Trondal, 2012), and differentiated positions amongst DGs (also interpretable as turf war) is far from being unusual.

patterns typically followed by policy processes in the EU setting. First, policy proposals are preceded by a formal evaluation. In the case of EU agencies, all of them have to undergo periodic evaluations – though the significance and sometimes the very timing of these evaluations depend on their perceived usage in relation to potential transformations of the governance of such agencies. In the case of ETF, an external evaluation was commissioned in December 2001 to a consultancy named ITAD; the evaluation had as central evaluative question the future tasks and mandate of ETF: 'what does ETF have to do?'. The final report was delivered on the 18th of November, 2002, and officially discussed at the Governing Board meeting held on the 26th of November, 2002. The then director Peter De Rooij and his close aides exploited the opportunity to be entitled to comment on the evaluation report before its final adoption to stress the passage contained in the draft report about the opportuneness to cast a new mandate for ETF. A breach was introduced for triggering the process that eventually led to the recast of the mandate: a Commission document[89] summarised the official position of the Commission reacting to the external evaluation's findings and recommendations; whilst the bulk of the document stressed the importance that ETF aligns more closely its action to Commission priorities (in the terms of enhancing 'coherence with Community priorities and policies'), an important passage (for the purposes of the present study) was the recommendation made for ETF to adopt 'a new clear statement of the overall mission of the Foundation'[90] (although curiously this recommendation was done under the label of 'a new communication strategy for ETF'). Soon after the issuing of the Commission document, the then Director of ETF also intervened in front of the Education Committee of the European Parliament, one of the two legislative bodies of the European Union. At the time, such body was growing in power, due to a series of treaty modifications that enhanced its formally attributed competences, as well as to events of high political significance (like the resignation of the Santer Commission in 1999 in the face of the threat of a vote of no confidence by the Parliament – something which may be quite common in many national parliamentary systems in Europe, but represented a novelty for the European Union, signalling the upgraded political status of the European Parliament). The other legislative body, the Council of Ministers, formed by the governments of the Member State of the European Union, was also targeted by the director of ETF (also by exploiting the opportunity that Member States are represented in the governing board of ETF).

Such 'proactive' stance on the side of the ETF director, however, was not the initial one. The incumbent Peter De Rooij initially reacted negatively to the curbing of the 'project monitoring' role of ETF and the menaced downsizing that could go with it. Later, however, he embraced the change: this was clearly manifested in the way the 2003 major conference promoted by ETF

[89] Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee: the European Training Foundation – Com(2003) 287 final – published on 22 may 2003.

[90] Com(2003) 287 final, page 11.

was led by both director De Rooij and by Peter Grootings [91], the high-level officials that conceived this initiative. In 2003, in fact, an event that marked the collective perception about the need to change, and contributed to give shape to a shared sense of direction, was the Advisory Forum held in November of that year, with partner countries, member states, and the Commission: on that occasion, 'advice was provided that ETF was really at a crossroads'. The subject of the meeting was 'learning matters' and ETF was to combine three sources of knowledge: of policies, of countries, and of EU programmes; and ETF contribution to partner countries came to be conceived as policy learning, as facilitation. The forum turned out to be a central event for ETF itself: a triggering event that catalysed and accelerated learning processes. ETF started to have a conscious perspective, a kind of shared vision about what it was to become. A second forum was held three years later, in 2006: The 2006 forum added to the mix the importance of consulting and of networking in the EU neighbouring countries where ETF was active. The so-called 'Torino' process (ETF is located in Turin, Torino in Italian language), started in 2009, added the notion of evidence-based policy to the mix. In sum, the 2003 forum performed a catalyst function for the strategic turn, whilst the successive events and the triggering of the Torino process performed the complementary function of developing and consolidating the new 'vision' of ETF as provider of policy advice, in more and more sophisticated and 'up-to-date', hence legitimate, ways.

The recasting of the role of ETF as a centre of expertise had already been aired in the year 2000. A series of meetings, formal and informal contacts, and exchanges of view – what in EU terminology is dubbed 'structured dialogue' - took place that year. Indeed, the idea of a potential role of ETF as a centre of expertise was expressed in many passages in the document on ETF mid-term financial perspectives voted by the governing board already in November 2000. However, 'the burning period for the recast of the mandate of the agency was between 2003 and 2008', the former being the year of the first major Advisory Forum, the latter being the year when the legislative organs of the EU – Council of Ministers and European Parliament – eventually enacted the proposal initiated by the European Commission.

The enactment of a new mandate is but one component of the broader process of strategic turn that has seen ETF reposition itself from mainly a service delivery agency to a centre of expertise, a policy advisory agency. The embodiment of the turn also in a 'constitutive act' is no surprise, as formalisation of scope and procedures of action is for EU organisations – like we may assume for all or most public sector organisations - constitutive for defining what proper bureaucratic behaviour is. However, and significantly, already in 2006-07 ETF, upon impulse of the governing board, was acting 'as if' the new regulation was already in place. And the turn was not completed with the new mandate. It is only after the new, and third, director, Madlen Serban (who had been a member of the Governing Board over the period 1997-2007), took

[91] It should be noted that both Mr Peter de Rooij and Mr Peter Grootings passed away prematurely – the reconstruction of what happened during that period thus could only be done by resorting to interviewing other witnesses. Although we feel confident about the recount provided here on the basis of the available empirical evidence, the narrative would surely have importantly benefited from the opportunity to talk in first person to two of the main characters in the story we illustrate.

office in 2009 that the turn of ETF into a full-fledged policy advisory agency came to completion. The so-called 'Torino process' was launched with the purpose of facilitating shared policy analysis and building shared policies priorities based on enhanced stakeholders consultation (within each partner country, between countries at regional level, and amongst all the countries in each area of intervention of ETF). Based on biennial plenary meetings and a range of initiatives, the 'Torino process', for its strong focus on education and vocational policy analysis and the systematic engagement of stakeholders and policy-makers, epitomised the transformation of ETF's role. The 'Torino Process' provided the venue where policy papers for each of the partner countries of ETF were examined, discussed, and consensus by partner countries' high level officials over key aspects of vocational and educational training policy developments reached. In sum, it powerfully contributed to shaping the way in which ETF intervened in the partner countries. The consolidation of the turn was reflected also in a further revamping of the organisational configuration, occurred in 2010-11, that led to the establishment of specialised organisational units, all with advisory functions, closely interacting with the operations department, the main department of ETF in charge of coordinating the teams of advisors of ETF scattered throughout the world in the third countries where ETF operates.

The unfolding of the story that led to the strategic change that occurred at ETF requires recounting another event that turned out to concur to the story: the removal of the programme TEMPUS from ETF, which was taken back to the European Commission (and reassigned to another agency). Such event was indeed interpreted as a menace, and only later came to be appropriated as an opportunity, indeed in the hindsight it came to be collectively interpreted within ETF as serendipity - though at the time was certainly not perceived as such. First mentioned as early as 2000, the removal of the programme TEMPUS from ETF should have started to be operational in 2004, but was postponed and it is only on the 21 November 2006 that the DG *de tutelle* of the Commission for ETF, DG EAC, officially announced the final decision to transfer TEMPUS activities from ETF to an executive agency named Education, Audiovisual and Culture Executive Agency (EACEA), that had to be set up in the meantime. The implementation of the Commission's decision was initially set for the 31 December 2007 and then prolonged to the 30 June 2008, on which date TEMPUS activities executed at ETF ceased. Twenty-three people, about 17.5% of total ETF permanent staff as of 2006, plus ten temporary contracts, were dedicated to administering the monitoring of the TEMPUS programme. What to do with the staff that used to work at TEMPUS, and why did this event later become an opportunity for ETF to acquire the necessary skills required for effectively performing the new advisory role? The starting point is that 'The bargain was: "you keep the budget, we move away the programme, you take care of the people". And we did it, in a number of ways: by having people move internally, to fill ETF vacancies; or by providing career guidance support to find another job (in the Commission, or in the executive agency that took care of TEMPUS); eventually, only two people remained. Only later we could fill ten to twelve new posts to hire

staff with the new skills required (we have also introduced the reserve list of experts)[92]'. The process was quite painful (it passed in a few cases through judiciary appeals) and absorbed most of the energies of the then ETF director Muriel Dunbar. However, eventually executives in ETF managed to obtain that most of the posts could be kept in the organisation chart, and they firmly proceeded to replace the actual staff with new staff possessing the entirely different skills required for a policy advisor role, like education economics. In this way, the adequate expertise substantiating the aspiration of ETF to be entitled for the novel envisaged policy advisory role could be gained, and the 'required' legitimacy for performing the new role could be claimed.

At a different level, another effect of the removal of TEMPUS was that '[It] created sympathy towards ETF, and the need to frame a "deal" with ETF[93]'. In a sense, ETF, which had been taken away a project it had successfully run for about a decade, had to be 'compensated': this further contributed to paving the way for the ambition of ETF to be fully recognised as a centre of expertise for a policy advisory role.

[92] Interview 4.
[93] Interview 3.

Event	***Period***
Peter De Rooij renewed for a second stint as ETF director (1999) – Organisational revamping	1999
'Kinnock reforms' of the Commission – revamping of EU cooperation to development financial instruments – development of the European Neighbourhood Policy – Lisbon agenda for competitiveness of Europe and lifelong learning – accession of Central Eastern and Baltic countries – Catherin Day letter about 'a new mission for ETF' – debate about ETF new mandate – evaluation (2002) and Commission proposal (2003) of ETF new mandate – first 'Advisory Forum' conference with all main stakeholders (2003)	2000-2004
Muriel Dunbar appointed director – organisational revamping – removal of TEMPUS from ETF, reassignment of staff, hiring of new staff – second 'Advisory Forum' conference with all main stakeholders (2006) – new mandate (founding regulation – recast) of ETF enacted	2004-2009
Madlen Serban appointed director – organisational revamping – ETF staff in third countries focused only on policy advice – launch of the 'Torino Process' (series of initiatives and seminars on evidence-based policy in vocational and educational training)	2009-2010
Stakeholder engagement initiatives in partner countries – EU Mid-term Perspective 2010-2013 - implementation of the changes introduced by the 2008 new regulation	2010-

Table 5.2. Overview of events at ETF (2000-2010)

5.3 Interpreting strategic change through the frame of the 'design school'

What form did strategy take? In a number of respects it was explicit: formalised in documents exchanged with the Commission and other EU institutions and approved by the governing board, and later legally recognised in the new constitutive act, adopted by the legislative bodies of the EU. It may also be interpreted as deliberate: from the letter sent out by Mrs Day and addressed to the decision makers involved in the process of recasting the mandate of ETF, to the public auditions made by the then ETF director in front of the competent parliamentary committee, what emerges is that a clear vision for ETF (for what ETF was to become) has been championed by certain key actors since the early phases of the strategic change process. To an important extent, it appears that strategy formed quite early 'in the minds' of certain key actors[94], and that the realised strategy to an important extent overlapped with such intended strategy. In other words, strategy appears to be deliberate and intended (rather than emergent and recognised in retrospection).

The design school (Mintzberg et al., 2009) seems to provide important conceptual tools for interpreting the forming of strategy at ETF during the observed period. The novel and threatening circumstances that took shape at the turn of the millennium were mostly regarded as having determined a misfit between the then extant configuration of ETF and its changing environment, and the shared interpretation of what ETF had to do was expressed in the terms of 'the search for a new niche'.

What also emerges from practitioners' accounts of the change that occurred is an emphasis on the uniqueness of what ETF was going to become: a centre of expertise at the service of both the EU, in championing its educational and vocational model to third countries, and the partner countries, for the support it could provide to the policy process, that had no parallels in other jurisdictions. Whilst it is evident that the uniqueness of what ETF was conceived to become does not necessarily entail that strategy is in itself unique, strategy – mainly intended by the key actors as a 'repositioning in the environment' of the organisation – did come to be conceived and put into effect as 'the search of a specific solution to a specific problem'. The search was conducted without resorting to any kind of generic models picked off the shelf about how to formulate the strategy and find an apt niche, or without looking for exemplars to be replicated; strategy appears to have been conceived as 'bespoke', and this applies both as a participant and as an observer's concept: the search of a specific solution to a specific problem, that is, the fit between an internal configuration (to be adapted to the changing circumstances) and an external configuration (interpreted along the dimensions of the threats and the opportunities stemming from the environment).

[94] Perhaps earlier in a key actor institutionally located outside of the agency, in one DG of the Commission, i.e. in Catherine Day's vision for ETF, than in the chief executive of the agency at the time, who seems to have passed through an initial phase of resisting change before later embracing it – the initial stance having perhaps been that of striving to keep the 'acquired positions', before envisaging in the evolving circumstances an opportunity to be seized, that is, the opportunity to cast a novel and 'upgraded' (in terms of tasks) role for the organisation he was leading.

An important component of the story that has been narrated in the previous section points to the joint action of actors that entered (and exited) the decision opportunities at different points in time as having played a determinant function in steering the re-orientation of the agency. Key actors whose collective action ultimately resulted in the strategic turn of the agency include: the agency director since the establishment of the agency in 1994 Peter De Rooij, during his second non-renewable mandate (1999-2004), his successor and director between 2004-09 Muriel Dunbar, and the agency director over the final part of the observation period, Madlen Serban (2009-); key executives in the agency, close aides of one or more or all three the directors; and Mrs Catherine Day during her stint at DG Relex. The then chairman of the governing board (and Director of DG EAC), Mr Nikolaus Van Den Pas, entered the decision opportunities on a more intermittent basis and shifted over the period from an adversarial to a supportive stance, possibly both having been ultimately beneficial for the strategic turn, at first by setting up an 'external constraint' impelling ETF to change, and then by facilitating the recast of ETF role and mandate, from the important power base he held, i.e. the chairmanship of the governing board of ETF and the direction of the authority of oversight (DG EAC being the DG de tutelle of ETF). *Jointly*, they imagined, built up the capacity, and legitimated a 'new vision' for the agency as a centre of expertise in the field of education and vocational training, supporting the foreign relations of the EU in such field (a field closely interconnected with cooperation to development, an area in which the EU is one of the main actors globally).

We emphasise 'jointly' because the functions of imagining, legitimating and building up the capacity for the new vision to be effected has been performed by the collective action of such actors (i.e., they acted collectively as the designer of the strategy), even though each of them brought only a subset of the 'components' necessary for effecting the new vision. Indeed, they did not necessarily have full agreement amongst themselves, nor did they necessarily behave in consistent and unambiguous ways over the time (March, 1999; Talbot, 2005a). But the courses of action they undertook jointly performed the functions of imagining, legitimating and building up the capacity for the new vision to become reality. In fact, Catherine Day provided the vision for ETF, and strongly legitimated it, at least within the Commission, i.e. the parent administration that wields important oversight powers over ETF. Peter de Rooij and Peter Grootings picked up such vision, elaborated it, and communicated it both internally, towards the personnel of ETF, and externally, towards the members of the European Parliament and the Member States, thus legitimating the new vision. The then director of the DG de tutelle EAC and chairman of the governing board, Nikolaus Van den Pas, further provided the necessary legitimacy for the new role of ETF to be recognised. De Rooij's successor, Mrs Muriel Dunbar, by coping with the major challenge of absorbing the effects of the removal of TEMPUS from ETF, and by setting up the process of acquisition of new skills, strongly contributed to building up the capacities for the new vision to be effected. The ETF director since 2009, Madlen Serban, developed and completed the process of building up the capacities for the new role, getting full recognition and legitimacy by stakeholders, and consolidated change.

Interestingly, some of the actors in this coalition were not in executive positions *within* the agency, although they were, in different forms, involved in the governance of the agency: certain executives in the European Commission have played a key role in the strategic turn of ETF. They have in a certain sense 'adopted' the agency and taken care of its strategic development, acting jointly with key actors within the agency (mainly chief executives and their close aides), ultimately contributing to lead the strategic turn and the repositioning of the agency in the environment. In this sense, such actors have acted collectively as *the* strategist of the agency – an agency that seems to have been a quite easily tractable material in the hands of the architect of the strategy, possibly because of a combination of its relatively small size and limited organisational complexity - which enabled some sort of direct supervision of most of its activities - and its governance structure - which provided opportunities both for those holding the position of executive director of the agency (a post concentrating most decision powers, as it is quite common in EU agencies) and for different actors within the Commission (as the oversight authority) to be legitimated to intervene with a heavy hand in the steering of the agency.

These issues – the governance structure of the agency, and a collective actor performing as the strategist – deserve consideration. First, the configuration of the corporate governance: ETF – like most EU agencies – is an organisation in whose governing board sit representatives from the Commission (more than one, from different DGs, although holding only one voting right), all EU member states, as well as some representatives from the associated countries; there are also three observers (without voting rights) from the partner countries and three independent experts appointed by the European Parliament. Different Directorates General of the European Commission act as stakeholders: services of ETF are delivered to them[95], either directly or indirectly. Some of them, however, are both recipients of services and appointing authorities, since they hold the right to appoint the representatives of the European Commission in the governing board of ETF; one of them, DG EAC, also has the formal supervisory role. This configuration of the governance of the agency provides key executives in those DGs (usually the director general, or one of her/his closest collaborators) with the authority and the institutional resources to enter the decision opportunities in the governing of the agency. Belonging to a Commission DG, however, also entails that the primary loyalty of these executives goes to their DG. Each Commission DG has a distinctive departmental logic of action (Trondal, 2012) and set of interests (however defined and constructed). Such actors will thus contribute to shape the agency strategy also by incorporating into it the logic of action as well as the priorities and interests as defined at departmental level; also, what is considered to be 'appropriate behaviour' (March and Olsen, 1989) in the DG to which s/he belongs will be reflected into the course of action the actor will undertake in order to shape the agency's

[95] In the period of observation, DGs recipients of services were mainly DG Relex (recipient both directly and via EU delegation: at the time EU Delegations – Representations of the EU in third countries – were functionally dependent on DG Relex), DG Employment, DG Enlargement, DG DEVCO (Cooperation to development) and DG EAC.

strategy. This primary loyalty does not preclude the individual to act as a strategist for the agency: a double sense of belonging and loyalty may well be in place; it will shape, however, the way she or he participates to the flow of decisions forming the strategy process of the agency.

Such actors interact with key executives in the agency and - especially in critical junctures in the history of the organisation, e.g. because of threats or pressures put on the agency – they may collectively act to lead strategic change in the agency. The strategist is here not a single person (typically identified in the CEO by the literature on the 'design' school of thought in strategic management), rather a collection of actors entering and exiting over the time the decision opportunities and institutionally located both inside and outside the agency. This phenomenon may be related to an institutional dimension: ETF, like in general EU and many other public agencies, are not autonomous organisations featuring independent governing organs (however affected by environmental pressures), but *semi*-autonomous organisations, constrained in how they operate and mandated in what they can legitimately do by both written regulations and by prescriptions and 'signals' transmitted by a constellations of constituent administrations. Some actors (typically key executives in constituent administrations, chiefly the European Commission, but also administrations of Member States and the European Parliament) may act as part and parcel of the collective strategist; institutional borders may be an improper indicator of who is the strategist: certain actors in the constituent administrations may enter the collective actor that leads the agency, whilst others will not (and their stance towards the agency may be varied - from support to neutrality or indifference to outright opposition – over the time). Equally important features or 'properties' of such process are that different persons may enter the collective action only in certain phases of the strategic change; they may contribute to the different 'functions' of imaging, legitimating and effecting a new vision without necessarily having a collaborative stance towards the other 'members' of the collective actor; and they may not necessarily share the vision in full: they may functionally contribute to effecting it even though they do not necessarily share it *in toto*.

Summing up, the design school provides in many respects an adequate interpretation of important traits of how strategy unfolded at ETF (strategy as 'fit' between internal configuration and external configuration, strategy as deliberate, strategy as unique). However, such theoretical framework assumes one individual to be the pivotal actor, the architect of the strategy - in commercial sector organisations usually identified with the CEO. To this regard, this framework has to be amended to accommodate a collective actor – some of the individuals composing it being institutionally affiliated to other organisations – as 'the strategist', i.e., the leading figure in shaping organisational strategy.

5.4 Alternate interpretive frameworks: the politics of bureaucracy and the bureau-shaping perspectives

Other theoretical perspectives may provide explanations for the trajectory of change undertaken by ETF. The trajectory of administrative change may be read as a consistent set of deliberate attempts along the direction of upgrading the organisation towards the execution of 'high-level' tasks, in the form of policy advice tasks, whilst remaining small in size (see Table 5.3) and staffed with highly-skilled people. This interpretation is in line with the 'bureau-shaping perspective' (James, 2003), a theoretical framework deriving from the blending of Dunleavy's bureau-shaping model and Niskanen's budget maximizing perspective (Dunleavy, 1991; Niskanen, 1971). According to this model, collective strategies are carried out by bureaucrats designed to bring their agency into line with an ideal configuration which confers to the agency both high status and agreeable work tasks and the highest possible level of budget associated with producing output by the department (i.e., the core budget spent by an agency on its own activities, excluding the share of the budget that is passed to others to spend), within the constraint set by political masters contingent on the existing and potential shape of the agency's activities.

The bureau-shaping perspective may also be interpreted as a theory that aims at predicting the kind of form that agencies will tend to have over a given period of time, through successive adjustments under the steering of the senior officials, given the constraints set by elected officials and by exploiting the opportunities that will present themselves. In this respect, the bureau-shaping perspective may be applied for explaining at least organisational shape-related profiles of the agency 'strategy'. Does this theoretical perspective provide any insight with regard to the overall trajectory of change that characterised ETF during the period of observation? As we highlighted at the opening of this section, it appears it does: the end point of the trajectory is one in which policy advice tasks have mostly replaced delivery ones; moreover, organisationally ETF has remained a relatively small-size organisations, with qualified staff, and one in which it is easy to observe a broadly collegiate climate (the kind of 'familiar organisation' for which top bureaucrats as bureau-shapers have a preference, according to the perspective outlined by Dunleavy, 1991). It also managed to maintain its budget (almost entirely composed of the bureau budget, in Dunleavy's terminology) unaltered throughout the observation period – see Table 5.3 - which cross-cuts two financial cycles of the EU: 2000-2006 and 2007-13. Such trajectory may to a significant extent be attributed to the deliberate and consistent (over the time) action of the executives that operated in the agency, advancing such agenda on the different decisional tables in which policy-makers operated (policy-makers being composed of both tenured and elected officials in all three the institutions having a say over the institutional configuration of ETF, namely the European Commission, the Council of Ministers and the European Parliament).

Important qualifications are required, however: significant service delivery tasks like the administering of the programme TEMPUS were not moved out of the agency as an effect of a

deliberate course of action undertaken by the agency's executives, but it was the consequence of a decision taken elsewhere and later interpreted and 'exploited' by key actors having an interest into ETF as an opportunity to (further) transform the agency from a delivery organisation into a provider of policy advice. Whilst the thrust towards the identification of a new niche where ETF could find legitimacy and the adequate conditions to (survive and) thrive has emerged as a thread accompanying the moves of the set of actors having a stake in and actively taking care of the destiny of ETF, it is more difficult to induce from (what can be reconstructed about the) actual actions of key decision-makers the existence of an *a priori* set of deliberate attempts (a sort of innate strategy) all consistently inspired by the pattern of getting rid of delivery tasks to the benefit of acquiring policy tasks and at the same time keeping the agency relatively small in staff size; possibly this state of affairs was entirely the result of the powerful external constraints put on the agency, rather than the outcome of an *a priori* decision-making pattern by agency executives, or possibly it was the outcome of a creative interpretation of suddenly challenging circumstances, a reactive stance that later developed into a full-fledged strategy (strategy is thus not 'innate', rather, it is developmental).

The means adopted to gain a policy advice role was becoming an 'institutional venue' for policy processes in the field of educational and vocational training. The involvement of ETF experts in the formulation of education policies by the governments of countries recipients of EU funds has determined for ETF, through its professionals operating on the field, to become an actor legitimated to intervene in the policy process: ETF experts, albeit to a different extent from country to country and in different periods and circumstances, enter the policy process as providers of contents[96]. Becoming, in the sense just specified, an institutional venue of the policy process is one of the approaches typified in the politics of bureaucracy perspective as theorised by Peters (2010) whereby a bureaucratic organisation may hold a sway over public policy making. However, in the case of ETF it should be noticed the reference is primarily to the education and vocational training policies of the countries *recipients* of EU technical assistance, although the remit of the advisory role of ETF encompasses also supporting in a direct way the European institutions. Thus, regarding EU policies, ETF has not achieved the status of an institutional venue (as it would be the case if it were compulsory for EU institutions to receive the advice of the agency, as part of the procedures of the policy process), rather the services it provides to EU institutions are delivered 'on request', i.e. upon request of the competent EU institution (chiefly, the Commission), which however means that ETF may at times wield an influence over the EU policy-making process. ETF is instead an institutional venue for the policy process of the governments of the partner countries recipient of some form of aid from the EU. With these important qualifications, it may be argued that ETF is indeed a public bureaucracy that has a say in the public policy-making and thus represents, in this respect, an instance of

[96] In the terminology of Kingdon's (2004) famous model of the policy process, ETF experts enter the alternative specification phase: they provide decision-makers with ideas (in the form analyses, evaluations, suggestions and recommendations, warnings, and the like), technically grounded and internationally recognised and legitimate, that when times get ripe for a policy decision to be made, may shape the form such decision will eventually take.

the kind of bureaucratic behaviour analysed and discussed by Guy Peters. However, the behaviour of ETF, its search for a new niche, its interpretation of the changes in the environment and the course of action undertaken as a response to such reading of the changing circumstances cannot be interpreted only through the lens of an adjustment to gain more influence over policy-making. The kind of dynamics that have been observed include a transition from a struggle for survival to a broader search for a new configuration that could allow the agency to achieve recognition, legitimacy, access to regular flows of resources that were no more granted by the environment as a consequence of the major changes that were occurring. Within this more variegated and nuanced picture, gaining influence over public policy-making is but one component, and not necessarily the top priority, of the agency's behaviour, interconnected in complex ways with the other broader dynamics whereby the agency strove for successful adaptation to a transforming environment.

5.5 Discussion: Interpreting the agency organisational behaviour

Theories of bureaucratic behaviour are an important part of the explanation of the agency organisational behaviour, by highlighting aspects we have empirically detected, like the search for replacing delivery with policy tasks, and the deliberate set of consistent attempts to become an institutional venue for the policy process in the field where the agency operates; however, these theories miss an equally if not more significant part not just of the detailed vicissitudes through which such process underwent, but of the actual behaviour of an agency like ETF: how it started the search for a niche, and how it interpreted and reacted to the changing circumstances.

The design school provides an apt theoretical framework: aspects like the very notion of strategy as 'fit' between an internal configuration and an external configuration, strategy as a deliberate exercise, strategy as unique: these features are part and parcel of what we have observed at ETF. It requires qualifications, however. The analysis carried out above points at a redefinition of who the strategist is in such a case. The strategist is better qualified as a collective actor – composed by persons interacting in differentiated ways, entering and exiting the decision opportunities and apparently holding different views that, whilst functionally may be compatible in determining an overall consistent course of action for the agency, are not necessarily entirely harmonious, nor composed into an explicit pact amongst themselves. Moreover, some of the actors did not have a stint in the agency, but in the parent administrations. This qualification may be better understood in relation to the issue of the semi-autonomy of public agencies and the multiple parent administrations EU agencies have, specifically by considering the multiple identities of those in the supervising administration, and poses issue of where the organisational borders have to be drawn for the purposes of defining who the strategist is for semi-autonomous organisations like public agencies operating in the EU setting.

Summing up, the main finding is that the design school, with the qualification of a collective actor acting as the architect of the strategy (rather than the strategist as one individual), does provide explanations for the change that occurred at ETF. The design school as outlined by Mintzberg and Colleagues (2009) is the framework to point to for qualifying how strategy unfolds in an agency possessing the features ETF does and operating under such conditions.

In terms of salient characteristics (Mintzberg, 2007), the strategy developed by ETF at the beginning of the millennium can mainly be interpreted as a repositioning[97], driven by the reaction to a threat (the marginalisation if not outright dismantlement of the agency) that came to be interpreted as an opportunity. Strategy-making behaviour initially had a reactive character, and over the time things lined up – though actors entered and exited the decision processes and had different attitudes, hence the 'composite' character of the strategy process: different elements were added at different moments in time and overall consistency was achieved more in retrospect than ex ante.

In terms of the analytical tools to study the causal chain in the process of strategy change, the social mechanisms of attribution of opportunity and attribution of threat to the new situation and set of circumstances may be hypothesised to have been at work. The attribution of opportunity or threat is an activating mechanism - McAdam, Tarrow and Tilly, 2001, p. 43 and 95 - responsible for the mobilisation of previously inert populations (or social groups in general); it involves (a) invention or importation and (b) diffusion of a shared definition concerning alterations in the likely consequences of possible actions undertaken by some 'political' actors; on the analysis of social mechanisms as the building blocks for a kind of mid-range theorising about social phenomena (see Hedstrom and Swedberg, 1998; Swedberg, 2005). These social mechanisms may be employed – concatenated with other mechanisms like that of positive feedback – in the analysis of the dynamics of strategic change at ETF at the beginning of the new millennium. Evidence from the two cases of strategy-making at EASA (see chapter 6) and ETF considered jointly seem to provide ground for advancing the claim that the social mechanisms of attribution of threat and opportunity represent a useful building block in analysing and interpreting the dynamics of the strategic change process – provided purposive social actors leading strategic change are able to exploit such mechanisms and manipulate them in order to 'impose sense' over the extant circumstances and drive the staff within the agency as well as those around it and interacting with the agency to re-interpret the emerging threat as an opportunity.

[97] Rather than, e.g., an expansion, or a consolidation, etc..

Table 5.3 – annual budget and staff of ETF (1998-2012)

Year	Community subsidy	Number of staff (temporary agents)
1998	15.4m	119
1999	16.2m	124
2000[6]	16 2m	119
2001	16.8m (*B7-664: 9.24m* *B7-033: 7.56m)*	115
2002	16.8m (*B7-664: 12.8m* *B7-033: 4.0m*	105
2003	17.2m (*B7-664: 13.7m* ***Â** 7-033: 3.5m)*	104
2004	17.6m (B7-664:15.1m€ B7-033:2.5m€)	104
2005	18.5m (B7-664: 16m€ B7-033:2.5m€)	104
2006	19.45m (15-03-02 :2.95m€ 15-03-03 :16.5m€)	105
2007	19.7m (15-03-27-01: 15.6m€ 15-03-27-02: 4.1m€)	100
2008	17.98m (15-02-27-01: 14.59M 15-02-27-02: 3.39M)	96
2009	14.77m + 5.10m= 19.87 (15-02-27-01:15.57 15-02-27-02: 4.30)	96
2010	18.28m+ 0.71m=19.99m (15-02-27-01:15.93 15-02-27-02:4.06)	96
2011	20.35m (15-02-27-01: 14.33m 15-02-27-02: 6.02m)	96
2012	20.04m (15-02-27-01: 15.08m 15-02-27-02: 4.96m)	96

Source: ETF. Figures refer to authorised Temporary Agents in the establishment plan (for a definition of temporary agent in the EU setting, see chapter 1). Since the Staff regulations reform, in 2004, ETF has been gradually engaging Contract Agents (CA - the type of employment contract is slightly different, as it is the salary). Over the years 2008-12 CA have been between 30 and 35 posts per year. To complete the picture, a couple of Local Agents (under the Italian labour code) and a variable number (from 1 to 3) of Seconded National Experts on average per year have to be added. The number of total staff (adding up all four the types of contract), this means that that total number has remained stable over the last years at about 130-135. If the Full time equivalent (the number of worked hours divided by a full time working time) is taken into account (the parental or sick leaves, part-time arrangements, or even time of vacancies not covered between resignation/retirement and actual start of new employee), FTEs have been around 128-129 over the final years of the reported period.

Chapter 6. Between globalisation and supranational integration: Strategy-making at the European Aviation Safety Agency

6.1 Introduction

Students of air transport policy have pointed out the major change – of a revolutionary kind – that the EU has brought about at the global level over the past few decades (Kassim and Stevens, 2010). The strategic behaviour of the European Aviation Safety Agency (EASA) has powerfully contributed to make such revolution happen: it is this less known part of the broader story of change in air transport that is recounted here.

In air transport, 'The European Union has brought about a revolution [..] before the creation of the single market, European aviation was characterized by protectionism, collusion, fragmentation [where] Governments used their authority to promote the interests of state-owned 'national champions of the air' [...] Action by the Union has transformed the regulation of the sector. The EU has not only created a regional system, interposed between the national and the global, that is liberal in inspiration, but has displaced a state-centred regime with a multilateral framework of rules that are enforced by a supranational regulatory authority' (Kassim and Stevens, 2010, p. 1), that is, the European Aviation Safety Agency (EASA). As a consequence, 'the Union is an international actor in aviation and not merely an international presence' (Kassim and Stevens, 2010, p. 156). Internally, the EU has developed a new regulatory architecture with 'impact on national policy, policymaking, and the structure of the European industry' (kassim and Stevens, 2010, p. 216).

Within the frame of this major change, EASA has grown over a period of less than ten years (our period of observation spans 2003 to 2012) into a well-respected organisation on the international stage, highly regarded by such organisations like the century-old US Federal Aviation Administration (FAA), and leading the way towards a range of authorities of various countries in aviation safety, protagonist in a period in which statistics in aviation accidents and incidents are at a historic low in Europe (however problematic the attribution of causality to the agency's action may be); an organisation that, moreover, could dramatically expand its tasks and cope with an impressive growth in the assigned competencies over a relatively short time frame (Table 6.1), and an organisation that embodies a story of supranational integration (liked or disliked as this may be) in a decade in which European integration is deemed not to have progressed that far (these events occurred in the period in which a proposed 'constitution' for Europe was rejected, and a less ambitious treaty – the Lisbon treaty – was approved only at the end of a tortuous path). With its annual budget of about 130 million euro and more than 600 staff, EASA has also grown into one of the largest EU agencies.

It has done so thanks to the strategic guidance of its executive director since the establishment of the agency, Mr Patrick Goudou. The story recounted here shows how a (public) entrepreneur led a public agency whose future was (at the time of its establishment) highly uncertain to become a central institution in air transport, at European and global stage. An organisation permeated by a clear sense of direction and perspective ('to become the Federal Aviation Administration of the EU') and equipped with the capacities to implement such vision, a state of affairs that comes out of a set of consistent decisions taken in a fast- moving and often not benign environment.

	Year 2003	Year 2012
Mandate and core tasks	- Exclusive competence on issuing air safety certificates (but no resources to execute such task)	- Exclusive competence on issuing air safety certificates (the execution of such task partly carried out with internal staff resources and partly in outsourcing to National Aviation Authorities, through funding by EASA and the setting up of collaborative arrangements) - Competence in drafting proposals of regulation ('opinions') as well as preparing the technical annexes to EU regulations on air safety - Inspection of national competent authorities to verify correct implementation of EU regulation - Competences extended to air operations flight crew licensing, and to Air Traffic Management (ATM) and aerodromes
Key profiles of relationships with European Commission, Member States (Ministries and Aviation Authorities), European Parliament, Third Countries Aviation Authorities, and the Aviation Industry (carriers, airplane manufacturers)	- Benevolent support by European Commission and Parliament - Limited recognition by National Aviation Authorities - Limited if at all recognition by third countries Aviation Authorities - Strong support by aviation industry	- Composite attitude by European Commission, within the frame of a fundamental stance favourable to 'single sky' and the Europeanisation of air transport policy at large - Supportive attitude by European Parliament - Full recognition by National Aviation Authorities – a varied attitude ranging from preserving national execution of tasks to full embeddedness into EASA-centred network - Full recognition by Third countries Aviation Authorities, notably FAA - Continued strong support by aviation industry
Organisational configuration[98]	- A simple organisational structure, very limited staf (five persons on 31/12/03), direct supervision by the executive director	- A professional bureaucracy, employing over 600 staff and an annual budget of about 130 million euro

Table 6.1: Mandate, key profiles of relationship with stakeholders, and organisational configuration of EASA (2003-2012)

[98] Terminology borrowed from Mintzberg' 'Structure in Fives' (1983)

6.2 The long but rapid march towards becoming the pivotal institution in aviation safety

'Until 1991, safety regulation was carried out by the national authorities of the member states, acting on the basis of guidance agreed with ICAO and ECAC' (Kassim and Stevens, 2010, p. 133), where ICAO is the International Civil Aviation Organisation, a United Nations specialised agency based in Montreal, Canada, representing the forum where National Aviation Authorities gather for regulating aviation, and ECAC is the European Civil Aviation Conference, gathering 44 European states (i.e. encompassing a wider range than the EU) and defining itself an 'an integral part of the ICAO global air transport family[99]'. At that time the world of aviation safety was dominated by national aviation authorities, a key player amongst them being the Federal Aviation Administration (FAA) of the United States of America: though legally bound only to agreements stipulated within ICAO, many national authorities all over the world looked at the federal airworthiness requirements developed by the FAA when drafting their own airworthiness requirements.

In Europe, as outlined by Kassim and Stevens (2010, p. 133), the need to harmonise airworthiness requirements first originated when the British and French aviation authorities had to certify the *Concorde*, the famous supersonic airplane, leading to an association between the two aviation authorities of these two countries. Later, the establishment of Airbus, the consortium of French, German and Spanish aerospace industries, further pushed towards the establishment of a more secure footing for these loose forms of associations amongst European aviation authorities, a process that led to the establishment of the Joint Aviation Authority (henceforth JAA): a network of national aviation authorities (NAAs) set up by a treaty (so-called Cyprus agreement) in 1990 as the associated body of the European Civil Aviation Conference (ECAC). A few years later, '[T]he Community created a partnership with the JAA [..] using Community law to apply the JAA standards that were not legally binding', but '[W]hen that arrangement proved problematic, the Commission blocked the establishment of an autonomous aviation safety authority, and substituted its own proposal for the EASA' (Kassim and Stevens, 2010, p. 132). The Commission thus played a key role in the structural design of the emerging Europeanised policy subsystem. The JAA was superseded by EASA, and eventually terminated in 2009 (with the exception of a branch, an organisation active in training of NAAs staff). The nature of the process of transition from the JAA to EASA is accounted in a study by Pierre and Peters (2009), to which we return at the end of our own account of the development of EASA.

The European Commission and EASA thus represent two organisations that played a decisive role in the development of air safety in Europe, and more broadly of the single European sky. Their relationship, not without struggles or tensions at time, became one of an alliance in view of the overarching goal of having a pan-European system in place: the Europeanization of the aviation sector, which meant to move beyond bilateralism (each country's authorities

[99] https://www.ecac-ceac.org/, accessed 16 October 2012.

negotiating with other countries the respective agreements and arrangements) towards a centrally regulated and steered ('federal') system – something which in the hindsight it may well be claimed to have occurred.

The industry and stakeholders have also been drivers of the process, sustaining centralisation, i.e. Europeanization, of the certification function as well as more generally of the regulation of the field: 'Commission entrepreneurship was important for the development of EC policy, but the Commission position was strengthened by the strong functional case for the centralized coordination of safety regulation and the demonstrable benefits of using Community law to give legislative force to technical requirements developed by specialist bodies outside the Community system' (Kassim and Stevens, 2010, p. 132). Pressures on cross-country concentration in the air transport industry were also driven by the process of liberalisation of air transport, started in the 1980s in the US and that rapidly reached Europe, a process that also paved the way for a multilateral system in which supranational institutions may thrive (Kassim and Stevens, 2010, pp.132-136 in particular): the international dimension had a strong impact over what happened in the EU as well as more broadly on shaping an international regime in which international organisations could flourish; the vice versa also holds true: the EU eventually had a strong impact on global regulation and industry organisation.

Before recounting how EASA developed into a full-fledged, influential agency in the EU and global sector of air transportation, it is briefly presented the governance structure of the agency as designed by the founding regulation (Regulation (EC) No 1592/2002 of the European Parliament and of the Council of 15 July 2002). The agency is run by the executive director, who is the legal representative of the agency, and holds the exclusive signature power – to be wielded 'in full independence' – as regards the key competence that the founding regulation assigns to the agency: the power of issuing the safety certificates, i.e. the authorisation that any airplane must have to land or take off from any EU and associated countries airport (by airplane it is meant the model as manufactured and sold by an air industry firm – Airbus, Boeing, Bombardier, Embraer, and the like – as well as any, even least, intervention made on any individual vehicle operated by an airline). He also holds wide-ranging powers as regards organisation and finance (authorising expenditures) of the agency. The executive director is in charge for a five-year renewable once stint. There are four other directors, in charge of the main areas of activity of the agency (from the issuing of certification to the drafting of regulation, to standardisation; and financial affairs). According to regulation, the four directors are appointed by the management board, whilst all other appointments within the agency are made by the executive director. The process of appointment of the executive director unfolds through various stages: the European Commission is charged to draft and publish the vacancy notice (recruitment) and shortlist the candidates; the director is then selected out of the short list (or rejected, if no suitable candidate could be identified) by the 'management board' of the agency, where member states sit, to then be eventually appointed by the European Parliament (notably the competent Transport and Tourism Committee').

The management board holds a general oversight responsibility, mainly in relation to the approval of the budget and the annual Work Programme. It is a relatively large body, where EU Member States and a few other partner countries are represented (together with a representative of the European Commission). Specifically, each country sends a representative and an 'alternate' (a substitute); importantly, they come either from the ministry of transport (or equivalent denomination) or from the National Aviation Authority (NAA) – an important difference lying in the fact that NAAs are subject to EASA scrutiny, since the second main competence of EASA next to the issuing of certifications is inspection of compliance with EU regulation by national authorities. More often, it is NAAs to sit in the management board. A major difference from certification is that in this area EASA has a shared competence: in the case an infringement of rules is detected, the responsibility to open a procedure for infringement lies with the Commission. Important acts approved by the management board include the level of the fees that EASA may charge for processing an application of request of certification: such fees represent an important part of the agency's budget (about two-thirds), and accounting rules prescribe that certification tasks must be financed only with the fees collected. The chairman of the Management Board has a bi- or triennial appointment (during the observation period two chairmen were in charge: Mr Thilo Schmidt over the period 2003-08, and Mr Michael Smethers over the period 2009-12). There is also an Advisory Board, a consultative body where interested parties take part, and the management board also approves the composition of such advisory board.

The third main competence of EASA (see Table 6.1) regards the drafting of proposals of regulation (formally these are 'opinions' issued at the end of wide consultation procedures, that the Commission then adopts as a proposal of regulation – but the drafting of the text is under the remit of the agency) as well as preparing the technical annexes to EU regulations on air safety. Proposals of regulation go through the legislating procedures known as 'comitology' (mostly), or the ordinary procedure (during most of the observation period, till 2009, this was known with the name of co- decision procedure), where appropriate.

A competent directorate is in charge for each of the three main areas of competence of EASA: Certification Directorate, Rulemaking Directorate, Approvals and Standardisation Directorate. The fourth directorate, established in 2008 and not 'compulsorily' imposed by the regulation that prescribes a distinct organisational unit for each main competence, is in charge of finance, whilst personnel management has always been under the direct responsibility of the executive director over the period of observation of our study.

In the European Commission, during the observation period the competent Directorate General (DG) was DG MOVE [100], a large Directorate General in charge of mobility and transportation affairs. Like every DG of the European Commission, the organisational articulation is based upon divisions, named Directorates, and in particular the competent Directorate was Directorate E, and within it the competent Organisational Unit was E3, but also

[100] Official denomination at the end of the observation period.

Units E1 and E2 were interlocutors, in the 'single umbrella, unique approach' which was at the heart of the policy strategy of the Commission[101] regarding air transport.

