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**On The Dynamics of Reform Resistance: Why and How Bureaucratic Organizations Resist
Shared Service Center Reforms**

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Abstract

Across the globe, governments are engaging in Shared Service Center (SSC) models to rationalize their internal overhead processes. Scholarship is increasingly recognizing the challenges that governments face when embarking on an SSC reform. This study examines one of

the most prevalent, yet undertheorized, risks: the role of resisting organizations that are pressured to engage in an SSC model. A context-sensitive and narrative approach is used to describe and explain the origins, nature and consequences of organizational resistance against SSC reform proposals. Our findings demonstrate the interplay between organizational resistance, institutional features and contextual opportunities and constraints for resistance, the interaction of which produced a dynamic that dramatically affected the process and content of the reform under study.

INTRODUCTION

The global financial crisis sparked new waves of reform across the globe. In response to austerity demands, governments turned to bureaucratic restructuring to achieve a more effective and cost-efficient administrative apparatus (OECD 2015). Of particular interest has been the renewed focus on the consolidation of overhead processes into Shared Service Centers (SSCs). The SSC concept has been strongly advocated by consultancies and policy institutes around the globe for its potential to combine the advantages of centralization and decentralization (OECD 2015), thus remedying several administrative ills that arose after New Public Management (NPM) while maintaining its benefits (Elston and MacCarthaigh 2014).

In sharp contrast to its potential stands the record of failed SSC reforms across the globe (Knol, Janssen, and Sol 2014). Scholarship is increasingly recognizing the significant risks and complexities that come with embarking on an SSC reform (Bekkers 2007; Wagenaar 2006). This study focuses on one of the most prevalent, yet undertheorized, risks: the role of bureaucratic organizations that are pressured to engage in an SSC arrangement (Australian Institute of Management 2012; Raudla and Tammel 2015). The academic neglect of this issue is surprising, given the impact that organizational resistance can have on the content, progress and costs of

reforms in general (McNulty and Ferlie 2004), and SSC reforms in particular (Elston and MacCarthaigh 2016; Wagenaar 2006).

This study is interested in how and why bureaucratic organizations resist SSC reform proposals. We focus on a government-initiated SSC reform, which is more likely, compared to voluntary reforms, to provoke a dynamic that triggers resistance from bureaucratic organizations which can dramatically affect reform processes and outcomes. We will reconstruct the case of the SSC reform in the civil service of Flanders (an autonomous region in the Federal state of Belgium). This study aims to shed light on the dramatic delay of the Flemish SSC reform, with a specific focus on understanding the origin, nature and consequences of resistance by targeted organizations.

We contribute to the existing literature in several ways. First, we add to the literature on government reforms, which is underdeveloped regarding the role