The organisational development of EASA may be interpreted as unfolding along four phases (see Table 6.2). The first one started in 2003, with the establishment of EASA in provisional premises in Brussels, and ended in 2006, when EASA overcame a financial crisis (determined by a tough confrontation with National Aviation Authorities about the system of fees in place), and by that time the agency, operating at full steam in its Cologne premises, had gained the legitimacy of its main stakeholders and interlocutors: primarily the aircraft industry and the same National Aviation Authorities (and not just those of EU Member states but also others like the powerful US Federal Aviation Administration). Pierre and Peters (2009) have studied the process of recognition and acceptance of EASA by its environment ('the environment's perception of the institution as appropriate, both by the public and by the private institutions present in the policy field'), and they interpret it as a process of institutionalisation paralleled by a process of deinstitutionalisation of the previously existing institutional arrangement, namely the JAA (we discuss their account, and contrast it with the account provided here, in a subsequent section). The second phase spans 2006-08, a period marked by a turbulent and impressive growth in the competencies and decision powers of the agency, epitomised in the 2008 recasting of the mandate of the agency and accompanied by the significant increase of the financial and personnel resources administered by the agency, and concluded by the renewal of the executive director, Mr Patrick Goudou, in the stint for the subsequent five-year term. The third phase encompasses 2009-2010 and may be placed under the label of the 'consolidation' of the agency in its recognised role in aviation safety and the running of its operations according to a balance that includes also a significant component of in-house activities (as we shall see, when the agency started it had to outsource the entirety of its tasks, with the sole exception of the very act of issuance of the authorisation to fly). Although further expansion in new areas also started (like air traffic management), the main thrust of this period seems to have been one of equipping for operating in a new mood, more intergovernmental and less supranational, hence in an environment less favourable to the task expansion of a supranational agency. These traits became even more marked in the fourth and final period (2011-12), a period of budgetary cuts for NAAs and foreseen cutbacks for EASA that as backlash affected the interrelationships between NAAs and EASA.

Following up the enactment of the founding regulation, the agency was materially established the following year (2003) in Brussels. The first person to be hired was the executive director[102], Mr Patrick Goudou, a French national, with a graduation in engineering at the

[101] In the new areas of competence entrusted to EASA by the 2009 amendment to the founding regulation (Air Traffic Management and aerodromes), also Units E4 and E5 became interlocutors (i.e.: EAS had interdependences and interactions with the whole air transport Directorate).

[102] The process of appointment unfolded in far from a smooth manner: as reported by Busuioc and Groenleer (2012, p. 135) ''the board (despite strong pressure) rejected the candidate [the candidate initially proposed by the Commission] and started the procedure again'.

prestigious *Ecole Polytechnique* and a significant experience in the French public administration, notably in the defence sector. A military by training and career, before joining EASA he had reached the higher hierarchical tiers in the French *Armée*. He held previous responsibilities especially in the area of procurement, and ran a large service organisation of the defence sector.

Within the framework of the mandated tasks assigned by the founding regulation and the partly conflicting expectations about what the agency was to become (in certain countries the view that EASA would not have a future was widely held, and even recruiting staff from those countries proved difficult), the newly appointed director had to imagine a vision for EASA, and to carry it through. There was indeed an exemplar at hand: the Federal Aviation Administration (FAA) of the United States of America. Whilst the differences between a composite supranational politico-institutional architecture like the EU and a nation state like the US were crystal clear to the director as well as the other executives, the FAA could well represent a model, maybe unreachable unless perhaps in the very long term[103], but a normative model to look at, a perspective that might inspire behaviours and provide consistency to organisational decisions over the time: 'to become the European FAA' became the shared motto to depict the future of EASA. And indeed the FAA proved supportive to EASA: it signed up in 2005, when EASA was moving its first steps, an agreement for setting up close collaboration with the agency, an event which provided recognition and legitimacy to EASA (as an FAA official put it: 'it is good to have a one-stop shop for the whole of Europe'[104]). This agreement was followed up by successive arrangements, including a bilateral EU-US agreement for exercising certain tasks in a joint way, embodied in the Certification Oversight Committee. The significance of such agreement can hardly be overestimated: it did not just as constitute a working partnership, but it signalled to EASA's stakeholders, thereby including the agency's staff, the model towards which the agency was heading – indeed the vision for EASA. The agreement with the FAA, and all the other collaborative arrangements set up with it, were all highlighted in the director's corridor at the 16th floor of the Cologne headquarters, put in frames and hanging well visible to whoever visited him or his close aides.

At about the same time (2004), the process of recruiting the staff of the agency started, and the executive director was heavily engaged in the selection process, chairing the competent committees. Due to his unique status of having been the first person to be hired by the agency after its establishment, and to have directly or indirectly supervised the process of appointment of each of the staff that entered the agency over the subsequent years, Mr Goudou came to be perceived not just as the formal hierarchical top of the organisation but also, and significantly, as 'the founder' of the organisation, the one that everybody when joining the agency recognised as the ultimate boss, the leader which moulded the organisation, 'authoritative' for his charismatic leadership next to being the top formal hierarchical authority. This perception

[103] 'Unreachable' in terms of its remit, decision powers, size, and budget (around 15 billion US$ per year).
[104] Interview 3.

was mightily affected by Patrick Goudou's strong leadership style, unanimously deemed by all those whom I interviewed as 'strongly oriented to decision-making'.

Other important actors in the development of the agency over the years since 2004 have been the directors of key departments who had been in charge since the establishment of the agency, like Messrs Francesco Banal (head of Standardisation Department since the establishment[105] and till the end of 2011) and Norbert Lohl (head of Certification Department since the establishment). Another actor needs to be mentioned: Mr Claude Probst. An official at the European Commission before joining EASA, he powerfully contributed to shaping the vision of a single European sky, that came to be labelled SES ('Single European Sky'), namely the Europeanisation of the competence on all affairs that deal with the regulation of air transport – a vision that permeated both the policy strategy of the European Commission in the sector, and the strategy of EASA since its early days. In this respect, Claude Probst acted as both the policy entrepreneur as regards the field of aviation in the EU, and the ideologist of EASA, although the actual leadership of the agency was always firmly in the hands of the executive director. Probst was very keen on having a full-fledged, independent, federal agency to run aviation safety affairs in Europe, as part of a broader view of a single European sky governed at the federal, i.e. EU, level. Such stance elicited some tensions and at times acrimony amongst national authorities. Mr Probst retired in 2009, whilst continuing to serve as a consultant for some time after his retirement. He was replaced by Mr Jules Kneepkens, who aimed at some form of 'appeasement' with NAAs and whose main thrust in the way he led the department was in the direction of eliciting and sustaining consensus for the proposals of regulation elaborated by the agency amongst national aviation authorities as well as more generally among all stakeholders (that had over the time grown in number with the enlargement of the agency's competences), thus setting aside the more confrontational stance adopted by Mr Probst in the early years of the agency.

The starting phase proved quite challenging: 'The initial phase, which lasted three to four years, was very difficult. EASA was going to take over the responsibilities of the NAAs, some of them with a very long history and significant capabilities, in important tasks they had been running for many years' (Interview 6). The founding regulation assigned to EASA the formal decision power of issuing certifications (the authorisation to fly in the EU necessary for any aircraft, both for entry into commerce and any time a technical modification is made to the aircraft), and the agency was entrusted with the execution of such task to start on the 1st of September 2003: 6,000 certification requests per year were expected to be processesd. But at the beginning EASA had no capacities in terms of available skills and expertise to perform the technical controls; hence it had to outsource to the National Aviation Authorities the entire execution of the activities, whilst remaining legally responsible for issuing the pertinent authorisation. In these challenging circumstances, Patrick Goudou took up all the administrative risk of signing acts on whose preparatory phase he did not have the full control, as they were

[105] After a previously appointed manager did not take up the stint.

carried out entirely outside the organisation - an organisation that at that time did not have even the least resources to monitor such outsourced processes; had he not taken upon himself such risk, the agency would have been very likely to run into an irreversible legitimacy crisis (if applicants had been denied a response to their application beyond a reasonable amount of time, they – manufacturers, air carriers – would have soon become vocal and an obvious course of action would have been to advocate a return back to national aviation authorities, as investments of millions or billions of euro in a new aircraft cannot afford to wait for too long before commercialisation takes place).

In order to build up internal capacities, the recruitment process was done hurriedly. Most of the new staff came from the JAA headquarters as well as from NAAs – where the experts in the field (overall limited in number, in a very technical, highly specialised field like aviation safety) were employed. With the building up of internal capacities, the agency senior managers also gained some leverage, by being able to be more selective in resorting to outsourcing and, especially, having the buffer resources necessary to cope with tight deadlines and unexpected peaks of work[106]. Also the relocation from Brussels to Cologne proved challenging, and concerns were raised about the attractiveness of the agency to the potential staff, about whether professionals in the field would be willing to relocate from their extant workplace scattered throughout the different countries to a 'central' location, which was however outside the common location of EU institutions, that is, Brussels.

Another challenge came from the funding arrangement. Part of the activities of the agency were entirely funded from the EU budget: these relate mainly to the 'standardisation' (the enforcement of air safety regulation in all EU countries and – in a more indirect fashion - neighbouring countries as well) and the rule-making part. In other words, for executing the tasks of formulating technical proposals about the regulation of air safety (proposals that the Commission has then to adopt, and Member States – often jointly with the European Parliament – eventually enact) and for the inspection on compliance by NAAs of EU regulation, funds are transferred from the Commission budget. For the certification activities, instead, funding is fee-based. Accounting rules prescribed that funds could not be transferred from one part to the other one of the agency: an adequate level of revenues deriving from the fees was thus crucial for the execution of the certification tasks, the core competence that was transferred from the national to the European level. Encashment processes were also crucial, as at the beginning the agency did not have reserves, nor could it use money earmarked for regulation tasks. The level of fees was to be set by EU regulation, upon approval by the management board, and too low a

[106] As illustrated in Table 6.1, this state of affairs was replaced, three to four years later, by one in which EASA runs the task of issuing certificates partly by means of in-house arrangements (i.e.: processing all the application with internal staff – enough also to cope with peaks of activity) and partly through outsourcing to NAAs. Amongst NAAs, over the time, two clusters have tended to form, one formed mainly but not necessarily by the aviation authorities of larger countries that tend to still run an important share of the processing of applications (the final power of issuance lying firmly with EASA), whilst in many instances in the second cluster (mainly though not necessarily aviation authorities of countries smaller in size) tasks have entirely been transferred to the 'centre', i.e. EASA processes directly all the applications.

level might have meant the impossibility to ensure the coverage for the recruitment of staff, although the situation was made more complex by the fact that with the revenues associated to the fees the agency paid the National Aviation Authorities to which the same agency had outsourced the tasks. The situation was quite critical: 'EASA had a very low point in 2005: the Financial regulation was a complete failure, it was in disarray and at risk of financial collapse' (Interview 6). Eventually, the tenacity of Patrick Goudou and the EASA executives paid off as the revision of fees in 2006 led to setting them at an 'adequate' level, in the sense that they allowed the survival and subsequent development of the agency. In the process of fee revision, Mr Goudou was sustained by the Commission representative in the management board, as well as by the industry, quite influential over national authorities; sector industries, in fact, gauged the increased costs of higher fees against the much higher benefits of having a single certification issued by just one authority, rather than several applications to be submitted to dozens of national authorities, answering with a different timing, and at times providing substantially different responses. EASA could thus overcome this difficult passage and enter a period of rapid growth that lasted for the two subsequent years. Later in 2009 the executive director, supported by the newly appointed director of the Finance Department, set up a time management system based on an ERP (Enterprise Resource Planning – an automated information system) that enabled more effective project cost calculation; the adoption of such tool, coupled with extensive consultation with manufacturers and other clients of EASA, allowed to gain increased acceptance by the industry as concerns the level at which fees and charges were set (fees are supposed to cover the full cost of the certification process). It also supported the deployment of a cascading system of allocation of formal objectives to the staff.

The founding regulation of EASA was centred on the certification function. However, it also provided for the same EASA to draft proposals that the European Commission may adopt and submit to the legislative organs of the EU (the Council of Ministers and the European Parliament) for recasting the regulation in order to extend to other domains the scope of the activity of the agency. The founding regulation of 2002 was in this respect shrewdly crafted from the point of view of both the European Commission, that had a fundamental orientation regarding air transport, namely to make it a European, supranational competence, and the European Parliament Transport Committee, which 'was very keen on having the qualification of "technical independence" associated to the role of the executive director' (Interview 4) and provided for another provision that proved influential on subsequent developments, namely that the director of the agency was entrusted full discretion in issuing certification as well as generally in representing the agency and deciding on resources. These provisions 'opened the door' to successive adjustments of the mandate in order to widely enlarge the scope of the agency (a process which at times has been labelled '*self-tasking*', although it should be noted that all changes to EASA regulation are enacted by the legislative bodies of the EU, and EASA does not hold any power to autonomously modify its tasks), a process that was matched by a development of administrative capacities under the steering of the executive director. After EASA reached 'cruise speed' in issuing certifications, the expansion of the scope of its

competences was put at the top of the agenda by the executive director. The fully-funded (by the Commission budget) Rulemaking Department was the organisational unit institutionally in charge of preparing air safety draft regulations and opinions, proposals that the European Commission was keen to submit to the Council and the Parliament (or to committees in which such bodies are represented, when regulations were at the level of secondary rather than primary legislation). The accumulation of new regulations governing aviation safety ultimately required, from a legal point of view, that the mandate of the agency be recast, in order to enable it to execute the tasks assigned by the same regulations. The recast was eventually carried out in 2008.

The growth in competencies also meant an enlargement of the range of the stakeholders with whom EASA engaged; especially the interactions with the associations representative of the interests of aircraft pilots[107] meant that EASA started to interact with subjects beyond the community of aeronautical engineers: 'between engineers, we [at EASA] understand them [at NAAs], and they understand us. When we started to operate more systematically with other categories of stakeholders, we needed to partly re-arrange our way of interacting' (interview 1). Another line of expansion was represented by the development of forms of collaboration, on a more 'voluntary' base, with the national aviation authorities of third countries, including especially though not exclusively neighbouring countries for the EU with which air connections are frequent (in the Balkans, the Mediterranean area, and the like). Especially in the area of standardisation, developments had taken place, with enhanced intensity in the years towards the end of the observation period (2010-12). Both expansions (task and staff) brought into the organisation multiple professional identities, considered as not fully amalgamated (various interviews); most of the staff had to move from national public administrations to the European one: 'many people are still on the way of 'Europeanising', i.e. assuming the attitude of listening to the reasons of the others and reaching consensus in a very complex environment' (Interview 2).

Back to 2008, the year also marked the renewal in office of Patrick Goudou as executive director of EASA. It was, however, also the year that started a global financial crisis: even though investments in new aircrafts are long-term projects, and various studies[108] insisted on the long-term growth of the air transportation market, the expectation that air carriers could postpone certain projects meant that the trend towards a continued growth of revenues could not necessarily last. Moreover, key executives perceived a new mood to take roots in Europe, centred more on intergovernmentalism and less on supranationalism. The case that triggered the change of perceptions was the opinion (i.e. a proposal of regulation, in EU terminology) issued by EASA in 2008 on 'Flight Time Limitations and Flight Crew Licensing' (Interview 4). After wide discussions with the representative associations, the agency put forward a proposal of regulation of the matter: '[W]e knew that member states were against, but we proceeded' (Interview 4). This occurred in a period in which various previous proposals had been drafted

[107] Chiefly ECA, the European Cockpit Association.
[108] Recalled in the business plan of EASA (various years).

by the agency and successfully transformed into regulation: there was a sort of expectation that all proposals made by the agency were to find their way. Instead, 'it ended that the proposal was actually taken out [scrapped]'. It was a cold shower, but '[W]e learnt from it: we took it as an input to learn how to prevent such situations in the future' (Interview 4). This marked a more cautious, anticipatory (of the likely reaction of member states, especially the most powerful ones) style of operating by the agency, centred on communicating in advance (through seminars, workshops, and the like). EASA executives adopted a stance more marked by explicit and continuous search of consensus: they adapted to the evolved circumstances, more tilted towards intergovernmentalism rather than allegiance to supranational authorities, but did so without fundamentally altering the orientation to expand the tasks of the agency and 'Europeanise' the field of aviation safety, as witnessed also by the continued flow of substantive proposals of regulation the agency continued to elaborate.

In 2009, an alternation in the chairmanship of the management board of EASA occurred, when Mr Michael Smeethers, at the time vice-chairman of EASA management board, replaced Mr Thilo Schmidt, since the establishment and till that time the chairman. Thilo Schmidt, an aeronautics expert from the German NAA, was deeply committed to creating a climate of collaboration and consensus between EASA and national authorities, and he had cast for the management board a role quite detached from everyday management. The new chairman, a University of Cambridge-laureate British civil servant who had spent the second half of his career in the aviation sector, adopted a more 'interventionist' style, making the management board to enter more into the cogs and wheels of the functioning of the machinery of an organisation that had meanwhile been recruiting hundreds of staff (over 600 at the end of the observation period) and expanded its budget (to over 130 million), and to assert itself as the place where key decisions are taken (also symbolically: all the agency directors, that in the past used to sit at the presidency table next to the executive director and the chairman during the management board meetings, were placed in the third circle of the round table, behind member states representatives and their substitutes). New working groups were set up within the management board that came to supervise more closely the operations of EASA. The central actor in the strategy process since the establishment of the agency, the 'founder' and executive director Patrick Goudou, came to be more proactively flanked by a more interventionist management board chairman.

The year 2009 also marked another adjustment to the EASA regulation, an extension of the mandate entrusting the agency with powers on aerodromes and air traffic management (ATM), although it should be noted that as of 2012 only for the latter the ensuing implementing regulation had been approved, and the process was deemed to linger: 'The transition phase for EASA will last till about 2015' (Interview 6), signalling the strong perceptions by all actors within and surrounding the agency that setting up a new institutional and policy system in which the agency has a pivotal role was a long and far from smooth process.

A fourth phase may be identified, one that unfolds over the period 2010-12. A period of budgetary cuts for NAAs, and of looming cuts to the EASA budget, as a consequence of the

fiscal crisis in Europe and the euro-zone (although, as pointed out by a senior executive, 'the forecasts are that manufacturers will continue their investments in new products, hence on the fees side that impact of the crisis should not be relevant', Interview 3). After the 'appeasement' between EASA and NAAs that followed up the redefinition of fees and the staffing of EASA, some tensions surfaced again. The object of the contest was what came to be perceived as 'the excessive administrative burden imposed upon national authorities by the "standardisation" compliance procedure', especially in terms of the oversight requirements (oversight by the NAAs towards the operators under their supervision) as imposed by EU regulation (interviews 6 and 7). Such perception was exacerbated by the fact that NAAs budgets started to be buffeted by the financial and fiscal crisis. The impact on NAAs was differential, however: for countries that had a long tradition of self-rule in this area, the new safety regulations came to be superimposed upon them; for other countries (especially the ones in central Eastern Europe that used to be under communist rule), the new procedures embodied a brand new system for operating air safety that was not contrasted with a previous one (there was no 'we had the best system in the world and now we need to comply with rules flowing from Brussels' syndrome, rather they previously had quite outdated and out-fashioned systems and the new rules were generally welcomed as a modernisation). Moreover and crucially, a number of smaller (in size) countries found it more convenient to transfer the running of many tasks to EASA, to have functions be run centrally (at European level) rather than build the capabilities to cope with new tasks (or old tasks regulated in a novel way) in an industry that was also putting additional pressures over safety authorities, notably due to the dramatic growth of no-frills airlines (commonly known as 'low-cost' carriers), which represented a kind of air carrier that, especially regarding their maintenance routines, may put strong pressures over authorities in charge of air safety.

These circumstances came to be interpreted as an opportunity by EASA top managers, as a form of 'differential speed integration' whereby EASA was, on the one hand, developing the capabilities to run centrally important functions, and was going to actually do so for those national administrations willing to surrender such functions, whilst on the other hand the new risk-based approach to air safety management that was incubating in the debate of that period could represent a way of accommodating NAAs requests of reducing the administrative burden (under risk-based management of safety, the frequency of controls is driven by the assessment of the degree of risk of fatal or other accident caused by a certain area of operations of an aircraft, rather than requiring all checks to be made with a pre-assigned frequency all times; moreover, it enhances the degree of delegation of safety controls to the industry). Running at the central level key functions and steering them by means of a different approach were part and parcel of what came to be considered as the 'necessary further federalisation' of air safety management. At the same time, new technologies that may enable pilots to choose more freely the most convenient route rather than sticking to pre-defined routes and asking for permission if a deviation is deemed proper or necessary (e.g., because of a thunderstorm along the trajectory) were emerging, and the agency could be a natural candidate to play a pivotal role in

setting the rules for the new system of air control that would emerge out of it, something which was deemed to be a public function by the agency executives[109]. The executive director was aiming at reshaping the organisation to make it fit for the new challenges, as well as in many respect to rejuvenate it, for refreshing the entrepreneurial spirit of the first years.

It was also a phase in which the transition to a new executive director replacing the founder and the person who more than anybody else contributed to give shape to the agency was looming ahead. To what extent was this event going to affect the position and the same 'status' of EASA? The feelings amongst those who had powerfully contributed to set the agency up and develop it were overall positive, much in the spirit of a 'mission accomplished': 'EASA has now taken deep roots'; 'I think it [EASA] is no more reversible' (Interview 3). A strong feeling that the European (and, with it, the global) system of air safety had been reshaped as an effect of the way EASA developed was present to all those who made it happen.

[109] Alternative views are obviously possible, like in the field of ICT where internet domains are assigned by privately run organisation and not by a public authority.

Main traits of the phase	***Period***
First phase: Starting up operations, recruiting staff, outsourcing to National Aviation Authorities, facing and overcoming the revenues crisis (new fees regulation)	2003-06
Second phase: Expansion of tasks (culminated in 2008 recast of the mandate) and resources (funding, staff). Renewal of term of office of the Executive Director	2006-08
Third phase: Consolidation of running activities. Rejection of Flight Time Limitations and Crew Flight Licensing proposal: a new attitude marks rulemaking proposals. New Chairman of Management Board appointed	2009-10
Fourth phase: Financial and fiscal crisis deepens and strikes hard on NAAs, urging a reorganisation of labour division between EASA and NAAs (mostly in the direction of a shift of responsibilities from NAAs to EASA)	2011-12

Table 6.2. Overview of events at EASA (2003-12)

The forming of strategy at EASA emerges as characterised by certain traits. First, there seems to have been strong consciousness among practitioners about the significance of 'strategy' for the development of the agency. The term 'strategy' has a meaning for the social actors involved, not just for scholarly beholders of the agency behaviour: it is also an actors' meaning to understand the phenomenon of their own organisation in action[110].

Second, and notable, strategy has been shaped since the inception by the executive director and 'founder' of the agency: EASA has grown (in size, tasks, 'power', and status) together with him and affected in fundamental ways by his bold leadership and consistent course of action (summed up in the statement 'once he has decided, he always keeps his stance', as I have repeatedly been told during the interviews conducted at the agency). There seems to be room for interpretation along the lines of the entrepreneurial school of thought, in which vision, and

[110] This is especially significant given the overall thrust of this research project grounded in qualitative research is exploratory about strategy forming in EU agencies, since '[Q]ualitative research addresses questions about how social experience is created and given meaning and produces representations of the world that make the world visible (Denzin & Lincoln, 2000: 3 – on actors' meanings, Gephart 2004, 455; Denzin & Lincoln, 1994: 2].

cognitive processes, of the leader (and founder) are key ingredients (Mintzberg et al., 2009, chapter 5).

Third, and in many respects a consequence of the previous point, there seems to have been like three 'levels', like concentric circles, of strategy: the 'very core' strategy, not discussed nor communicated, mainly in the mind of the director and possibly a very few close collaborators (Head of Cabinet, a few key executives); the undisclosed but discussed strategy, the one that to an important extent is elaborated during the executive team's meetings (weekly short meetings, plus on a yearly basis a couple of two-day meetings dedicated to strategy 'formulation') and embodied in an undisclosed strategic plan (short and, in the words of the interviewees, it is that plan what is called 'the strategy' of the agency); and the communicated strategy embodied in the business plan, a five-year rolling plan, updated on a yearly basis. An important 'glue' for interconnecting these levels is the vision of EASA as 'the European Federal Aviation Administration': it is a powerful image and represents a clear, inspiring vision about what the agency should become - something which is both simple and easy to grasp, and desirable and energising, a target that beckons. At the same time, it allows the strategy to be both deliberate and emergent: deliberate in its broad traits, by communicating a strong sense of direction, emergent in its details 'so that these can be adapted en route' (Mintzberg et al., 2009, chapter 5), as it happened with the business plan over the years.

Fourth, all the 'strategy paraphernalia' that can be detected in many large commercial sector organisations soon came to be in place: strategy meetings (two per year, devoted to discussing issues like the long-term impact of the economic and financial crises on the air transport industry), and 'exercises in strategic foresight'; a five-year plan based on a long-term strategic foresight; a cascading system of allocation of objectives supported by an integrated information system (based on ERP – Enterprise Resource Planning – technologies). The agency has also adopted a specific 'motto' as its official vision: "Ever safer and greener civil aviation" as well as a clearly specified mission: "Our mission is to foster and provide efficiently for the highest common standard of civil aviation safety and environmental protection, through a total system approach, in Europe and worldwide". However, this set of tools may well contribute to providing legitimacy to an organisation that aims to be recognised as a modern, 'cutting-edge' agency in the European landscape, as well as support tactical decision-making (e.g., cost information provided by the integrated information system that may be used for strengthening the agency's negotiating position regarding fees; or examination of specific issues like the effects of trends in the air transport industry for the activities and workload allocation within the agency), but the locus of strategy is elsewhere, in the mind of the strategist, and the substantive content of strategy is other than the however important and carefully crafted business plan.

6.3 Interpreting strategic change through the frame of the 'entrepreneurial school of thought' in strategic management

Mintzberg and Colleagues (2009, chapter 5) have enlarged the array of the perspectives whereby to study the strategy process by conceptualising (on the basis of a wide range of previous contributions to literature) the so-called 'entrepreneurial school of thought in strategic management'. The main traits of strategy according to such school have been reviewed in section 3.3. We consider this school, to our knowledge so far never employed to interpret and analyse the behaviour of public sector organisations, to have a significant explanatory power in the EASA case.

There seem to be some preconditions, detected in the EASA case, for the executive director to act as the entrepreneur, imagine the vision for her/his organisation, and lead it to an impressive growth, in a challenging environment, over a relatively limited time frame. The pre-conditions we have detected in the case, which (in a theory-building/hypotheses generation fashion) may perhaps be interpreted – properly elaborated - more generally as pre-conditions for the applicability of the entrepreneurial school of thought in strategic management in certain public sector settings, are the following ones. First, it may be observed that the chief executive was also the 'founder' of the organisation, in the sense of the first person to be hired by it and for some time the only one. Although obviously in 'modern', 'weberian' bureaucracies the direction of a public office can only be 'held' – under the rule of law, and for a definite time frame - and never be owned[111], the circumstances of being the first and for some time the only person to be hired by the organisation, to have a certain time frame ahead as the chief executive (in the case, the five-years renewable once term of stint) and to have been in charge of human resources – first of all the recruitment process since the inception (meaning that for all staff the executive director was 'the person who hired you, the only person to have always commanded in the organisation, the person that everybody recognises as the boss') – reproduced quite peculiar[112] conditions that resemble those of the entrepreneur after s/he has established and set up his/her organisation (although with the important difference that there is an explicit time limit to the appointment in the case of public sector organisations, a point to which we return in due course). Of course such 'external' conditions need to be matched by the personal leadership skills of the person who happens to operate in such circumstances – something which undoubtedly occurred in the EASA case, guided by a talented and charismatic executive director since 2003. We should also add that, differently from privately-owned organisations, not only there is generally a pre-set time limit to renewals in the stint[113], but transition and the handing over of chief responsibility is forced in public sector organisations

[111] As it used to be the case under the *ancien régime*, in Europe and elsewhere in the world when dignitaries used to own the right and duty to perform a public function in a personal fashion, an could even sell it at a given price

[112] But by far not unique: only in the set of EU agencies and administrative authorities, about forty have been created over the two decades since 1990, and for an important time lapse many of them have been led by their first executive director.

[113] At least in liberal-democratic regimes.

and it is a process that cannot be controlled by the 'founder' (no matter how much s/he would like it).

There is another ingredient, however, to be added to the recipe for reproducing the circumstances of the entrepreneurial school: formal authority. The executive director in EASA enjoys (given the corporate governance configuration of the agency) an impressive degree of autonomy in the exercise of his technical responsibility (chiefly, to grant or withhold a certificate of airworthiness), and, like most other EU agencies, the director holds and concentrates significant organisational powers. In other words, directors in EU agencies enjoy a high degree of formal authority which, even though it probably cannot be equalled to that entrusted to many entrepreneurs towards the privately-owned organisation they have established under commercial law, can nonetheless be likened to it. In other words, such organisations are relatively malleable (formal constraints notwithstanding) in the hands of the chief executive – which is one of the traits of the entrepreneurial school.

From the above picture, it ensues that organisational circumstances combined with leadership skills have provided the authoritativeness and the authority - hence the power base - for the exercise of the entrepreneurial role in leading the organisation by exploiting opportunities that arose in the environment (also by taking the appropriate dose of risk), envisioning the future of the organisation, energising and mobilising the people in and around it – all such things having been done in a public sector organisation in ways not too dissimilar from those detected by the literature in the entrepreneurial school for private sector organisations.

There is, of course, one fundamental difference between a narrative along the lines of the entrepreneurial school as it has developed so far applied to commercial sector organisations (for an exemplar, see the account of the retail chain set up by Sam Steinberg, starting from a small grocery in Montreal, Canada, by Mintzberg and Waters, 1982) and the one that could be developed, based on cases like the one here recounted, for the public sector: office holding expires, differently from entrepreneurs who (not always and necessarily, but quite often) own their own creature, but analogously to those managers in commercial sector organisations that act as entrepreneurs even though they are appointed and do not control by means of property rights the organisation. Those who own their organisation also in legal terms, in terms of holding a right of property over it, may potentially lead their creature throughout the whole of their working life (at times coinciding with life tout court), although many times this does not happen and disruptions or other fortuitous circumstances may lead to them handing over the control of the organisation they had set up. In public sector organisations in modern times, consensus in the governing and appointing bodies (in the EASA case, the management board, as well as, for the appointment of the director, the European Commission and Parliament) must be maintained over the time, and especially at critical junctures like the renewal of the term of office; and there is often (and surely in all instances as regards EU agencies) a limit to the renewal of the mandates for the chief executive. This is perhaps one of the most significant differences between entrepreneurship in the public sector when contrasted with the

private/commercial sector. Whilst surely we do not underestimate the wide range of major differences between public and private organisations - from the ultimate goal to the 'rules of the game' to the very foundation of the legitimacy of organisational action[114] (indeed the author of the present work is siding with those who believe that 'the public and the private sector are fundamentally alike in all *unimportant* respects') - with specific regard to the objective of this study (explaining strategy formation, and exploring the potential theoretical contribution of schools of thought in strategic management) it is to be pointed out that that the entrepreneurial school of thought has a significant explanatory power for public organisations – under the conditions identified above. The main difference between entrepreneurs in the private sector, especially when they are the founder of the enterprise and property rights ensure them legal control over their creature, and entrepreneurs in the public sector[115] rather lies in the statutory limitations to office holding. Public entrepreneurs have an 'expiry date' (and generally no entitlement to organise succession) and have to act within such timeframe: they have to deploy their skills and energies within such horizon, and are faced with the challenge to 'act within constrained time frame'. This is a defining feature of entrepreneurship in the public sector. The specifics of how it is articulated in actual cases hinges upon the governance structure of the organisation under consideration. However, time limitation has interesting potential implications if we ponder speculatively what the entrepreneurial school has to say about the 'duration in office' of the entrepreneur. On the one hand, there seems to be some degree of agreement in the literature about the relatively less relevant role of the entrepreneur as the organisation grows larger. On the other hand, the same leadership skills and behaviours that may be apt for driving successful growth of the organisation in its initial circumstances or around perilous turns, may in other circumstances and in the longer run sow the seeds of inappropriate behaviours, ultimately damaging the very organisation that they have contributed to create and that at an earlier stage made it grow. Speculatively, it may be argued that the distinctive context of the public sector ('[A] distinction between public and private management is virtually axiomatic; the two sectors are constituted in fundamentally different ways, one through sovereign mandate, the other through individual initiative, enabled but not mandated nor directed by the state', see Lynn, 2006, p.4), and specifically provisions about statutory temporal limitations to office holding, also prevent those risks that are associated with visionary leadership being exercised 'lifelong', and the limitations of an organisation depending too heavily on one man only in charge.

What kind of entrepreneur was capable of shaping such an organisation? He possessed a number of the traits that are often associated with entrepreneurship: risk-taking [116] ;

[114] In the long list of the authoritative commentaries on this, see Lynn, 2006.

[115] At least in those liberal democratic political regimes where office holding is regulated by the law and it is never the personal ownership of some powerful 'notable', as may be the case in clientelistic/patronage systems.

[116] That has been observed when, at the start up of the agency, he took the legal and administrative responsibilities of signing hundreds of airworthiness certifications (be them approvals or denials) based on the results of the preliminary investigation inquest work entirely outsourced to national authorities (when the agency at the beginning did not have staff to carry out the tasks in house). There were at the

authoritativeness; a firm grasp over organisational processes; a capacity to formulate and communicate a clear vision that could mobilise people ('we are the European FAA'); commitment to work very hard. Next to this, he had a number of traits that may perhaps be associated to his specific background and career path[117]: a strong sense of the *service public* (in the French sense, entailing a strong sense of the pre-eminence of the public service, within the frame of an administrative tradition – the Napoleonic one - in which the state is entrusted the role of a guiding force of society, see Peters, 2008); an orientation to keep a firm grasp on all key dossiers; an emphasis on confidentiality, that at times could be perceived as leading to some form of secrecy (something which may have derived also from the organisational environment of the agency, specifically the EU institutional setting, in which the emphasis on confidentiality is driven by the threat of leaking, a powerful and often used weapon in the 'Brussels village').

In this section we have argued about the explanatory power of the entrepreneurial school in providing an apt interpretation of strategy formation at EASA. Such explanatory power, however, has to be tested by contrasting the interpretation provided by this school with alternative interpretations. In the next section we discuss perspectives rooted in economics and public administration/bureaucratic theory. Preliminarily, however, it appears sensible to contrast the interpretation we have provided so far with the one that could be provided by a (in many respects) neighbouring school of thought in strategic management, namely the design school. The design school too identifies in the chief executive the 'architect' of the strategy, and conceives of strategy as a deliberate process, whilst avoiding the pitfalls of identifying strategy with detailed plans by keeping strategy 'simple and informal' (Mintzberg et al., 2009, chap. 2). It tends, however, to lack the energising power of a vision – something which instead clearly emerged in the EASA case. Moreover, it tends to put emphasis on an *a priori* knowledge of the organisation's strengths and weaknesses that, combined with the analysis (that too ex ante) of the opportunities and threats emerging from the environment, allows to identify a good 'fit' between the organisation and the environment: but the challenges to its survival that EASA had to face were unlikely to be easily accommodated into such a priori analyses, rather requiring intuition, constant adaptation and reshaping of a docile organisation to the mutable environment. It may perhaps be that in certain respects the difference between the entrepreneurial school and the design school is a matter of emphasis: however, in the EASA case the accent has surely to be put on the characteristics of the forming of the strategy highlighted by the entrepreneurial school rather than on those constituting the core traits of the design school.

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time expectations that that was not going to happen, and that the finger could be pointed towards the agency failing in accomplishing its tasks, and damaging the industry because of its delays. This did not occur also due to the determination of the executive director, as recognised by anybody I interviewed.

[117] Although the analysis of the formative period over the traits of the entrepreneur is an intellectual task that lies outside the remit of the present research work.

6.4 Alternate interpretive frameworks: the politics of bureaucracy and the bureau-shaping perspectives

In line with our overall framework of analysis of EU agencies, we resort to theoretical perspectives drawn from economics and political science to interpret the organisational dynamics detected in the EASA case. Starting from the bureau-shaping perspective, according to this model, collective strategies carried out by bureaucrats in bureau-shaping go beyond budget maximisation and combine it with a search for high status and agreeable work tasks. This pattern of behaviour, which may be interpreted as a sort of 'innate strategy' that all bureaucrats tend to adopt, appears however to have a limited interpretive power in the case studied. At the core of the bureau-shaping perspective there is the idea of a set of deliberate attempts along the direction of upgrading the organisation towards the execution of 'high-level' tasks, in the form of policy advice tasks, whilst remaining small in size. Whilst the function of drafting technical regulations (a form of policy advisory task) is a task that the agency actively pursued and developed, there seems to have been no consistent set of deliberate attempts in the direction of 'getting rid' of operational activities: on the contrary, executives of the agency actively engaged to make EASA a large 'delivery organisation'. Organisational growth is indeed a goal in the entrepreneurial school ('Let's face it […] We're empire builders. The tremendous compulsion and obsession is not to make money, but to build an empire', from *Fortune*, 1956, cited in Mintzberg et al. 2009, chapter 5), rather than in the bureau-shaping perspective, although this dimension is more difficult to disentangle when the overall budget of the agency coincides with the bureau budget, which represents the only component that bureau-shapers have an interest in maximising, as is the case of EASA, and in such circumstances there is also room for an alternate interpretation of bureaucrats maximising their utility function by achieving a higher operational budget, though this occurs to a certain extent to the detriment of the proportion of policy work time (see James, 2003, pp. 27-30 in particular). Although it appears proper to leave this alternate interpretation open, overall it appears that the bureau-shaping perspective has at most a partial explanatory power in the case history of EASA.

We can turn to the politics of bureaucracy perspective, in the way theorised by Guy Peters (2010, 6th edition). There is evidence of a strategic alliance with the European Commission pursued by EASA in order for it to become the institutional venue where the drafting of new regulation in the field of aviation safety takes place, and such 'drafting of regulation' function has been used in attentive ways (especially after the crew licensing case), heedful of legislators' interests at stake. Becoming a venue where policy drafting takes place is one of the strategies public bureaucracies may employ to gain influence over the policy process. However, the objective of influencing the policy process was pursued alongside a range of other goals: enhanced autonomy, indeed independence (Carpenter, 2001); organisational growth; a recognised legitimate and central position in the European and global landscape. A composite set of goals that cannot be boiled down only to affecting policy in the relevant field of air transport, though that was part of the picture.

The entrepreneurial approach (attentive to the plurality of goals the entrepreneur may pursue, emphasising the richness of a unifying vision for energising personnel and providing them with a sense of direction, heedful to the variation in circumstances under which organisational growth may unfold) may provide a more apt and embracing interpretation of the strategy of EASA than the sort of 'innate strategies' suggested by these two other perspectives.

With specific regard to aviation safety in Europe, there is another contribution that Guy Peters together with another prominent scholar like Jon Pierre have provided. It regards the transition from a horizontal arrangement like the JAA, gathering national aviation authorities in a form of inter-organisational collaboration, to an institutionalised, 'central' organisation like EASA. It is to their account of institutional change 'from a club to a bureaucracy', and the interpretation they provide, that we now turn.

6.5 An account of the 'exogenous dimension of institutionalisation' in the transition from the JAA to EASA: complementarities with the strategic management perspective and discussion

In a 2009 article, Pierre and Peters recounted the case of the regulatory transition from the JAA to EASA, interpreting it through the lenses of what they deem to be the too often forgotten dimension of institutionalisation: its exogenous dimension, that is, 'the degree to which the organizational environment accepts, tolerates and complies with the emerging institution, and [..] the degree to which exogenous expectations, norms and practices become internalized by the institution' (Pierre and Peters, 2009, p. 337).

The core focus of their account is the dissolution of JAA, and what drove its replacement by EASA, alongside with the acceptance by stakeholders and the environment at large of the same EASA. At the core of the argument proposed in their analysis of external institutionalisation there are the two interconnected statements that, first, a highly institutionalised environment as the one faced by a regulatory organisation like EASA may ultimately require of the organisation a complete institutionalisation (at least a much more complete institutionalisation than would be in a loosely structured environment); and, second, that the environment 'is important but does not become so until it is perceived and interpreted by actors within the institution, especially by *entrepreneurs* attempting to foster greater integration' (Pierre and Peters, 2009, p. 339, emphasis added), a concept reiterated later when they claim that 'institutionalization should be seen as a set of contingent choices made by actors, rather than as some type of natural evolution of organizational life' (ibidem, p. 342). Whilst these assumptions are very much in line with the analysis we develop, the respective accounts diverge in the focus: the contribution by Pierre and Peters is interested in the process of deinstitutionalisation of the JAA ('how is it that it disappeared and was replaced by EASA?') and how this paved the way for the institutionalisation of EASA, whilst it is short of illustrating how EASA developed, and specifically

how 'entrepreneurs interpreted the environment and fostered greater integration', which is what we have done in the present piece of research.

Their account then illustrates the shortcomings of the JAA that have led to its demise (deinstitutionalisation and replacement by EASA), namely: the lack of accountability towards an elected assembly (leading the Authors to consider that 'the key logic of the JAA's regulatory activity […] is a logic which is predicated on the active or passive support or consent of the political leadership at the nation-state level', ibidem, p. 345); the consensual style of decision-making, which meant that a single participant could block a regulation; and, crucially, the lack of legal authority to impose a single European system of requirements over national regulations ('the JAA was a failure because it had proved to be unable to impose uniform standards for the airlines and for the airplane industry [and] failure to ensure compliance is a fatal blow against any regulatory regime', ibidem, p. 349). There were indeed, during the 1990s, debates about the opportunity to entrust the JAA with regulatory powers (Kassim and Stevens, 2010; also Interview 6): consensus, however, could not be reached on this would-be institutional arrangement.

These problems, endogenous to the JAA, combined with the interests of the industry 'to have uniformity legally licensed and imposed on the aircraft manufacturing industry as that would significantly contribute to an economy of scale' (ibidem, p. 351 – an element we have encountered in the account of the development of EASA), as well as a process of functional integration of the European Union; in other words, the Authors argue that the process of European integration has taken, in the specific mood of the 2000s in which the public agency form proved highly popular, the form of 'integration through agencification': the establishment of a (supranational) public agency by the main European supranational institution, namely the Commission, to regulate increased transnational interdependency (the underlying theoretical perspective is the one proposed by Sandholtz and Stone Sweet, 1998, who theorise supranational governance as a revisited form of neo-functionalism to explain European integration, centred on the two components of, first, the role of supranational institutions and, second, increased transnational interdependence as the joint drivers of European integration). Integration through agencification as the possible, perhaps probable, route for European integration to continue also in the 2000s is the moral of the story that can be drawn.

In the final part of their contribution, the Authors discuss the extent to which the establishment of EASA has altered the relationships between the institutional actors involved, bringing supranational institutions like the Commission and the same EASA in a central position, and national authorities still very influential but in many respects in a more subordinate position, acting as the operative arms of the supranational regulatory authority. They also point to issues that lingered, like the feeling of being excluded by those countries that belonged to the JAA but are not part of the EU – an issue that has been tackled partly in the institutional design of EASA (whose management board enrols also non-EU countries like Norway), and partly in the very strategy of EASA, that has engaged into forms of close cooperation with the aviation authorities of neighbouring countries, especially in the area of the standardisation of

routines. In another, more evaluative in thrust, account of EASA's action in the early years, as regards the standardisation task and specifically the on-the-field inspections by EASA of NAAs procedures, Groenleer and colleagues (2010) point to a 'more limited' than expected 'added value' of EASA when contrasted with expectations about the contribution EASA might have provided (see also Schout, 2012). We register the findings of these contributions and, whilst noticing it is placed at a different level than our study (evaluative rather than analytic, hence the two studies are – strictly speaking – incommensurable), we also point out that the 'light touch' approach in inspections deployed by EASA may perhaps find a more convenient interpretation by considering this 'soft approach' as being part of the broader strategy of consolidating the status and legitimate status of EASA in the other core areas of certification and rule and at the same time avoiding triggering further strains with NAAs in 'inspections', a very sensitive area for NAAs. In other words, evaluative studies may lose sight of the big picture, which gets clearer when the overall strategy process is analysed. Moreover, the area of inspection is one in which the development of a logic of partnership and of forms of socialisation of staff between European and national agencies (as also highlighted by Groenleer et al., 2010) are key success factors for the agency to consolidate its role in the long-run in that area.

Summing up, we argue that the account by Pierre and Peters of the transition from the JAA to EASA and its subsequent institutionalisation -which represents in a certain sense the backstage against which to set the scene of the development of EASA – may be interpreted as complementary to the present work that provides an account (descriptive and analytical) of how an entrepreneur interpreted the environment and actually led EASA to institutionalisation: it is this gap that the present study fills.

6.6 Discussion: interpreting the agency organisational behaviour

What is the contribution that the theoretical approaches introduced above have provided to the understanding of the behaviour of the EASA agency?

It has been observed that perspectives rooted in traditional studies of public bureaucracy, like the bureau-shaping approach and the politics of bureaucracy perspective, seem to possess only limited or partial explanatory power in this case. Why? The interpretation with which we side is that a perspective from strategic management appears more apt to capture the richness of the developmental dynamics occurred at EASA over the observed period. Indeed, the entrepreneurial school of thought appears capable of providing an interpretation that goes beyond the logic of 'innate strategies', whereby actors operate in a maximising logic and do so to some extent irrespective of the multiple, composite and at times contradictory circumstances within which they have to operate. The growth in size, tasks, legitimacy, the proactive stance taken by EASA, occurred by passing through varying circumstances and not void of defeats and rollbacks that have required learning and adaptation to be overcome, are something which is

difficult to capture with the sole theoretical repertoire of utility-maximisation logics, as is the case of the bureau-shaping perspective. At the same time, there is nothing mechanistic in the development of EASA, which is not the product of a natural evolution of organisational life; rather, the leadership of key executives, and notably the entrepreneurial action of its executive director, have powerfully contributed to shape what EASA has become. There seems to be room for visionary leadership in public sector organisations, also in non-elective ones like agencies (the visionary being in such case not some kind of charismatic politician moulded by political contest but a bureaucrat whose identity, values, and skills are forged by the career paths they undertake within the public sector, specifically, in the EASA case, the French one). On the basis of what we observed, it may be argued that sophisticated treatments of strategic management that draw on a broad social science perspective can be most fruitfully applied to a complex public sector setting like the EU.

As further consideration, and descriptively, in order to address the 'what is the substantive content[118] of the strategy' question, in terms of salient characteristics (Mintzberg, 2007), the EASA strategy may be interpreted as one of constant and systematic expansion (i.e., the basic thrust was expansion) and its main attribute (Mintzberg proposes as illustrative list of attributes of a strategy the following: conservative, hedge, defensive, bold, flexible) was 'boldness' (something which may be appreciated especially if we consider that an agency is bestowed, all in all, only an instrumental status and does not hold the 'ultimate power' of changing the law, depending on other bodies' approval for getting its mandate to be expanded). We have identified four phases of development of the strategy: they can be seen as closely interrelated – indeed we should probably talk of one strategy that developed across different sets of circumstances (from straightforwardly adverse at the beginning, then passing through a period of appeasement between 2006-08, to then become again more 'competitive' when shortage of resources loomed, due to the financial and fiscal crises), rather than of multiple strategies (i.e., periods are not periods of change in strategy, rather the unfolding of a basic strategic orientation). The form that strategy took was partly explicit and partly implicit: as discussed above, there have been like three 'levels' of strategy: the 'very core' strategy, not discussed nor communicated, mainly in the mind of the director and possibly a very few close collaborators; the undisclosed but discussed strategy, the one that to an important extent is elaborated during the executive team's meetings and embodied in an undisclosed strategic plan; and the communicated strategy embodied in the business plan. Formal analysis provided a contribution to the strategy-making process, at least to some extent (e.g.: when simulations about the likely trends in the certification market were made, simulations that turned out to be encouraging in terms of long term expansion of the market, and that highlighted the possibility for EASA to further centralise, i.e. make in-house, the certification task partly decentralised to national authorities), as did the paraphernalia of strategic management that was set up with great care and in a very 'managerial' fashion (a form of management by objectives supported by tools like

[118] 'Content' as 'opposed' to the analysis of the *process* of strategy formation.

the ERP); but the core, the key feature of strategy was managerial personality: the entrepreneurial kind of leadership wielded by the executive director.

Analytically, in terms of the conceptual tools that may be employed to explain the underlying causal texture of the case history recounted, the story we have outlined is one in which purposive social action and specifically the pattern of consistent decisions and actions undertaken by the executive director and 'entrepreneur' of EASA explains how the agency could sail in dangerous seas. As part of the analysis, it may tentatively be hypothesised that the social mechanism of positive feedback may have played a role in explaining continued and sustained action to enhance its status and competences. Positive feedback may be described as self-reinforcing cycle pitched to perceived initial successes in gaining new competencies and establishing EASA as the sole European authority in certain domains, perceived successes that have fed back and reinforced successive attempts by EASA executives to further develop the competencies and remit of the agency, and so on – at least over certain periods of the story (whilst such mechanism has at certain times been defused or unpowered by events like the rejection in 2008 of the 'Flight Time Limitations and Pilot Crew Licensing' proposal put forward by EASA and voted down by the Member States in the competent Council formation, events that triggered learning processes that led the agency to adapt to the more stringent constraints set to its room for manoeuvre in proposing innovative legislation, especially when such regulatory proposals regarded professional categories beyond the narrow community of aeronautics engineers and the issues at stake went beyond the strictly technical issues in aircraft safety). The mechanism of positive feedback may thus be added to the social mechanism of attribution of opportunity and threat (hypothesised to be at work in the unfolding of the strategy process in the ETF case - see chapter 5) in the set of conceptual tools to analyse processes of strategy formation in EU agencies.

Chapter 7. The Power of Ideas: The European Research Council Executive Agency

7.1 Introduction

The programme IDEAS took shape as part of the 7th planning period, started in the year 2007, of the Framework Programme whereby the EU administers its research policy. The EU is an important actor in research, a policy sector that represents one of the largest items in the Community budget. As the name suggests, at the core of the IDEAS funding scheme was the very simple idea that 'the big ideas that have made the history of mankind have first been in one mind': funding of research - the reasoning followed – should help ideas with a high potential of being conducive to novel discoveries to get a chance of being experimented. The success factor for such a policy was the ability to recognise ideas with a high potential, and give a chance to a large array of ideas by avoiding any *a priori* prescription about what areas or topics would be funded. The arrangement for the effective implementation of such a policy required setting up a system for the evaluation of project proposals in all possible thematic areas and originating, at least in principle, from all over the scientific community.

The European Research Council (ERC) was set up by the European Commission as the institutional framework to implement the IDEAS programme. It is a research funding body that has been entrusted the goal of fostering frontier research to be carried out in Europe (not necessarily by European nationals[119]). It consists of a Scientific Council and an Executive Agency. The Scientific Council is composed of up to twenty-two members, eminent scientists across various disciplines, and it is intended to somehow 'represent' the whole of the scientific community: to make the needs of the scientific community be expressed and translated into the criteria whereby the grants are allocated. The Executive Agency, named ERCEA (European Research Council Executive Agency), is in charge of running all the operational tasks for the functioning of the funding scheme.

The conception of the IDEAS programme may be dated back to the beginning of the 2000s, when the proposal of a programme entirely dedicated to funding 'frontier research' was raised. A debated issue at the time lay in determining what was going to be the 'European added value' of such funding scheme. In fact, the assumption was that EU funding should support research done at EU-level,: collaboration of researchers institutionally located across Europe was supposed to be the proper approach to reap benefits (brought about by the European scale) that otherwise would not be achieved – but research done by individuals on their own was difficult to locate in such a frame. The turning point was when 'competing at European

[119] Provided the project is developed in one EU or associated country, proposals may come from all over the world, irrespective of nationality and country of current employment of the proponent.

scale' – rather than only within national borders –came to be recognised as a specific 'added' value brought about by the European dimension, which could assure that money were going to be granted to the best proposals out of a larger population of applications from which to select than it would be the case in the segmented national arenas of research. Particularly the British government took a position favourable towards this programme, which was endorsed by the European Commission – with the executive agency as the chosen institutional form - and approved by the legislative bodies (Council of Ministers and European Parliament), enabling its start up within the 7th framework Programme, in 2007.

IDEAS represented a truly novel programme and had during its initial years an impressive growth, approaching the figure of three thousand research projects run over a time span of less than six years, and a budget of 1.8 billion euro per year reached in 2013, following up a steep increase in the assigned budget, a figure which means that IDEAS came to represent more than 1% of the entire community budget. The ERC has become, in a remarkably short time span, an authoritative voice in the European research policy and a report issued at mid-2011 by the High Level Task Force - a group set up in 2010 with the mandate to produce options for a lasting legal and organisational structure of the ERC – is not flattering in stating that:

> "The European Research Council (ERC) has been a recognised success of the 7th Framework programme, having established itself as an indispensable component of the European Research Area with a high reputation for the quality and efficiency of its operations [..] At the same time, the ERC provides a powerful dynamic for driving up the quality of the overall European research system. The ERC's international peer review evaluation provides a gold standard for national systems. Several countries have introduced reforms to their national systems based on the ERC model and/or launched schemes to fund runners-up in the ERC calls. And the prestige of hosting ERC Principal Investigators is also leading to intensifying competition between Europe's universities and other research organisations to offer the most attractive conditions for top researchers." (High Level Task Force Report, p. 4).

What led to such a 'success' story? Was it just the shrewd design of the public programme to determine its success, or was there more to it? What is strategy for an organisation pervasively steered by its parent administration like an EU executive agency (a legal form which prescribes temporality, i.e. a limitation to the time frame of the agency connected to the length of the programme it is mandated to implement, and which requires to operate under strict supervision by the Commission)? And where is the locus of strategy in a governance architecture that prescribes, on the one hand, an independent Scientific Council - formed exclusively of scientists - as not just the guarantor of the highest scientific standards but also as the 'playmaker' in the organisation of programme delivery, and on the other hand an Executive Agency to perform as its organisational basis that is mainly led by Commission officials seconded on a temporary basis and entrusted with a significant degree of autonomy in managerial decisions? In order to address these questions and examine how strategy formed in the ERC case, we first narrate the story (schematised in Table 7.1) that has brought to the development of the ERC and ERCEA (next section). Alternate explanatory frameworks are then employed to interpret the empirical

evidence. As we shall see, the design school of thought in strategic management turns out to make sense of an important part of the story, if such framework is properly qualified (specifically with regard to the issue of who the strategist is, and hence where the locus of strategy lies). Finally, certain implications are discussed.

	Year 2007	Year 2012
Mandate and core tasks	- Administering the IDEAS programme research funds: Starting Grant (Advanced Grant since 2008)	- Administering the IDEAS research funds: Starting grant; Consolidator grant; Advanced grant; Synergy grant; Proof of Concept grant
Key profiles of relationships with European Commission, Member States and research funding agencies, European Parliament, scientific community and stakeholders	- A very detailed Memorandum of Understanding (MoU) between European Commission and ERCEA constrains autonomy in the exercise of tasks by ERCEA - "out of the radar" of national research funding agencies - total administered budget around 350 million euro	- MoU replaced by 'light touch regulation', in the form of an 'Operational Guidelines' document, and associated to an enhanced role for the Steering Committee of the agency - policy and personnel management autonomy from European Commission - "well in the radar" of national research funding agencies - Widely recognised by scientific community (e.g. used by some universities for assessment and career progression) - Total administered budget approaches 1.8 billion euro
Organisational configuration	- Simple organisation, *in nuce* traits of professional bureaucracy; small in size (a few dozens staff) - Governance architecture centred on Scientific Council, its Board and Secretary General, and Director of dedicated Directorate in DG RTD (in September 2008 a Steering Committee is established to oversee the transition to the ERCEA, administratively autonomous since 2009); the President of the Scientific Council provides its service on a part-time basis, remaining in the roles of her/his research institution	- A *sui generis* professional bureaucracy; around 380 staff, and a range of over 75 panels (each composed by about 15 scientists acting as evaluators) for selecting research project proposals - Governance architecture centred on Scientific Council and the Agency Director; new design of governance (to start in 2014) centred on a quasi full-time Brussels-based President of the Scientific Council

Table 7.1. Mandate, Key profiles of relationship with stakeholders, and organisational configuration of the ERC (scientific Council and ERCEA) (2007-2012)

7.2 An Idea becomes centre stage in European research policy

The establishment of the IDEAS programme required the European Commission to proceed to the appointment of the members of the Scientific Council of the ERC. The first round of appointments was carried out in the year 2005 by a 'high level' panel of independent experts, set up by the European Commission, who identified the first set of incumbents. The ERC and with it its Scientific Council officially started in 2007, at the time administratively supported by four units of the Directorate General Research and Technological Development (DG RTD) of the European Commission. Whilst some of the selected members were already acquainted to the EU machinery of research programmes, in their capacity as beneficiaries of EU-funded research projects they had previously carried out, all those prominent scholars were chosen for their scientific achievements, bringing with them 'a vision which was totally scientific', hence likely to have little consideration of the mechanics of the EU research policy. The term of office in the post of Scientific Council member was set by the regulation to four years renewable once, but the initial stints had different length, to ensure partial replacement in successive rounds, in order to avoid disruptions in the workings of the body. In 2010 an independent Standing Committee, composed of six personalities from the research scene was appointed, with the mandate to identify new members for the staged renewal of the Scientific Council members and maintain a pool of candidates for future replacements of Scientific Council members[120].

The initial governance architecture of the ERC[121] assigned to the Scientific Council the role of guarantor of the scientific standing and consistency in the implementation of the IDEAS programme. The scientific Council was entrusted the final word in defining the criteria whereby the ERC funding schemes were going to operate: it was in a sense 'entrusted the entire envelope' (to use a practitioners' expression), that is, the significant amount of financial resources with which IDEAS was going to be endowed. One of its main tasks lay in identifying the lists of experts for the panels in charge of assessing the proposals and awarding the grants to the selected research proposals, and in setting the guidelines according to which such panels had to operate. It soon became common practice for the Scientific Council to meet five times a year (the plenary), two of which in a locality of Europe outside Brussels. Other organs of the Scientific Council as designed by the founding Decision were the President and the Two Vice Presidents, and the Secretary General. A "Board" was also later set up as a smaller group to which decisions were delegated in-between two successive meetings and that also did part of the preparatory work for the meetings of the Scientific Council. It used to meet every month; on occasion of the meetings of the scientific Council it also convened the evening before. It was made of five members: the President, the two Vice presidents of the Scientific Council, the Secretary General of the Scientific Council, and the Director of the Executive Agency; also the directors of the three departments of the agency were usually invited to attend. The Secretary General of the ERC Scientific Council also had an operational role, in assuring on a day-to-day

[120] http://erc.europa.eu/about-erc/organisation/identification-committee (accessed 22 November 2012).
[121] Commission Decision 2007/134/EC.

basis the effective cooperation with the Executive Agency and the European Commission. The secretary General was appointed by the Scientific Council, selected from the same members of the Scientific Council.

The works of the Scientific Council were initially supported by a dedicated unit in DG RTD, a role that was later performed by a unit which also reported directly to the Director of the Executive Agency, when ERCEA took over the tasks as the 'dedicated Implementation structure'. The work done by the European commission unit (at the time directed by Mr William Cannell) during the initial years, when the IDEAS programme was administered directly by the Commission (2007-2008), was deemed to be influential in facilitating the forming of a cohesive way of working by the Scientific Council (interview 2). Over the time, the Scientific Council set to operate also through Working Groups (WGs) and Standing Committees (SCs). In particular, the four WGs, each dealing with one issue (the gender issue in the number of applications received; the involvement of non-European researchers; the development of relations with the industry; and open access), did part of the preparatory work, leaving to the Board to 'call the shots' and setting the agenda for the meeting of the plenary; the two SCs were concerned one with the staffing of panels (producing lists of potential members for the post of panellist) and the other one with dealing with conflict of interest and misconduct (by panellists as well as by the ERC-grantees) issues. On all matters, only the plenary remained entitled to make binding decisions.

The executive agency was established by Commission Decision in December 2007 to implement the IDEAS programme. It became administratively autonomous in July 2009. Executive agencies (Council Regulation (EC) No 58/2003 of 19 December 2002) are designed as delegated bodies in charge of executing programmes entrusted to the European Commission. It has been observed (Schout and Pereyra, 2011) that executive agencies may be interpreted as 'mini-Commissions' in their administrative configuration and routines, also in reason of the fact that they have to replicate the administrative requirements of the Commission: they are obliged to set up organisational roles and associated units – like the 'security officer' or the 'data protection officer' – for the performance of requisite administrative functions (most of these functions carried out by offices concentrated in the Support Services Department). Executive agencies are led by a director and posed under the surveillance of a Steering Committee. The director was chosen amongst European Commission officials through an internal procedure (a legal requirement, that was later qualified - 'unless exceptional circumstances' necessitate to find the director elsewhere -, but substantively confirmed). The Steering Committee, to be appointed by the European Commission, was composed of five members, one of them being the Director General of DG RTD, who chairs it, flanked by two other components picked from the ranks of the Commission administration and two from the Scientific Council. During the observation period it used to meet five times a year. As for all EU executive agencies, the Steering Committee was assigned mainly tasks of oversight of how the operations (the assignment and administration of the grants) were run. The most substantive task was assigned to the Scientific Council: determining the criteria regulating the disbursement of the

assigned fund. The very presence of a peculiar body like the Scientific Council, and the high status of it (its members are prominent scholars, including Nobel-prize winners) made ERCEA unique amongst the EU executive agencies. In drawing the organisational borders for identifying the strategist(s), the Scientific Council in all its formations and organs - President, Vice Presidents, Board, SG - has to be included: it is a constitutive component of the ERC, and through it scientists and academicians are brought into the system, and in the driving seat. This consideration, however, should not lead to belittle the competencies and role of ERCEA executives: supporting the workings of the Scientific Council as well as those of the panels in the process of selection of the research project proposals received, administering the grants, ensuring compliance with IDEAS regulation. The executive agency was organised in three departments: the Scientific Management Department (in charge of supporting the evaluation process leading to the assignment of grants), the Grant Management Department (in charge of the administration of the grant 'after it has been assigned' and throughout the entirety of its life cycle), and the Resources and Support Department (providing the support services, from ICT to legal affairs to the management of human resources to providing the secretariat of the Steering Committee). The macro-structure was not modified, although internal restructures occurred, especially within the Scientific Management Department (in 2012 – the unfolding of this event is recounted later).

The agency was conceived and formalised in the period 2007-08, and it became 'formally (semi-) autonomous' ('independent', in practitioners' terminology) in July 2009. The ERC had started to deliver grants in 2007, with the formal commencement of the IDEAS programme, supported at the time by the administrative offices of the European Commission; the Executive Agency took up the tasks gradually during the first half of 2009. It took the period from February to June 2009 to set up the operations of the agency: an initial phase that was then followed up by a second phase in which the agency became operational and was immediately faced by the challenge of coping with the impressive growth in the number of applications to be processed (at mid-2011 the ERC had received more than 24,000 proposals and selected over 1,800 projects, with a continued steep increase in the number of proposals year after year). A period which for the Scientific Council was marked by continuity in the growth of what at that time was a relatively consolidated system for running the task of appraisal of research proposals, when seen from the viewpoint of the agency executives was characterised by two discontinuities: the start up of the same agency, and the handover of the tasks from the Commission to ERCEA.

The challenge at the beginning was setting up the machinery in a short time span. In the first call something like 9,000 applications were received, whilst expectations were set to between 2,000 and 3,000! The challenge was to expand the panels and find the panellists: the Scientific Council (producing lists of experts) and the Scientific Support Department (arranging their 'enrolment') managed to work together effectively to set up 20 panels (across the three main domains: Social Sciences and Humanities; Life Sciences; Physical and Engineering Sciences), that in 2008 became 25, operating by means of about 1,500 panel members, over a

period of just a couple of years. A practical guideline adopted was to set at fifteen the maximum number of members for each panel (to allow internal coordination and facilitate cohesion among members); combined with the ceiling of 25 panels, this became a sort of managerial "formula" (fifteen by twenty-five) whereby the Scientific Council came to cope with increasing volumes: when the number of applications for the so-called starting grant grew (at double-digit percentage figure, much more swiftly than the advanced grant, which grew on average by 5% every year), it was split into two (starting grant – for those between two and seven years after completion of the PhD – and consolidator grant – for those between seven and twelve years after completion of PhD; whilst the previous starting grant was open to all applicants between two and twelve years from the completion of the PhD): in this way the number of panels was brought from fifty to seventy-five, thus also allowing to cope with the enhanced numbers. A common practice for ensuring the quality of the works of the panels was that a few Scientific Council's members attended some meetings of the panels, especially the kick off meetings and the ones during the initial period of operation, to provide advice and facilitate the setting up of the routines, although ERC Members never directly acted as assessors of the submitted proposals.

Immediately after the first round of appraisals was held, contracts with the winners were to be issued, a task assigned to the Grant Management Department, that had to recruit staff and organise itself to cope with the downstream flow of contracts that were ensuing from the awarding of the grants. The well-oiled procedures deriving from a long experience in administering research by Commission officials provided a useful basis , although executives in this as in the other departments were deeply engaged into making these procedures to run in a 'faster, simpler, better way' – as the official motto stated: the opportunity to start from scratch with a new purposefully created organisation in charge of the IDEAS programme was interpreted and grabbed by ERCEA executives as a 'reengineering exercise' to design ex novo, within the boundaries of the general regulation of FP7, the grant management process.

The first director of the agency was Jack Metthey, a senior European Commission official with extensive experience in the area of research policy and management. The immediate challenge he and the newly appointed managers had to cope with was endowing the agency with enough staff to process the rapidly growing number of applications that were flowing from the scientific community all over Europe. A first, deliberate - and fraught with implications for the subsequent course of events - choice that was made was to recruit mainly from outside of the EU personnel: to staff the agency to an important extent with people not belonging to the European 'village' bureaucracy. This was part of an orientation to build from scratch a novel organisation rather than 'assembling' it with individuals or perhaps even entire structures or parts of them (like those in charge of running within the Commission the IDEAS programme before the task had been entrusted to ERCEA). In practice, this meant that with the establishment of the agency everybody had to (re-)apply for the post, including those already working in the units of DG RTD that were running the ERC grants. Only some of those people were eventually recruited. Most of the new posts, required for coping with the impressive

growth in the volume of applications and awarded grants to be administered, were filled with candidates having a professional background developed outside of EU institutions. To some extent, this applied also at the managerial level, where two appointments were made from outside the ranks of the European commission, which is unusual for executive agencies in which managerial posts are generally filled by seconded Commission officials. The strategic element in this lay in filling the organisation with people who had a 'fresh' approach to the enterprise of setting up a novel organisation for an innovative task, people that could enthusiastically adhere to the enterprise of setting up a new organisation operating in such a fascinating field as the development of frontier research, and run its tasks in innovative ways.

There is another profile which sets, in the European Union institutional setting, the so-called Executive Agencies apart: they are established on a temporary basis, for as long as the programme whose execution they are entrusted lasts. This profile of 'temporality' applies at different levels. First, the very permanence of the organisation as such, which is linked to the expected duration of the programme, and the renewal of the expected time frame of the organisation is subordinated to the renewal of the programme for another planning cycle. Second, the term of office of the managers, who are for the most part seconded from the European Commission, which consists of a three-year period renewable, subject to application by the official for renewal, and contingent on the requirements of employment by the same Commission, which might claim back the official: in sum, both the Commission and the seconded staff have to agree on renewal; hence, Commission-seconded agency executives have to explicitly renew every three years their commitment to continue the period of service at the agency, but they cannot be sure that their application will be satisfied. Third, the duration of the contract for the bulk of the staff, who are hired either as so-called 'temporary agents' or as contractual agents: under the EU regulation, both categories of staff are hired initially via fixed-term contracts, renewable once and then – for temporary agents- becoming of indefinite duration for as long as the agency continues in existence, hence the stability of their job place hinges upon the duration of the European programme entrusted to the agency. Indeed, about one year after its establishment, in 2010, the agency's staff hired as temporary or contractual agents had already the certainty that the agency was going to operate till 2025 (connected to the renewal of the IDEAS programme within the 8th European framework programme for research – named 'Horizon 2020' - that was planned to last between 2014 and 2020: the follow up of the IDEAS programme lasting at least five more years, to conclude all financial commitments related to the awarding of grants), hence they could soon be in the condition to be able to make their job choices (whether to continue to work for the agency or look for another position elsewhere) on the basis of a long-term perspective. There is a ceiling to the ratio of temporary agents to the total, which entails that the agency has a significant portion of staff hired on a fixed term (though renewable) basis. Not unexpectedly, turnover was higher amongst this staff, and the preferred landing place for those who decided to leave the agency was the European Commission (where a number of them won the public competition to get access to it), followed by research institutions (an outlet chosen by scientific officers, especially

those who previously used to do research work, willing to return research active rather than remaining confined to tasks concerned with the administration of research), whilst experts in ICT enjoyed a wider range of outlets.

A number of initial decisions taken by the Scientific Council shaped the subsequent course of events. The first key issue was whether to shape the calls according to a bottom up or a top down logic, and the decision was rapidly made to proceed only along a bottom up approach: themes of research were not pre-identified by the ERC, but proposals could be formulated by scientists on any topic, and no restrictions were put on the allocation of funds to subject areas: it was the number of approved research project proposals to drive the allocation of money to the subject areas. In the words of a member of the Scientific Council, 'the power was given to scientists', meaning both the evaluators of the panels and the broader scientific community from which research project proposals originate: scientists were entrusted the choice about which projects to select, hence, as a result of the cumulated choices, which areas of research inquiry to privilege, and ultimately what the balance amongst disciplines was going to be. This approach was in many respects at the opposite pole, as an organising criterion, than the rest of the Framework Programme (FP7), which was based on the preliminary identification of the themes of interest that would be financed: it is in this sense that it was intended to be a fully bottom up approach. It was also deemed to lead to setting up a machinery for the evaluation of proposals and the awarding of grants much more 'light' than the rest of FP7. Indeed, the shared thrust amongst the ERC was in the direction of distinguishing the IDEAS programme from the rest of the framework Programme.

The second key question pertained to the issue of how to organise what was labelled 'first class' peer review, in order to ensure that funds were going to be allocated only to top quality proposals (in accordance with the mandated principles of bolstering excellence in scientific research through competition of project proposals). It was decided to set up panels through the direct initiative of ERC members, in the sense that it was the ERC Scientific Council that proposed lists of scholars, who were later contacted by the Agency (the Scientific Support Department) to probe their availability to serve as reviewer. Alternatives like setting up a call for reviewers or other options were discarded: the Scientific Council took all the responsibility for the names in forming the lists of scientists for the panels. The ERC Scientific Council members did not operate as panel members directly, but they defined the criteria to be followed by the panels in the assessment of the proposals, and at times also took part to the initial meetings of the panel, also as a means to ensure consistency across the workings of the different panels.

It was also deliberated the establishment of two different types of bid: younger and established scholars would compete in two different domains, called respectively starting and advanced grants, the former reserved to scholars between two and twelve years after completion of their PhD, the latter open to any very senior scholar, the standing of the scholar being determined almost exclusively by her/his scientific production, irrespective of formal requirements (like holding a PhD or others); the balance - in terms of the amount of funding to

be allocated between the two types - was stricken at 2/3 to 1/3 favouring the more senior investigators in 2007-2008 but since then a higher priority has been given by the Scientific Council to the support of the younger investigators and the balance has been reversed in their favour.

Another influential decision was the portability of grants: should a grant holder move to another institution, the grant (or what remains unspent of it at the time the relocation occurs) is transferred to the new host institution, thus making grant-holders extremely attractive for universities and other research institutions willing to become poles for frontier research in certain disciplinary areas. This decision was consistent with the centrality attributed to the individual researcher in the whole process (rather than institutional affiliation), as well as with what soon emerged as an explicit policy goal, that is, facilitating and stimulating the concentration of top level research and researchers in a smaller number of institutions across Europe[122]. Indeed, 'excellence' rather than any 'quota', meaning first of all geographic quotas, in the distribution of the ERC fund was constantly and consistently upheld as the overarching criterion.

Last, the issue about whether or not to hold also interdisciplinary calls was initially settled in the direction of having only mono-disciplinary calls. At the same time, it was decided to have a limited number of panels (for each type of grant, at the time being only the starting and the advanced one), set at 25, which ensured the scope of panels to be quite large, so that each panel de facto encompassed a quite broad range of disciplinary fields.

The way the ERC framed its 'supply' of funding for supporting scientific research and the organisational apparatus coped with the ensuing administrative requirements appears to have been shaped by the strength of two simple ideas, that all the actors in and around the ERC involved in setting up the programme IDEAS could easily grasp and adhere to. First, the idea that, ultimately, 'it is scientists to know where to go' in order to move knowledge further: it followed that, in order to promote research which is really at the frontier of human knowledge, a bottom up approach - that avoids any a priori prescriptions about what fields of inquiry 'should' be privileged, what lines or streams or directions of research 'should' be pursued – was to be adopted. Organisational complexities could be narrowed down to setting up an administrative machinery which operated in accordance with the guiding principle of avoiding any superimposition of areas of inquiry to conform to, and simply ensuring that the inherent quality of the research proposal as well as (only for the advanced grant) the expertise of the proponent was assessed in a proper and equitable way (for the starting grant interviews with shortlisted candidates were held). 'Keeping it simple', as much simple as possible, became since the beginning a guiding principle; indeed, it was a generally held view amongst Scientific Council members that the rest of the Framework Programme (FP7) was quite a cumbersome

[122] Whether researchers in Europe are actually concentrating as an effect of the ERC funding scheme is probably impossible to detect at the time this study has been conducted; however, a widely uneven distribution from the geographic point of view whereby certain countries (on top the UK) host hundreds of recipients of an ERC grant whilst others a few or even none grantees in their territory has been discernible since the first years of operation of the funding scheme.

machinery, and that everything that could lead to simplicity in the procedures was going to be most welcomed by the scientific community.

Simplicity could also benefit from the other guiding idea at the core of the operating process of the ERC. This may be summed up as 'big ideas first come in one mind', in the mind of one person only (it was Isaac Newton to discover and formulate the law of universal gravitation, or Albert Einstein to elaborate the theory of relativity): a quite straightforward idea from which it followed that the kind of research works to be considered for funding by an agency that aims to foster frontier research are those research projects whose concept and design have been conceived and elaborated by one individual scientist: it is the (potentially) big idea that one scientist wants to pursue because s/he has come to believe that it may represent a watershed discovery that has to be funded, and not large projects – however ambitious they may be – that aim to further develop already established streams of scientific inquiry. This means that projects have to be both innovative and relatively simple, since it is one person only to be in charge of it. The grant then allows the scientist to set up a research team, which s/he leads as the principal investigator, in order to be endowed with the intellectual labour force to run experiments, or whatever is required for testing the 'big idea', but the project should be of a scale small enough that one individual may keep control of it. This means that the appraisal process was to be manufactured for effectively performing the two functions of detecting the potential of innovativeness of the project, probing into its feasibility, and assessing the quality of the applicant via their track-record, but it did not have to cope with project proposals huge in size, as it occurs in the case of other domains of the European framework Programme or with many national-level programmes of research. The task of appraising the proposals could thus be framed in such a way to cope with relatively contained (in size) proposals, and selection was based on the overarching criterion of excellence for both the individual applicant and his/her idea. The internal organisational complexity that would have stemmed from assessing and administering large scale projects was narrowed down through a powerful filter about what kind of proposals the agency was going to process.

When analysed from the standpoint of the administrative implications, such guiding ideas (right or wrong as they may be from the substantive epistemological viewpoint of whether such is the way in which human knowledge progresses) performed as powerful organising devices for filtering pressures from the environment in the form of overly complex proposals to assess (and projects to administer after the awarding of the grant), hence ultimately narrowing down internal complexity through the simplifying of the organisational processes, that had to be geared for appraisal of only the one overarching criterion of excellence of the quality of the project. At the same time, the adoption and sharing amongst the staff of such ideas contributed to permeate the organisation with a strong sense of mission, moulded also by the perception of doing something unique and of utmost significance: contributing in a novel way to move forward the frontiers of knowledge, and doing it in a very distinctive way, that is, by 'enabling the genius' to realise her/his history-making big idea: a highly qualifying task indeed!

Over a few years, the ERC (Scientific Council and the executive Agency) became an actor in its own right in the research policy landscape, consolidating its relationships with the Commission (centred on the independence of the scientific Council, and enhanced trust between the Commission and ERCEA), the national level authorities in the field of research (ministries, funding agencies, and universities and other research institution that more and more often employed ERCEA assessments as part and parcel of their own internal assessment systems[123]), and the European Parliament (the other legislative authority in enacting the European framework programmes, that have to be adopted in co-decision). The succession in the post of President of the Scientific Council in 2010 (when Professor Helga Nowotny replaced Professor Fotis Kafatos) did not affect this sheer trend towards increased recognition of the ERC as an interlocutor in the research sector; continuity was also ensured by long-term serving Vice-Presidents like Pavel Exner.

Around the years 2010-2011, the Agency entered a third phase, after the initial period of setting up the operations, in Winter/Spring 2009, and a period of growth and consolidation in-between (see Table 7.2). It was a phase characterised by: the emergence of organisational differentiation and product innovation; an intense debate concerning the revamping of the governance of the agency, culminated in the High Level Task Force Report issued on 12th July 2011; as well as a changed perception about the sustainability of the irresistible trend towards continued growth. In this period the agency was led by Mr Pablo Amor, a senior Commission official who had previously served also as head of the Scientific Management Department. He took office as agency director at the debut of 2011 and led it through the transition between the first cycle of the IDEAS programme and the incoming second cycle.

As regards organisational differentiation, over the years 2010-2011 a heated debate occurred in the Scientific Council about whether to introduce two further 'products': the so-called "ERC-Synergy" and the 'Proof of Concept'. The former is a grant 'intended to enable a small group of Principal Investigators and their teams to bring together complementary skills, knowledge, and resources in new ways, in order to jointly address research problems'; it is jointly awarded to a pool of Principal Investigators (rather than only one scientist like the other grants) and administered by their host institutions; it is finalised to enable researchers to work together in order to explore the potential synergies amongst them in tackling demanding research problems which require multiple approaches. It was also intended as a way to further encompass within the ERC funding schemes also interdisciplinary projects. The latter is a grant, accessible exclusively to previous grant-holders, aimed at enabling the exploration of applied science implications in order to 'establish the innovation potential of ideas arising from their ERC-funded frontier research project'; the deliverable of the project is in the form of a 'package' that investors may buy. The reason why the debate was heated relates to the concern that

[123] 'Several countries have introduced reforms to their national systems based on the ERC model and/or launched schemes to fund runners-up in the ERC calls. And the prestige of hosting ERC Principal Investigators is also leading to intensifying competition between Europe's universities and other research organisations to offer the most attractive conditions for top researchers.' (High Level Task Force Report issued 12th July 2011.

enlarging the array of products could occur to the detriment of the simplicity of the foundational ideas, and it could also ultimately jeopardise the streamlined organisational configuration centred on the mono-product nature of the organisation and the whole enterprise, based on the idea to 'keep everything as simple as possible'. Eventually, priority was given to developing the portfolio of products and both Proof of Concept and Synergy[124] were launched in, respectively, 2011 and 2012. Running the selection process of Synergy required setting up a system for dynamically arranging panels (in order to be able to assess the project proposals according to the diverse disciplinary perspectives), as well as setting up a new dedicated panel for the second step of the appraisal, for the final selection of shortlisted projects[125]. Ultimately, the combined effect of increasing volumes and product differentiation led to a revamping of the scientific Management Department around a novel matrix structure, a process of change which unfolded over the year 2012.

As regards the revamping of the governance, the provision of an independent Review of the ERC structures and mechanisms was included since the inception in its legal base. This exercise was conducted in 2009, and produced a final report [126] which included a number of recommendations, most of them welcomed by the ERC Scientific Council[127]. The Independent Review Panel, appointed by the European Commission and chaired by Vaira Vike-Freiberga, former President of Latvia, and composed of Lord David Sainsbury (a former undersecretary of State at the UK Department of Trade and Industry with responsibility for Science & Innovation), Yves Meny (President of the European University Institute in Florence), and renowned policy advisors and consultants like Fiorella Kostoris Padoa Schioppa, Lars-Hendrik Röller, and Elias Zerhouni, produced a set of recommendations that designed a quite ambitious role and profile for the ERC. The most 'challenging' (of the status quo) proposal was to move beyond the institutional form of the Executive Agency (as designed by European regulation) towards the form of an EU 'independent' agency, that is, a European agency like ETF or EASA as regards the legal status. The other quite challenging 'recommendation' regarded the revamping of certain profiles of the governance architecture, and notably the merger of the two figures of the Secretary General of the Scientific Council and the Executive Agency Director into one role, that should be filled – so the recommendation continued – by a scientist, and no more by an official of the European Commission. Other proposals also went in the direction of strengthening the clout of scientists in the overall governance configuration, whilst continuing to entrust the Commission with the role of administering the selection and appointment process of such

[124] Differently from the other schemes, that are demand-driven, a pre-defined total amount was allocated for financing this scheme.
[125] All proposals go through a two-stage process of appraisal: an initial filter and the final selection out of the shortlisted projects. Interestingly, some national research-funding agencies have started to provide funding available to those shortlisted projects that did not pass the final selection, thus recognising the outstanding level of the selection process done by ERC.
[126] Titled: "Toward a World Class Frontier Research Organisation – Review of the European Research Council's Structures and Mechanisms", 23 July 2009.
[127] See the letter, dated 25 August 2009 and titled : "The ERC Scientific Council's response to the Report on the Review of the European Research Council's Structures and Mechanisms "Towards a world class Frontier Research Organisation".

scientists, by means of independent, high level committees. Still other recommendations concerned aspects of the internal functioning of the main organs and bodies of the ERC. Finally, the proposal that a 'high level' task force continued the work of the independent panel in order to formulate a proposal for the governance of the ERC was included.

In 2010, the European Research Council 'High-Level' Task Force was set up. Its composition included, together with the Chair of the independent Review Panel that developed the first review, members of the ERC Scientific Council and officials from the European Commission, the latter group being represented in higher number. It met four times and eventually produced a report that was more 'conservative' in its reach and ambitions than the Independent Review Report, at least as regarded the institutional form for the ERC agency. Whilst it contained hints to a 'much more autonomous structure' for the ERC, this option was discarded for the successive 2014-2020 planning period of the IDEAS programme, de facto confirming the executive agency form for ERCEA, and included the revision of the institutional form only in the array of the hypotheses to be pondered after the mid-term review of the 2014-20 planning period of European research. As regards the figure of the agency director, and specifically the issue of whether such figure must be searched also outside of Commission officials, the Task Force Report re-stated it had to be a Commission officials 'unless exceptional circumstances', i.e. the impossibility to fill the position with internals. Also the steering committee remained unaltered in the name (although this is actually an 'oversight', rather than 'steering', committee) and in the composition (whereby the majority of components are Commission officials). However, it was proposed to dispense from the Memorandum of Understanding (High Level task Force Report, p. 12), entrusting the steering committee with the function of prescribing proper administrative procedures and practices to the agency in its day-to-day activities: a governance option providing higher flexibility than the Memorandum of Understanding, which was generally held to be very highly detailed and overly prescriptive. The first Memorandum of Understanding had been signed on the 15th of July 2009 and was unanimously described as overly detailed, highly prescriptive, and inflexible in the procedures it designed. The process of revision of the memorandum of understanding started in February 2010 and culminated in its repeal and replacement by a very short document 'Operational Guidelines', entrusting the Steering Committee with a role of liaison device (in the terminology of Mintzberg, 1983, pp. 81ff). Interviewees pointed to this outcome having been enabled by enhanced trust[128] between DG RTD and ERCEA (indeed, trust by parent department, i.e. DG RTD, in 'its' agency, ERCEA).

The main proposal that emerged from the High Level Task Force report in terms of the redesign of the governance architecture was to strengthen the role of the President of the Scientific Council, making it a 'quasi-permanent' Brussels-based position: a full time president, incorporating also the tasks of the Secretary General, assuming the qualification and status of European Commission officer. To some extent, this ran counter to the proposal of the independent Review Panel, that put emphasis on the President (and the Vice-Presidents) of the

[128] On defining and conceptual issues about 'trust' between agencies and parent administrations, see Van Thiel and Yesilkagit (2011).

Scientific Council to remain active scientists (Independent Review Recommendation 1), although it should be stressed that also under the new proposal the President had to remain an active scientist – albeit for just a 20% of her/his time, something which raised some concerns amongst the members of the Scientific Council, which tended to conceive of the Chairman of the Scientific council as a *primus inter pares*, rather than a professional manager.

During the year 2012, thus, the new governance structure was looming while those in the Scientific council who had performed in important roles since the very establishment of the ERC (referred to as 'the Founders' in common parlance within the agency) – like the President or the Vice-President Exner –were still active in their posts. In May of that year a 'forward-looking' meeting was held, outside the premises of the ERC, in the Sicilian locality of Erice. It was a two-day meeting aimed at both reflecting on the past and envisaging the future and the coming challenges.

Turning to budgetary issues, the challenge of coping with a tougher financial climate was reaching also a highly successful organisation like ERCEA that had previously been on the steep segment of the growth curve. The annual budget for the subsequent planning period (2014-2020) was expected to reach a plateau, perhaps at a lower level than the last years of the previous planning period (2007-13, the one of the Seventh Framework Programme). Since 2010, in fact, the European Commission was put under pressure to reduce administrative costs in real terms, and this applied to all EU bodies under its surveillance, included the executive agencies, no matter whether or not the organisation was on the growth curve and, as it was the case of ERCEA, the volume of applications to process and of awarded grants to administer was steadily growing. The resources available to the agency for its running costs were set not to go beyond the 3.5% threshold as a percentage of the total programme budget, which was anyway going to double as a total amount over the subsequent planning period of the European research programme, which entailed that the new ceiling to staff size were to be set with the new act of delegation associated to the starting of the new planning cycle, which meant in practice, given the expected increase in the programme budget, an increase of the total authorised staff. The previously booming growth was anyway reaching its limits.

Finally, the ERC had to match the higher and higher expectations associated with its recognised authoritativeness in the field of research, as a 'voice' of the scientific community in Europe and internationally, as well as with its institutional mandate to provide advice and participate to debates regarding the future of the programme IDEAS. Although the Scientific Council was limitedly consulted as such, the voice of ERC was heard – especially through its President – in the discussion surrounding the preparation of Horizon 2020.

Event	***Period***
ERC appointed – IDEAS starts up	2005-09
Jack Metthey appointed ad interim director. Starting up of the executive agency	February 2009 – June 2009
Growth in budget, staff, and number of applications processed, under Jack Metthey direction	July 2009-December 2010
Pablo Amor appointed ad interim director (1 January 2011)[129] – growth continues	January-June 2011
The European Research Council "High-Level" Task Force report	2011 (release 12 July 2011)
Towards a new governance architecture (?)	2011-2012

Table 7.2. Overview of events at ERCEA (2007-2012)

In concluding this section, we highlight some traits that characterised the rapid and in many respects impressive development of the European Research Council, before we turn to theoretical interpretations of what has been observed, at first by reading the ERC case through the lens of the professional bureaucracy model, then by applying frameworks drawn from strategic management and bureaucratic theory.

One first trait is represented by the way in which the Scientific Council supported by the executive agency boldly proceeded to set the criteria for the allocation of research grants, setting its own priorities and marking a neat distinction from the rest of the 7th Framework Programme. It was also observed that for agency executives 'setting up the operations' (a vast array of activities which included managing the selection process for awarding the grants and providing the selected grant-holders with the proper administrative support in the administering of the grant after the phase of assignment) and coping with a fast-increasing workload (determined by the growth in the number of applications as well as in the awarded grants to administer) has been at the core of the organisational efforts. What was 'strategic' in it? The strategic element did not lie in the execution of such tasks (however daunting they were), rather in the way in which the ERC consistently acted in the direction of asserting itself as a pivotal player in European research and became a term of reference for research institutions and funding agencies across Europe, and in how it rode the wave of its success (already in the aftermath of its establishment the debate within the policy community surrounding it was about how to consolidate this successful experience and 'upgrade' its status by means of designing a more apt governance architecture[130]) also in view of the goal of obtaining a permanent status

[129] Following a proper selection, he was appointed Director of the ERCEA in August 2012

[130] This debate unfolded through the ERC Review Panel report issued in 2009, the Response letter by the then ERC Chair (2009), and the High Level Task Force report issued in 2011 (all documents are publicly available).

and overcoming the temporal limitation associated with the institutional form of the Executive Agency, although on this there were differing views between scientists – some very keen on this goal and favourable to an independent 'ERC system', with scientists in all the driving seats – and ERCEA managers, especially those seconded from the Commission and with a long experience in the EU administration – acutely aware of the implications of alternative institutional forms, like that of a 'first pillar' independent EU agency, and ultimately more cautious about changes to the institutional form and more orientated to keep the ERC within the frame of the governance model of an executive agency, which would also leave it more firmly within the orbit of the Commission.

Institutional form has implications also for the autonomy of the agency: e.g., 'independent' EU agencies have lesser constraints in the hiring of temporary agents, i.e., they have – every other thing being equal - higher personnel management autonomy. If differing views could be detected within the ERC regarding institutional form, however, that did not occur regarding the objective of dramatically reducing the constraints put on the agency's action by the Memorandum of Understanding, the quite unilateral 'contract' drafted by the European Commission and prescribing in close detail procedures and modus operandi of the agency: indeed, as we have observed, the High Level Task Force proposed to repeal such Memorandum, which actually occurred by replacing it with a light touch form of regulation, embodied in the 'Operational Guidelines' document and by entrusting more scope to the Steering Committee.

Interestingly, whilst ERCEA as an executive agency was constrained in its financial autonomy (by the EU financial regulation, limiting decisions in financial matters – e.g. prohibiting borrowing – and requiring a number of decisions to be pre-authorised by the oversight authority; and heavily by the Memorandum of Understanding before it was repealed), the ERC as the organ to which the IDEAS programme budget was entrusted had an exceptionally high autonomy in setting the criteria whereby the funding scheme could be spent. Since the inception, decision powers on the criteria for allocating the budget were entrusted to the Scientific Council of the ERC, which *did* exercise its powers and jealously guarded its prerogatives, which would be further strengthened in the subsequent cycle of the IDEAS programme: Horizon 2020 recognised the ERC as an independent science-led research funding body to which the entire budget available for funding frontier research in Europe was entrusted.

Indeed, not only has the ERC been endowed by design a significant autonomy, along certain dimensions, but – and this is the second trait which we here highlight - a broad strategic orientation towards pursuing enhanced substantive autonomy soon emerged within it, and it was shared by all components of the constellation of actors ruling the ERC. This is especially interesting if we pause to consider the issue of the quite distinct career paths of, on one hand, agency directors and executives, whose career unfolds within the Commission, and of the Scientific Council members, on the other hand, who develop their career paths within their reference epistemic, professional and academic communities (a point to which we return later).

The relatively rapid successions in the key roles of chair of the Scientific Council (Prof. Helga Nowotny replaced Prof. Fotis Kafatos) and director of ERCEA (where Pablo Amor replaced Jack Metthey), both occurred in 2010, i.e. respectively three and one year after the official commencement of the IDEAS programme (2007) and the setting up of the executive agency (2009), did not alter the direction: a constellation of actors (internal and external) operated in a consistent way to ensure the steady growth of the ERC in the administered resources and the international standing.

7.3 A *sui generis* professional bureaucracy

The configuration [131] of the ERC may be read through the lenses of the 'professional bureaucracy', one of five basic configurations outlined by Mintzberg is his well-known work (Mintzberg, 1983, pp. 189-213). Important qualifications are required, however. The 'operating core', in Mintzberg's terminology the sum of 'those members who perform the basic work related directly to the production of products and services' (*ibidem*, p. 12), is in the ERC case composed chiefly by the panel members, the 1,500 scientists performing as appraisers of the project proposals: it is them that, operationally coordinated by the panel chairs, perform the core function of the ERC, i.e. selecting the projects for the awarding of the grants. Interestingly, these people operate from remote locations (scattered throughout Europe and elsewhere, in their home research institutions), on a part time and fundamentally voluntary basis (their main job remains doing research, together for many of them with teaching, in their own university or other research institution). The prestige associated with serving in the role of evaluator for the ERC and the compliance to professional conventions of the scientific community (whereby providing upon request advice and evaluations of peers' scientific product is the norm, especially for senior scholars) explain their willingness and commitment to perform in such role. Complementarily, also the Grant Management Department of ERCEA is a component of the operating core, in that it administers, 'downstream', the disbursement of the grant throughout its entire life-cycle, after it has been awarded to the scientist to enable her/him to carry out her/his research project.

The Scientific Management Department of ERCEA performs partly as the support staff[132], creating the conditions for the 'evaluating machine' to run properly; and partly as the technostructure of the ERC, 'engineering' the procedures and workflows through which evaluation takes place[133]. Also the units reporting directly to the director of the agency perform both support functions and functions ascribable to the competence of a technostructure, in

[131] By 'configuration' we refer to the alignment of a set of internal components, or design parameters, and external contingency factors (Mintzberg, 1983, pp. 121-145, specifically p. 122).
[132] In Mintzberg's terminology, those providing support to the organisation outside its work operating flow (Mintzberg, 1983, p. 16)
[133] In the technostructure we can find the analysts, those who effect certain forms of standardisation in the organisation.

Mintzberg's terminology. The Resources and Support Department runs a wide range of support services.

Consistently with the outlined picture of the operating core, the middle management[134] is composed both by the unit managers in the ERCEA departments concerned with the operations, and the panel chairs, performing a coordinating role within each panel and serving as the most direct channel of transmission of information (upwards) and indications (downwards) between the Scientific Council and the hundreds of panellists performing as evaluators of the copious project proposals.

Last but definitely not least, the strategic apex is a composite constellation, formed by the Scientific Council (and within it those holding specific positions, like the President and the Vice-Presidents), the Agency director and the Heads of Departments, and the Steering Committee.

In the professional bureaucracy, strategy is assumed to be made by the cumulated strategies of the individual professionals within the organisation as well as of the professional associations on the outside, and, in Mintzberg's own words, 'the Professional Bureaucracy' own strategies represent the cumulative effect over time of the projects, or "strategic initiatives", that its members are able to convince it to undertake' (Mintzberg, 1983, pp. 201). However, we suggest that the 'sui generis' configuration of the ERC has made things substantively different, and significant qualifications need to be made to interpret and explain how the strategy process has unfolded under such specific configuration. In fact, the configuration of the ERC is such that the operating core is composed of professionals that are employed with a well-delineated job description on a limited part-time and temporary basis, this job representing a secondary institutional affiliation (their primary one being to the university/research institution for which they work), taken up on a voluntary basis. This – in the interpretation we propose – is a decisive factor shifting decision-making power from the professionals in the operating core to the professional administrators (i.e., in this case, those who act as panel chairs and, first and foremost, those who serve in office as members of the Scientific Council, notably the President, Vice-Presidents, Secretary, and Chairs of the Standing Committees and Working Groups) as well as to the ERCEA managers (who operate on a full-time basis, in this differently also from the Scientific Council members who all operated – in the period we observed, from the start up to the reform of the governance prescribing a future 'quasi-permanent' President – on a part-time basis, though featuring a much higher percentage of their time dedicated to the organisation than panel members do). Thus, to mention, by way of examples, certain key strategic decisions, the Scientific Council very early took position against any form of 'quotas' (geographic, gender, or else) in the awarding of grants, and this was kept as an overarching criterion throughout the entire period: a top-down decision taken by the professional administrators of the organisation, rather than the result of any cumulative effect. It may in fact be observed that cohesion around this stance assumed by the ERC was shaped and maintained by key professional administrators operating in the Council (Presidents, Vice Presidents) since

[134] Defined as managers endowed with formal authority who join the strategic apex and the operating core.

the very beginning, and influential were Commission managers like William Cannell (during the period in which the programme IDEAS was administered by Commission offices) and the ERCEA directors Jack Metthey and Pablo Amor, together with Theodore Papazoglou (head of the unit supporting the workings of the Scientific Council), who all facilitated cohesion within the Council. Likewise, the bottom-up approach (whereby research themes and areas were not preselected but it was the number and quality of the proposals from the scientific community to drive the allocation of money) was firmly upheld by a Scientific Council acting as a cohesive whole. The strategic orientation of the ERC did not display the typical patchwork-like traits of professional bureaucracies, pulled in different directions by its various professional members and only incrementally steered by the administrators – the ERC strategic orientation rather looks very neatly defined and encompassing the whole organisation, expressing a sense of direction (strategy as perspective) deliberately assumed by a coalition of actors that may be qualified as the collective strategist.

Certain conditions enabled this outcome. First of all, the independence of the Scientific Council members, chosen exclusively for their scientific outstanding reputation and thus free from being conditioned by having to represent whichever constituency (national/geographic, or an academic grouping, or a scientific/epistemic community): a condition which facilitated them to operate as a cohesive whole, since they were free from any constraints of 'representing' the interests of whichever constituency. Secondly, the high degree of autonomy entrusted to the Scientific Council in determining the criteria about how to distribute the budget allocated to the IDEAS programme, which provided the Scientific Council with scope to translate the guiding ideas on which it had converged into the routines whereby financial resources were actually awarded to fund the scientific projects meeting the criteria. Third, the clarity of the mandate, which only prescribed to fund frontier research on the basis of "excellence" and to do it in a highly competitive way, hence providing the room for manoeuvre to reject any attempt (either from the outside or from the inside) to lead the organisation astray from the deliberated course of action.

The peculiar configuration of the ERC – when contrasted with the model of the professional bureaucracy as outlined by Mintzberg – should however not lead to underestimate the significant commonalities the ERC has with the 'standard' professional bureaucracy. First of all, it relies on training and indoctrination of the staff in its operating core for ensuring standardisation of skills, the central coordinating mechanism. Second, it relies on one main professional community[135], that of the 'scientists', differentiated according to specialties, but having in common to be doing research, to be creators of knowledge. Third, like all professional bureaucracies, it deals with its 'market' by means of the pigeonholing process: clients, i.e. applicants submitting their research proposal, self-select the panel where to apply, whilst specific routines (periodic consultation amongst panel chairs, etc.) deal with the limited number

[135] Though this may not necessarily be the case in any professional organisation.

of cases (reported in the ERCEA case at about 3%[136]) that do not fall neatly in one or the other panel. Fourth, it is a highly decentralised structure, in the sense that both panellists and the scientific experts in the Scientific Management Department (who preview the submitted projects and support the panel chairs in assigning the proposals to the experts for evaluation) have high control over their own work. Fifth, differently from the machine bureaucracy that may have a lengthy start up time, the professional bureaucracy, and in this too the ERC was no exception, emerges in its organisational form quite rapidly, the skilled professionals bringing the standards into the system with them when they join (Mintzberg, 1983, p. 202): it took less than one year for ERCEA to get started and be operational in broadly the same way that could be observed at the end of the observation period, four years later.

7.4 Interpreting strategic change through the frame of the design school

Based on discussion in the previous section, an interpretation of the strategy-making process along the lines of the design school appears pertinent. In fact, it emerges that key actors in the Scientific Council and ERCEA deliberately and explicitly – and boldly - set the direction of development and action for the ERC. On the administrative support side, the first ERCEA director, Jack Metthey, took a number of decisions that proved influential over subsequent developments: in the way the working arrangements between the agency and the Scientific Council were effectively set up, and in the option to recruit from outside of the EU personnel in order to bring staff with novel working methods into the agency (thus limiting the risk of replicating work habits and procedures adequate for other tasks but deemed unfit to equip ERCEA to run such an innovative enterprise as fostering frontier research). His successor, Pablo Amor, undertook a course of action profoundly in continuity with the one of his predecessor: in the way he handled the relationships with the Scientific Council and in how he boldly coped with the massive expansion of the volumes of applications to be processed. In his turn, Jack Metthey continued to remain somehow involved in the development of the agency, notably as a member of the High Level Task Force charged with submitting a proposal for the revamping of the governance of ERC. What we have thus observed is sheer continuity in the leadership of the agency between the two executive directors.

In their field of competence, the first two Presidents of the Scientific Council, Fotis Kafatos and his successor Helga Nowotny, together with long-term serving Vice-Presidents like Pavel Exner, pursued a consistent course of action marked by the key choice to proceed exclusively along a bottom up approach, whereby themes of research were not pre-identified by the ERC but proposals could be formulated by scientists on any topic without restrictions. By taking the responsibility to appoint all panel members upon direct initiative of the ERC members (who suggested the lists of scholars that were to compose the assessment panels), as well as by

[136] Interview 1.

assuming an incisive role in defining the criteria to be followed in the assessment of the proposals (also by 'mentoring' the panellists in the initial phases of their workings), they provided a clear sense of direction.

This set of decisions flowing from the top provided direction to the novel and forming organisation and substantiated its thrust towards asserting itself as a pivotal player in European research, and one that is there to stay – even though its legal foundation conferred only a temporary status on it.

It appears to be an apt interpretation of the development of ERCEA that strategy was deliberate and emerged at quite an early stage in the minds of certain key actors in chief executive positions. Whilst such strategy was not formalised in a specific and detailed plan, hallmark decisions were formulated through quite explicit statements expressed by the competent organs (the ERC President, the ERC plenary, the ERCEA director). Strategy was composed of quite simple and straightforward decisions, clearly formulated and communicated before being (rapidly) implemented, that together provided a quite strong sense of direction and perspective about where the ERC was heading.

These elements may be composed into a picture which fits quite well the design school of thought in strategic management (Mintzberg et al., 2009, 23-49). However, rather than a 'solo player', the CEO as the chief strategist (Porter, 2005, 44-45), *a set of actors operated collectively as the strategist*.

Whilst this interpretation is not intended to be exhaustive, it appears capable of accommodating an important part of the story recounted above.

7.5 Alternate interpretive frameworks: the politics of bureaucracy and the bureau-shaping perspectives

The ERC has managed to affect the European research policy to a significant extent, indeed impressive if the short time span in which all this occurred is taken into account. Can, then, a politics of bureaucracy perspective be fruitfully applied to provide interpretation of such evidence? The governance configuration of ERCEA as it emerged from the formative period may be interpreted as providing conditions congenial for bureaucratic politics, by this expression intending in a broad sense the capacity by the unelected (Vibert, 2007) to be highly influential on policy-making – where 'the unelected' are in this case, on one hand, scientists turned professional administrators acting in the Scientific Council and, on the other hand, European Commission officials acting in managerial positions within ERCEA. In fact entrusting the decision powers about the substantive criteria for administering the budget of the IDEAS programme to the ERC Scientific Council, and through it bringing the professional community of the scientists into the inner workings of the ERC system, limits the influence of elected officials (this category encompassing in the case studied here such figures as: national ministers in charge of the research policy, acting at the EU level in their capacity of members of the Council of Ministers;

members of the College of the European Commission, and notably the Commissioner in charge of Research, Innovation and Science; and members of the European Parliament, especially those operating in the Committee Industry, Research and Energy) and of their direct appointees. Indeed, a search committee appointed by the Commission DG RTD and composed of high level figures in the world of science appoints the Scientific Council members, who in turn appoint the panel members: unelected appointing unelected, in turn appointing unelected – apparently the heaven for bureaucratic politics.

However, the way the ERC shaped the set of products delivered (setting up the procedures for the appraisal of applications; focusing the core output delivered by the agency around the guiding idea that 'great ideas lie in one mind', hence opting for a radical bottom up approach excluding any a priori identification of thematic areas; differentiating the range of products through the introduction of grants like the 'ERC-Synergy' and the 'Proof of evidence'), or the approach to the staffing of ERCEA (whose underlying thrust lay in 'preserving the innovativeness' of the enterprise by recruiting staff from outside of the perimeter of those socialised to EU working conventions and practices), indicate that there is more in the direction undertaken by ERCEA than is accounted for by a politics of bureaucracy approach. The same overarching orientation to consolidating what is all in all legally a provisional organisational set up (a temporary agency executing a temporary programme) and to making it a term of reference in the research sector in Europe and beyond witnesses of a sense of perspective – that of 'institutionalising' the ERC – that has shaped the organisational behaviour of ERCEA beyond what could be forecast on the basis of a politics of bureaucracy perspective.

If we turn to the other theoretical framework drawn from bureaucratic studies that we employ in this investigation, that is, the bureau-shaping perspective, we detect that conditions for bureau-shaping behaviour are largely absent in the ERCEA case, due both to the governance architecture of the ERC and to the career paths of those who wield administrative/managerial roles in it. The institutional division of labour between the Scientific Council and ERCEA, enshrined in the governance architecture, provides limited opportunities to the agency managers for increasing their share of policy time as opposed to the share of time devoted to the execution of administrative tasks (one goal of bureaucrats, according to the bureau-shaping perspective): indeed, it is not by reshaping the agency, but rather by going back to the European Commission (from which most ERCEA managers are seconded) that they may gain opportunities for higher involvement in policy-making (in the sector of research or other sectors of European public policy), given the Commission is a body institutionally highly involved in European public policies.

As regards the scientists turned (part-time) professional administrators, their attention is focused on the programme budget – the way in which the IDEAS programme unfolds, and its impact on the scientific community and the progress of science in Europe - rather than the core, or the bureau ('administrative', in euro-jargon) budget, i.e. the resources employed for running ERCEA activities, which are perceived as merely instrumental. Moreover, for such scientists turned professional administrators (on a temporary basis) the trade off in the

allocation of their time is not between policy and administration, rather between the time they devote to the making of the European research policy and the time they devote to doing research directly, as active scientists (the academic one remaining their principal career path). Whilst in the 'policy advice vs. administration' dichotomy one pole is more attractive than the other one, hence 'utility maximisation' requires tilting the balance towards the former, when policy time is contrasted with research time both poles are attractive (though preferences may vary on an individual basis), hence there may be self-restraint (rather than just the external constraints put by the political master as in the bureau-shaping modelling) on the part of such scientists turned part-time professional administrators to expanding the policy time by more actively engaging in the workings of the Scientific Council, to the detriment of research time and the continuation of the exercise of their profession of scientist. It may also be observed that agency executives have in any way supported and facilitated its growth in size and have clearly set up a 'machine bureaucracy' capable of coping with the large volumes of proposals to process, rather than preserving the collegiate climate attainable in small-sized work units or the kind of high level of managerial discretion and low levels of public visibility that is predicated of bureaucrats' behaviour according to such theoretical perspective (Dunleavy, 1991, p. 202). Executives have operated by means of all the available levers to facilitate the trend towards expanding the programme budget (on whose size the ultimate competence lies outside the ERC, in the EU budgetary authorities), rather than exclusively the core or the bureau budget. Perhaps in the ERCEA case the entire IDEAS budget could be classified under the category of the 'bureau budget', rather than the programme budget (in Dunleavy's terminology, i.e. in the sense of 'all the monies which the agency pays out to the private sector'; if we categorise 'scientists' under the label 'private sector', then it coincides with the IDEAS programme as there is no component of the budget which is re-transferred to other public entities, which in Dunleavy's model falls under the category of 'programme budget'), although Dunleavy's classification appears not squarely fitting the extant case. Or perhaps bureau-shaping may be interpreted in Niskanen's variant rather than Dunleavy's, and simply consider that the agency strives to maximise the entire 'legally allocated' budget. Something which, however, does not allow us to go that far in rounding off a thorough interpretation of the agency behaviour. Thus, even if we accept a utility-maximisation perspective, we can hardly detect elements of a bureau-shaping behaviour in the case.

In sum, the story recounted here appears to fit quite awkwardly the schemata outlined by the bureau shaping approach.

7.6 Discussion: Interpreting the agency organisational behaviour

In the unfolding of this case study we have raised certain pertinent questions, including: what determined the 'success' story of the ERC? Was it just the shrewd design of the public programme to determine its success, or was there more to it? What is strategy for an

organisation pervasively steered by its parent administration like an EU executive agency? And where is the locus of strategy in a governance architecture that prescribes, on the one hand, an independent Scientific Council not just as the guarantor of the highest scientific standards but also as the 'playmaker' in the organisation of programme delivery, and on the other hand an Executive Agency to perform as its organisational basis that is mainly led by Commission officials seconded on a temporary basis and entrusted with a significant degree of autonomy in managerial decisions?

From the narrative recounted before it emerges that there has been more than a well-designed public programme (that is, IDEAS) to produce the observed outcome of a policy fostering excellence in research throughout Europe: a set of consistent choices over the time (choices about setting a radical bottom-up approach in the way of awarding grants; about rejecting any form of quotas and selecting only on the basis of quality standards; about engaging the scientific community by taking the responsibility to directly appoint evaluators rather than adopting 'public bid'-like procedures that might avert the best scientists, usually unknowledgeable of and unwilling to divert part of their time to undergo through boring and time-expensive procedures; about the setting up of the administrative machinery for processing thousands of proposals and administering the awarded grants) gave shape to what the ERC has become at the end of the observed period. This set of consistent decisions, giving shape to and communicating to all stakeholders a perspective, a clear sense of where the ERC was heading, is the form taken by 'strategy' in the ERC case.

Where was it located? The locus of strategy was the Scientific Council, to an important extent 'integrated' by the ERCEA executive team, and 'interconnected' with key figures in the European Commission acting as sponsors, or at least benevolent supporters of the ERC (like Robert-Jan Smits, Director general of DG Research and Technological Development of the European Commission during the period when the High Level Task Force elaborated its indications for the future governance of ERCEA, or Jack Metthey, a Director at DG Research and Innovation after he came back from his term of office as ERCEA director). The peculiar institution represented by an independent Scientific Council, composed by prominent scientists, placed at the top of an EU executive agency determined a quite distinctive governance configuration, when compared with that of the other EU executive agencies, thus making it problematic any attempt to draw straightforward generalisations to the question about how strategy forms in organisation pervasively steered by their parent administration like an EU executive agency – the presence of an independent body like the ERC Scientific Council has proved highly influential on the dynamics of the agency behaviour. The scientific community, next to being the 'client' and recipient of the agency's outputs and a constitutive part of the environment in which the agency operates, has also been brought into the ERC inner workings via the scientific Council: if to some extent bringing scientists into the driving seat led to some 'friction' with the EU consolidated procedures and working routines, the close collaboration between scientists and European officers was also a source of dynamism and 'strategic' elaboration for the ERC.

Finally, self-reinforcing dynamics may be observed, sparked by continued growth, new staff's 'enthusiasm', the fact of having been, during those initial years, a success story publicly recognised – 'subject of praise, not blame' – which made the ERC attractive and facilitated the coalescing of actors around the agency, that in turn have triggered – it may be hypothesised - self-sustaining dynamics whereby initial successes sustained the subsequent continued growth. In terms of the analytical instruments to explore the strategy process, positive feedback as a (causal) mechanism may be added to the toolbox of the conceptual tools through which to analyse and explain the consolidation of strategic intent.

Chapter 8. Explaining the dynamics of strategic processes in EU agencies

8.1 Introduction

In this chapter we address the research question – 'how does strategy form in EU agencies? - based on the case descriptions and analyses reported in the previous three chapters. We thus move from within-case analysis (previously conducted throughout each chapter) to the search for cross-case patterns (for a full-fledged examination of methodological choices and the research design, see chapter 4). In this approach, each case 'serves as a distinct experiment that stands on its own as an analytic unit' (Eisenhardt, 1989b), and we utilise the findings of individual case studies[137] as an input to cross-case analysis. This is a step towards formulating propositions, or at least a set of consistent tentative statements, about the relationships between certain conditions, on one hand, and certain profiles of the strategy process in EU agencies, on the other hand. The same set of cases will also be used for verifying[138] that the emergent relationships between constructs (in turn further sharpened by combining evidence and enfolding pertinent sections of the literature) emerging from one case or the pairing of two cases fit the evidence in each case. Findings of the case analyses are thus at first used for building up tentative statements more generalising in nature than those that could be formulated on the basis of within-case analysis; then, they are revisited (individually and the whole set) by employing alternate templates (frameworks in bureaucratic theory; other broad-scope explanatory frames such as Principal-Agent, structural accounts or functional accounts), as means to sifting the validity of the tentative statements against alternative explanations.

This effort of producing a set of interrelated statements about strategy forming and organisational behaviour of EU agencies also concludes the present chapter. The analysis continues in the next chapter, where comparison of the emergent concepts and theorisations with the extant literature is developed ('enfolding literature' in the words of Eisenhardt, 1989b, p. 544). The three main strands of literature that inform the present research work - which is at the crossroads of the public management literature, the strategic management literature, and EU studies - are in turn considered. It is thus discussed in chapter 9 the contribution that the findings of the present study may provide to questions such as: how does the strategy process occurring within public agencies affect and is affected by the agency's degree and kind of autonomy? How can our understanding of the strategy process in public service organisations be furthered, beyond the current overemphasis on the planning school and tools-based approaches to strategic management? How does the strategy process unfold under the peculiar

[137] That is, the empirical evidence about the dynamics of the processes of strategy-making as well as, crucially, the set of explanations – alternative and/or complementary – for the observed case outcomes that have been elaborated.

[138] More properly, falsifying (Popper, 2002, first published, 1935, first English edition 1959).

(and to our knowledge un-investigated) conditions in which EU agencies operate, and more generally how does 'context' and the extent to which managerial doctrines percolate into the administrative system affect managing public service organisations strategically? What are the qualities of public entrepreneurship and the conditions under which it may unfold? And how does the behaviour of EU agencies (as revealed by the present study) affect the governance dynamics of the EU (the European integration - or disintegration - process; the de-composition and re-composition of the European administrative system)?

Whilst these questions are addressed in chapter 9, it is to addressing the research question – 'how does strategy form in EU agencies?' – that this chapter is devoted. In the next section 8.2 we argue about certain schools of thought in strategic management as being utilisable to describe and interpret the strategy process, provided they are suitably adapted. Such schools are the design school and the entrepreneurial school. We also conjecture a developmental path for how strategy is made in EU agencies over the time: in the elaboration of this perspective we evoke, in a speculative fashion, the configuration school of thought in strategic management. In the subsequent section 8.3 we contrast the findings with alternative explanations that are derived from a range of other theoretical frames: Table 8.1 provides an overview of the theories employed.

Strategic Management Schools employed	Other theoretical perspectives
- Design School (based on empirics) - Entrepreneurial School (based on empirics) - Configuration School (in speculative fashion)	- Bureau-shaping approach - 'Politics of bureaucracy' (based on Peters, 2010) perspective - 'other theoretical perspectives' o Structural design (based on Moe, 1989, 1990) approach o Functional accounts o Principal-Agent theory

Table 8.1 Overview of schools of thought in strategic management employed, and alternative theoretical perspectives, for explaining and theorising from case evidence

8.2 The strategy formation process in EU agencies

Main features of the strategy process

What can be derived from case analysis about the way in which strategy forms in EU agencies? In all three the cases we observe strategy to be: *simple* and communicated in a clear statement of vision (there are 'plans', but strategy formed primarily in a few minds rather than in large bureaus of planners); *first formulated and then implemented* (to a certain extent, since in all three the cases strategy was also adapted en route[139] - but basically the pattern that strategy was first formulated and then implemented could be recognised); *explicit* (EASA has to be singled out in this respect), *deliberate*, and *unique,* centred around the appraisal of the internal configuration of the organisation with the external configuration of the environment for the matching of the two in a distinctive way (paralleled by a shared strong sense by the actors in and around the agency of the 'uniqueness' of the mission of their organisation); and it may ultimately be interpreted as *perspective* – it was first and foremost intended to provide a sense of direction rather than detailed indications about the agency's portfolio of activities and positioning in the environment (although elements of this were also detected).

The design school

The design school, as conceptualised by Mintzberg and colleagues (2009, pp. 23-47), seems to provide an apt framework to interpret strategy formation – in other words, it may (tentatively) be stated, based on case evidence, that the design school may perhaps provide the 'base case' in the analysis of the strategy process in European agencies. Why? What could explain the design school being the 'base case' for interpreting strategy formation in EU agencies? A number of arguments may be adduced. First, the power base of the executive director of such agencies: The governance of these agencies (Busuioc, 2011) designs for the director a powerful role as both the apex of a hierarchical organisation over which s/he holds pervasive organisational decision powers and the legal representative of the agency towards the external world, be them EU institutions or private sector industries, or other organised or diffused interests. The director enjoys an important degree of autonomy in the usage of internal resources (deploying staff, reallocating budget – though this occurs under the relatively strict supervision of the management/governing board or the steering committee), in prioritising objectives and tasks, as well as, in certain instances, in acting as the monocratic decision-maker on technical decisions[140] (Busuioc and Groenleer, 2012).

Second, EU agencies are relatively 'small size' organisations, even the largest of them (EASA is in the group of the largest of all the European agencies, with its staff of over six hundred people) can hardly be classified as large organisations. Whilst this factor cannot per se be associated with the design school, it may be interpreted as a facilitator – especially when

[139] Mintzberg's words seem extremely pertinent in interpreting what we observed: 'we can't ditch thinking from acting and learning' (Mintzberg, 2009).

[140] see the EASA case, where the executive director is the only authority in issuing certificates of airworthiness.

coupled with another characteristic: the limited set of tasks assigned. EU agencies are entrusted a limited range of task: they really are 'specialised' public sector organisations. EASA, an instance of an agency with a 'wide' array of tasks, given that its competences span from the issuing of authorisations to the drafting of proposals of regulation and to inspections, wields all in all a limited set of tasks (three main core tasks). ERCEA is mainly about the one task of administering research funds, and ETF after its strategic turn is mainly about providing policy advice in the field of vocational education and training. Due to the focus of agencies on a limited set of tasks, and by virtue of the relatively small size and limited internal differentiation, as well as considering the relatively stable and benign budgetary climate (the seven-year financial planning system of the EU ensures a long-term stability in the financial perspectives), it may perhaps be argued that the organisational and environmental degree of complexity[141] and turbulence[142] may be mastered by one mind (or a few minds acting collectively as the strategist, as we here argue), which is one of the premises of the design school ('control and consciousness must rest with the chief executive officer', Mintzberg et al., 2009).

Summing up, *it may tentatively be stated that the design school is an apposite reference framework*, or at least a suitable candidate to resort to in the first instance, *for analysing the strategy process of EU agencies*.

The collective strategist

We detected, however, a major distinctive feature from handbook depictions of the design school. An important component of the case histories of ETF and ERCEA is the joint action of actors that entered (and exited) the decision opportunities at different points in time, playing a decisive role in shaping the strategic orientation of the agency. All these actors have, in a sense, 'adopted' the agency, taken care of its destiny and contributed to shape the way in which it has developed, though only part of them performed in formal roles within the agency, others being in the parent administrations or in other institutional loci. And not all were located at the apex of the organisational pyramid: next to the role of director of the agency, key actors in the strategy process have held roles in the governing board (e.g., the chairman of the governing board of ETF in the second half of the 2000s, Mr Nikolaus Van Den Pas; or the two successive presidents – professors Helga Nowotny and Fotis Kafatos - and one of the vice-presidents – Professor Pavel Exner - of the European Research Council), in the European Commission, often in the Directorate General in charge of overseeing the agency activities (but not necessarily: e.g., the case of Mrs Catherine Day, in the ETF case); still other key actors have held non-apex roles in the organisation (like Peter Grootings, who first imagined the initiative – the Torino process – that embodied the strategic turn of ETF from a service delivery organisation to a policy advisory body). In other words, some of the actors that collegially affected the forming of the strategy *were not in executive positions within the agency*, although

[141] Defined as the number of factors/variables that affect or are affected by the agency's strategy.
[142] Defined as the frequency and rapidity with which factors/variables that affect or are affected by the agency's strategy vary.

they were, in different forms, involved in the governance of the agency. Such *actors have acted collectively as the strategist of the agency*. There are two ways in which this has occurred and, we would argue, *may occur*:

- *Actors explicitly and deliberately form the collective strategist*: they form a coalition, and such coalition, relatively stable over the time, performs as the strategist (as it occurred in the ERCEA case);
- *the joint action of relatively unconnected actors*[143] *performs the functions of imagining, legitimating and building up the capacity for the new vision to be effected*, even though such actors do not necessarily have full agreement amongst themselves: different actors, when taken together, perform over the time the functions that are necessitated for strategy to be made; it is a functionally joined-up strategic action, though it does not (or not necessarily) stem from the forming of a 'pact' amongst the actors, and such actors enter and exit the decision opportunities at different moments (as it could be observed in the ETF case).

We thus argue that there are two modalities whereby the collective strategist forms as such, and performs strategy-making. One is the more 'typical' modality whereby a coalition becomes dominant in the organisation, 'takes the lead' of it, and hence also shapes its strategy. The other one is more emergent in nature (not the strategy as such, which remains mainly deliberate, but the collective actor that forms the strategy), whereby next to actors that firmly envision and actively contribute to advancing the strategy (taking the ETF case, one may think of directors like Peter de Rooij and Madlen Serban, or figures like Peter Grootings) there are other actors that enter the decision processes on a more intermittent and in certain respects 'occasional' basis[144].

How can, then, the consistency of such decisions over time be explained, in the latter case[145]? The conceptual tools for the analysis of decision processes reviewed in Appendix 3 may be useful to address such question (see March, 1999). First, a logic of appropriateness seems to have been adopted by various actors fulfilling influential roles in ETF. The logic of appropriateness is based on the matching of situations (recognized by the actor on the basis of

[143] By 'unconnected actors' we mean that the course of action by different actors is at times unrelated, at times contradictory with each other – and it may be that contradictory behaviour by the same person in different decision situations and over the time is detected; nonetheless, their joint actions contribute to perform one or more of the functions required for strategy to form and unfold over the time.

[144] The literature on distributed public leadership provides some further elements for framing what we observed (Telkeen, Ferlie and Dent, forthcoming; Van Wart, 2005 and 2008). Conger and Pearce (2003) in particular develop a typology of situations under which the 'one leader' leading the organisation may be replaced by a wider range of actors. Specifically interesting for the purposes of our investigation is the theory of the 'substitutes for leadership', originally developed by Kerr (Kerr, 1977 and 1978; Howell, Dorfman and Kerr, 1986): the main argument is that there are situations in which less, rather than more, leadership may be necessary, because leadership is already provided by 'substitutes', and a strong leader would somehow become 'cumbersome' and displace the substitutes; our study reinforces the case for taking more seriously distributed leadership in public service organisations (Telkeen et al., forthcoming) as a key 'component' of strategy and for interpreting how the strategy process unfolds.

[145] Keeping in mind we adopted in the frame of this study the definition of strategy as 'consistency in behaviour over time', Mintzberg, 2007, p.1.

previous classification) to a set of rules: according to this perspective, decision-makers have a conception of their personal, professional, and officials identities and evoke particular identities in particular situation (through matching, decision-makers do what they see as appropriate to their identity in the situation in which they find themselves, see March, 1999, pp. 21-22); organisations can be seen as assemblages of rules by which appropriate behaviour is paired with recognised situations. Thus, in the ETF case of strategy formation, the agency director between 2004 and 2009, Muriel Dunbar, had probably a different view for the agency development than both her predecessor and her successor. However, her commitment to safeguarding the organisational integrity (manifestly a duty for the director of an organisation – even in circumstances in which the director is not at ease with the assigned role, as witnessed also by the fact she asked not to be renewed in office at the end of her first term, rather to be allowed to leave Brussels in order to get back to her home country) did produce a course of action that eventually turned out to perform a necessary function for strategic change to fully unfold. In fact, by obtaining that most of the posts relative to the staff repatriated from Turin to Brussels when the European Commission took back the execution of the TEMPUS programme could be kept in the organisation chart of ETF, she determined a course of action that provided ETF with the expertise necessary to substantiate the strategic aspirations for ETF (this event has been narrated in section 5.2): such posts were eventually filled with new staff endowed with the skills required for a policy advisor role, a resource that her successor in the post of director, Madlen Serban, carefully exploited to achieve for ETF the coveted full-fledged policy advisory role.

Second, decision-making processes may be interpreted also in the terms of an interacting ecology rather than as just being populated by autonomous actors: 'many of the features of decision making are due less to the intentions or identities of individual actors than to the systemic properties of their interactions' (March, 1999, p. 28); in the ETF case, we may think of the influence Peter Grootings had on Peter De Rooij (the then ETF director), and how they and other actors (including Madlen Serban, who later become director and at the time was serving in the governing board) interacted in shaping the strategic change that occurred at ETF during the first decade of the millennium.

Summing up, a certain degree of consistency in action over time was achieved and provided substantive strategic direction even in those cases, notably ETF, in which a variety of relatively unconnected actors entered and exited the decision situations.

As a final commentary to the issue of 'who' is the strategist in EU agencies, it may be observed that this finding may also be interpreted as a confirmation that the strategist is lying outside the board of the agency, the body that is allegedly entrusted with a steering and oversight role. This finding is consistent with previous studies on the functions of the board in EU agencies: boards are reported to be 'buried in details' and be lacking an engagement into 'strategic, long-term discussions' (Busuioc and Groenleer, 2012, p.143; see also Busuioc, 2011). Reasons why this may occur reside probably in a range of factors. First, the management board meets relatively infrequently (five times a year in the cases of ETF and ERCEA, four in the EASA

case – data that are in line with what occurs in most EU agencies, see Busuioc and Groenleer, 2012, p.142). Second, it is plethoric: its composition (including the alternates) is in the number of several dozens (in the EASA case) or about thirty (in the ETF case), and this is common to most EU agencies, although the executive agencies make an exception (the steering committee of ERCEA is, similarly to those of the other executive agencies, composed of five members). Third, the level of attention and interest of delegates is highly variable: 'issues affecting national interests are often topical and subject to avid debate in board meetings, whereas aspects of agency performance do not raise much interest' (Busuioc and Groenleer, 2012, p. 143), and a president of a board is reported to have said 'I've sat through some twenty-five meetings of our supervisory bodies (administrative board and budget committee) and not once have they [the other board members] asked me: "and how is the office going?" '(Busuioc and Groenleer, 2012, p. 143); all in all, as the authors of studies on the function and role of the boards of EU agencies argue (Busuioc and Groenleer, 2012, p. 143), being a board member is only a part-time, and additional, job for people who are employed full-time within their national ministry or agency. There is an important exception, however: in the ERCEA case, the peculiar governance configures a state of affairs in which rather than one board we have two bodies that exercise the functions usually entrusted to the board: the Steering Committee and the Scientific Council. The former had a limited role in strategy formation, whilst the latter did play a role in strategy formation. The Scientific Council, however, holds prerogatives – chiefly the setting of the criteria whereby the funds allocated to the IDEAS programme have to be spent – which determine for it a peculiar role, something which may have contributed to it being exploited by certain of its members as the power base for a strategic steering of the ERC, as illustrated in the story recounted in chapter 7.

Moreover, the empirical evidence we have collected shows that the degree of involvement of the board in the strategy process may change over the time: in the EASA case, the alternation in the chairmanship of the management board that occurred in 2009, when Mr Michael Smeethers, at the time vice-chairman of EASA management board, replaced Mr Thilo Schmidt, marked the adoption of a more 'interventionist' style, making the management board to enter more into the cogs and wheels of the functioning of the machinery; new working groups, limited in number and meeting more frequently, were set up within the management board and they supervised more closely the operations of EASA. As we noted earlier, the central actor in the strategy process since the establishment of the agency, the 'founder' and executive director Patrick Goudou, came to be more proactively flanked by a more interventionist management board chairman.

The entrepreneurial school

At the outset of this cross-case analysis, in which we argue that the design school represents a term of reference in interpreting strategy-making in EU agencies, we singled out the EASA case, at least for certain respects. As it has been discussed at length in chapter 6, the entrepreneurial school of thought in strategic management is for this case a more apt interpretation of strategy-

making than the design school (or others). According to this school, strategy is conceived of as 'perspective': more than detailing things to do, strategy is in this approach what gives sense and provides the direction where to go, thus stimulating and energising people within and around the organisation. The strategic perspective is the construct of the leader, and it lies mainly in the head of the leader – based on her/his intuition, judgement, wisdom, experience, and insight (strategic thinking as 'seeing'). Growth is the dominant goal of the entrepreneurial organisation, and power is centralised in the hands of the chief executive (Mintzberg et al., 2009, chap. 5).

We consider this school to have a significant explanatory power in the EASA case, for reasons widely illustrated in chapter 6. Under relatively specific circumstances, the entrepreneurial school of thought in strategic management - to our knowledge so far never employed to analyse the behaviour of public sector organisations - may be employed to interpret the behaviour of other EU agencies; furthermore, under such circumstances it may be posited that such school holds explanatory power in interpreting the strategic management of a wider set of public service organisations: indeed what we argue is that such conditions may not necessarily be so rare in a world where the administrative phenomenon of the 'public agency' as the (allegedly) modern organisational form for the delivery of public services is mushrooming, as it has occurred or is occurring in a number of polities across the globe.

What are such conditions[146], as they may be derived from the analysis of the EASA case? Two can be identified. First, it has been observed that the chief executive was also the 'founder' of the organisation, in the very specific sense of the first person to be hired by it and for some time the only one. Such circumstances, coupled with the opportunity to have a certain time lapse ahead as the chief executive (in the case, the five-years renewable once term of office) and to have been directly or indirectly in charge of human resources – first of all the recruitment process - since the inception (as we noted in chapter 6, that meant that all the staff shared the perception that the executive director was 'the person who hired you', the only person to have always commanded in the organisation, the person that everybody recognised as 'the boss') – determined a frame that resembles that of the entrepreneur after s/he has established and set up her/ his organisation. It may be observed that such circumstances are far from being unique in the set of EU agencies: about forty of them have been created over the two decades since 1990, and for an important time lapse many of them have been led by

[146] As noted in chapter 4, we qualify claims (about certain conditions facilitating the deployment of the strategy process along the pattern of the entrepreneurial school) in terms of probabilistic causality, i.e. the 'causal variable' is asserted to increase the probability of a given outcome – a claim cannot generally be translated into a claim about the necessary and sufficient conditions for the outcome (in the example reported by King et Al., 1994, 87, the claim was about poor communication among superpowers during crisis increasing the likelihood of war). We thus do not rule out the possibility that other intersecting conditions may reproduce circumstances whereby the director or other chief executive of a public sector organisations operates as the entrepreneur in shaping the strategy – what we contend is that conditions like: the circumstance of being the first person to be hired by a newly established organisation and for some time the only one, and have since been 'the' boss in the organisation, to have overseen the recruitment process of all the staff of the organisation, to concentrate important formal authority especially on internal organisational issues, are all facilitating the development of the strategy process along the pattern of the entrepreneurial school.

their first executive director, overseeing when not directly managing the HR function. However, for the entrepreneur to 'successfully' lead to continued growth the organisation, such 'external' conditions need to be matched by the personal leadership skills of the person who happens to operate in such circumstances – something which undoubtedly occurred in the EASA case, guided by a talented and charismatic executive director since its establishment.

The second condition lies in the formal authority held by the 'entrepreneur'. The executive director in EASA enjoys (given the corporate governance configuration of the agency, see chapter 6.2) an impressive degree of autonomy in the exercise of his technical responsibility (chiefly, to grant or withhold a certificate of airworthiness, which is an exclusive competence of the director). This is a feature proper only of a limited number of EU agencies[147]. However, when it comes to internal organisational powers, the director of EASA, in this respect similarly to most other EU agencies, holds and concentrates upon himself significant competences. Summing up, the second condition lies in the directors of EU agencies enjoying a high degree of formal authority (a concentration of powers that was at its utmost in the EASA case), to an extent that it can be likened to the concentration of executive authority that is generally entrusted by commercial law to the entrepreneur in privately-owned organisation, even though it cannot be equalled to it. This state of affairs also determines that EU agencies are organisations relatively malleable in the hands of the chief executive (formal constraints stemming from EU 'administrative' law notwithstanding).

Summing up*, under the combined conditions of, first, circumstances which may surrogate the role of 'founder' of the organisation, second, a power base (formal authority over her/his own organisation) that resembles that of an entrepreneur in the business sector, and, third, the leadership skills providing the required authoritativeness, the strategy process in EU agencies may potentially unfold along the patterns of the entrepreneurial school of thought in strategic management,* marked by one person, the entrepreneur, leading the organisation in a visionary way, by exploiting the opportunities that arise in the environment (also by taking the appropriate dose of risk), envisioning the future of the organisation, energising and mobilising the people in and around it – all such things being done in a public sector organisation in ways broadly similar to those detected by the literature on the entrepreneurial school for private sector organisations.

There is, however, an important distinctive feature: the explicit time limit set for the 'public entrepreneur'. In 'modern', 'weberian' bureaucracies the direction of a public office can only be 'held' – under the rule of law, and for a definite time frame[148] - and never be 'owned'. Office holding expires in the public sector, and the public entrepreneur has to act under an a priori limited time frame. This is perhaps one of the most significant differences between entrepreneurship in the public sector when contrasted with the private/commercial sector – a

[147] OHIM is the other agency in which the director's power of signing off individual agency decisions may more directly be likened to EASA.
[148] Exceptions can be found for specific positions in certain polities – not however in the EU, nor in EU agencies.

point already highlighted in the case study (section 6.3 in particular) and to which we return later (see chapter 9.2). There is an important implication of time limitation, however, that deserves being discussed for the purposes of addressing the RQ about how strategy unfolds in EU agencies.

The configuration school and the organisational life cycle of strategy-making

The entrepreneurial school is applicable (where other conditions apply) to the first phase of the organisational life of an EU agency, the one that follows up the establishment of the agency and that lasts until the 'founding director' is in charge. If we combine this finding with the finding about the design school being the 'base case' for analysing the strategy process in EU agencies, a developmental path for EU agencies might be adumbrated. The strategy process of EU agencies – the argument follows - might start up as amenable to being interpreted along the lines of the entrepreneurial school (under specific circumstances) or the design school (under 'more general' circumstances).

In a successive phase, the design school might represent the main interpretative framework. Subsequently, but this may only be conjectured in a speculative fashion, it might be hypothesised that over the time 'planners' take over: as a clue, it may be observed that the paraphernalia of strategic management tools could be detected in all the investigated cases, on occasion in quite sophisticated forms; as a further ingredient, it may be considered that the long-range planning (seven-year financial framework) that characterises the entirety of the EU planning and financial cycle may facilitate such development. Hence, the planning school might perhaps supply a complementary interpretation of the strategy process after relatively longer time frames. In other words, different models might be assumed to provide an apt interpretation of how the strategy process unfolds - in different phases – for the same organisation. What we are here suggesting is that there might be an organisational life cycle, whereby strategy unfolds according to certain patterns – in a relatively stable way – within given states, interrupted by occasional and perhaps dramatic leaps from one to another one. One such case might be the end of the term of office of the 'director-founder', driving the organisation to shifting from the entrepreneurial to the design school model. Instead, a smoother transition from the design to the planning school might be hypothesised, over the time, with the increase of the organisational complexity and at the same time under the condition of a relative stability of the environment (although, to re-state, evidence of it could not be detected from our multiple case study, hence this may only be conjectured).

If such interpretation holds, the *configuration school* might be the theoretical source to resort to for elaborating frameworks for modelling the development of the strategy in the terms of subsequent (successive) stages (Mintzberg et al., 2009, pp. 317-361). Central to this school is in fact the notion of 'stages' or 'periods' through which the organisational 'life cycle' unfolds - although the notion of organisational life cycle suggests that there is also an end-phase, and no

EU agency has so far been terminated[149], thus suggesting that testing the hypothesis about the interpretative power of the configuration school for the study of EU Agencies requires a longer time span than the one that characterises the relatively recent administrative phenomenon of the EU agencies. However, should further research along the lines of the configuration school be undertaken, another hurdle to overcome would lie in qualifying configurations (defined by Mintzberg and Colleagues as 'constellations of organisational elements that are pulled together by a unifying theme') in a way proper to the phenomenon investigated: EASA (allegedly in the initial stage) was not less formalised than ETF (an older agency), or ERCEA (a younger agency) for what it matters.

Other analytical elements

Shifting the analytical focus from the explanatory to the descriptive, i.e. addressing the question of what the salient characteristics of strategy in EU agencies are, the picture is quite differentiated. In the ETF case, the strategy developed at the beginning of the new millennium can mainly be read as a repositioning[150] (rather than, e.g., an expansion, or a consolidation). Such repositioning was driven by the reaction to a threat (the marginalisation if not outright dismantlement of the agency) that came to be interpreted also as an opportunity: strategy-making behaviour initially had a reactive character, and then over the time things lined up (chapter 5).

Expansion was instead the salient feature in the EASA case (chapter 6): the EASA strategy may be interpreted as one of constant and systematic expansion, also through successive recasts of its mandate, that the agency leadership could get through the legislative process, and its main attribute was 'boldness[151]'. At another level of analysis, we also observed that the form strategy took was partly explicit and partly implicit, and that it could be read as composed of three concentric layers: the 'very core' strategy, not discussed nor communicated, mainly in the mind of the director; the undisclosed but discussed strategy, the one that to an important extent was elaborated during the executive team's meetings and it was embodied in an undisclosed strategic plan; and the communicated strategy embodied in the business plan. Formal analysis provided a contribution to the strategy-making process, at least to some extent (e.g.: when simulations about the likely trends in the certification market were made, based on forecasts of the long-term trends of the aviation market, and utilised for 'make or buy' decisions concerning the division of labour between EASA and national aviation authorities), as did the paraphernalia of strategic management (in the planning school version) that was set up with great care and in a very 'managerial' fashion (ranging from the five-year plan to the budgeting centred on cascading objectives and supported by tools like the ERP information system); but

[149] With one exception: the agency in charge of supporting the reconstruction of the Balkan countries, which was actually terminated at the end of its fixed-term mandate.
[150] We borrow the terminology from Mintzberg (2007).
[151] Mintzberg (2007) proposes as illustrative list of attributes of a strategy the following: conservative, hedge, defensive, bold, flexible.

the core, the key feature of strategy was managerial personality: the entrepreneurial kind of leadership wielded by the executive director.

The traits of strategy at ERCEA are marked by the prominent role of scientists, which gave shape to a *sui generis* professional bureaucracy (widely recounted in chapter 7). The configuration of ERCEA was such that the operating core was composed of professionals employed with a well-delineated job description on a limited part-time and temporary basis, this job (member of the panels in charge of appraising project proposals for funding) representing a secondary institutional affiliation (their primary one being to the university/research institution for which they work), taken up on a voluntary basis. This – in our interpretation– was a decisive factor shifting decision-making power from the professionals in the operating core to the professional administrators (i.e., those who acted as chairs of the panels and, first and foremost, those who served in office as members of the Scientific Council, notably the President, Vice-Presidents, Secretary, and Chairs of the Standing Committees and Working Groups) as well as to the managers of the executive agency (who operated on a full-time basis for the agency). Key strategic decisions were taken by the pool of the professional administrators at the top (examples of such decisions are the rejection of any form of 'quotas' in the awarding of grants; the transportability of the grant with the researcher to whom it is entrusted; and the bottom-up approach whereby research themes and areas were not preselected but it was the number and quality of the proposals from the scientific community to drive the allocation of money). The strategic orientation of the ERC did not display the typical patchwork-like traits of professional bureaucracies, pulled in different directions by its various professional members and only incrementally steered by the administrators (Mintzberg, 1983); rather, its direction was clearly towards expansion, and its main attribute was boldness.

We can thus find in EU agencies expansionist strategies (not unexpectedly for newly established organisations), but also repositioning strategies: the qualifying traits of strategy range from 'bold' to 'reactive'; varied circumstances can be found also in a relatively homogeneous context like the politico-administrative context of the EU, to which differentiated strategies correspond. The relatively newness of public agencies and the consideration that many of them may be on the growth curve in the aftermaths of the establishment may perhaps suggest that an expansionist component will be more likely to be found in the strategy process of younger agencies (the non-expansionist one, ETF, was also the oldest one of the multiple case study), but such claim does not pretend to be analytically warranted[152].

In terms of the analytical tools to study the causal chain in the process of strategy change, the causal mechanisms hypothesised in the analysis include, first, the social mechanisms of attribution of opportunity and attribution of threat to the new situation and set of circumstances. Evidence from the two cases of strategy-making at EASA and ETF considered jointly seem to provide ground for advancing the claim that the social mechanisms of attribution of threat and opportunity represent a useful building block in analysing and interpreting the

[152] ETF remained about the same size throughout the entire period of observation (see Table 5.3).

dynamics of the strategic change process – provided purposive social actors leading strategic change are able to exploit such mechanisms and manipulate them in order to 'impose sense' over the extant circumstances and drive the staff within the agency as well as those outside it and interacting with the agency to re-interpret the emerging threats as opportunities.

In the ERCEA case, self-reinforcing dynamics have been observed, sparked by continued growth, new staff's 'enthusiasm', the fact of having been during those initial years a success story publicly recognised – 'subject of praise, not blame' – hence making the ERC attractive and facilitating the coalescing of actors around the agency: all factors that have triggered – it may be hypothesised - self-sustaining dynamics whereby initial successes sustained the subsequent continued growth (something which may also be hypothesised to have occurred in what we labelled the second phase of the strategic-organisational development of EASA, see chapter 6.2). In terms of the analytical instruments for exploring the strategy process, positive feedback as a (causal) mechanism may be added alongside attribution of opportunity and threat to the toolbox of the conceptual tools through which to analyse and explain the consolidation of strategic intent.

8.3 Contrasting explanations in strategic management with alternate frameworks: using bureau-shaping, politics of bureaucracy, structural design, principal-agent and functional accounts for interpreting the organisational behaviour of EU agencies

This section discusses the potential explanatory power of alternate theoretical frameworks, as applied to the investigated cases, with the ultimate goal of gauging the extent to which strategic management may provide a 'truly novel' theoretical perspective producing new insights and an overall improved understanding of the behaviour of public agencies, or whether other perspectives may – perhaps more effectively – cover broadly the same terrain. We at first systematically review the explanatory power of the bureau-shaping perspective and the politics of bureaucracy framework, to then discuss a range of other theoretical perspectives (introduced in chapter 2). We conclude our review by arguing that strategic management does provide a fresh perspective to the study of EU agencies – and possibly public agencies at large.

The bureau-shaping perspective

The bureau-shaping perspective, analytically discussed in chapter 2, is a model whereby bureaucrats carry out collective strategies designed to bring their agency into line with an ideal configuration. The bureau-shaping model has its roots in an economistic, rational utility maximiser view of humans (for a critique, see Talbot, 2010 and 2011). Key constructs employed by the model include a preference by bureaucratic decision-makers for high status and agreeable work tasks, further operationalized in the terms of designing the agency (at its

establishment or by reshaping agency form through a set of consistent decisions over the time) in such a way that staff functions may allow for innovative work, that the agency and their own managerial tasks may have longer-time horizons and broad scope of concerns as well as high level of managerial discretion and low levels of public visibility, and a collegial work atmosphere may be attained. This preference is further combined with the maximisation of the bureau budget, a specific component of the agency's budget (as opposed to the emphasis on general agency budget maximisation that was constitutive of Niskanen's version of bureau-shaping). A formal-mathematical illustration of the model, and wider discussion, is reported in chapter 2. Based on these constructs, each case history has been critically revisited (see sections 5.4, 6.4 and 7.5) in order to gauge the extent to which the bureau-shaping model provides a satisfactory explanation.

Taking the EASA case first, and starting from the analysis of the attempts that (alleged) bureau-shapers should have adopted to forge the development of the agency in such way to make it resemble a small, collegial, policy-advice orientated organisation, we noticed that there seems not to have been any consistent set of deliberate attempts in the direction of 'getting rid' of operational activities in this case (see chapter 6): on the contrary, executives of the agency actively engaged to make EASA a large 'delivery organisation'. More challenging was the task of disentangling from the complexity of the case history the presence of a course of action orientated to maximise the bureau budget, which represents the only component that bureau-shapers have an interest in maximising; one analytical difficulty was related to the observation that the overall budget of the agency coincides with the bureau budget, and (we noticed in chapter 6) in such circumstances there is also room for an alternate interpretation of bureaucrats maximising their utility function by achieving a higher bureau (which coincides with the overall agency) budget, though this is traded off with the proportion of policy work time (see James, 2003, pp. 27-30 in particular). We concluded our analysis by leaving this alternate interpretation open - a result which does not affect our overall appraisal that the bureau-shaping perspective displayed at most a limited explanatory power in the case history of EASA.

The case history of ETF provided evidence much more amenable to interpretation along the lines of the bureau-shaping model. As we observed in chapter 5, the end point of the developmental trajectory of ETF is one in which policy advice tasks mostly replaced delivery ones and, organisationally, ETF remained a relatively small-size organisation, with qualified staff and a broadly collegiate climate (the kind of 'familiar organisation' for which top bureaucrats as bureau-shapers have a preference, according to Dunleavy, 1991). It also managed to maintain its budget (almost entirely composed of the bureau budget, in Dunleavy's terminology) unaltered throughout the observation period. As we further noticed in chapter 5, the unfolding of such organisational trajectory may to a significant extent be attributed to the deliberate and consistent over the time action of the executives that operated in the agency, advancing such agenda on the different decisional tables in which policy-makers operated. This is, however, only part of the picture: in the prosecution of our analysis, we also noticed that significant service delivery tasks were not taken away from the agency as an effect of a deliberate course

of action undertaken by the agency's executives, rather it was the consequence of a decision taken elsewhere: such decisions were only later interpreted and 'exploited' strategically by certain key actors as an opportunity to (further) transform the agency from a delivery organisation into a provider of policy advice. Whilst the thrust towards finding a new niche for ETF was a *fil rouge* of the moves of the set of actors actively taking care of the destiny of ETF, we further noticed that it is more difficult to induce from the observed actions of key decision-makers the existence of an *a priori* set of deliberate attempts all consistently inspired by the pattern of getting rid of delivery tasks to the benefit of acquiring policy tasks: possibly this state of affairs was entirely the result of the powerful external constraints put on the agency. We are thus left with a partly ambiguous picture: on the one hand, evidence seems to add confidence to an interpretation along the lines of the bureau-shaping model, which thus in the ETF case 'successfully' undergoes the test and 'confirms[153]' its explanatory potential. On the other hand, also (even) in the one case that most fits the bureau-shaping model, when a closer look is taken and we 'zoom in' the complexity and nuances of change and continuity in organisational life by delving into 'the multiple sources and loops of causation and connectivity so crucial in identifying and explaining patterns in the process of change' (Pettigrew 1990, 271), we easily discover that the utility-maximising behaviour that is ascribed to bureaucrats according to this model is rarely if at all 'the whole story'.

The third case (ERCEA, see chapter 7) further corroborates our conclusion about the limited explanatory power of the bureau-shaping model: indeed, it points out that public agencies are highly differentiated creatures, not all of them populated by 'full time, permanent bureaucrats', rather they may be populated by professionals, on a temporary and part time basis – and this may have powerful implications for the organisational behaviour of the same agency. As we observed in chapter 7, the institutional division of labour between the Scientific Council and ERCEA provided limited opportunities to the agency managers (most of them seconded from the European Commission) for increasing their share of policy time as opposed to the share of time devoted to the execution of administrative tasks (one goal of bureaucrats, according to the bureau-shaping perspective): indeed, it is not by reshaping the agency, but rather by going back to the European Commission that they may gain opportunities for higher involvement in policy-making. As regards the scientists turned (part-time) professional administrators, their attention is focused on the programme budget rather than the bureau budget; indeed we could observe that executives employed all the available levers to facilitate the trend towards expanding the programme budget, rather than exclusively the core or the bureau budget -quite the opposite of what can be forecast according to the bureau-shaping perspective. Moreover, for such scientists turned professional administrators (on a temporary basis) the trade off in the allocation of their time is not between policy and administration, rather between the time they devote to the making of the European research policy and the time they devote to doing research directly, as active scientists. When policy time is contrasted with research time (rather

[153] More precisely, it is not falsified.

than with delivery tasks), both poles are attractive (the balance may be tilted towards the former or the latter on an individual basis, but a general preference for one or the other cannot be *a priori* posited), hence there may be self-restraint (rather than just the external constraints put by the political master as in the bureau-shaping modelling) on the part of such scientists turned part-time professional administrators to expand the policy time by more actively engaging in the workings of the Scientific Council, because that would go to the detriment of research time. Empirically, it could be observed that agency executives supported the growth in size of ERCEA and shaped it as a 'machine bureaucracy' – quite the opposite thrust than the pursuit of small-sized work units and the low levels of public visibility (and high level of managerial discretion) that is predicated of bureaucrats' behaviour according to the bureau-shaping perspective (Dunleavy, 1991, p. 202). Summing up, in the ERCEA case we detected that patterns of bureau-shaping behaviours are largely absent, due both to the governance architecture of the ERC and to the career paths of those who wield managerial roles in it.

There are in our view important lessons to be drawn from the multiple case study for a critical discussion of the bureau-shaping model. The question is: what explains the differentiated (and overall limited) explanatory power of the bureau-shaping model across the three cases? Part of the answer lies in the (professional and social) identity of the decision-makers: the director of EASA, Mr Patrick Goudou, in consciously acting as the (public) entrepreneur of the organisation (chapter 6) and leading it through dire straits (especially in the initial years, in the aftermath of the establishment), adopted a course of action quite different in its traits and the basic stance from the one attributed to bureau-shapers. This consideration brings us to the fundamental issues of the nature of humans, and of (political) cultures: in the case observed, altruistic behaviour, with an emphasis on the pursuit of public interest (interpreted and framed in a quite distinctive sense, which we characterised in chapter 6 as the *service public à la française*, entailing a strong sense of the pre-eminence of the public service and an authoritative way in which solutions are administered to the community recipient of a public service) did mark the behaviour and the set of consistent decisions that were made over the time: bureaucrats are simply *not* (as a minimum: not always, or not only) utility maximisers; previous social identity is a crucial explanatory factor – the personal and professional life of the bureaucrat is a crucial 'predictor' of managerial behaviour[154].

Another part of the answer to the question about the differentiated - across the cases/circumstances - explanatory power of the bureau-shaping model lies in the (ubiquitous) role of the professionals in public services. The case of the European Research Council is illustrative in this respect. Scientists turned (part-time) administrators of a professional bureaucracy focus the programme budget – the way in which the research programme impacts on the scientific community and gives shape to the scientific profession in Europe - rather than the bureau budget, that is the resources utilised for running the public agency, which they

[154] To further qualify this point it may also be observed that public entrepreneurs of the kind depicted in chapter 6 – a figure further discussed in chapter 9.2 – whilst putting a strong emphasis on public interest may tend to overlook *procedural interest* concerns – see Talbot, 2011, pp. 29-30 in particular.

perceive as merely instrumental. For such scientists turned administrators on a temporary basis (for whom the academic track remains their principal career path), the trade off in the allocation of their time is not between policy and administration, rather between the time they devote to the making of the European research policy and the time they devote to doing research directly, as active (and often very ambitious) scientists. Where policy time is contrasted with research time, both poles are attractive, hence there may be self-restraint (rather than just the external constraints put by the political master as in the bureau-shaping modelling) on the part of such scientists turned part-time professional administrators to expanding the policy time: the utility function – even if we accepted that it is a proper way of modelling the behaviour of such actors - is more problematic to model, since it is unclear which of the two poles (policy time vs. research time) is more attractive; once again, previous identity of decision-makers is the decisive parameter, and this cannot be assumed *a priori* (as in economic – economistic – modelling).

For both the above sets of conditions, explanations rooted in strategic management appear more supple and nuanced, and ultimately more comprehensive.

The politics of bureaucracy perspective

Next to the bureau-shaping model, as an alternate explanatory framework we employed the politics of bureaucracy approach, as theorised by Guy Peters: a theoretical perspective to interpret and explain bureaucratic influence on policy-making (more precisely, 'the extent to which bureaucracies and bureaucrats can provide government to a society'), introduced and discussed in chapter 2. Three main types of 'ploys' (Peters, 2010) can be triggered by a bureaucracy to provide government to a society (i.e. to shape public policy). Two of them concern respectively how the bureaucracy is starting up and shaping structured and long-term plans, and how it holds a sway on the budgetary process. A third ploy that bureaucracies may employ to affect public policy lies in gaining legitimate status to provide policy advice: the key constructs in this third kind of ploy are participation to consultative or decision venues, and legitimacy (gaining legitimate status to provide policy advice).

The means deployed by ETF to gain a policy advice role lay in becoming an institutional venue for policy processes in the field of educational and vocational training: after the 2008 recast of the mandate, ETF experts got compulsorily involved in the formulation of education policies by the governments of countries recipients of EU funds. As noticed, the remit of the advisory role of ETF encompassed also supporting the European institutions in their administrative action in the fields of external action and cooperation to development of the EU, although regarding EU policies ETF has not achieved the status of an institutional venue (as it would be the case if it were compulsory for EU institutions to receive the advice of the agency, as part of the procedures of the policy process), rather the services it provides to EU institutions are delivered 'on request', i.e. manufactured to order by the competent EU institution (chiefly, the Commission) - which however means that ETF may at times wield an influence over the EU policy-making process. Thus, the agency ultimately managed to acquire a recognised role in

policy formulation processes. However, this achievement occurred as part of the search for a new niche, a response to changing (and threatening) circumstances that cannot be interpreted only through the lens of an adjustment to gain more influence over policy-making. As we observed in chapter 5, the kind of dynamics that could be observed over the time consisted of a transition from a struggle for survival to a broader search for a new configuration that could allow the agency to achieve recognition, legitimacy, and access to regular flows of resources that were no more granted by the environment. Gaining influence over public policy-making was but one component of a more variegated and nuanced picture, and such process interconnected in complex ways with the other broader dynamics whereby the agency strived for successful adaptation to a transforming environment.

Quite similar is in this respect the EASA case history. In the commentary provided in chapter 6 it was observed that the objective of influencing the policy process in the relevant field of air transport was pursued alongside a range of other goals (enhanced autonomy; organisational growth; a recognised legitimate and central position in the European and global landscape). Not dissimilarly, scientists turned top bureaucrats in the Scientific Council of the ERC, together with the European Commission officials seconded to managerial posts in the executive agency, undertook a course of action that did lead the ERC to become a heard voice in research policy in Europe; but this occurred alongside a range of other courses of action - from the setting up of the operations to differentiating the range of products, to the (overarching) orientation to institutionalise the ERC in order to make it a permanent actor of research policy in Europe (and beyond) – that characterise the organisational behaviour of ERCEA beyond what could be forecast on the basis of a politics of bureaucracy perspective.

Summing up, the bureau-shaping model and the politics of bureaucracy perspective provide a sort of patchwork explanation: they explain certain profiles of EU agencies behaviour, but not the whole story. *Explanations rooted in strategic management (intended as an applied and interdisciplinary social science drawing on various basic social sciences) seem to be more fitting the nuances of the stories of organisational development of the investigated public agencies*. It may also be noticed that their usage requires more eclecticism in terms of the theoretical roots, and strategic management is inherently dual in its very nature, partly explanatory/interpretive (the way it has been used in this work) and partly normative (possibly reflecting the nature of public management as a design science, in Waldo's conception, recently revisited, e.g., by Barzelay and Thompson, 2010).

The politics of bureaucracy and the bureau-shaping perspectives have been selected as alternate frameworks to contrast the findings stemming from the application of strategic management frames due to the focus they place on the behaviour of public agencies after they have been instituted (though the bureau-shaping is as much a theory of agency design as a theory of post-establishment behaviour). There are other important explanatory frameworks that, though elaborated mainly to address questions about why agencies are established in the first instance, can nonetheless tentatively be employed to interpret certain profiles of post-establishment behaviour of EU (and other) agencies.

Other theoretical perspectives

In concluding this section, we review the potential contribution of the theoretical perspectives more commonly employed in the study of EU agencies.

Starting from functional accounts (Majone, 1998 and 1999; Eberlein and Grande, 2005; Eberlein and Kerwer, 2004), according to a functional perspective, organisations survive and prosper depending on whether they 'serve' those who created it or have appropriated it: it is functional consequences to determine survival and prosperity – the form - of an institution. Accounts rooted in a functional perspective may be evoked in relation to our case studies. Taking the EASA case first, illustrative is the influence that a concentrating air transport industry had on pushing for the transfer of functions like aircraft certification from the national to the upper level of governance, in order to ultimately facilitate the growth of a single market at the European level and hence disclose the possibility to reap scale efficiency effects (Kassim and Stevens, 2010, p.351 in particular). Functional pressures did have a role but, we argue, not a decisive one, or at least not by themselves: lobbying by the industry proved influential on the unfolding of the story, but mainly because the Commission and EASA utilised it as a lever to sustain the accretion of competences and tasks at the European level, by extorting them from the national level (see Kassim and Stevens, 2010, p.132 in particular). The argument we propose requires discussion, however, as it might be argued that – had EASA failed – the way the business sector was restructuring, interpreted as an 'environmental' force on both EU and national institutions, would have determined the establishment of another functionally equivalent institutional set up, e.g. in the form of an intergovernmental arrangement (rather than an EU agency) similar to the one that was advocated by some member states during the 1990s but stopped by the Commission – and this is the point, in our view: in the presence of a failure of EASA, the Commission might have found it hard to push for another similar institutional arrangement, but might well have stopped the proposal from certain member states to set up an intergovernmental arrangement, by resorting to its exclusive competence in the field of the development of the single market in the EU, the so called policy initiation prerogative, which prescribes that no proposal can even be examined by the legislative bodies (the member states and the European Parliament) unless it is transmitted by the Commission. Moreover, by forming an alliance with other member states less willing to go back to an intergovernmental arrangement likely to be dominated by a few 'big' states, and by acting in a concerted way with the European Parliament (whose general stance is to favour supranational rather than intergovernmental solutions), the Commission might have played a role of interdiction impossible to overcome. Although we duly recognise that counterfactual historical accounts are always problematic, there seems to be room to make the case that the way EASA was strategically led proved decisive to give shape to the policy sector.

Functional accounts require reinterpretation in the ETF case. Out of the two options that either principals possess a well-defined a priori set of preferences that are translated into requirements about what the agency has to deliver to meet the functional demands of its

environment (the environment of an institution being primarily made by other institutions), or that 'agencies can transform the preferences or the configuration of the principals' (Zito, 1009, 1227), it seems that the latter better describes the ETF case history, although functional accounts do not distinguish between principals and other institutions, aiming to address the entirety of the environment as shaper of agency form. There seems to be an analogy with the accounts (based on Carpenter, 2001) whereby 'the agency leadership experiments with new programmes and introduces innovations to existing programmes while gradually convincing the diverse political coalitions to value the new innovation and the agencies themselves. [..] Agency actors sustain this preference shift by using recognized legitimacy in the policy area, by building superior ties to the public and/or media, or by establishing reputations for impartiality and dedication to the public good'. What is especially distinctive in the case investigated here is that strategists in the ETF case were scattered across the organisational borders of the principal-agent divide, with executives in the 'principal' institutions acting also as strategists for the agency in the repositioning of the same agency by means of reshaping principals' preferences for what the tasks of ETF were going to be.

In short, functional accounts may complement but do not explain the course of events in the investigated case, nor seem to enable to discern under what conditions which developmental path the agency will have.

Turning to Moe's 'structural design approach' (Moe, 1989 and 1990), the politics of structural choice perspective meets significant limitations in explaining the subsequent organisational behaviour of an agency once it has been established. Design choices obviously do have an influence on subsequent behavioural dynamics: illustrative is the casting of the mandate of EASA in the original founding regulation in such a way to provide the same agency with the prerogative to formulate proposals to the EU legislative organs about recasting its own founding regulation and mandate, thus endowing the agency with the power to trigger the legislative process leading to entrusting the agency with new tasks: the so called 'self-tasking' prerogative (Egeberg, 2010). The structural design approach is often employed in combination with a historical institutionalism perspective according to which initial choices shape and constrain further decisions. According to such perspective, there is limited room for manoeuvre for steering the development of the agency beyond the constraints set by initial decisions (other than via punctuated change: a crisis leading to a breakdown of the system and radical change, Peters, 2011, chapter 4).

The cases we have investigated, however, suggest that change (at least of the kind we have investigated, namely strategic re-orientation at the organisational level) may well occur beyond the initial design: the case history of ETF (the one with the longest time-span out of the three case histories) is indeed one in which – whilst obviously initial design and the formative years have had an unavoidable influence over subsequent events – the agency strategists have successfully been capable of moving beyond the assigned initial mandate and recast it (indeed the initial mandate assigning mainly service delivery tasks came to be interpreted as something to react to). If ensuring policy continuity by enshrining it into a glazed mandate assigned to an

agency is the goal of purposeful policy designers, it did not work out: when the organisation established for the pursuit of such goal came to be challenged by the dramatically changing circumstances at the turn of the millennium, the organisation's collective strategist eventually managed to change its mandate and remit, and 'reposition' the organisation in the environment. Similarly, in the EASA case the insertion in the founding regulation of the prospect of further expansion of the agency's tasks has influenced its subsequent developments, but did not prove decisive, neither when at stake was ensuring the survival of the agency (in 2004-06) nor when EASA came to grab the differential impact of the fiscal crisis on national authorities as an opportunity to redraw the borders between the European and the national level. Agency behaviour may be shaped to some extent by the initial design of its attributes and working arrangements, but public agencies are far from being bodies amenable to being pre-programmed.

Summing up on this point, perspectives rooted in structural design (Moe, 1989 and 1990) seem to be short of detailed implications about the subsequent behaviour of the agency and the unfolding of its relationships with the multiple parent administrations. Structural politics frames (in EU studies a powerful recent overview and synthesis is provided by Kelemen and Tarrant, 2011) combined with path dependency explanations may provide complementary explanations (about what led to the design choices that constitute the starting point, and about how this may affect the subsequent course of events), but fall short of interpreting what follows the setting up of the agency. In other words, theories investigating the rationale for the establishment of agencies (e.g., in Moe's argument, inter alia, the desire by officials in office to ensure continuity to a given policy by setting up institutions that may 'consolidate' a given policy orientation beyond their own mandate) do contribute to explain why agencies will be endowed with certain attributes (like a certain degree and profile of autonomy to insulate it from political influences) and embedded in certain institutional arrangements (like oversight arrangements set up by the parent administration), features that will affect their future development - but ultimately *agency design affects but does not determine* the subsequent developments.

Moe's perspective is also a reaction to Principal-Agent theory when applied to explain the design of public agencies, especially the assumptions that the principal will set up various controls over the agency to counteract information asymmetry and the ensuing agency's shirking behaviour[155]. The other complementary assumptions posited by principal-agent theory in the way it has often been applied to the study of public agencies (McCubbins et al., 1987) regard: first, the information advantage that delegation gives to the agent; and, second, the divergence between the agent's preferences and the principal's concerns. A study conducted by Zito (2009) on another EU agency (the European Environmental Agency) led to identifying certain conditions under which such assumptions are likely to be relaxed. Based on our cross-

[155] In Moe's perspective, the principal's motives for setting up an agency lie mainly in 'enshrining' her/his policy preferences in the institutional system in order to secure them survival beyond government alternation – rather than in searching an efficient solution to a transaction costs problem.

case analysis we may add confidence to the findings of Zito's study, and perhaps also move our social science understanding of public agencies behaviour a bit further. In fact, quoting also the work of Waterman et al. (2004), Zito observes that 'Neither the principals nor the agents are likely to have unitary outlooks. Agencies have incentives to ally with principals who share their goals/outlooks, and vice versa. Both agencies and other interest groups are strongly motivated to share information with supporting coalitions; consequently, the situation of information asymmetry decreases. Information and learning are core dynamics that can transform the principal–agent relationship as both sets of actors learn gradually about policy and their own organizations' (Zito, 2009, p. 1226-27). More specifically, he argues, in conditions of 'expanding political arenas where external pressures (economic, technological, and the like) push for innovation in policy, entrepreneurial agency may harness learning dynamics and seek a wider actor coalition to embrace this knowledge and embed it into its own rules and behavioural norms. It is this political and entrepreneurial act of taking the learning outcome, and using it to inform and perhaps transform the wider principal–agent relationship that goes beyond principal–agent conceptions.' (Zito, 2009, pp. 1228-29).

The EASA case recounted in chapter 6 seems to add confidence to those findings. First, it may be observed that plural and competing principals (Commission; Members States; and the European Parliament) provided room for multiple alliances between such principals and the agency: EASA's leadership set up a stable alliance with the European parliament competent committee ('and in the hindsight such alliance should have been exploited much more', interview 1); a strong but not void of ups and downs alliance with the European Commission; a mixed set of relationships with ministries/departments and aviation authorities of member states. Second, National Aviation Authorities acted as principals when sitting in the management board of EASA, and as agents of EASA in the execution of certification tasks: principal's and agent's roles are blurred. Moreover, information asymmetry at the beginning worked in the direction of EASA being less, not more, knowledgeable than Member States administrations (information asymmetries at the beginning worked especially in the relationship between EASA as the principal outsourcing the entirety of its certification tasks to national aviation authorities, because of the lack of internal resources and expertise). Such condition, however, turned out to be transient and not permanent, which leads to our subsequent point. In fact, third, learning processes (occurring both in the principals and the agency) may be hypothesised to provide part of the explanation for the much more collaborative set of arrangements that could be set after three to four years between EASA and the national aviation authorities, possibly also because of information asymmetry having been overcome. Fourth, EASA seems to have in a number of respects operated to elicit consensus over its regulation proposals, standardisation procedures, and ways of coping with certification tasks, in such a way that member states as principals over the time transformed their preferences and the way in which they used to work with EASA, at least to a certain extent: a process in line with what observed by Zito (2009) for European and national environmental agencies.

Thus, case analysis adds confidence to the consideration that, in conditions of expanding political arenas where external pressures push for innovation in policy coalitions - and European integration processes may generally fall within this category – an entrepreneurial action may lead the principal–agent relationship beyond principal–agent conceptions. Such relationship may be better interpreted by means of notions like that of strategic alliance (between EASA and a number of its principals: the European Parliament, the European Commission; certain member states).

What are, then, the conditions under which important assumptions commonly held in analytical perspectives derived from P-A theory can be relaxed when applied to the study of public agencies? Considering the ETF case first, the configuration of actors composing the strategist in ETF seems to undermine one of the very premises of the Principal-Agent theory – i.e. the distinction between the principal and the agent as two separate actors, as a presupposition for them to have distinct interests: when applied to the study of public sector agencies, at least of that peculiar kind which may be found in the EU polity, there seem to be conditions under which this assumption may be relaxed. In particular, the multiple principals may have varying attitudes towards the agency, and this range of attitudes encompasses acting at times more like the 'patron' of the agency, treating it as a pet creature, intermingling with its destinies rather than steering it from a distance, sharing its goals (at least the overarching one of ensuring the survival of the agency) rather than having as main preoccupation that the agency lines up with a pre-determined set of preferences of the principal. From this it follows that one of the assumptions of P-A theory, i.e. the divergence between the agent's preferences and the principal's concerns, may be relaxed in the reported ETF case. Another assumption, that is information asymmetry between the principal(s) and the agent, may be held but revisited: in recasting its mandate and role, abandoning its previous project administration function to become a centre of expertise and provider of advice both to its principals and to third parties on behalf of the EU (its principal), the purposeful social action of the agency had also the effect of enhancing information asymmetry, which in the initial phase (when it used to operate as a service delivery, project management organisation) it possessed only to a limited extent, and such process leading to enhanced rather than diminished information asymmetry, unfolded under the benevolent and supporting eye of its principals (at least an important part of them), that intended this as a way to ensure a future to the agency.

Turning to the ERCEA case, the pertinent question regards if and the extent to which the ERCEA case can be modelled along the Principal-Agent framework. Was such framework detectable in the ERCEA case? The answer is probably negative if we examine the relationship between the Commission and ERCEA. Certain 'tracks' of it may perhaps be detected in the relations – within the ERC – between the Scientific Council as the principal and the executive agency (ERCEA) as the agent, as well as perhaps (but this aspect was not directly investigated) between the Scientific Council and the panels in charge of evaluating the proposals. All in all, however, it is doubtful the P-A framework may be of much utility in explaining or interpreting the dynamics of these relationships. Perhaps in all such relations, and notably in the one

between the Commission and the ERC system as a whole, the relationship is more effectively modelled in terms of 'Principal-Trustee'. Rather than Principals establishing an agent to reduce transaction costs, the ERC case might better fit the category of a Principal (or Principals, if we encompass all the legislative bodies: next to the Commission initiating the process – and administering the research policy fund – the European Parliament and the Member States acting in the Council of Ministers) establishing a trustee to protect its own well-perceived long-term interests (Gehring, 2012; Majone, 2001). Trustees are expected to apply a rationale that is systematically different from what their principals would have done in their place, and in this way they serve the principals interests best by not adjusting to what the principals would have done in its place in a specific situation (Gehring, 2012, p. 108): in the ERC case, by asserting the logic of 'scientific excellence in frontier research' (however interpreted and filtered through the interpretive lenses of the dominant paradigms in the scientific community) rather than the logics that shape other domains of the European research policy (like the emphasis on geographic 'balance' in the allocation of research funding). For the purposes of our extant discussion, the ERCEA case adds confidence to the evidence about P-A assumptions being relaxed, and hence to the proposition about the P-A framework being but one scenario in the study of EU governance, Summing up, we conclude that *the P-A framework may be but one scenario in the study of public agencies, as it may be but one scenario in the study of EU governance*. We pick up this point for further discussion in section 9.4.

Conclusion

Summing up, another contribution that may derive from cross-case analysis lies in refining propositions about the explanatory power and, at the same time, shedding light on the ultimate inadequacy of certain theoretical frameworks like P-A, the politics of structural design, and functional accounts as regards explaining post-establishment behaviour of EU public agencies. This consideration further corroborates – in our view – the argument we put forward about *the usefulness of resorting to strategic management (conceived of as an interdisciplinary, applied social science rooted in basic social sciences, such as organisation science, social psychology, political science) for shedding further light on the study of EU agencies, as well as possibly public agencies more at large*. We would further argue that also institutional accounts and the study of institutionalisation processes, such as the account provided by Pierre and Peters (2009) about how an agency – EASA – replaced a looser policy network, gain a finer-grained interpretation and may be complemented and supplemented by case analyses drawing from strategic management.

Chapter 9. Discussing the implications of the findings for the fields of public management and strategic management, and for European governance

This chapter discusses the implications of the findings on how the strategy process unfolds in EU agencies for a wide range of themes in the three disciplinary fields – public management, strategic management, and EU studies – of which this study is at the crossroads. Preliminarily, in section 9.1 we address the key issue of the interrelationship between the strategy process and autonomy of public agencies. The two key questions are here: why, and how, is agency autonomy important for the strategy formation process? And what is the influence of the agency's strategy on the agency autonomy?

The two subsequent sections of this chapter examine the insights that may be gained for, respectively, the study of strategic management in public service organisations (section 9.2) and the broader strategic management literature (section 9.3). In the following section (9.4) we discuss the implications for the field of EU studies, and notably the issue of how the behaviour of EU agencies (explained by resorting to strategic management) may affect EU governance dynamics; in particular we address the questions: how does (if at all) the behaviour of EU agencies affect European integration processes? And what is (if any) the role of EU agencies in the decomposition and re-composition of the European multi-level administrative system?

Section 9.5 concludes the work, summing up about the journey undertaken.

9.1 Revisiting the public management literature on public agencies: strategy and the quest for autonomy

Research on public agencies 'after they've been established[156]', i.e. the strand of research inquiring into the dynamic features of public agencies across polities, policy sectors and over the time (Christensen and Laegreid, 2006; Pollitt et al., 2004; Pollitt and Talbot, 2004), has so far been developed mainly by looking at public agencies 'from the outside in' and exploring the influence that the environment, the structure and the governance configuration, the organisational culture, and the nature of the tasks executed have on the characteristics of public agencies. Based on this perspective, emphasising the influence of primary task, on one hand, and of being embedded in a given jurisdiction and its politico-administrative context, on the other hand (aptly qualified by Pollitt, Talbot and Colleagues as 'Task-Specific, Path Dependent', Pollitt et al., 2004), a range of research works have probed into the determinants of the autonomy of public agencies (for an overview see Laegreid and Verhoest, 2010 and

[156] That is, leaving out the question: 'why are agencies established in the first place?'

Verhoest et al., 2010), and structural, cultural, environmental, task-related and other factors have been called into play to explain agency features. When a rational-instrumental perspective to organisational design has been employed (Christensen et al., 2007, chapter 2), this has been done almost always from the point of view of rational choice actors in the ministry or department competent for a certain policy that establish and design the public agency as part and parcel of attempts to reorganise the bureaucratic apparatus in the pertinent policy sector. The opposite approach that looks from the inside out and examines, from a rational-instrumental perspective, how the architect of the agency's strategy (interpreted along the canons of the designer or the entrepreneur – be it an individual or a collective actor) has acted to guide the agency to its organisational form and to position itself in the environment has so far been limitedly explored.

The present study allows to shed light on this aspect, hence on the organisational behaviour of public agencies, as well as to build bridges with ongoing strands of research on public agencies investigating questions such as: what profiles of autonomy are (necessary, sufficient?) conditions for the agency's strategy to form? What kind of autonomy (the accretion of) is the goal of an agency's strategy? Are all profiles of autonomy equally relevant to strategy-making or are there certain priorities? And if so, what explains the forming of such priorities in strategy-making, and hence the differentiation in the degree of autonomy of agencies operating under similar environmental, structural or task-related condition? Addressing such issues also enables addressing questions about why two agencies operating under broadly similar conditions in the terms of the factors deemed to have an influence on agency autonomy do display significantly different levels of actual autonomy: striving to enhance certain profiles of autonomy (not necessarily autonomy *tout court*) may be part and parcel of one agency's strategy, but not of another one. In order to address all such questions, strategic leadership and orientation may be posited to be a central influencing factor (Carpenter, 2001).

The interrelationship between agency autonomy and strategy

In chapter 2 we introduced the notions of managerial and policy autonomy, using the taxonomy suggested by Verhoest and colleagues (Laegreid and Verhoest, 2010; Verhoest et al., 2004a and 2004b; Verhoest et al., 2010; Verhoest et al., 2012; see also Barbieri and Ongaro, 2008; Barbieri et al., 2013; Pollitt et al. 2004; Pollitt and Talbot, 2004; Yesilkagit, 2004). Managerial autonomy concerns the extent to which the organisation may decide on resources without the authorization/approval of the parent administration(s): by 'deciding on resources' it is intended decisions about the acquisition and the employment of financial and human resources, that is, of 'capital' and 'labour' intended as the main 'production factors': these two dimensions of autonomy have been labelled respectively as financial autonomy and personnel autonomy, and constitute the two main sub-dimensions of managerial autonomy. Policy autonomy is defined as the extent to which the organisation may decide on the targets of the policy and/or the instruments to pursue such targets. What is detected in studies of agency autonomy is often perceived autonomy, that is, how the chief executive perceives of her/his leeway in actually

making decisions, irrespective of the formal/procedural requirements for the administrative act executed by the agency to be legally binding.

Why is the study of public agency autonomy important for strategic management? And what is the influence of the agency's strategy on its autonomy? Starting from the former question ('why is the study of public agency autonomy important for strategic management?'), Vining (2011), in a study aiming at exploring the possibility to apply the five forces framework elaborated by Porter for the analysis of strategic positioning (Porter's five forces framework – Porter, 1979, 1980, 2008 – is widely recognised as a key text in the positioning school of thought in strategic management) argues that autonomy is for public sector organisations the functional equivalent of 'competitiveness and profitability' for business sector enterprises. He argues that 'External forces constrain public agency autonomy in the public sector in the same way that external forces constrain enterprise "margin" or profit in the private sector […] the degree of competitiveness and profitability is of interest to business executives because a key to an effective strategy is "a defendable position against the five competitive forces" [and similarly] in the public sector autonomy provides a "defendable position" vis-à-vis external forces' (Vining, 2011, p. 68, citing Porter, 1980, and Pfeffer and Salancik, 1978). Whilst in the rest of the article Vining goes on to modify the Porterian five forces framework to adapt it to the public sector context (notably by adding the extent of political influence as an altogether new force, specific to the public sector), the key passage for the discussion carried out in this section is the statement that 'autonomy is a functional equivalent to what profitability is for the commercial sector, because it is a condition of the long-term survival and economic sustainability of a public organisation'. We will discuss it critically, but preliminarily it is important to recognise that this is far from being a novel proposition: in various national schools of thought in public management the centrality of the notion of autonomy is amply recognised (to mention one school of public management the author of this research work knows well, such is the case in the Italian debate, see Borgonovi, 1984 and Zangrandi, 1994); also the notion of 'sustainability' as a key dimension of performance ascribes a central significance to an organisation's autonomy (see Pollitt and Bouckert, 2011).

The author then goes on to argue that policy autonomy and managerial autonomy represent both a goal of public agencies (citing Lynn, 1991, according to which 'the most robust conclusion concerning what bureaucrats want […] is that they want control of discretionary resources[157]') and a condition for strategy to occur ('Given the importance of both policy autonomy and fiscal autonomy in prescribing the strategic degrees of freedom available to managers, the combination of both is called the degree of strategic autonomy', Vining, 2011, p. 69). In other words, discounting for some differences in the terminology between Vining and our own terminological choices (notably, we qualify what he calls 'fiscal autonomy' in the terms

[157] The terminology used by Vining employs the term 'fiscal autonomy', defined in relation to the extent of the discretionary budget, which broadly though not entirely corresponds to the notion of managerial autonomy introduced above.

of the agency's 'managerial autonomy'), the basic argument of Vining is that autonomy is both a pre-condition for strategy-making and a goal of strategy.

We basically agree with this statement; however, qualifications may be added based on the findings of our multiple case study about *semi*-autonomous public sector organisations operating under the steering of multiple parent administrations in a complex polity like the EU. From case evidence about EU agencies, it emerges that for such agencies financial autonomy is not central, either as a precondition for strategy formation or as a goal of it: there is no evidence in the investigated cases about these agencies striving to enhance such dimension of autonomy, nor did the limited degree of financial autonomy they enjoyed determine an impediment to such agencies to develop a full-fledged strategy. Actors in the recounted case histories strive to enhance the agency's competences, to increase leeway in internal appointments and the acquisition of new staff, to influence the pertinent policy – but enhancing financial autonomy is simply out of the picture. This may perhaps be attributed to the shared conviction by actors about the insurmountable obstacles in the EU context to the redesigning of the governance for an EU agency in such a way to attribute to it a higher degree of financial autonomy.

Personnel autonomy is instead especially significant both as a premise (for strategy to form and unfold) and as a goal: we may consider the struggle engaged by the ETF's leadership to keep the posts related to the staff repatriated to Brussels together with the TEMPUS programme and replace them with new staff bringing novel policy advisory skills (a condition for the strategic turn towards a policy advisory role for the agency to fully unfold); or how EASA strived to acquire the competencies required for running internally the most 'important and sensitive' applications for accreditation of airworthiness of new airplanes (like the Airbus A380 and its new rival, the Boeing Dreamliner). Indeed, these agencies strove to get the (legally necessary) approval for keeping or expanding the posts: their autonomy was limited, but they pursued a course of action leading to move further the constraints, and have a relatively free hand in the choice of whom (what skills) to recruit.

Alongside personnel management autonomy, policy autonomy also played a central function in the strategy process; however, we would further notice that the distinction introduced in most public management literature on agency autonomy between 'instrumental policy autonomy' (i.e. on the choice of the *tools* of the policy) and the kind of policy autonomy labelled as 'strategic' in such literature (strategic policy autonomy is defined as the autonomy on the choice of the *targets* of the policy, see Verhoest et al., 2004a and 2004b and a range of successive publications) is blurred: zooming in the texture of the case histories, it emerges that in all three the cases (ETF, EASA, ERCEA) agencies to some extent strove to influence public policy, but the two categories are empirically difficult to disentangle: policy tools and policy targets are intimately interconnected, and the two dimensions are thus intermingled. It may further be argued that the absence of any form of performance contracting (Pollitt et al., 2004, pp. 38-41) may have further enhanced policy autonomy, a finding in line with what Stewart

(2004) argues about the absence of outcome-orientated performance contracting to enhance the leeway for strategy-making by public agencies.

Shifting the attention to the latter question in the relationship between strategy formation and autonomy ('what is the influence of agency strategy on the agency's autonomy?'), the three cases considered add confidence to a rational-instrumental approach that, by looking from the inside out and probing into the agency's strategy and organisational behaviour, allows to shed light on questions about why agencies operating under broadly similar conditions in the terms of the factors deemed to have an influence on the agency autonomy or the ways it is steered (hence constrained in its action) by the parent administration do display significantly different levels of actual autonomy[158]. The basic argument that an overarching goal of public managers is increasing their organisation's autonomy may be provisionally accepted (however problematic is the application of *any* maximising objective function to interpret the behaviour of public managers), as a minimum descriptively because autonomy is to some extent instrumental to pursuing any other set of objectives and values (whilst too low a level of autonomy may preclude the pursuit of any other objective by the agency executives).

However, case histories show that public agencies may prioritise, as part of their strategy, the pursuit of different dimensions of autonomy. Some may be more orientated to increase policy autonomy, others personnel autonomy. Research on the strategy process may complement research on the (structural, cultural, environmental, or task-related) factors affecting agency autonomy in two ways. First, by explaining variation within public agencies operating under broadly similar conditions: the substantive strategic orientation of the agency (the mix of goals it prioritises) acts as the differentiating factor. Second, by providing additional explanations about why certain factors are influential on agency autonomy; e.g., age of the agency may be positively correlated to agency autonomy (as it emerged in some studies, Verhoest et al., 2010) not just because of the consolidation of an organisational culture that makes it more resistant to external pressures – the argument usually put forward in studies on the autonomy of public agencies (Laegreid and Verhoest, 2010, verhoest et al., 2010) – but for an altogether different reason: because the forming of a collective actor determining the strategic orientation according to a design school perspective may take time, but once it is formed it is the strategy actively pursued by such strategist that entails also the pursuit of a higher level of autonomy; in other words, what is here hypothesised is a different underlying causal chain to explain the influence of age on the agency's autonomy. Moreover, it may be observed that in actual strategies the pursuit of increased autonomy and the pursuit of other

[158] See the case histories in chapter 5, 6 and 7. Furthermore, in a conjectural way, it might be argued that EASA without Goudou's leadership, or ERCEA without the significant cohesion that developed within the group of the executives and without certain figures who took the lead, would not have achieved the same extent of autonomy they did. As we observed in chapter 7, a broad strategic orientation towards enhanced substantive autonomy soon emerged within the ERC, and it was shared by all components of the constellation of actors ruling the ERC – something which we found especially interesting considering the issue of the quite distinct career paths of agency directors and executives, on one hand, and the Scientific Council members on the other hand. Obviously, all the limitations of the impossibility of counterfactual analysis apply and limit the reliability (as defined in chapter 4) of such conjectural argumentations (which in a sense are 'mental experiments').

substantive policy goals (influencing public policy according to certain preferences or considerations of appropriateness) may only limitedly be disentangled. Similarly, enlargement of the agency's jurisdiction is another goal whose pursuit is likely to occur jointly, and partly blurred with, the pursuit of policy autonomy. The pursuit of enhanced autonomy and the pursuit of substantive policy goals, or of the enlargement of the agency's remit, tend to go together.

A recent work by Martijn Groenleer (2009) investigates the autonomy of EU agencies by means of a longitudinal multiple case study of institutionalisation processes. In a dedicated Appendix (5), we discuss the fit between the findings of the study of the strategy process we have conducted in this work and Groenleer's.

The study of agency autonomy provides the conceptual bases for attempts to draw broader implications for strategic management in public service organisations. It is to this task that we turn in the next section.

9.2 Strategic management in public service organisations: findings from the multiple case study

In the previous section we have discussed autonomy as both a condition for strategic management to occur in public service organisations and a substantive goal of strategy, based on the observation of semi-autonomous organisations like EU agencies. In this section we expand our discussion to address broader issues of strategy formation.

Public management reform and the strategy process

A first question we ask is: how does the reform context affect the processes of strategy formation? In other words, what has been the impact, if any, of administrative reforms, and notably the extent to which managerial (NPM and other) doctrines percolated into the EU institutional-administrative context, on the processes of strategy formation occurred in the focal organisations (i.e. the investigated EU agencies)? Preliminarily, it may be observed that the trajectory of reform of the European Commission during the 2000s did display significant traits of NPM ideas, ranging from a 'Management by Objectives' logic driving the financial management cycle to the spread of performance measures, to the linking of promotion to the formal appraisal of individual performance, to the emphasis on relational and managerial expertise rather than technical skills in recruitment and training, to the explicit usage of the word 'strategy' in the formal planning cycle of the Commission. However, authors argue that Weberian traits have remained centre-stage in the administrative configuration of the Commission (see Balint and Knill, 2008; Ellinas and Suleiman, 2008). The trajectory of reform of the European Commission has been qualified as Neo-Weberian (Ongaro, 2013 and forthcoming; on the Neo-Weberian model, see Pollitt and Bouckaert, 2011; also Lynn, 2008; Pollitt, 2008b),

rather than NPM: managerial tools have been added to a still-alive Weberian underlying model and accountability logic.

It has also been observed that, with regard to the extent of managerialisation, the Commission may be singled out from the other European institutions that did not undergo significant managerial reforms (see Ban, 2013; Bauer, 2008a, 2008b, 2009, 2010; Kassim, 2004 and 2008; Kassim et al., 2013; Ongaro, 2012 and forthcoming). Although the Commission is an institution of the utmost importance in the EU, especially in the executive politics realm, the percolation of NPM ideas seems to have been confined mainly to this organisation. The broad picture of the EU, thus, is one of a 'non-NPM' environment populated by organisations that could hardly be labelled as the product of NPM reform doctrines (such as might be the case for certain executive agencies or trusts in the UK). Whilst we would be careful to draw generalisations that might go beyond our extant empirical evidence, there seems to be room for asserting that strategic management approaches to the running of public service organisations may be found beyond 'NPM jurisdictions', i.e. in jurisdictions that have only limitedly been affected by NPM-inspired reforms – or at least this has been the case for EU agencies.

The cases investigated in the previous chapters provided examples of organisations whose behaviour can, to an important extent, be interpreted by resorting to strategic management models – provided the field of strategic management for the study of public service organisations is conceived of as an applied, interdisciplinary social science that draws on various basic social sciences. In other words, reform narratives like the NPM, that put emphasis on disaggregation and specialisation within the public sector, competition among public service organisations, the 'virtues' of external pressures on public organisations as the path towards enhanced performance, and the like, do not seem to be a necessary condition[159] for strategic processes to occur – provided strategic management is properly conceptualised as an applied social science drawing on such basic social sciences as organisation science, political science, social psychology, economics, and others (that is, provided that strategic management is conceived in a way profoundly different from certain NPM conceptions of it, whereby, e.g., strategic management is likened to the mere borrowing of techniques from the commercial sector, or it is boiled down to the strategic plan[160]).

The statement should be further qualified and any analysis of the organisational behaviour of public sector organisations should always be placed within the broader context of the political dynamics of the system under consideration: the public sector is political by its very nature, and it is the broader political context, not reform narratives, to have the pre-eminence and be the point of departure of any study of public administration in action; however, it has authoritatively been argued that reform processes like the NPM in certain countries (like the UK) have had transformative effects (Ferlie, 2002; Ferlie et al., 1996): they have left a mark on the public

[159] This does not preclude that certain NPM reforms may pave the way in facilitating the adoption of strategic management approaches, notably by expanding the autonomy of public service organisations – in other words, NPM reforms may facilitate, but are not necessary for strategic management to unfold in public service organisations.

[160] As we have seen, the planning school is but one way of conceiving of the strategy formation process).

sector in such ways that the functioning of its organisations is deeply affected. One argument is that NPM-driven transformative effects, with the emphasis on unit-level autonomy, on managerial responsibility on results, and on pressures to achieve increased performance (a combination of the 'letting managers manage' and 'making managers manage' recipes), create an environment that both facilitates and prompts the adoption of strategic management logics and techniques. What emerges from our multiple case study – as widely argued both in chapter 8.3 and in the individual case chapters on the basis of the alternate template approach whereby theories of bureaucratic behaviour rooted in either political science or economics have been applied to explain organisational behaviour - is that strategic management may shed light on the behaviour of EU agencies (hence it is of descriptive and explanatory value) also in 'non-NPM' jurisdictions, that is, in polities that have only limitedly – if at all - been transformed by NPM reforms. It is a broader array of political-societal expectations and obligations of and towards a public agency that make the agency deploy a strategy – and that make strategic management a useful discipline for the understanding of the behaviour of such organisations.

The findings of our multiple case study also allow corroborating a more and more acquired view about strategic management in public service organisations requiring the adoption of a wider social science perspective to the study of strategic management, and specifically it supports a more balanced view whereby the planning school is only one out of a number of schools of thought in strategic management that may be employed for the analysis of the strategy process in public sector organisations. The planning school represented since the 1960s a widely employed reference – possibly also because for a long time there has been paucity of alternatives. Leading authors like Bryson (2011, 4th edition) have widely explored the contents and conditions for resorting to such framework for the study of the strategy process in public sector organisations. However, the cases we have investigated reinforce the argument that the broadening of the range of schools in strategic management, and their rootedness in a broad social science perspective, provide a much wider repertoire of models and theoretical lenses for describing and explaining how strategy unfolds. All three the investigated agencies had a formal plan in place (an especially sophisticated one in the EASA case); however, the main dynamics of agency formation in such agencies are not explained by the planning school. A business plan may be present and represent an ingredient of the strategy process (for multiple purposes: as an internal instrument for programming; as an externally-orientated tool for gaining support; as a funding pitch, by representing what becomes a 'publicly authenticated' document stating organisation intentions for building political consent and support towards the organisation, see Llewellyn and Tappin, 2003, and Stewart, 2004), but the mere presence of a plan does not entail that it is the planning school the framework to resort to.

Strategic management according to the entrepreneurial school and the term of office of the public entrepreneur

One of the schools to which we resorted for explaining the strategy process is the entrepreneurial school of thought in strategic management (see the EASA case recounted in chapter 6; see also sections 3.3 and 8.2). Given the significance of the notion of 'entrepreneur' in such school, it may be worth dwelling a bit upon this concept, with specific reference to its application to public sector organisations. How can entrepreneurs be defined? As noticed as early as 1979 by Pettigrew 'to define entrepreneurs is difficult for it is one of those terms used so regularly by the general public as well as in more specific and yet differing ways by social scientists that one wonders if it has any discriminatory power left al all' (Pettigrew, 1979, p. 572). In this work – whilst quite obviously acknowledging the importance of considering the psychological profiles of 'successful' entrepreneurs, e.g. in relation to their courage, persistence, ability, orientation to achievement, and the like – we follow the suggestion of Pettigrew about the importance of focusing as key analytical link the relationships between the entrepreneur and her/his organisation, of dealing with 'the interdependencies and reciprocities between the entrepreneur and his staff [and] how some of the crucial problems of organizational functioning such as those associated with purpose, commitment, and order are handled by the entrepreneur' (Pettigrew, 1979, p. 573).

So, what does the entrepreneur do to lead the organisation? The short answer is that s/he steers the organisation through both means and meanings. The former refer to a rational/instrumental perspective and to how the entrepreneur steers the organisation through the Scylla and Charybdis of the sometimes opposite pressures that EU regulatory agencies (like EASA) have to undergo, from national authorities (that want to retain controls over the regulatory process, and at times have a desire for petty interests to be safeguarded), the industry ('anxious to have uniformity legally licensed and imposed on the aircraft manufacturing industry [at the European level] as that would significantly contribute to an economy of scale', Pierre and Peters, 2009) and other EU institutions (more often than not engaged in turf war). They do so by granting the regular access to resources (e.g. in the EASA case by having an adequate level of fees to be set), by deploying and employing the available resources (in the EASA case, by hiring the people with the proper expertise and skills for the execution of the new tasks that the agency was acquiring from national authorities), and the like. But material means are not enough: in order to set up an organisation that may realistically live up to its expectations (in the EASA case, joining the US Federal Aviation Administration in wielding a leading role worldwide in aviation safety, and hence becoming the other big regulatory authority on the world stage in the policy field), the entrepreneur has to infuse the organisation with values, to shape the organisational culture – symbols, language, ideologies, beliefs, rituals, and myths – in order to create what Pettigrew refers to as 'sagas' (Pettigrew, 1979, pp. 573-4), and to intuitively foresee what the functional consequences of these may be on the handling of issues of purpose, integration, and commitment in the organisation. Mr Goudou, in his leading EASA over the decade since its establishment in 2003, managed to shape an organisation that, whilst far from immune from divisions and cleavages (between departments performing diverse public functions, as well as between groups, based

on different previous background and identities – be them national identities, or along the lines of whether they previously worked for the public or the private sector, or along technical sub-specialisms in the field) shared a sense of the inevitability and 'irreversibility'[161] of the place and role the agency was going to occupy in the aviation sector worldwide, and was infused with a commitment to work for results that eventually contributed to its impressive growth in functions, tasks, size, and status over less than a decade.

These reflections lead us to reconsidering and ultimately enlarging the perspectives through which 'entrepreneurship' has been studied in public policy and administration. The entrepreneur in public service organisations that we are outlining in this work is of a different kind than the quite famous 'policy entrepreneur' delineated by Kingdon (2004, first edition 1984) in his seminal work on the analysis of the public policy cycle. The point we would like to underline is that next to entrepreneurs in and of the policy process, another so far under-conceptualised figure is the public entrepreneur leading the organisational development of the public service organisation entrusted to her/him. There is of course an important cognate literature on 'leadership' in the public sector (see Joyce, 2008 and 2012; Lane and Wallis, 2009; Milner and Joyce, 2005; Nutt and Backoff, 1993; Telkeen et al., 2012), but the figure and profile of the 'public entrepreneur' has probably received less attention. This figure of the 'public organisation entrepreneur' is partly overlapping with Mark Moore's creator of public value (Moore, 1995; recently Benington and Moore, 2010), and partly distinct from it, because of the identification and emotional attachment to an organisation, rather than a function (of creating public value). In order to move further the borders within which we are profiling how entrepreneurship may unfold in the public sector, we would argue that the strand of literature that deals with the role of the founder of a new business might be an apt source discipline from which to draw the intellectual resources.

The stream of literature that deals with the role of the founder of a new business is at the core of the entrepreneurial school of thought in strategic management, although it should be noticed that such school cannot be restrained only to the strand of literature studying the role of the 'founder' of new businesses, since the entrepreneur may well be an appointed person, perhaps by the controlling family and for the purpose of re-launching an ailing business. It may however quite plainly be stated that the stream of literature that deals with the role of the founder of a new business is at least paradigmatically at the foundational core of such school of thought. A common sense interpretation would be that such strand of literature is of no use for advancing knowledge in public management, given how distinct and distant is - in terms of governance, regulatory framework, operating conditions - a privately-owned business (set up from scratch by a creative businessman inspired by his/her 'animal spirits' that make him/her envision a market for new products) from a public office, by definition to some extent and in a certain sense 'bureaucratic', and set up by the law or other public act. Instead, what we argue here is exactly that under certain conditions the entrepreneurial school of thought in its strand

[161] The term having been used spontaneously by respondents on a number of occasions.

that focuses on the figure of 'the founder' - its traits, skills, temperament, and how they are deployed in such ways to lead to setting up new and successful businesses that at times become economic 'empires' – is an apt source discipline from which to draw the intellectual resources and tools to study the organisational behaviour of public service organisations like semi-autonomous public agencies in the aftermath of their establishment and throughout a significant period of time, one in which the entrepreneur leads them to organisational growth and legitimisation in the organisational environment. This finding emerged – somewhat to our surprise – from the study of the development of EASA and the way it was led by its 'entrepreneur', Mr Patrick Goudou.

As further qualification, it may be noticed that the entrepreneur may or may not be the same person that advocated the establishment of such organisation in the first place - as in the EASA case, in which the person who first conceived the agency and in many respects acted as its ideologist, Claude Probst, was not the entrepreneur that made the agency a powerful and respected administration in the institutional landscape of the European and global aviation regulation sector, a role which was definitely effected by Mr Goudou (although Mr Probst did wield an important executive role in the agency in his capacity as head of the rule-making department during the initial five years after its establishment).

However, there are certain conditions that have to be met for the process of strategy formation in a public sector organisation in the phase after its establishment to be interpreted along the lines of the entrepreneurial school of thought. These may be classified along the temporal dimension and can be outlined as follows:

- *ex ante*, an executive with the traits of an entrepreneur has to be appointed to that role: differently from the entrepreneur who establishes her/his own business through a private law act, the public entrepreneur has to be appointed by an external appointing authority; to recall Lynn (2006), '[the public sector] is constituted through sovereign mandate, the other [private sector] through individual initiative'. It may be that the would-be entrepreneur plays a function in him/her getting the post and be appointed (because of the inherent strength of her/his curriculum; or because of some form of effective lobbying for the position; or a combination of the two), but the entrepreneur cannot set up what will become her/his creature with a self-determined act, by simply making a legal transaction grounded in private/commercial law: a public act, the outcome of a collective (political) decision-making process regulated by public law is the necessary premise. The way the appointment process unfolds thus becomes a necessary condition for strategic management of the entrepreneurial kind to occur in the public sector;
- *in itinere*, the renewal in the stint, which is an additional challenge, must be achieved; this is something which may occur also for privately owned companies, depending on ownership structure and how access to financial capitals is being granted to the firm; however, in the public sector this is generally a pre-condition for ensuring continuity over a significant time frame;

- *ex post*, the presence of an expiry date[162] and the circumstance that the entrepreneur has generally no control over succession means that such entrepreneurial phase has a limited time span and can only be renewed in the unlike circumstances that another figure with similar traits is appointed to replace the entrepreneur-founder.

Summing up, time limitation is a qualifying feature of the entrepreneurial school of thought in strategic management (under conditions of the entrepreneur as founder) when the scope is enlarged to also encompass public service organisations: differently from privately-owned organisations, not only there is generally a pre-set time limit to renewals in the stint , but transition and the handing over of chief responsibility is forced in public sector organisations, and it is a process that cannot be controlled by the 'founder' (no matter how much he or she would like it). Time limitation constrains not just the deployment of the entrepreneur's course of action, but also the entrepreneur's expectations: it may potentially restrain the deployment of the intellectual and volitional energies the entrepreneur is willing to invest into the organisation; this may occur because such circumstances may limit the process whereby the entrepreneurs identifies with her/his creature, although this statement may just be conjectured and would require testing.

Another qualifying trait that has emerged from the EASA case is that the public entrepreneur is embedded in specific value-systems about what is proper behaviour. What we argue is that the picture is more nuanced than just generically contrasting proper behaviour 'in the public sector' as opposed to proper behaviour in the market/commercial sector. Any analysis about value-premises and proper behaviour should take the move from considering what is deemed to be proper behaviour in *certain specific administrative traditions* rather than generically 'in the public sector'; in the specific case of EASA, the Napoleonic administrative tradition (Peters, 2008; Ongaro, 2009, chapter 6, and 2010) that is embodied in the French public administration and via this model has deeply influenced the EU administration (which was to an important extent originally patterned on that model, see Page, 1997; Preda, 2000; Sassi, 2000; Stevens and Stevens, 2001) is the institutional context affecting what is appropriate behaviour for a public entrepreneur that has matured her/his professional identity within such context. The public sector is far from being all alike, and it appears more proper to speak in the plural of public sector*s* characterised by different governance and administrative traditions, whereby, e.g., a public entrepreneur whose previous identity has been shaped by education, training and a career path that unfolded in the US will likely display different traits from a public entrepreneur whose process of professional identity formation took place, e.g., in France.

In sum, the strategic management literature on the entrepreneurial personality may expand by encompassing public service organisations, thus making it possible to outline the distinctive profiles that qualify the public entrepreneur, making it distinctive from the commercial sector entrepreneur, and thus ultimately enlarging the remit of the entrepreneurial school in strategic

[162] Only a very few public posts are life-long – at least in liberal-democratic regimes.

management to encompass public service organisations. The central finding is that the plurality of administrative traditions that can be found throughout the globe (Painter and Peters, 2010) should be considered for their distinctive identity-shaping influence, for the way they shape (in a sociological neo-institutionalism perspective *à la* Powell and Di Maggio, 1991) what is appropriate behaviour[163].

9.3 Insights for the strategic management literature

We have already discussed in conclusion of the previous section a specific finding of the case studyof interest for the strategic management literature. What can be learnt more widely from the multiple case study about the qualifying features of strategy making in an organisation which is public (i.e.: it is mandated the execution of certain public tasks), it is semi-autonomous (constrained in the decisions it can make without external approval), and it is operating under the quite peculiar conditions of: (a) having multiple parent administrations (whilst usually public agencies have a single parent administration); (b) having a multi-national staff (which is unusual in core public sector organizations at the national level); (c) belonging to a 'contested polity', a polity - the EU - subject to integration (disintegration?) dynamics and whose ultimate legitimacy is in question; (d) belonging to a political system that is only partly subject to the dynamics and rhythms of majoritarian democracy; and (e) enjoying a benign budgetary climate (the seven-year financial planning system of the EU ensures a long-term stability in the financial perspectives)?

A first feature of a semi-autonomous public organisation having multiple parent administrations and striving to achieve legitimacy in a contested polity seems to be that multiple actors act as the strategist. Strategy may be the product of deliberate design, but multiple designers functionally contribute to the process of designing the strategy. In this frame, the strategy-as-practice approach, or strategizing perspective (Jarzabkowsi and colleagues, 2005, 2007, 2008 and 2009) may prove useful: such perspective brings to the fore that people do strategy 'as a situated, socially accomplished activity', and that 'strategizing comprises those actions, interactions and negotiations of *multiple actors* and the situated practices that they draw upon in accomplishing that activity' (Jarzabkowski, 2009, emphasis added). The strategising approach expands to consider aggregate actors (intra-organisational as well as extra-organisational, i.e. operating from beyond the formal borders of the organisation, the latter being a category which turned out to be extremely pertinent for the study of EU agencies), it focuses on the practices with which strategy is formed (for example, the email message by Mrs Catherine Day containing a 'vision for ETF' and the effective management of

[163] Research in the strand of literature on the entrepreneurial school of thought in strategic management may thus benefit from addressing the following two interrelated questions: what are the traits of visionary leadership in public service organisations? And, what distinctive traits will visionary leadership embedded in different administrative traditions and governance narratives have?

the 2003 conference in Turin proved at least as influential on strategic change in ETF as the formal plans and deliberations adopted by the competent organs), and it provides an approach to interpret how sequential actions constitute and transform the institutional realm over time (whilst accounting for how institutions frame the action realm, which refers to the actions and interactions through which social life unfolds moment-by-moment, Jarzabkowsi, 2008). Considering specifically the design school, the ETF case in particular provides the terrain for arguing about the usefulness of revisiting the design school through the lenses of the strategising approach, where conditions allow for a multiplicity of actors operating across organisational borders to act as strategists (i.e. to collectively form the designer as strategist conceptualised by the design school): this is a point that appears not to be fully recognised in the extant formulation of the 'ten schools of thought': in Mintzberg et al. (2009) work the strategising approach is mainly associated with and confined to the cultural school.

Belonging to a political system for which 'alternation in government' is party meaningless provides a sort of insulation from the rhythms of majoritarian democracy, especially the one we may detect in minimum-winning coalition political systems, in which small and cohesive coalitions (at times composed of only one party, as it used to be the case for most of the 20th-century history of the UK, in which Tories and Labour could alternate in forming government backed by only one party holding the majority of parliamentary seats in the House of Commons) tend to alternate in government and elections may mark dramatic policy change. However, rhythms in the EU political system may well resemble the ones that can be detected both in multi-party systems characterised by coalition governments and in dominant-party systems in which one party is the natural candidate to form the government, alone or in coalition - both are in fact often characterised by stability and continuity in public policy (see e.g. Hague and Harrop, 2010), something which may favour a novel organisation to thrive, after it has been established and it has overcome the initial phase of development, in the absence of sudden policy reversals that may undermine its constituencies (for example, in the EASA case, the policy strategy of the Commission and the Parliament towards Europeanising air transport provided a stable anchor for the expansive strategy devised by the entrepreneur for the agency).

The initial assumption we formulated about the EU providing a 'benign budgetary climate' requires to be amended, based on closer empirical inspection: in the EASA case, the fee-related part of the budget – which constituted by far the largest part of the agency's budget - proved far from being stable, subject as it was to the deliberations of the management board where national authorities held the large majority of the votes. This point may be better appreciated in conjunction with what we labelled condition (c) - belonging to a 'contested polity', a polity whose ultimate legitimacy is in question. Indeed, when EASA was established, not many of the actors in the policy field seemed to believe the agency would have long and prosperous life: setting up a novel area of public competence at the European level, in a field that previously used to be the dominated by national authorities that used to exercise their powers in a context 'characterized by protectionism, collusion, fragmentation [where] Governments used their

authority to promote the interests of state-owned "national champions" of the air' (Kassim and Stevens, 2010, p. 1) provided an additional 'legitimacy challenge'. It may be conjectured that, for the very reason of belonging to a contested polity (the EU), an organisation has to overcome higher hurdles to be accepted by the organisational environment than it occurs in other public settings, or the marketplace. This feature may affect strategy formation: achieving legitimacy is likely to enter the substantive strategy of the agency and become an overarching strategic goal. This concern is far from novel or from being an exclusive characteristic of this kind of organisations: however, the extent to which this may occur in a contested polity like the EU may be a qualifying trait of strategy in such context.

One more and final theme requires discussion: the potential implications of the organisational behaviour of EU agencies as delineated by studying their strategy process on the EU governance dynamics.

9.4. Agencies and EU governance dynamics

In this section we turn to probing into the question of how the organisational behaviour of EU agencies (as delineated by studying their strategy process) may affect EU governance dynamics. One relatively straightforward sense in which EU agencies can become agents of European governance is by purposefully acting to overcome their original institutional design, that is, by being an endogenous force in promoting the recast of their own mandate, and more broadly their substantive 'role and functions' in the EU system. This was the case of ETF, that could manage to radically change its mandate, or of EASA that, in an incremental and progressive way through subsequent revisions and integrations, expanded its initial mandate.

A further analysis of the implications of the organisational behaviour of EU agencies for the governance dynamics of the EU can stem from a theoretically-informed reading of such dynamics at two levels: in terms of the impact of EU agencies organisational behaviour on the progress (or regress) of European integration; and in terms of the impact on the decomposition and re-composition of the European administrative system (Bauer and Trondal, forthcoming; Egeberg, 2006; Trondal, 2010). It is to these issues that this section – mainly speculative in character - is devoted.

Before addressing such themes, it may preliminarily be recalled the conclusions we drew in chapter 8.3 about the (in-)applicability of the Principal-Agent framework to the analysis of EU agencies behaviour. We highlighted the many significant limitations that apply to the usage of this perspective. This is an important finding also when considered from the standpoint of EU studies. In fact, EU studies have to an important extent developed on the assumption that P-A is *the* reference framework: an argument that originated in the works of Michelle Egan (1998, see also Egan et al., 2010) and found one of its most ambitious and systematic advocacy in Mark Pollack's works (notably Pollack, 2003; see also Pollack, 2007). Based on our findings, one conclusion that may be drawn is that *P-A should perhaps more properly be interpreted as but*

one scenario in EU governance[164]. The status of P-A as the reference theoretical framework, with the ensuing picture of Member States as the principals and EU institutions as the agents in the EU, should perhaps be deeply revised, theoretically and empirically.

EU agencies strategy and European integration

Turning to the first level of analysis of the implications of the organisational behaviour of EU agencies for the governance dynamics of the EU, that is, the impact (if any) on the advancement of European integration, the question that may properly be asked is: 'how does the behaviour of EU agencies affect European integration processes?'. Considering the EASA case, the broad story that sets the backdrop against which to interpret the influence of the EASA organisational behaviour is one that may be read as a handbook case of EU integration in the 'low politics' variant, i.e. the one that occurs not via major agreements (typically, a reform of the treaties of the European Union) but to a certain extent 'by stealth', through processes that occur relatively remotely from public eyes and the spotlight (this story is accounted by Pierre and Peters, 2009, and it has been summarised and discussed in chapter 6). The explanatory framework of European integration in this account is drawn mainly from the so-called 'supranational governance theory' (Sandholtz and Stone Sweet 1998). Supranational governance is a revisited form of neo-functionalism (originally formulated by Haas, 1964; for a discussion two useful pieces are McCormick, 1999, and Warleigh-Lack, 2007) that points both at the proactive role of supranational institutions and at increased transnational interdependence as the drivers of integration. In the sector of air transport, a third main ingredient lies in the role of international factors, in the form of external pressures ranging from liberalisation of the skies to the active role of an authority like the American FAA, that supported the establishment and consolidation of a single certification authority in Europe that could represent its homologue on the other side of the Atlantic.

Transnational interdependence and global pressures, however, are not enough to bring about integration processes: the behaviour of supranational organisations does play a role in determining the outcome of such processes, according to the theoretical perspective of supranational governance. The role performed in the air transport sector by the European Commission, and to a lesser extent the European Parliament, has been recounted by Kassim and Stevens (2010), and it was reported as the backdrop to our own account (Chapter 6). EASA may be added to the range of the supranational organisations that acted proactively to foster European integration. The inspired action of its visionary leaders (Mr Claude Probst as the ideologist of a 'single European sky', and Mr Patrick Goudou as the entrepreneur who led the agency and powerfully determined the organisation's behaviour) and the organisational bases that an agency rapidly developing its capabilities could provide - in short: an entrepreneurial strategy for an agency placed in a key position in the institutional environment – proved to be centre stage in this process of European integration (the transfer of public competences in air

[164] I am indebted to Tony Zito for having made me reflect on this implications of the findings for the broader study of EU governance.

transport from the national to the supranational level). It has been argued (Pierre and Peters, 2009) that 'Europeanisation through agencification' could be in the historical circumstances of the beginning of the 21st century an important path to European integration. If such is the case, what we learn from the EASA case is that the dynamics of such processes depend on the agency's strategy as well. We have accounted for how the bold leadership of Patrick Goudou allowed air worthiness certification to pass firmly from the hands of National Aviation Authorities to those of EASA – an outcome far from granted when the agency started to operate in 2003. By way of summing up, the study of the strategy process of EU agencies may represent an advancement in the understanding of the so-called 'low politics integration'. In fact, however criticised (see Majone, 2005), integration by stealth still remains one way to the advancement of European integration, as shown by the air transport story, and the strategic behaviour of EU agencies is part and parcel of these stories.

This interpretation, we argue, constitutes a revisiting of supranational governance theory, as originally delineated by Sandholtz and Stone Sweet (1998) at a time in which EU agencies were not perceived (by scholars and policy-makers alike) as being part of the picture. Importantly, however, it should be observed that the other case histories did not unfold against the backdrop of European integration processes: agency strategy can be included in the range of factors driving European integration, provided the other drivers of such process are in place.

EU agencies strategy and the European administrative system

There is another level of analysis that may usefully be employed to investigate a second set of implications of EU agencies behaviour for European governance, elaborated by public administration scholars specialised in the EU administration, notably the Oslo 'ARENA group' professors Morten Egeberg and Jarle Trondal (Deidre and Egeberg, 2008; Egeberg, 2006 and 2010; Egeberg et al., 2012; Trondal, 2007, 2009 and 2010; see also Olsen, 2006). These authors argue that, within the EU polity, dynamics of decomposition and re-composition of the executive order (i.e. in the realm of executive politics) are taking place. In an analogy with the process of building up of administrative capacities at the federal level in the US over the second half of the 19th century and the beginning of the 20th century masterfully illustrated by Skowronek (1982), Egeberg and Trondal interpret transformations in European governance as being characterised by the decomposition of the executive order at the national level and its re-composition at the European level[165]. Such processes unfold not without struggles and tensions

[165] More in detail, the decomposition/re-composition perspective is an interpretation, in a certain sense very radical, of the 'impact' of the agencification process at the EU level. This perspective assumes as starting point the multi-level profile of the EU administration. The main proposition is as follows: a multi-level union administration is emerging, partly incorporating parts of national administrations, and re-coupling at EU level what has been decoupled at the national level (through processes of dissolution of national governments as coherent states). This transformation of the executive order in Europe has two pre-requisites: 1) the consolidation of the European Commission as an executive body, which provides a new centre for the process of centre formation at the supranational level (further reinforced by the provisions of the Lisbon treaty and especially by the subsequent implementation interventions that, in establishing the European external Action Service, have moved all executive functions outside the

amongst the actors throughout the levels of governance: the upper level of governance has to 'extort' competencies from the lower levels, and mutual accommodations and new arrangements emerge. The main actor in such processes is the European Commission that – statutorily impeded to have 'territorial offices' scattered throughout the Union - has over the time 'adopted' branches of national public administrations and included them in policy networks producing administrative decisions according to decision-making patterns that are 'supranational' rather than national in character. The trend towards agencification in the public sector of many EU countries has provided a crucial element to such process: the shift of the pendulum in administrative reforms towards an emphasis on structural disaggregation (Verhoest et al., 2012), i.e. the separation of (executive) agencies from a previously more unitary public administration, has led to an enhanced fragmentation of the public sector at the national level (Bouckaert et al., 2010; Pollitt and Bouckaert, 2011, chapter 4), a phenomenon which Egeberg and Trondal interpret as a form of decomposition of the executive order at the national level. Disaggregated entities, i.e. public agencies at the national level, have been a privileged target for 'adoption' by the European Commission, which has often acted to involve them in Commission-led networks (Egeberg, 2010). The Commission has done so by exploiting its almost unique status in European supranational governance as the one organisation that retains virtually a free hand in establishing new networks in European governance (Peterson, 2008a). Forms of re-composition of the executive order are occurring at the supranational level, around such Commission-led networks.

But what is – if any – the role of EU agencies in such a process? In recent elaborations (Bauer and Trondal, forthcoming; Trondal and Peters, 2013) it is further speculated that the emerging administrative system of the European Union is characterised by the joint presence of three main features: (a) the relative independence of a set of supranational institutions and entities, a feature enabled by the organisational capabilities that such entities have been capable of acquiring and develop over the time; this set of entities includes the European Commission, the European Parliament, the European Court of Justice, the European Central Bank, *and EU agencies*; (b) a relatively close 'integration' among the entities that form the supranational tier of governance; and (c) the already outlined capacity to co-opt by stealth administrative sub-centres at the national and sub-national level.

In this depiction of the European administrative system and the way it is being reshaped by supranational actors, EU agencies enter in three ways: individually, for the way in which they assert their relative independence from national actors (this relates to point 'a' above);

Council, that is, outside the 'intergovernmental' institution of the EU), and 2) agencification of national governments. National agencies work closely with both the European Commission (which is not allowed to have any territorially deconcentrated offices in the territory of the Union – with the only exception of representations that have mainly a politico-institutional role, but very limited tasks for what concerns policy implementation – and may therefore tend to 'adopt' national agencies as technical structures operating on the territory in the development of European public policies) and with EU Agencies, that tend to become hubs of networks in which the relationships between European- and national-level agencies tend to intensify and in important respects to 'bypass' the direct relationships between national agencies and their parent ministries (Egeberg, 2006).

collectively, for the way in which they develop alliances and other forms of 'integration' with the other actors at the supranational/European level of governance (point 'b' above); and for the way in which they interact with national-level public agencies and other administrative centres, co-opting them into European policy networks (point 'c' above).

Specifically, point (a) has been addressed at the outset of this chapter, where we discussed 'the quest for autonomy', as we labelled it; we observed that enhancing agency autonomy is a goal of agencies, as a minimum instrumentally for pursuing higher-level strategic goals, though certain dimensions of autonomy are more important than others (notably policy and personnel autonomy are in EU agencies prioritised over financial autonomy). Regarding the issue of the extent to which supranational institutions, and notably EU agencies, are 'integrated' amongst themselves (point 'b' above), what could be observed in our study is a pattern of strategic alliances. In the EASA case, the alliance with the Commission (though it manifestly underwent ups and downs) as well as the alliance with the European Parliament Transport Committee (which represented a remarkably stable trait throughout a decade) were part and parcel of our case history. A similar pattern was detected in the ETF case and its alliance with the Commission, though the analysis should be further qualified considering that the collective strategist partly encompassed actors who were also key agents of the same Commission policy strategy. Turning to the third identified characteristic, namely the 'active co-opting' of national administrations (point 'c' above), such a process could be detected in the EASA case (it did occur in airworthiness certification, whereby National Aviation Authorities became in many respects the national arm of EASA). However, processes of co-optation were absent in the ETF and ERCEA cases, thus resulting from the multiple case study a more mixed picture, as regards this last point.

Summing up, our multiple case study adds confidence to the conclusion that EU agencies may be actors in the shaping of the emergent European administrative system (and notably in contributing to processes of re-composition of the executive order at the supranational level of governance) by adopting a course of action that contributes to strengthening the 'independence' of the supranational tier of governance as well as facilitating cohesion within the supranational level of governance; but it provides only patchwork confirmation to point (c), at least in the sense that EU agencies may or may not be actors in co-optation of administrative sub-centres at the national (member states) level: a role that may more systematically be attributed to the Commission rather than EU agencies. Our study also sheds light on the 'real life' of such dynamics; to mention one aspect, alliances do form and produce cohesion at the supranational level of governance, but are from being immune from tensions and ups and downs; however, these do not preclude an overall thrust towards 'integration' of supranational entities among themselves, that eventually leads to the forming of a cohesive glue at the upper level of governance in the European administrative space. Also the quest for autonomy we detected should be further qualified by pointing out that EU agencies strive to enhance their autonomy also from the European Commission; i.e., the thrust is also towards reciprocal

autonomy by EU-level public entities, though it is surely accompanied by an orientation to enhance independence from national administrations[166].

9.5 Concluding remarks: the journey so far, limitations and developments

In addressing the research question, we have at first made the argument about the potential of applying strategic management (the study of the strategy process) for bettering our understanding of the organisational behaviour of EU agencies (and public agencies at large, we would suggest). To 'test' our argument, we systematically contrasted the explanations that could be derived from strategic management as a theoretical source (intended as an applied and interdisciplinary social science drawing from basic social sciences, such as organisation science, political science, economics or social psychology) with a wide range of alternate theoretical frameworks.

We have then outlined the main traits and the patterns whereby strategy forms in EU agencies, thus addressing the main research question.

The design school of thought in strategic management has been identified as an apposite reference framework for analysing the strategy process of EU agencies, provided the strategist is properly qualified as collective. Such collective strategist may be formed by a coalition of actors that explicitly and deliberately join it, according to the pattern whereby a coalition becomes dominant in the organisation, 'takes the lead' of it, and shapes its strategy; alternatively, actors may enter the decision processes on a more intermittent basis, which does not prevent the joint action of relatively unconnected actors to perform the functions of imagining, legitimating and building up the capacity for strategy to be effected.

The entrepreneurial school of thought in strategic management has been identified as providing an interesting analytical alternative: under certain conditions (circumstances that surrogate the role of the 'founder' of a private sector organisation, an adequate power base, and the required leadership skills), the strategy process in EU agencies may be read through the lens of the entrepreneurial school. We further observed that time limitation is a qualifying feature of the entrepreneurial school of thought in strategic management when the scope of this school is enlarged beyond the commercial sector to also encompass public service organisations. Time limitation constrains the deployment of the entrepreneur's course of action, before the appointment (the way the appointment process unfolds becomes a necessary condition for strategic management of the entrepreneurial kind to occur in the public sector),

[166] Furthermore, we should remind the reader of the fact that what we have investigated is organisational behaviour – detecting a sheer thrust towards enhanced autonomy – but not the level of autonomy as such: we did not probe into the actual level of autonomy achieved (nor did we detect any measure of 'integration among themselves' by European-level entities). It may further be considered, however, that a 'relative' degree of independence and a 'certain' extent of integration among themselves is what is posited by Egeberg and Trondal to be 'sufficient' for processes of decomposition and re-composition to occur, i.e. for the development within the executive politics domain of decision-making patterns that are supranational rather than national in character.

during (especially pending renewal in office) and after (to the extent that that the entrepreneur has generally no control over succession, entailing that such entrepreneurial phase has a limited time span), hence time limitation also constrains the entrepreneur's expectations (hence, we argued, it may potentially restrain the deployment of the intellectual and volitional energies the entrepreneur is willing to invest into the organisation). We further discussed the profile of the public entrepreneur, noting that analyses about value-premises and proper behaviour of the public entrepreneur should take the move from considering what is deemed to be proper behaviour in certain specific administrative traditions rather than generically 'in the public sector' as opposed to the market/commercial sector – a path of research that may contribute to the strand of research in strategic management that is specifically interested in the entrepreneurial school of thought.

Based on yet another theoretical source provide by Mintzberg and colleagues, namely the configuration school (a strand of literature whose central tenet is the argument that different perspectives are suitable at different times of the organisational life cycle when the organisation takes on a different configuration), we have speculatively argued that the strategy process of EU agencies might be interpreted as unfolding through successive phases. The entrepreneurial school (under specific circumstances) or the design school (under 'more general' circumstances) may provide interpretation of the strategy process in an initial phase. In a successive phase, the design school might represent the main interpretative framework, perhaps supplemented, after relatively longer time frames, by the planning school (though such proposition may only be conjectured). We have thus tentatively sketched a frame for outlining what schools of thought to apply in describing strategic management in EU agencies.

We then examined the relationship between autonomy of the agency and the strategy process. We discussed how autonomy is both a precondition to strategy and an organisational goal. We detected that not all profiles of autonomy have the same importance: EU agencies pursue personnel management autonomy and policy autonomy in a priority way, less so financial autonomy.

We then turned to consider the reform context, arguing that, based on our multiple case study, there seems to be room for asserting that strategic management approaches to the running of public service organisations may be found beyond 'NPM jurisdictions', i.e. also in jurisdictions that have only limitedly been affected by NPM-inspired reforms, as is the case of the EU.

Our discussion of findings continued by analysing the qualifying features of strategy formation in organisations that are public and semi-autonomous, that operate under conditions of multiple principals and multi-national staff, and that belong to a polity whose ultimate legitimacy is in question and a political system only partly subject to the dynamics and rhythms of majoritarian democracy. Such factors, in combination, affect and constrain the courses of action available to develop the agency strategy.

Finally, we considered certain potential implications of the organisational behaviour of EU agencies (as outlined based on the study of the strategy process) on the dynamics of EU

governance. Our analysis points out how EU agencies may be actors of processes of European integration, in the specific policy field where they operate. Under conditions of increased transnational interdependence and global pressures, the strategic behaviour of EU agencies may provide the other factor (that is, relatively independent organisations placed alongside the European Commission at the supranational/European level of governance and actively engaged in promoting integration) that drives European integration in the 'low politics' variant (i.e., integration 'by stealth', that is, occurring on a sector by sector basis and mainly without modifications of the treaties) according to the 'supranational governance' theory of European integration. Similarly, EU agencies may also be actors in the shaping of the emergent European administrative system, occurring through processes of partial decomposition of the administrative system at the national level and re-composition at the supranational level of governance.

In the future developments of this piece of research, further expanding the empirical basis through the examination of additional cases (strategy episodes) may be an apt approach, especially for 'testing' if the framing of an alleged organisational strategy 'life cycle' along the logic of the configuration school is tenable. Indeed, EU agencies represent a relatively novel phenomenon, and this has posed limitations to the temporal horizons that may be considered in case analysis.

Much else could also be done (and hopefully will, most probably in article form) with the already available data and analyses. First, a fascinating line of development may stem from the systematic comparison between EU Agencies as they are developing nowadays and agencies in the early US Federal government during the formation of the 'administrative state' at the central level in the US. A marvellous account of such process in the US has been produced by Carpenter (2001). Carpenter's work has a partly different analytical focus than the present one (bureaucratic-institutional autonomy rather than the strategy process), yet both are concerned with organisational dynamics of public agencies in 'polities-in-the-making', and both point out the differential significance of diverse dimensions of autonomy (whereby policy autonomy tends to be privileged over other profiles of autonomy).

A second area of interest for research, especially from a public management standpoint, is the role and functions of the board of public agencies. The topic has been addressed, indirectly, in the present piece of research, to the extent that the board as such performed a role in the strategy formation process. We noticed that such role may change in profound ways, even in the absence of any modification of the institutional profile of it (composition of the board, rules of appointment, frequency of renewal, and the like): the case of EASA under the two very different chairmanships of, respectively, Mr Schmidt and Mr Smethers is a case in point (see chapter 6). A lesson that can be drawn is that institutional analyses may capture only part of the picture, and process-orientated studies of how the board and its various articulations and formations enter the agency's decision processes in different phases of the organisational life of the agency may provide a valuable contribution to the development of our understanding of how boards matter in the organisational dynamics of public agencies. Light may be shed on

such dynamics by comparing the cases considered here of EU agencies with national-level agencies, through the employment of multiple methods of inquiry.

Third, one of the key findings of the present research work – that it is coalitions (internal and external) to play a central role in the strategy process – is fraught with implications about how multiple developmental sequences may unfold in the way in which strategy forms in EU and other agencies, even under similar or relatively similar conditions. This finding may also possibly represent a potentially interesting way to further 'test' the adequacy of Mintzberg's framework for interpreting and categorising 'strategy', perhaps by contrasting it with further approaches to the strategy process.

I am extremely grateful to the examiners of the present PhD thesis degree – Professors Colin Talbot and Sandra Van Thiel - for providing such structured and detailed suggestions about how to further exploit and develop the present piece of research, based on the already available data and analyses.

At another level, what was deliberately left out of the picture is 'performance' (Talbot, 2010). The research question of this research project was about 'how strategy forms' and this work has aimed at paving the way to bring the analysis of organisational behaviour into the repertoire of theories for studying EU public agencies.

Indeed, in a certain sense all three the cases might have deemed to have been 'successful', as a minimum in terms of achieving organisational survival, but also along other criteria like achieving budget and staff increase, gaining a 'centrality' in the policy process, and the like. However, and crucially, we do not claim causality with strategy: the last decade of the 20th century and the first one of the 21st was a period of 'agency boom' at the EU level. The purpose of this work was neither assessing 'success' (or failure, for what it matters) nor claiming that strategy development necessarily leads to improved organisational performance: other factors may well concur and/or be decisive for organisational success or failure of EU agencies. A theory of organisational performance should ponder the strategy process dynamics and developmental patterns alongside a range of other factors (the organisational design of the agency; the pattern along which the policy process unfolds in the policy domain to which the agency belongs; broad political factors; etc.) to determine the drivers of organisational-level performance of EU agencies. Indeed, such knowledge could and should be expanded to encompass system- and policy-level performance[167], hence the drawing of policy implications. That one is, however, another research project, by other authors. The present research project has aimed at providing a social scientific understanding of the dynamics of how the strategy process unfolds in an important part of the EU administrative landscape, as EU agencies are.

[167] Organisational performance (e.g. in the terms of organisational survival and growth; budget and staff increase; control over external resources; influence of the policy process; and the like) may be sub-optimal when appraised at policy- or system-level.

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Appendix 1: Interview Protocol and List of Interviews

Interview protocol – logical framework

Overview of questions by categories

A Questions: history of the agency

B Questions: history of strategy-making events/ process

C Questions: Strategic Management schools perspective

- C1, C2, C3, C4, C5: probing whether strategy is unique (Design and Planning school) or generic (Positioning school) and who are the actors
- C5, C6, C7: probing the role of the 'founder' (director since the establishment) of the agency (Entrepreneurial school)
--C8, C9, C10, C11: probing the extent to which strategy is emergent, and learning processes have occurred (various schools)
- C12 (also C10): probing whether there is tendency to the emergence of specific configurations leading to a 'fit' with the environment (Configuration School and Environment School)
- C13: probing the role of professionals/epistemic communities

Cross-cutting is the investigating of whether there is consistency over time in decisions: strategy as pattern of consistent decisions (strategic capacity) vs. simply tactical responses (see C1, C2, C3, C4, C10, C11, C12, C13, C14 in particular)

- C14, C15 (also C1 on procedures): strategy practices

D Questions: Politics of Bureaucracy approach

There are three main types of ploys (Peters, 2010) that can be triggered by bureaucracy to provide government to a society (shape public policy)

- D1: probing whether and how the bureaucracy is starting up and shaping structured, long-term plans
- D2: probing whether and how the bureaucracy is shaping the budgetary process
- D3: probing whether and how the bureaucracy is gaining legitimate status to provide policy advice

E Questions: Bureau-shaping perspective

- E1: agency 'status'
- E2: agreeable work conditions
- E3: 'power' as the discretionary exercise of authoritative decision rights: type of tasks

- E4: budget

Full list of questions

A1/E1/E3) How have the tasks executed by the agency evolved over the years? What new tasks have been added, and which ones dismissed? When did it occur, and how did the process unfold?

A2/E1/E3) Have there been major changes in the *nature* and the *type* of tasks executed? What organizational implications have such changes had? And what implications did such changes have in the relations with the European Commission? And in the relations with the authorities of the Member states? And in the relations with other institutions and actors, and with scientific and professional communities?

A3/ B1) Have there been major *phases* in the development of the agency? What were major *turning points*, events that have changed the way the agency operates? How did they unfold? And were they external events that impacted over the agency (and how did the agency react to them?), or did they emerge from within the agency?

A4/B2) Have there been major changes in the organizational structure of the agency? What kind of changes and when did they occur? How did they come about, and how did the process of organizational change unfold?

A5/E4) How has the agency budget grown over the past years? what events did determine the growth? How did such process unfold?

A6/E2) How has the agency staff changed over the years? [In the investigated cases] It appears it has grown: what events did determine the growth? Has also its composition in terms of professional profiles changed? How did such process unfold?

B3/C1) How did the process that led to the preparation of the [annual work programme / strategic business plan] unfold? What have been the main procedures employed? Who was involved in the preparation of the business plan (internal and external to the agency)? What was the contribution of each Actor/Player to the process? What was the focus of attention by the people engaged in the preparation of the plan? Did personalities play a part, and in what phases of the process especially? How did you contribute to the process?

B4/C2) Were the business plans of other agencies (or other organizations in general) examined as part of the preparation of the business plan of your agency? If so, what kind of 'ideas' or 'inspiration' was found in them? Were consultants engaged? If so, when and how were they engaged, and what contribution did they provide? More in general, in the preparation of the business plan, were people going for models of what to do elsewhere in the EU system or beyond?

B5/C3) How did the implementation of the plan unfold? More in general, what were the consequences of the strategic planning, and in particular: what were some of the more

important substantive decisions? Were they consistent? Have they promoted a sense of direction and guidance? Have they helped the agency in pursuing its ultimate goals? What benefits did they bring to the accomplishment of the mission of the agency and its contribution to European policy?

B6/C6)what was the role of the director in the preparation of the business plan(s) and its implementation?

B7/C7) how did the agency come about with its mission statement? And with the vision statement?

B8/C4) In the decisions that you make for running the operations in your department/organization, whom do you consult with (internal or external to the agency)?

B9/C5) On what issues do you consult with/report to the director?

C8) what have been, if any, the main differences between the way in which the strategic plan has been elaborated the first time and the subsequent formulations of it? And have there been differences in the way the implementation process unfold? Which differences, and when did they manifest?

C9) What inputs did the implementation of the initial strategic programme give to the successive strategic programme? What has been the legacy of one plan on successive plans?

C10) what have been, if any, the changes over the time in the way your department/office works? And in the way the agency as a whole works? And in the way it relates with the European Commission, and with the Member States?

C11) Is a shared sense of direction and purpose detectable in the agency staff? What are, if any, its main traits? Has it evolved over the years? Have there been changes in the decisional culture? Could you provide me with examples?

C12) what have been major changes in the organizational environment in which the agency operates? What impacts did they have on the agency operations and course of action?

C13) How are experts engaged and involved in the operations of the agency? What kind of experts? When are they consulted, and how? On what issues? Have there been changes in the modalities whereby experts are involved? What changes, and with what effects?

C14) Did you hold any strategy meetings? How did they unfold? Who chaired them? Were there consultants attending it? Who and how were the debated issues debriefed? How did the debriefing unfold?

C15) when your department/office advances a new proposal/innovation, to whom is the proposal addressed? When and how is it discussed? Could you please make me an example of a proposal that was eventually implemented, and one that was not? How did their stories develop?

D1) How do you split your managerial time? Have there been changes over the years in the way you split your managerial time?

D2) has the agency been consulted (when, how) in the preparation of the pertinent EU planning and financial perspective. When and how? On what issues? Who was involved in the agency, and in what circumstances?
D3) Does the agency provide advice to relevant EU institutions? Did it occur on a 'formal' or 'informal' way? When and how did it occur? Does the agency has a a formal role in the 'consultation procedures' that are often conducted by the European Commission before it transmits to the legislative bodies a policy proposal?

Utilised interview Scheme

Brief presentation of the research project 'The strategy process of EU agencies'

This research project aims at analysing the dynamics of the strategy process in EU agencies. EU agencies have so far mainly been studied from a legal/regulatory perspective, or with regard to the institutional design. The dynamic processes occurring in them – the 'real life' of EU agencies in operation - have been under-investigated. Filling this gap and providing a contribution to an improved understanding of EU agencies organisational behaviour is the thrust of the present research work.
The research work is carried out in first person by Edoardo Ongaro (Principal Investigator, contact details provided).

Respondent information [to be filled in at beginning of interview]

Name:
Title:
Tenure in post:
Background of Respondent (professional background, from postsecondary education to a brief outline of the career path, professional experiences at the Agency, nationality):

Interview main questions

1 - Entry question) What is 'strategy' for your agency, and what have been the main phases – if any - in the way strategic processes unfolded in the agency? Have there been major *phases* in the development of the agency? What were major *turning points*, events that have changed the way the agency operates? How did they unfold? And were they external events that impacted over the agency (and how did the agency react to them?), or did they emerge from within the agency?
2) How have the tasks executed by the agency evolved over the years? Have there been major changes in the *nature* and the *type* of tasks executed? What organizational implications have such changes had? And what implications did such changes have in the relations with the European Commission and other institutional Actors?

3) How did the process that led to the preparation of the main planning documents unfold? And how did the implementation of the plan unfold? And have there been differences over the years?

4) Is a shared sense of direction and purpose detectable in the agency staff? What are, if any, its main traits? Has it evolved over the years? Have there been changes in the decisional culture? Could you provide me with examples?

5) What have been major changes in the organizational environment in which the agency operates? What impacts did they have on the agency operations and course of action?

6) How are experts engaged and involved in the operations of the agency? Have there been changes in the modalities whereby experts are involved? What changes, and with what effects?

7) Did you participate to any 'strategy meetings'? How did they unfold?

8) when a new proposal/innovation is arisen, to whom is the proposal addressed? When and how is it discussed? Could you please make me an example of a proposal that was eventually implemented, and one that was not? How did their stories develop?

9) How do you split your managerial time? Have there been changes over the years in the way you split your managerial time?

10) Has the agency been consulted (when, how) in the preparation of the pertinent EU planning and financial perspective. When and how? On what issues? Who was involved in the agency, and in what circumstances?

List of Interviews

Agency	Place[168]	Position	Codification
EASA (European Aviation Safety Authority)	Cologne	Executive	EASA Interview 1
EASA (European Aviation Safety Authority)	Cologne	Executive	EASA Interview 2
EASA (European Aviation Safety Authority)	Cologne	Executive	EASA Interview 3
EASA (European Aviation Safety Authority)	Milan	Executive	EASA Interview 4
EASA (European Aviation Safety Authority)	Cologne	Executive	EASA Interview 5
EASA (European Aviation Safety Authority)	Phone interview	Executive	EASA Interview 6
EASA (European Aviation Safety Authority)	Cologne	Executive	EASA Interview 7
ERCEA (European Research Council Executive Agency)	Brussels	Executive	ERCEA Interview 1
ERCEA (European Research Council Executive Agency)	Brussels	Executive	ERCEA Interview 2
ERCEA (European Research Council Executive Agency)	Brussels	Executive	ERCEA Interview 3
ERCEA (European Research Council Executive Agency)	Brussels	Executive	ERCEA Interview 4
ERCEA (European Research Council Executive Agency)	Brussels	Executive	ERCEA Interview 5
ERCEA (European Research Council Executive Agency)	Brussels	Executive	ERCEA interview 6
ETF (European Training Foundation)	Turin	Executive	ETF Interview 1
ETF (European Training Foundation)	Turin	Executive	ETF Interview 2
ETF (European Training Foundation)	Turin	Executive	ETF Interview 3
ETF (European Training Foundation)	Turin	Executive	ETF Interview 4
ETF (European Training Foundation)	Turin	Executive	ETF Interview 5
ETF (European Training Foundation)	Turin	Executive	ETF Interview 6
ETF (European Training Foundation)	Turin	Executive	ETF Interview 7

[168] Date not disclosed for ensuring anonymity.

Ethical Approval

The Ethical full approval and the information sheet for participants (consent form) employed are here reported.

INFORMATION SHEET FOR PARTICIPANTS

REC Reference Number: **REP(EM)/11/12-28**

YOU WILL BE GIVEN A COPY OF THIS INFORMATION SHEET

Title of Study: PhD in Management – Research Project: 'The governance dynamics of the emergent European administrative order: Explaining the strategy process of EU Agencies'

We would like to invite you to participate in this research project. You should only participate if you want to; choosing not to take part will not disadvantage you in any way. Before you decide whether you want to take part, it is important for you to understand why the research is being done and what your participation will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask us if there is anything that is not clear or if you would like more information.

This research project aims at analysing the dynamics of the strategy process in EU agencies. EU agencies have so far mainly been studied from a legal/regulatory perspective, or with regard to the institutional design. The dynamic processes occurring in them – the 'real life' of EU agencies in operation - have been under-investigated. Filling this gap and providing a contribution to an improved understanding of EU agencies organisational behaviour is the thrust of the present research work.

To this purpose, a series of interviews with key informants (like executives in EU agencies, key stakeholders, et al.) represent a data collection technique essential to the development of the research project. Interviews will last between one hour and one hour and a half, and will generally be held at the interviewees premises (typically, her/his office or a related meeting room).

The case study report will be provided to you, for comments and integrations. The case report will also represent, we consider, a benefit for you, as it indirectly represents an external analysis of your organisation. In our view, this represents a benefit for participants, as managers or stakeholders of an organisation may make use of strategic/organisational analysis for the potential improvement (according to different criteria) of the way their organisation is run.

Interviews will generally be audio-recorded, upon consent of the interviewee. Also the interview transcripts will be made available, upon request. I might also ask you to review the transcripts of the interview. The review of the transcripts entails the acceptance that they faithfully report what emerged during the interviews. In the absence of any answer within sixty days it remains that transcripts have to be considered as approved.

Interview transcripts will be stored in electronic format and encrypted, on the PC and laptop in the personal and exclusive use of myself. Possibly maximum one copy on paper will be produced and kept locked (see below for location of storing place). Whenever interviews will be cited, this will be made in anonymised way: a coding will be made of interviews for making them anonymous, and also citations will be made in such ways to make it impossible to identify the respondent; whenever a doubt arises that respondent might be identified, the citation in texts (research outputs) will be referred to as 'omitted citation'. Should it be necessary, other specific precautions will be taken to ensure confidentiality.

Interviews will be recorded, subject to your permission.

It remains also guaranteed that the respondent may withdraw at any time until the final case study research report will be prepared (currently, this is scheduled to occur latest by the end of 2012, though the date may be anticipated), meaning that, upon withdrawal of the consent, the transcript of the interview or any other datum that may be associated to the respondent will be deleted (on all the means of storage employed), and the data will not be used in any form.

The research work is carried out in first person by Edoardo Ongaro (Principal Investigator – contacts: edoardo.ongaro@kcl.ac.uk; Edoardo.ongaro@northumbria.ac.uk; Edoardo.ongaro@unibocconi.it) (King's College Supervisor: Prof Ewan Ferlie, contacts: ewan.ferlie@kcl.ac.uk)

If this study has harmed you in any way you can contact King's College London using the details below for further advice and information:

Edoardo Ongaro (Edoardo.ongaro@kcl.ac.uk)

Ewan Ferlie (ewan.ferlie@kcl.ac.uk)

CONSENT FORM FOR PARTICIPANTS IN RESEARCH STUDIES

Please complete this form after you have read the Information Sheet and/or listened to an explanation about the research.

Title of Study: PhD in Management – research Project: 'The governance dynamics of the emergent European administrative order: Explaining the strategy process of EU Agencies'

King's College Research Ethics Committee Ref: Education and Management Panel

Thank you for considering taking part in this research. The person organising the research must explain the project to you before you agree to take part. If you have any questions arising from the Information Sheet or explanation already given to you, please ask the researcher before you decide whether to join in. You will be given a copy of this Consent Form to keep and refer to at any time.

Pleas
or ini

- **I understand that if I decide at any time during the research that I no longer wish to participate in this project, I can notify the researchers involved and withdraw from it immediately without giving any reason. Furthermore, I understand that I will be able to withdraw my data at any time until the final case study research report will be prepared, meaning that, upon withdrawal of the consent, the transcript of the interview or any other datum that may be associated to the respondent will be deleted (on all the means of storage employed), and the data will not be used in any form. I understand that, after the date in which the final case study research report is completed, I am no more in the condition to withdraw my consent. This date is set at [D...../M...../Year.....]**

- **I consent to the processing of my personal information for the purposes explained to me. I understand that such information will be handled in accordance with the terms of the Data Protection Act 1998.**

- **I consent to my interview being recorded**

The information you have submitted will be published as a case study report and you will be sent a copy. Please note that confidentiality and anonymity will be maintained and it will not be possible to identify you from any publications.

Participant's Statement:

I _____

agree that the research project named above has been explained to me to my satisfaction and I agree to take part in the study. I have read both the notes written above and the Information Sheet about the project, and understand what the research study involves.

Signed **Date**

Appendix 2: List of EU Agencies

Agency	*Established*	*Location*	*Policy sector(s), task(s)*
CdT ***Translation Centre for the Bodies of the European Union***	1994	Luxembourg (Luxembourg)	Internal administration, Translations
Cedefop ***European Centre for Development of Vocational Training***	1975	Thessaloniki (Greece)	Social policies Employees' training
CFCA ***European Fisheries Control Agency***	2005	Vigo (Spain)	Internal market
CPVO ***Community Plant Variety Office***	1994	Angers (France)	Intellectual property Products' communitarian movement
EAR ***European Agency for Reconstruction***	2000	Thessaloniki (Greece)	External relations Reconstruction projects' management
EASA ***European Aviation Safety Agency***	2002	Koeln (Germany)	Transports Internal market enhancement
ECDC ***European Centre for Disease Prevention and Control***	2004	Stockholm (Sweden)	Public health
ECHA ***European Chemicals Agency***	2006	Helsinki (Finland)	Intellectual property Internal market
EEA ***European Environment Agency***	1990	Copenhagen (Denmark)	Environment
EFSA ***European Food Safety Authority***	2002	Parma (Italy)	Agriculture Public health
EIGE ***European Institute for Gender Equality***	2005	Site to be decided	Social policies Human rights
EMCDDA ***European Monitoring Centre for Drugs and Drug Addiction***	1993	Lisbon (Portugal)	Public health, Social policies Crime monitoring
EMEA ***European Medicines Agency***	1995	London (GB)	Public health Products' communitarian movement
EMSA ***European Maritime Safety Agency***	2003	Lisbon (Portugal)	Transports Internal market enhancement
ENISA ***European Network and Information Security Agency***	2004	Heraklion (Greece)	Information Internal Market
ERA ***European Railway Agency***	2004	Lille-Valenciennes (France)	Transports Internal market enhancement
ETF ***European Training Foundation***	1990	Turin (Italy)	External relations Social policies
EUROFOUND ***European Foundation for the Improvement of Living and Working Conditions***	1975	Dublin (Ireland)	Social policies Employees' circulation
European GNSS Supervisory Authority	2004	Site to be decided	Transports Internal market enhancement
FRA ***European Union Fundamental Rights Agency***	2007	Vienna (Austria)	Free citizens' movement Human rights
FRONTEX ***European Agency for the Management of Operational Cooperation at the External Borders***	2004	Warsaw (Poland)	Free citizens' movement Crime monitoring
OHIM ***Office for Harmonisation in the Internal Market (Trade Marks and Designs)***	1993	Alicante (Spain)	Intellectual property Products' communitarian movement
OSHA **European Agency for Safety and Health at Work**	1994	Bilbao (Spain)	Public health Social policies

Table 2.a. European Union Agencies: Community Agencies

Agency	Established	Location	Policy sector(s), task(s)
European Defence Agency (EDA)	2004	Brussels (Belgium)	Defence, Promoting, assisting and supporting collaboration, research, and restructuring of the European defence industry
Euriopean Union Institute for Securities Studies (IIS)	2002	Paris (France)	Defence, Policy analyses and forecasts, recommendations
European Union Satellite centre (EUSC)	2002	Torrejón de Ardoz (Spain)	Defence, exploitation and production of information deriving from the analysis of earth observation space imagery

Table 2.b. European Union Agencies: Common Security and Defence Policy Agencies

Agency	Established	Location	Policy sector(s), task(s)
European Police Office (EUROPOL)	1992	The Hague (The Netherlands)	Internal Security and Home Affairs, Police, Exchange of information, expertise and technical support for investigations and operations, intelligence,
The European Union's Judicial Cooperation Unit (EUROJUST)	2002	The Hague (The Netherlands)	Justice and Home Affairs, co-ordination of investigations and prosecutions among the competent judicial authorities of the European Union Member States in cross-border and organised crime
European Police College (CEPOL)	2005	Bramshill (United Kingdom)	Internal Security and Home Affairs, Police, Training of police officers

Table 2.c. European Union Agencies: Police and Judicial Cooperation in Criminal Matters Agencies

Agency	Established	Location	Policy sector(s), task(s)
Education, Audiovisual and Culture Executive Agency (EACEA)	2006	Brussels	Culture, Implementing EU-funded programmes in the fields of culture and education
European Research Council Executive Agency (ERCEA)	2007 (operational 2009)	Brussels	Research Implementing the FP7 IDEAS specific programme
Executive Agency for Competitiveness and Innovation (EACI)	2005	Brussels	Industrial Policy, Environment, Implementing eco-innovative technologies EU-fundedProgrammes
Executive Agency for Health and Consumers (EAHC)	2005	Luxembourg	Health, Implementing EU-funded programmes in consumers' health and food safety programmes
Research Executive Agency (REA)	2008	Brussels	Research Administering EU-funded research programmes (marie Curie, etc.)
Trans-European Transport Network Executive Agency (TENTEA)	2006	Brussels	Transport, Administering the technical and financial implementation and management of the Trans-European Transport Network (TEN-T) programme

Table 2.d. European Union Agencies: Executive Agencies

Agency	*Established*	*Location*	*Policy sector(s), task(s)*
EURATOM Supply Agency (ESA)	1960	Luxembourg	Energy, Provide advice for ensuring a regular and equitable supply of nuclear fuels for Community users
European Joint Undertaking for ITER and the development of Fusion Energy (Fusion for Energy)	2007	Barcelona (Spain)	Energy, Technical support to European projects of development of Atomic Energy Fusion Plants and Technologies

Table 2.e. European Union Agencies: Euratom Agencies and Bodies

Agency	*Established*	*Location*	*Policy sector(s), task(s)*
European Banking Authority	2010	London	Financial Services - Banking,
European Pensions and Occupational Pensions Authority	2010	Frankfurt am Main (Germany)	Financial Services - Insurance and Pensions
European Securities and Markets Authority	2010	Paris (France)	Financial Markets Regulation

Table 2.f. European Supervisory Authorities

Institution/Service	*Established*	*Location*	*Policy sector(s), task(s)*
European Central Bank	1998	Frankfurt am Main (Germany)	Monetary policy
European Investment Bank	1958	Luxembourg	Support to European Development Policy
European External Action Service	2010	Brussels	Common Foreign and Security Policy
European Personnel Selection Office	2003	Brussels	Support Function: Staff Recruitment
European administrative school	2005	Brussles	Support Function: Staff training

Table 2g. Other Institutions, Interinstitutional Bodies and Services in the executive branch of EU Governance

Appendix 3. Other theoretical sources and analytical tools for case analysis

This Appendix recalls, in necessarily a very succinct way (for limitations of space), some basic notions in organisational analysis that represent the shopping basket of the conceptual tools for the study of decision processes. Such notions include, as regards analytical concepts (intended as Observer's concepts rather than Practitioners' concepts):

- Environment of the agency: this is a broad notion, based on the idea that organisations are open systems that interact (need interacting) with the environment; a distinction may be made between the inter-organisational network an organisations is part of (see below), and the general environment (Christensen et al., 2007); as regards the organisations under investigation, we may consider the policy network and, broadly, the type of 'international' regime (Young, 1999) in which the agency operates the immediate environment; and the EU politico-administrative and social system as a key component (though obviously not the totality of) the larger general environment.
- Policy network: it is a specific component of the environment, and it is sometimes defined as the 'immediate' environment (Christensen et al., 2007); it may be singled out of the larger environment because of its influence on the decision processes of the organisation; the policy network has structural and process features; the approach to the study of policy networks in this work is that of the focal organisation: the policy network is analysed not per se, but in relation to the agency
- Age of the organization: it is central in a cultural perspective to the organisational analysis; one important idea is that over the time organisations become 'value-bearing institutions', and such values (norms, rites, symbols) may affect decision-making patterns (see Christensen et al., 2007).
- Corporate governance of the organisation: in a rational-instrumental perspective, the design of the 'corporate governance' of the agencies - intended as the regulation of appointment at the top, competencies and formal decision powers within such public sector organisations, etc. - is among the factors affecting the dynamics of decision processes, though probably their influence is overestimated in the grey literature, and interpreted with a much more critical stance in the scientific literature.
- Management systems: they are determined by the strategy, but they also affect the processes of strategy formation and implementation, particularly insofar as they provide at least part of the information that instructs, informs and supports decision-making processes, and affect the allocation of attention as a critical factor in decision-making.

Since the thrust of this research work is the analysis of decision-making processes in organisations (as 'strategic processes in EU semi-autonomous organisations' are ultimately a specific type of decision processes), it is also important to encompass in the range of analytical

tools some theories in organisation science that are of central importance in the analysis of decision-making processes in general. The following theoretical achievements may be useful in this respect:

- It is commonly held (perhaps even fashionable and an unavoidable *topos* in most social science works) that there are two main logics of action: the logic of consequences and the logic of appropriateness (March, 1999a; March and Simon, 1993). The former depicts actions as being chosen by evaluating their probable consequences for the preferences of the actor; the logic of consequences is linked to conceptions of anticipation, analysis and calculation. The latter is based on the matching of situations (recognized by the actor on the basis of previous classification) to a set of rules; in this perspective, decision-makers have a conception of their personal, professional, and officials identities and evoke particular identities in particular situation (through matching, decision-makers do what they see as appropriate to their identity in the situation in which they find themselves, see March, 1999, pp. 21-22); organisations can be seen as assemblages of rules by which appropriate behaviour is paired with recognised situations: some of these assemblages are imported into an organisation by employing professionals, other assemblages are developed in an organisation through collective experience and stored in the organisational memory as standard procedures (rules are maintained even despite turnover in personnel and without necessary comprehension of their bases, which is why the processes for generating, changing, evoking, and forgetting rules become essential in analysing organisations) (March and Simon, 1993).

- Another central concept is that of sense-making: the forming of preferences, identities, rules situations and expectations all involve making sense out of a confusing world' (March, 1999a, p. 25; see also Weick, 1995 and 2001). Sense-making is both an input to and an output of decision-making (March, 1999, pp. 25-28). As an input, '[T]heories of rational action assume that decision-makers make sense of their situation by forming expectations about future consequences and preferences for those consequences. Theories of rule-based action assume that decision makers make sense of their situation by identifying situations as matching identities and rules and by interpreting the implications of those matches. Decisions are seen as predicated on these meanings that are established prior to action' March, 1999, pp. 25-26). As an output, '[M]eaning is not only a premise of decision making, but also a result of it' (March, 1999, p. 27). This perspective allows encompassing the symbolic and interpretive context of organisational behaviour and the social context of meaning within which organisations operate. Not just goals produce actions, but actions may produce goals as readily as goals produce actions. This may also be related to another feature: the tendency of organisations to endure long after their original 'purposes' (collective purpose) are accomplished or forgotten (which poses a specific issue for organisations like executive agencies established to endure for a specific time-frame, set by

the programme to be implemented; and of course the goals of public organisations may quite often be wide and indeterminate).

- Autonomous decision-making and decision-making ecologies: decisions and actions must not be observed in isolation, but in their intermingling: 'many of the features of decision making are due less to the intentions or identities of individual actors than to the systemic properties of their interactions' (March, 1999, p. 28).
- Exploration and exploitation in organisations: the basic idea is that 'adaptive systems engage in two kinds of activities – exploiting and refining what is known and exploring what might come to be known' (March, 2008). Both are necessary, but the optimal mix is difficult to specify and pursue.
- Learning processes: it is possible to distinguish between direct and vicarious learning
    - direct learning has to do with learning from direct experience; organisations may be seen as learning by encoding inferences from history into routines that guide behaviour. Organisational memory is central to this process: recording, conservation, retrieval of experience is crucial, and memory loss may be a major challenge to learning from experience (regarding public sector organisations, it has recently been argued that post-bureaucratic 'New Public Management' organisations may have less memory than 'traditional' bureaucratic organisations, see Pollitt, 2009). There are however important limits to learning from experience, ranging from the limits of experience to the problematic nature of interpreting experience (the past may be as uncertain and ambiguous as the future is); remedies can come from experiencing history richly, or from simulating experience;
    - vicarious learning: learning from the experience of others may be complementary to learning from direct experience; this phenomenon poses the issue of the mechanisms of diffusion;
    - Mechanisms for simplifying environmental complexity are another component of learning processes in over-complex environments: simplification and the construction of buffers, in order to disentangle the interactions introduced by multiple simultaneous learners is one approach; specialization and the application of the 'principle' of learning substitution (whereby learning occurring in some parts of the organisation may compensate for and reduce the necessity for other parts of the organisation to learn) is another approach. There are risks, however, in these approaches, particularly that of 'missing organisational linkages' (linkages among learning processes, as well as more generally linkages between changes at one level and changes at other levels, see Goodman, 2000);
    - Finally, '[O]rganizational learning is further complicated by the ecological structure of the simultaneously adapting behaviour of other organisations, and by an endogenously changing environment' (Levitt and March, 1988, 1999).

- In decision-making processes, mechanisms for evoking attention are central (the allocation of attention towards goals, alternatives, their expected consequences).
- Other key concepts about decision-making in organisations include: satisficing (the idea that preference functions are not continued but bi-valued: decision-makers distinguish between alternatives that are 'good enough' and those that are not, without making distinctions within the two categories); the idea that risk preferences vary with context (according to relative position in the three outcome regions: success, failure, extinction); the idea that preferences are variable (dynamic, sometimes inconsistent, unstable); and the garbage-can theory of decision-making (Cohen, March and Olen, 1973), according to which opportunities for choice attract all sorts of unrelated (but simultaneously available) problems, solutions, goals, interests, concerns – in this perspective, temporal orders are influential, and availability of problems, solutions, decision-makers when opportunity for choice opens affects the outcome of the decision.
- Last but not least, concerning the specific subject of study, decisions and decision processes within organisations should be distinguished from institutional-order decisions, concerning the polity of the EU (consider the difference between 'routine' decision-making and 'history-making decisions' in EU studies, outlined e.g. in Wallace and Wallace, 1999, 2nd edition – history-making decisions have so far been the main target of studies, see Moravcsik, 1998; Pollack, 2008)
- For analysing change, the social mechanisms approach appears also potentially fruitful (Hedstrom and Swedberg, 1998, Hedstrom 2005). In the multiple case study we identified the social mechanisms of attribution of opportunity and attribution of threat to the new situation and set of circumstances as analytical tools for interpreting the dynamics of the strategic change process, as well as self-reinforcing dynamics whereby initial successes sustained the subsequent continued growth. Such mechanisms often operate in concatenation (Gambetta, 1998).

Appendix 4. Strategic Management in the public sector – A review and key questions

Strategic management has entered the public management discipline and there seems to be a general recognition of it as an area ripe for investigation; however, as a sub-field in the discipline, strategic management in the public sector appears to be still quite fragmented and far from maturity (as indicated, inter alia, by the absence of any dedicated journal), a field for which there seems not (yet) to be a structured discourse. There have been, however, important attempts at systematizing the knowledge on the topic (inter alia, Bozeman and Straussman 1990; Bryson 1988/2004; Johnson and Scholes 1999; Joyce 2000; Lega and Cristofoli 2009; Nutt and Backoff 1995 and previous publications; Rebora and Meneguzzo 1990), conceptualizing 'what is strategy' in the public sector (Ferlie 2002; Llewellyn and Tappin 2003; Stewart 2004), relating strategic management to the very conception of the nature and purpose of 'managerial work' in the public sector (Moore 1995), arguing (often with a normative tone) about the centrality of the 'strategic capability' for public sector organisations to meet the demands of the public (Poister and Streib 1999; Vinzant and Vinzant 1996; see also Eadie 1983), reporting on the diffusion of strategic planning in the public sector (Poister and Streib 1999) and providing insightful accounts of processes of strategic visioning and planning in highly complex organizations (Barzelay and Campbell 2003).

Interest in the topic has been raised by the spread of the use of 'strategic management' terminology and conceptual paraphernalia in the Anglo-American countries, in continental European countries, and beyond, especially during the last decade of the 20th century (Flynn and Strehl 1996, 12); in a more normative stance, authors like Joyce argue that 'strategic management is a mechanism for integrating change into the operations of the public sector and, if its promise is fulfilled, this mechanism will spell the end of change through crisis in favour of institutionalised strategic change' (Joyce 2000, 216).

However, often the term is used almost as synonym for 'steering', or 'governance', or 'coordinating for cohesion and joined-up government' (e.g.: Kickert et al. 1997; Peters 2010) – all crucial aspects of running public sector organizations, but that do not relate to the strategic management literature in a strict sense. Other times the introduction of strategic planning and related managerial tools are investigated not in order to uncover the dynamics of strategy processes in public sector organizations, but within the context of the study of processes of managerialization and corporatization of the public sector (where strategy tools figure as just one component of managerialization). Incidentally, it may be noted that another way in which the term 'strategy' is used in the public sector relates to 'strategies' in public management reform. This is the sense in which it is used by Jones et al. (2004), in an edited work in which different kinds of public management reforms are grouped around the 'basic direction/approach to reforming', each of which is labelled as a distinct strategy. In a less generic sense, Pollitt and Bouckaert in the first two editions of their highly-cited work on the comparative analysis of

public management reform (Pollitt and Bouckaert 2000 and 2004) consider the implications for the main categories of actors having a stake in public management reform: they analyse the politics of public management reform, from the point of view of actors trying to affect strategically their environment, an approach (in our interpretation) not too far from the strategizing approach (Jarzabkowski 2005 and 2008; Jarzabkowski and Spee 2009; Johnson et al. 2007; Whittington 1996 and 2003; Whittington et al. 2003), applied at the macro-level of the public sector as a whole rather than in a given organisation. At another level, studies of strategy overlap with studies of bureaucratic behaviour (Heymann 1987): we have made the point throughout this piece of research that there is reason for considering the two approaches as providing different mappings of the same terrain and shedding light on different aspects, hence potentially to be fruitfully used in a complementary fashion.

Our argument here is that we consider the goal of conceptualising the very basic question of 'what is strategy in the public sector' as an endeavour yet to be completed, an ongoing – but so far unfinished – intellectual task. In the remainder of this section we review literature in order to address (the state of the art of scientific knowledge on) six questions we have identified as central:

- What is strategy in the public sector?
- Who is the strategist in public sector organisations?
- Why adopting strategic management in the public sector?
- To what extent, under what conditions, and in what respects generic strategic management models can be applied to the public sector?
- And empirically, what models of strategic management are apparent in the public sector, nowadays and over the past three decades?
- Does the adoption of a strategy (and in case, what strategy) improve performance of public sector organisations?

This section serves the purpose of delineating the borders of the application of strategic management to public sector organisations, and to highlight that certain 'conditions' for strategic management to occur in EU agencies are present – to highlight that in the case of EU agencies there are certain preconditions for strategic capacities, hence for strategic management potentially to occur.

The first question we address in this section is: 'what is strategy in the public sector'? And the related question: does it differ in some fundamental way from 'generic' strategic management? The question has both theoretical and practical significance. From a theoretical point of view, strategic management represents a less 'traditional' disciplinary perspective to a social science study of public sector organisations, a perspective which may thus bring novel analytical lenses for understanding decisions and actions in such organisations; empirically, it has been observed over the past three decades a tendency towards a wider use of strategic management language, models and tools in the public sector (Ferlie 2002; Llewellyn and Tappin

2003; Poister and Streib 1999; Stewart 2004; Vinzant and Vinzant 1996), which makes formulating and implementing a strategy in the organisation of which they are responsible an issue of significance for practitioners with executive responsibilities. Strategy (Poister and Streib 1999; Vinzant and Vinzant 1996) and the related notion of strategic planning is usually associated with notions of 'direction' and 'consistency in decisions and actions over time'; Bryson defines strategic planning as 'disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it' (Bryson 2004, p. 6). Poister and Streib put much emphasis on strategic planning being a central element but ultimately just a component of strategic management, which is 'a much more encompassing process that is concerned with managing an organization in a strategic manner on a continuing basis' (Poister and Streib 1999, p. 310). Apart from a tautological element in the latter definition, what seems to emerge from the definitions above is the old, 'venerable' idea of the hierarchy of decisions in organisations, where 'strategic' decisions are those at the top and whose scope affects the whole of the organisation, tactical decisions are in an intermediate position, and operational are the lowest ones, decisions to be taken within the constraints ensuing from all the other layers of decisions. This idea has, at least in our interpretation, been challenged by the stream of thought exemplified by Mintzberg et al. (2009) about 'emergent' approaches to strategy that relate to ideas of 'learning' and 'consistency in action over time', as well as by streams of studies putting emphasis on the 'recognition in retrospect' of patterns of behaviour (Weick, 1995 and 2001). Indeed, in the present work we adopt a definition of strategy as 'consistency in decisions and actions over time' (Mintzberg 2007, who elaborates on defining issues in chapter 1 and 12 in particular) in which strategy as patterns in action is as much important as strategy as intended plan, and the realised strategy is affected by the emergent component of the strategy as much as it is by the deliberate strategy (about which it is usually assumed that it will only partly be realised, unrealised strategy being an inherent component, to a smaller or lesser extent, of any attempt to implement explicit and deliberate strategies formulated ex ante).

A more inductive, casuistry-based approach to strategic management in the public sector is represented by the work of Joyce (2000), that focuses strategic change and the dynamics of strategy-making and elaborates an articulate model of strategic management, especially of 'strategic change', in the public sector based on a wide range of cases, predominantly drawn from the UK public sector, especially at the level of local authorities or the welfare sector.

In his works, Joyce, like many other authors in this field, struggles with the issue that it is problematic in the public sector to draw clear boundaries between strategic management and politics, or at least between strategic planning and policy-making (Joyce 2012). One way of drawing a distinction is by ascribing strategy to the dimension of the individual organisation – it is at the organisational level that strategy makes sense, as the system for integrating decisions and actions and ensuring consistency in organisational behaviour – whilst policy-making, by definition, is ascribed to the policy domain in which the policy cycles unfold, cross-cutting organisational boundaries – one organisation may be involved in one or more policies, and

policies usually crosscut a plurality of organisations. Yet, the two dimensions are obviously interrelated and mutually influential, with organisational strategies affecting and shaping the policy cycle, and policies constraining individual organisations strategies.

From the point of view of agencies 'at arm's length' from policy-orientated departments, the space for public management, hence for strategy, 'is defined and delimited by the political mandates applied by ministers, and the processes and delegations prescribed by law' (Stewart 2004, p. 17). In other words, what authors like Stewart argue is that public agencies (broadly intended) enjoy a variable strategic space, affected by the nature of the political-bureaucratic relationship, which changes from jurisdiction to jurisdiction and from time to time. In a similar vein, Ferlie (2002) argues about how the diffusion of NPM may have affected – by enlarging it – the scope for strategic management in the public sector. It is not just the variability of the scope, of the room for manoeuvre for strategic management to be a peculiarity of the public sector when contrasted with commercial organisations; it is also the interplay with policy-making, an aspect we have already pointed out. This observation has led some authors to mint the notion of 'policy strategy', to refer to 'what government wants to change – its agenda, and the ways in which the agency will move to help it achieve this agenda', or, with a different wording, 'policy strategy refers to the ongoing relationships Ministers and agencies use in developing and deploying policy' (Stewart 2004, p. 19). 'Making strategy' means for public sector organisations also to affect public policies, throughout the whole cycle, though this influence may sometimes be more pronounced on certain phases (e.g.: policy implementation) and less on others (e.g. agenda setting). Agency's strategy is then complemented by its organisational strategy, more akin to its homologue in the private sector, i.e. the organisation's internal configuration and the way resources are acquired and deployed. If we revisit here one definition of strategy - whereby strategic decisions are those organisational decisions concerning stakeholders' expectations, and/or key relationships with the organisational environment, and/or the organisational structure and routines (Johnson and Scholes 1999; Lega and Cristofoli 2009) – it emerges that decisions concerning 'the management by the public sector organisation of stakeholders expectations and key relationships with the environment' overlap to a significant extent with 'the management by the public sector organisation of the relationship with Ministers/political organs and the way this interaction shapes public policy' (depending on the agency's institutional location whether this influence will be more confined to the 'policy delivery/ implementation' phase, or will encompass more broadly all the phases of the policy cycle). This interaction may be wide in scope, and in this case the strategic space will be correspondently wide, or this may be restrained, e.g. because of externally-set targets defined outside the interaction with the agency and mainly imposed over it by the Minister and its close aides. The latter scenario, however, may lead the agency to 'have little alternative but to resort to tactics of control – leading, at the extreme, to a bureaucracy that survives by keeping its Minister in the dark, and its clients under its thumb' (Stewart 2004, p. 19), which poses an issue: an enlarged strategic space may partly be in a trade-off relationship with other forms of bureaucratic politics - the smaller the strategic space, the more other forms of

bureaucratic politics may pop in. (A parallel may be drawn with the consideration that a strategically-orientated public sector organisation may be more capable of resisting attempts of capture by organised interests, hence being potentially more, not less, impartial and neutral – hence compliant to a basic tenet of administrative law – than a public sector organisation that operates in the absence of a strategy).

Another question that inevitably surfaces when speculating on the strategic space (the space for strategic action) by public sector organisations is whether strategy includes, or at least partly overlaps with, political decision-making or not. This issue relates to the question about who is the strategist in the public sector: is s/he always a tenured officials (this definition obviously having to be qualified according to what are the appointment procedures and the more typical professional background - hence previous identity - of tenured officials in the given jurisdiction), or also politicians (better: elected officials) are 'strategists' in the fullest sense (and in their own right)? This is the second question we listed, and the topic is discussed below, but we here pinpoint that if s/he is an elected official, the question pops up again, and unavoidably: how does 'strategic' decisions differ from 'political' decisions (and strategy-making differs from policy-making?) The focus on organisations (guiding and ensuring consistency in decisions and actions shaping organisational behaviour) may be considered the area of pertinence of strategic management, and the focus on the policy cycle the remit of political decision-making (politics ultimately produces policies, however well designed or vice versa flawed and inconsistent they may be), and the notion of 'policy strategy' tries to capture this interplay – yet, disentangling strategy from policy-making remains arduous task.

A partial challenge to the 'organisation-centred' view of strategy-making when the conceptual paraphernalia of strategic management is applied to the public sector comes from Mark Moore's (1995) elaboration on the very notion of strategic management in government. Mark Moore (1995) has developed a distinctive theory, the theory of the creation of public value, a perspective in which 'strategist' is whoever engages in a conduct capable of creating public value (Moore 1995, preface). He uses a multiple case study approach which (as has been noted elsewhere, Barzelay 2000) resembles the 'casuistry' methodology to (philosophical) research and speculation developed in the Thomistic school and refined by the Jesuits at the dawn of the modern age. The case histories are centred on the concept of public value creation as the 'dependent variable', and 'strategic behaviour' by public officials (elected, tenured, appointed, 'external policy entrepreneur' as well) as the investigated 'independent variable': in Moore's analysis, individuals' behaviour is centre-stage, not organisational behaviour, which poses a challenge to the above definition of strategic space, and the ensuing borders that have been drawn with political decision-making.

However, this approach is not unique when we expand the focus to encompass streams of research in strategic management in the private sector, although Moore's work has been in a sense anticipatory, if we look at the dates of publication. Parallels may in fact be drawn between Moore's theoretical elaboration and the 'strategy-as-practice' approach, or strategising perspective, which we have discussed above (that has mostly been developed in the 2000s,

although a seminal work is Whittington 1996). In both approaches the viewpoint shifts from the exclusive focus on the individual organisation as the unit of analysis of strategy formation (which however remains important), towards a wider range of perspectives in which both the micro-level of the individual and its more immediate surroundings, on one hand (and this is the perspective which is central in Moore's analysis), and the macro-level of wider systems of organisations ('industry-level' is called in the strategizing literature), on the other hand, may be units of analysis for the study of strategy formation processes. In both approaches (although this is not so explicit in Moore's work), strategy is looked at as a practice and, in a sense, an emerging profession (Abbot, 1988), to be performed by those who master the practices whereby strategy is made. And, finally, both perspectives are centred on the individual, the 'leader', more than the organisation. The question thus remains open as to whether strategy in the public sector is a concept meaningful only at organisational level, or can it be used in a meaningful way also at a more micro, or a more macro, level.

Interestingly, it should be noted that a pertinent question appears to be missing in the public management literature: how does strategic management in the public sector relate to traditional public administration/political science/economics-based explanations of bureaucratic behaviour? There seems not to have been a systematic comparison (theoretical and empirical) between the kind of explanations or interpretations of bureaucratic behaviour, and in a related way of how decisions and actions are undertaken in public sector organisations, that may be provided when strategic management is adopted as the main lens of analysis and the kind of explanations that have traditionally been provided by political science (e.g.: Peters 2010) or economics (e.g.: Dunleavy 1991), or traditional public administration (e.g.: Aberbach et Al. 1981; Wilson 1989; also Hood and Lodge 2006) perspectives of analysis. It is one goal of the present study to undertake this path.

All in all, strategic management in the public sector is mainly associated with organisational-level capabilities to provide direction, and integrate organisational activities: 'A strong strategic management capability is essential because it provides both a short term and a long-term sense of direction for a governmental agency relative to its internal and external environment' (Poister and Streib 1999, p. 309). And the key issues this field of research addresses are (like for strategy research on private sector organisations): whether strategy occurs, under what 'conditions', through what processes, producing what outcomes (what are the contents of strategy, and what impacts on performance the adoption of one or the other strategy has). Perhaps a specific point of investigation in the public sector is the very issue of 'whether' strategy-making actually occurs, and on the conditions perceived as being more stringent for strategy-making to happen (too narrow a strategic space, or perhaps the absence of leadership, may be conditions leading to the absence of any strategy in a public sector organisation, eventually leading it to display just tactical, contingent responses to stimuli from the external environment by its executives). We may thus provisionally conclude that strategy in public sector organisations does not differ in fundamental ways in how it is defined – nor could properly such be the case – but the 'space' for strategic management to occur is somehow

more restricted: both practically, in the sense that in the absence of certain conditions there may not be the possibility to 'manage strategically' a public sector organisation (e.g. because its autonomy is too limited, or because the dynamics of political decision-making really determine organisational action), and theoretically, in the sense that the terrain of strategic management has in the public sector already been partly covered by other disciplines, like political science, that are specifically devoted to the study of political (hence 'public') institutions and organisations. Useless to say, for public sector organisations as for commercial ones the strategic management discipline has to draw upon – and delimit its borders with – disciplines like economics and organisation science. But the distinctive trait appears to reside in the 'cumbersome' presence of a discipline, political science, that in many important respects covers the same terrain. Our claim, however, is that strategic management is capable of shedding a different light, and bringing to the fore new aspects of decisions and actions of public sector organisation. A claim, however, that can be substantiated only by means of empirical analysis. Whilst this is a task for the rest of this piece of research, the remainder of this section completes the overview of the definitional issues concerning the qualification of the meaning of strategy in the public sector. As a first step, we turn to the question of 'who' is the strategist in the public sector.

A second, central, and in a sense definitional, question concerns who is the strategist in public sector organisations . There is to be an important stream in the (overall very limited) literature on strategic management in the public sector whose answer seems to be: the (career?) bureaucrats in top executive positions. This answer seems to be quite explicit in the works of authors like Paul Joyce, who conceive of strategy as 'the bridge between political processes and the recurrent episodes of changes in budgets and activities' (Joyce 2000, 135), i.e. between politics/policy making on one hand and organisational/business processes on the other hand, and who conceive of strategists as those who mesh together the priorities and objectives of the politicians, on one hand, and the bottom-up interests and commitment of managers and employees in public sector organisations, on the other hand.

This perspective raises different questions and issues. First, questions about how they are appointed and confirmed in top executive positions, and what is their previous identity before getting to such top executive positions, with the related implications for the interpretation of their role. Second, there is the issue of 'how remote' are politicians: Joyce (2000) notes that in certain public organizations, like hospitals, elected officials may be quite remote from top executives, whilst in others, like local governments, elected officials and those executives that make the strategy (like the city manager) are very close to each other.

Regarding the organisations under investigation in this research work, in the case of the EU agencies it may be observed that strategists are bureaucrats: agency directors as well as members of the management boards are usually civil servants, or (in management boards) experts/professionals in their respective field; never or very rarely they are past politicians, and never active politicians . As noted in recent studies (Busuioc 2011; Egeberg 2010),

management board members tend to come from the rank and files of national administrative roles (or from the administration of the Commission), often from the national agencies that are associated to the EU agency in the related policy network. Considering the procedures of appointment and the job profile requirements, they tend to reinforce the massive presence of profiles of experts/bureaucrats, which provide an overall picture according to which the mushrooming of agencies in the EU is leading to bureaucrats holding power positions in novel areas of public action, a picture which seems to be in line with the perspective of 'the rise of the unelected' (Vibert 2007, and the previous works by Putnam 1973 and 1977). Another trait of EU agencies is the remoteness of politicians: College Commissioners or Council Ministers are quite 'far from' agencies, that interact mostly with actors in the administration (of the Commission, or of national authorities). Seen from the outside, the overall picture is one in which top executives in agencies are the perfect 'candidates' for being the strategists of these organisations, with politicians quite definitely at a distance.

Another leading author in the field is Mark Moore (1995). As briefly summarised above, Moore has developed a distinctive theory, the theory of the creation of public value (Benington and Moore, 2010), and in this perspective 'strategist' is whoever engages in a conduct capable of creating public value (Moore 1995, preface), thus in principle overcoming any politician-bureaucrat dichotomy regarding who is the strategist. However, a key function in managing strategically is obtaining the necessary political support, which seems to point to the consideration that strategists tend to reside in a camp which is not that of politics (although individual politicians may act as strategists). Also Osborne and Gaebler, in their notorious 1992 book, seem to make a similar statement about the need to gain some form of support from politicians in order for the running of the organisation according to 'rational' strategic planning to be feasible. Following the line of reasoning of these authors, gaining political support may also be interpreted s a function that has to be performed for inter-posing a filter between the 'rationality' of strategic planning and the allegedly fickle (read: 'irrational') short-termism of (democratic) politics.

That bureaucrats, not politicians, are the strategists may however be not the general case, but simply the most frequent one. In a recent work, based on a comparative analysis of the US General Performance and Results Act (GPRA) started in 1993 under Vice-President Al Gore and run until 2004 and 2005, well within the Bush II presidency, with the UK Blair's governments, with special reference to the strategic plans of 2004 and 2005, Joyce (2011) has introduced the distinction between politician-oversight approach to strategic planning and the politician-led approach to strategic planning. Politician-oversight approaches are all those approaches in which tenured officials, 'bureaucrats' are the strategist, and politicians are confined to an oversight role, indispensable for ensuring democratic accountability to the process, and for the feasibility of it (since politicians holds all the levers necessary for impeding would-be executives to form and carry out a strategy for their organisation). In politician-led approaches, instead, it is the elected officials to be the primary strategist, as was the case for British Prime Minister Tony Blair especially during the 2004 and 2005 when he and his cabinet led the process that

conducted to the development of strategic plans for the respective years. Whilst politician-oversight seems to be by far the most prevalent form, it is argued that politician-led approaches to strategic management may occur too, although under quite specific circumstances .

The third question concerns why adopting strategic management in the public sector. The question may be further divided into two questions: one concerns why organisational strategies have emerged in the public sector over the past decades; the other one addresses the issue of the utility of strategic management for public sector organisations. The latter has partly to do with the issue of what is strategy in the public sector, and what contribution it may provide to the understanding of public sector organisations behaviour (discussed above), and partly to do with the question of performance - does adopting a strategic management approach improve performance? - a point which is discussed later. We first address the former, and then turn to the latter with some general remarks. An interesting contribution comes from Llewellyn and Tappin (2003) who discuss the issue about what reasons may be put forward for explaining why strategic management (or at least strategic planning) has traditionally not been widespread in the public sector, and the related issue about why over the decades since the 1980s organisational strategies did emerge in the public sector. Their basic stance is that "strategic management is not rooted in the public sector so strategies have to be 'planted' in the public services. Public sector cultures are uncultivated ground for strategic thinking – public services constitute a 'wilderness' in this respect" (Llewellyn and Tappin 2003, 956). They then elaborate on the reasons why strategic management – better, as they point out (p. 957), formal strategic management – has historically been kept off the agenda in the public sector. One reason lies in the consideration that those strategies whose main thrust is that of securing some form of competitive advantage have not been necessary for the survival of the organisation, at least to the extent that public services used to have a monopoly over provision. Indeed, it may be argued that one of the major drivers of the adoption of forms of (formal) strategic management over the decades since the 1980s has been the diffusion of 'quasi-markets' in important areas of the public sector – although as early as 1992 Ferlie warns against naïve interpretations of behavioural dynamics of public sector organisations in quasi market, suggesting, with the status of mid-range propositions to be subject to testing, that (inter alia) 'in the quasi markets relations might in the end be more important than contracts' (Ferlie 1992, 91), and that 'the quasi market will remain highly socially and institutionally embedded and will resist market based pressures for atomization' (92), thus ultimately being something profoundly different from the marketplace as known in the studies of strategic management of commercial organisations.

Two other reasons about why strategic management has in the past been kept off the agenda in the public sector are put forward by the Authors. One of the proposed reasons has to do with the asserted 'reluctance to innovation' characterising public sector organisations, described as 'inward looking bureaucracies that are resistant to change [in which] even if the individual professionals had their own 'strategies', overall public sector organizations remained

remarkably stable' (Llewellyn and Tappin 2003, 956, citing also Mintzberg 1994 and Quinn et al. 1996). This is doubtful: broad-scope studies on public management reform and change challenge the image of public sector organisations as 'stable and immutable' (see Pollitt and Bouckaert 2011), although it is generally held that the intensity of organisational change in the public sector has had a steep increase since the beginning of the 'age of reforms' in the eighties (Barzelay 2001; Pollitt and Bouckaert 2004; Ferlie et al. 1996; McLaughlin et al. 2002). The other reason for the limited recourse to formal strategic management (that might probably be better referred to as strategic planning) lies in the character of public services as having to face inconsistent demands and, frequently, insoluble problems, and 'a context of inconsistent demands and insoluble problems makes articulated strategy to satisfy all stakeholders both difficult to formulate and problematic in terms of its realization' (Llewellyn and Tappin 2003, 957). The claim appears to be a bit overstated, although points to an inherent aspect of public management, i.e. the multiplicity of potentially (if not always actually) contradictory demands and stakes that public sector organisations have to satisfy.

After having reviewed what they consider to be reasons for the limited use of strategic management (at least its formal tools), Llewellyn and Tappin address their central research question about why more recently, in the era of managerial reforms, organisational strategies have emerged in the public sector. The paper, in its empirical part a multiple case study of strategy in three national parks in the UK and the US respectively, focuses the issue of funding, or more broadly the issue of resourcing. In fact, assuming that strategies have also the property of profiling the organisation through the outline of its aims, outputs and outcomes, public sector organisations have an interest in adopting a (formal) strategy since (Llewellyn and Tappin 2003, 955) '[P]ublic services must, now, provide such transparency in order to secure an on-going funding from government bodies. Strategies – better, publicly adopted strategies - are here interpreted as a funding pitch, a means 'to offer an organisational vision that potential funding agencies can buy into (with both commitment and money)'. Even beyond the instrumental use as a funding pitch, it has been observed that 'publicly enunciated strategies perform two main roles: 1. They give an agency an identity based on its functions; and 2. They signal managerial priorities to clients and other stakeholders' (Stewart 2004, p. 17).

It may also be considered that, quite often, the adoption of a strategic plan is a formal requirement for many public sector organisations. These 'strategic plans' adopted for reasons of compliance may well be referred to as dormant documents, a task to which organisations have to comply either because of the emphasis given by managerial reforms over the past three decades to the topic, that has led to managerial reforms introducing it as a compulsory document, or as a remnant of the past (the inheritance of rational planning models that historically dominated public administration, and prove to be resilient in practice, on this point see Ferlie 2002, 280); and a distinction has to be drawn here between public strategy and (merely) 'publicly authenticated strategic plan'. But their very presence can make a difference: the preparation of a strategic plan may over the time become an institutionalised practice that

can at a later stage, under different circumstances, be converted to new uses (on the mechanism of conversion, Streek and Thelen 2005).

We can now go back to our general question about why over the past two to three decades strategic management has become so popular in the public sector (Bryson, 2004, preface). This period has been marked by the rise (and fall?) of the New Public Management , and it is thus its consequences that we have to consider here. There seem to be a number of NPM-driven trends that, in transforming the public sector, have provided more 'room' for strategic management approaches in public sector organisations (Ferlie 2002, 282-84). Some of them we have already encountered and discussed; they include: the growth, in some settings, of quasi markets; and an emphasis on (organisational) change rather than continuity (from maintenance management to the management of change). Other trends include: a greater focus for public institutions on 'management' rather than policy advice and constitutional or judicial tasks; structural disaggregation and greater managerial autonomy (the spread of executive agencies and semi-autonomous organisations); an increased pressure for performance; an emphasis on the user perspective rather than the producer perspective; and an emphasis on administrators as managers and a rebalancing of powers towards them rather than senior professionals. As to the greater focus on management, this has to do not so much with a change of tasks: service delivery tasks are the bulk of the duties of the public sector since the massive development of the welfare state; what the rise of NPM has contributed is a shift in political attention to more effective management of those services exactly because they make the bulk of the public sector expenditure (Ferlie 2002, 282), in an epoch which is no more of expansion but of retrenchment of the welfare (Hacker 2005; Pierson, 2004). Structural disaggregation is a general trend (Bouckaert et al. 2010; Peters 1998; Pollitt and Bouckaert 2011, chap. 4) towards the breaking down of 'big' monolithic ministries into leaner core ministries/departments surrounded by 'agencies' or other forms of semi-autonomous organisations at arm's length: such shifts open up the possibility of some strategic choice and repositioning for these organisations (Ferlie 2002, 283). Agencies and a wider and wider range of public sector organisations are often put under pressure to increase performance, in general, and to put users at the centre: such challenges require taking up a new, more managerial perspective to running such organisations, of which strategic management may be a key ingredient.

A final trend requires attention: the transformation of administrators in managers, and the shift of power from professionals to managers (an argument made also by Llewelyn and Tappin 2003, 255). Many public sector organisations are professionally-dominated organisations: to highlight how influential professionals are in the public sector, it may be observed that it has even been argued that public management is 'management without managers', as the running of public sector organisations is often entrusted to professionals. For politicians, outlining a strategy entails limiting the rooms for manoeuvre for professionals, hence enhancing control over them, as well as holding them more responsible for outcomes. In this perspective, NPM trends have represented a major shift of power from professionals to managers, and to the elected officials that supervise the running of public sector organisations (and to which

managers are accountable). Thus, one reason why elected officials and managers forced the introduction of formal strategic management in public sector organisation may be drawn back to the consideration that strategies enable the inclusion of managerial priorities and values in setting the direction of public services - and for politicians more control over professionals. It may be the case that 'public sector professionals will be increasingly incorporated within the organisation' (Ferlie 2002, 294)

Summing up, there seems to be in the nowadays public sector much more room than in the past for the adoption of strategic management approaches. This may be due to a number of factors; with the status of tentative propositions, Ferlie (2002, 292ff.) proposes to consider: a) convergence – there is substantial convergence between the managerial activities undertaken by current public sector organisations and those typical of private sector organisations; b) managerial autonomy – decision makers within the public sector have enhanced discretion to manage strategically; c) availability of models – there are new models of strategic management which can usefully be applied and developed within current public sector organisations.

A 'big question' that arises – the second one in which we split the discussion about why adopting strategic management in public sector organisations - is whether strategic management is useful and meaningful only in the 'current' public sector (because of specific and novel transformations introduced by macro-level changes in the public sector due to the spate of NPM-inspired reforms) or is it 'generally' applicable, meaningful and useful for running public sector organisations (although to a larger or smaller extent according to the configuration the public sector assumes due to macro-level changes that occur in it)? This has important implications as regards the issue about whether strategic management is especially meaningful only, or at least to a large extent only, in NPM jurisdictions, or also elsewhere. If we look at countries usually associated with a more limited impact of NPM, we observe a significant stream of thought that puts emphasis on a conception of the public sector as a system of interdependent but relatively autonomous organisations whose running may benefit from the systematic adoption of a managerial approach, in which strategic management figures prominently (for essays in this stream in specific countries, in Italy see Borgonovi 1984; in the German-speaking area, Schedler and Proeller 2000; for an historical reconstruction of the emergence of public management as a discipline in France, Bezes 2009). It may be noted that the basic stance, to some extent inevitably ideological, of these Authors (a group in which we may include Bryson as well – Bryson 2011) is quite the opposite of Llewellyn and Tappin's (2003): strategic management may have been 'discovered' and brought to the fore in more recent decades, but it represents a constituent part, an essential component of running public sector organisations (or at least of running them with an emphasis on improving performance), not something transplanted from the outside into a 'wild territory'.

To the extent that strategic management can be applied to the public sector, the ensuing (fourth) question is to what extent, under what conditions, and in what respects generic strategic management models can be applied to the public sector. Or, to put the question in a more focused way, what is the contribution of the strategic management literature as applied to

commercial organisations when it comes to the study of the strategy process in 'core' public sector organisations, operating in conditions of monopoly as regards the assigned tasks (functions in the policy process), as is the case of EU agencies? An articulation of the question is what models fit in what parts of the public sector, which is far from being a homogeneous system. A related (fifth) question - more empirical in nature – regards what models of strategic management are apparent in the public sector, nowadays and over the past two to three decades.

A first useful distinction (we here follow Ferlie 2002) can be made between models of corporate planning, which have their roots in the 1960s, in the seminal works of Chandler (1962) and Andrews (1971, 1st edition), and Ansoff (1965), and models of competitive advantage, which have their roots in industrial economics as applied to strategic management by Michael Porter (1980 and 1985), at the debut of the 1980s. As regards the former, it has been observed (Ferlie 2002, based on Grant 2010 – 3rd edition 1998) a parallel between one key concern of big American firms of the mid 20th century – i.e. disposing of a tool for supplying direction to the internal resources allocation process – and the circumstances in which a large number of public sector organisations were operating – i.e. in a context of insulation from market forces, under the presumption of continued growth of resources, and with the need of showing to taxpayers (at least at the level of rhetoric) that resources were employed in the best possible way. In this sense, the corporate planning movement spread to the public sector as well, and long range plans particularly focused on the internal resource allocation process emerged in large public sector organisations like hospitals and universities (e.g. in the UK), or even at the central government level, as is the case with the PPBS (Planning, Programming and Budgeting System) in the US. The parallel can be drawn also over the subsequent decades, since the incapacity to adapt to increasingly turbulent environments pointed out for strategic planning in firms (Mintzberg 1994) seems to have had a parallel in the public sector that, since the 1970s, has been more and more under the pressures of budgetary cuts replacing continued growth, and restructures that became frequent and radical, hence making the organisational environment of public services a turbulent and no more a stable one. However, as for the commercial sector, corporate planning still plays a role in the public sector too, sometimes proving to be surprisingly resilient in practice, indeed also in the repetition of the fallacies to which formalisation may lead (Mintzberg et al. 2009, pp. 72-83) and featuring an apparent difficulty to learn and adopt alternative approaches (e.g. scenario planning) that may enable to handle discontinuity (Ferlie 2002, p. 287).

As regards the latter, that is competitive strategies rooted in organisational economics (referred to the 'positioning school', according to Mintzberg et al. Framework), its applicability to the public sector appears more problematic (Llewellyn and Tappin 2003), as the strong focus on markets, profitability and prices are of limited significance in a public sector context; however, 'Where public sector quasi markets are developing [..] a similar analysis of analysis of market structure, market power and barriers to entry may be helpful' (Ferlie 2002, 288; see also Ferlie 1992). When it comes to the core public sector, however defined, it seems that such

stream of thought in strategic management may have very limited applicability. It should be noted, however, that some portfolio models for the public sector have found their way, for general purpose governments (especially local governments). As an example from Italy, Rebora and Meneguzzo (1990) outline a model for portfolio choices (starting from an analysis of public needs, they provide indications for would-be strategists in public sector organisations about different institutional and delivery design options) and provide a host of cases of strategic re-positioning by public sector organisations, especially in local governments but also in agencies and various public bodies, mostly though not exclusively regarding portfolio choices (internalisations vs. externalisations – to private or public providers - of services, setting up of public-private partnerships and public-public partnerships, etc.).

Other approaches, however, may prove useful. Process models of strategy formation appear promising for an understanding of strategic management in public sector organisations, and (as suggested by Ferlie 2002) may encounter an important stream of research in public management and policy that had pointed, as early as the first half of the 1970s, to the failures of purely formal-rational, planning-based approaches: the policy implementation field of research (Pressman and Wildavsky, 1973; Bardach, 1977 and 1982, also 1998; for an overview, Hill and Hupe, 2008). Perhaps, a difference between the policy implementation literature and the strategic management literature emphasizing process models is that the field of strategic management has shifted more promptly from the analysis and diagnosis to the therapy, or at least to suggesting approaches to overcome the impasse of planning, by proposing and elaborating the view of strategy as emergent, and suggesting that strategy is more a craft activity than an exercise in rational planning (Mintzberg, 1989), or at least that it is a combination of art, craft, and science (Mintzberg 2007, pp. 361-379).

The bridging of process models of strategy with models aimed at supplying the contents of the strategy remains a key issue, probably even more so in the so far limitedly developed field of study of strategic management in the public sector.

Last, it should be mentioned that arguments have been made for the recent major stream of resource-based models of strategy /dynamic capabilities to fit public sector organisations: as argued by Ferlie (2002, p. 289) 'Resource-based models can be applied to public sector organizations, as their profile of intangible assets is surely closely correlated with their performance in such important managerial tasks highlighted by the NPM template as the management of strategic change' (the point is made in a similar way also by Llewellyn and Tappin – 2003, p. 960).

There remains a 'big question' about the impact of strategy (sixth question): does the adoption of a strategy (and in case, which strategies) improve performance of public sector organisations? Although it may be argued that the adoption of a strategy and the change of it do have an impact on the behaviour of public sector organisations, and this may suffice to justify the importance of studying the strategy process as a crucial component of our understanding of public sector dynamics, it appears a pertinent question from a public

management perspective to query the impact on performance (which raises pertinent questions about how we conceive of it, and study it, see Talbot, 2010). A research agenda on this topic has been developed by a group of prominent scholars – including Rhys Andrews, George Boyne, Jennifer Law, Kenneth Meier, Laurence O'Toole, Jr. and Richard Walker – aimed at exploring the issue about whether strategy makes a difference to the performance of public sector organisations, and the related issue about which strategy content may be conducive to 'better results' (however conceived: in terms of competence and responsiveness, in Rainey's terms, or adopting the perspective of public value creation - Moore, 1995; Benington and Moore, 2010 – or enlarging the perspective to encompass – next to public interest – also private interest and procedural interest - see Talbot, 2011, where also issues of operationalization are addressed, by suggesting the use of a balanced scorecard template adapted to public service organisations for the identification of the key foci of analysis, and of how they interact).

The direct answer the research work of the Authors mentioned above provide is: 'yes', strategy does have an impact on performance; although a number of qualifications apply, the empirical findings of the research efforts carried out so far on certain populations of public service organisations (mainly local governments in the UK or local service providers in the US) point to a statistically significant positive correlation between strategy adoption and performance, controlling for a range of factors, including previous performance, level of expenditure, the regulatory framework, and others. Some criticisms may be raised, however: regarding the model of strategy content adopted, it may be discussed whether the Miles and Snow (1978) taxonomy systematically employed by these Authors is a proper way of characterising strategy. Moreover, the overall research design seems to focus on strategy formulation as detached from strategy implementation, an approach that has long received serious criticism (e.g. Mintzberg 1994). At another level, it may be observed that the object of analysis are individual departments in local governments: focusing such units resembles divisional rather than corporate strategy. At still another level, it may be observed that the category of public sector organisations that have been investigated in this stream of research are local governments or schools – indeed it appears that more generally literature on strategic management in public sector organisations has focused local governments or delivery organisations like hospitals and education institutions more than central government agencies – which poses limitations to the generality of findings beyond the levels of government examined, and beyond the specific politico-administrative contexts considered. All in all, however, what emerges is that strategy can make a difference to performance of public sector organisations, which provides a further rationale (next to the one of understanding the organisational behaviour of such organisations) for the importance of studying how strategy is formed in public sector organisations.

Appendix 5. Focus: revisiting Groenleer's findings on EU agencies autonomy

A recent work by Martijn Groenleer (2009) investigates the autonomy of EU agencies by means of a longitudinal multiple case study of institutionalisation processes. In that work, Groenleer puts forward a set of propositions about the conditions under which autonomy develops (increases or decreases) over time beyond design. Such processes of institutional development may be read, according to the author, in terms of the formation of a distinct organisational identity and the acquisition of a substantial level of legitimacy by the agency, both affecting the level of agency autonomy (Groenleer, 2009, pp. 350-364). What is the fit between the study of the strategy process we have conducted in this work and a developmental interpretation of agency autonomy as a resultant of a process of institutionalisation, as in Groenleer's study? To put the question in most simple terms: do our findings confirm or disconfirm Groenleer's propositions (propositions which – it is important to mention - the author has put forward as 'tentative' and to be tested)? Some of those propositions are not amenable to being 'tested' because they require investigating empirical profiles that are different from those studied in the present work, which is centred on the strategy process and not autonomy *per se*[169]. Others, instead, do cover the same terrain we have covered, as regards the issue of the autonomy of EU agencies. It is these propositions that we now review in the light of our findings, thus also further developing our answer to the question about what is the influence of strategy on the autonomy of EU agencies.

In proposition # 1 it is claimed that 'If a (supranational) organisation[170] relies on national actors controlling critical information, it is likely to build up a high level of expertise, which has a positive effect on its autonomy' (Groenleer, 2009, p. 351). The empirical reference of this first claim lies in cases of EU agencies not investigated in the present study – like EMA (European Medicines Agency) that resorted to national networks of experts in the field of operation (pharmaceuticals) for incorporating in its deliberation processes the required technical expertise which was deemed not to be available in sufficient amount within the agency (through the organisational hierarchy and the command and control mechanism). This profile was partly touched upon in the present study when we noticed, in the ERCEA case, that panels of experts for assessing applications for funding frontier research projects are part and parcel of the operating core of the European Research Council. The fact that such expertise is 'incorporated'

[169] For example, proposition # 2 states that 'If a (supranational) organisation provides 'real time', 'live', or 'new' information to its clients and national stakeholders and/or if it aggregates the information to the level on which it is active, it is likely to create an information asymmetry, which increases its autonomy'. Our study was simply not geared to appraise the creation or depletion of information asymmetries *vis à vis* the agency's stakeholders, nor was it designed for gauging whether this leads to enhanced agency autonomy. Similarly, propositions # 5, proposition # 6 and proposition # 7 (Groenleer, 2009, p. 349) make claims lying outside the scope of investigation of this work.

[170] We disagree with the incipit of this formulation: we consider the propositions elaborated in Groenleer (2009, pp249-268) as being applicable ('generalisable') to EU agencies ('target population', or domain of analytical application of the claims), and not universally to supranational organisation, or even 'organisations tout court', as the formulation adopted by the author seems to suggest.

within the functioning of the agency determines, according to the author, a higher level of autonomy (presumably, although this distinction is not introduced in Groenleer's work, especially of policy autonomy), because it endows the agency with a specific knowledge resource that can be employed to strengthen the position of the agency *vis à vis* its stakeholders. In our analysis we found some indirect confirmation to the statement, at least in the sense that the incorporation of scientific expertise at the highest level through the assessment panels endowed the ERC with the capabilities to carry out its tasks, and at the same time the status of panellists gained the ERC a legitimacy that could hardly be contested by national authorities, both in their capacity as funders (member states are the ultimate budgetary authorities in the EU, in a process that involves both the Commission and the European Parliament as the other authorising body – but the latter two are disempowered by the lack of ultimate control of fiscal revenues) and in their role as actors of the research policy.

Proposition # 3 focuses the role of the board of agencies and it is formulated as follows: 'If a supranational organisation's supervisory, management or administrative board is composed of persons having substantive knowledge of the organisation's field of action, this increases the likelihood of board interference in the organisation's work and thereby decreases the organisation's autonomy' (Groenleer, 2009, p. 353). We did not find confirmatory evidence to this claim. Indeed, we would argue that the proposition is perhaps ill-conceived. First, let us consider the EASA case respectively after and before the change in the chairmanship of the board occurred in 2009, a change which led to the board of intervening much more in the micro-management of the agency. The EASA case witnesses of a board composed of experts whose influence on the room for manoeuvre of the agency depended on the personalities in charge and their willingness, or absence thereof, to get involved in the management of the agency, and to do so by bringing the point of view of the National Aviation Authorities – nor on the expertise, which never lacked. Second and in our view even more significantly, the European Research Council is a case pointing in the opposite direction: the scientific expertise (indeed academic outstanding status) of most of its members provided the expertise and resource basis for the ERC to make policy-shaping decisions, and to operate in such a way that the alliance between the Scientific Council and the top executives in the executive agency ERCEA ensured the ERC an autonomy probably unparalleled amongst funding agencies throughout Europe. A strategy analysis-orientated perspective illuminates dynamics that a focus on expertise may instead shade: it is the way in which strategy forms and strategists emerge and coalesce to lead the agency to be decisive, whilst expertise in the agency board represents a resource that may be bent to quite different purposes according to the strategic direction taken by the agency.

Proposition # 4 takes the move from issues of staff motivation and identification with the organisation: 'If a supranational organisation does not commit to staff through for instance (semi-)permanent contracts or career development, it is likely that the level of the staff's identification with the organisation will remain low, negatively affecting the organisational autonomy' (Groenleer, 2009, p. 356). A number of theoretical and factual assumptions are

entangled together in this claim: theoretical, about the drivers of staff motivation and about staff identification (and an associated more limited turnover) as determinants of organisational autonomy; normative, about the styles of personnel management that should be employed in such organisations (i.e., that staff identification is a positive value); factual, about the constraints experienced by EU agencies in the management of personnel. Based on our study, we would frame the argument in a different way: first, we would state that enhancing that specific dimension of autonomy which is personnel management autonomy is a component of both expansive strategies (ERCEA, EASA) and of repositioning strategies (ETF); and, second, we would state that agencies generally strive to enhance personnel management autonomy (whilst they are less concerned with another profile of autonomy like financial management autonomy). However, we would stop here and would not claim in a warranted manner that the two are correlated, i.e. that increased personnel management autonomy is used to 'commit to staff', and that this leads to staff identification, in turn conducive to increased policy autonomy – since the causal chain is simply unproved.

Proposition # 8 is on the theme of bureaucratic turf war and states that 'If a supranational organisation cooperates with (potential) bureaucratic contenders, taking their preferences and interests into account, this is likely to have a positive effect on the support for the organisation and, thereby, on its degree of autonomy' (Groenleer, 2009, p. 361). Whilst from both a commonsensical and a normative standpoint we might see with favour the adoption of a collaborative stance by a public service organisation towards other public organisations, in the spirit of a loyal collaboration among public institutions which is something on which it would in principle be difficult to disagree, the story recounted above of EASA (the one agency that operated in an environment populated by direct bureaucratic contenders, i.e. the National Aviation Authorities, many of which considered that a European authority was both unnecessary and a threat) points in the opposite direction: it was only by openly challenging National Aviation Authorities that EASA could establish itself as the hub of the European network in air safety; indeed, it is a commonly held opinion amongst respondents that such confrontational attitude was vital for EASA to survive the first, very troubled years. Cooperation may not necessarily lead to enhanced autonomy, indeed in the initial phase of an organisation striving to achieve its legitimacy and recognition it might turn out to be detrimental to its very existence, let alone enhanced autonomy.

Propositions # 9, # 10 and # 11 all deal with the aspect of gaining the consent of stakeholders, in the broadest meaning of the term, basically stating that the higher such consent, the higher the likelihood of the agency being more autonomous, chiefly because – the argument runs - a more respected agency is both less likely to be constrained in its action by its oversight authorities (that will tend to trust it and hence give it more leeway) and more capable of resisting external steering (Groenleer, 2009, pp. 362-364). Our findings are broadly confirmative of such claims (the more ETF, EASA and ERCEA gained in legitimacy, the more they obtained and exploited policy autonomy); what our study adds is a more nuanced picture whereby stakeholders' consent fluctuates over time depending on the circumstances (as we

have seen in the EASA case when in 2008 for the first time a policy proposal issued by EASA – the 'OPS and Pilot Crew Licensing' – was rejected, triggering another phase in the relationship between the agency and its stakeholders) as well as on the capacity by the agency to exploit such circumstances strategically.

Last but not least, proposition # 12 stating that 'If a (supranational) organisation's type of leadership fits the organisational developmental stage, the organisation is more likely to become institutionalised, and its autonomy increases' can be fleshed out and made more accurate by a more careful conceptualisation of such developmental stages: a job that we undertook by resorting to the configuration school of thought in strategic management, which we suggested, based on case histories, as a frame for interpreting developmental phases of EU agencies – although the analysis could only be sketched and further empirical work over longer time horizons would be required, given the inherently longitudinal character of such analysis, for furthering our understanding of developmental paths of EU agencies.

Summing up, we may state that the findings of the present research project and Groenleer's ones are in a number of respects divergent (indeed, our findings led to partly or totally discomfirming propositions # 3, 4 and 8); in other respects they are similar as regards identifying certain conditions under which we might expect to find an enhanced or reduced level of agency autonomy, but the insights about what causal chains might be assumed to lead to such outcomes are dissimilar in a number of important respects (as is the very nature of the two investigations). Whilst Groenleer's claims[171] are predicated on a kind of institutional analysis approach based on generic constructs like 'leadership', or 'stakeholders' interests and preferences', or 'features of the agency environment', ours are based on a process-oriented approach aimed at decomposing generic constructs into more detailed causal chains. For example, in our study 'leadership' is explained in the terms of either a 'design school' strategist acting as a collective actor, or as the entrepreneur running the organisation through its developmental stages, and the proposition 'If a (supranational) organisation's type of leadership fits the organisation's developmental stage, the organisation is more likely to become institutionalised, and its autonomy increases' (Groenleer, 2009, p. 349) may be replaced by a set of analytic accounts providing alternative explanations about how the strategist (aptly qualified as either the architect in a design school approach to strategy, or as the public entrepreneur) leads the organisation to being fully accepted and recognised by constellations of stakeholders as diverse as the European scientific community and the national research funding agencies (in the ERCEA case) or the National Aviation Authorities in Europe and throughout the world (in the EASA case). A strategic management perspective may thus bring about a different, suppler and more in-depth understanding of how autonomy changes (increases or decreases) over the time – as well as more broadly about the differentiated organisational behaviour of (European) public agencies operating under broadly similar 'initial conditions' of autonomy. All in all, accounts drawing on strategic management (as an applied, interdisciplinary

[171] That, we should repeat, have been presented by the author with the status of tentative proposition.

social science that draws on various basic social sciences) may complement and supplement (and, at times, falsify) institutional accounts that have so far been more widely utilised in the study of EU agencies.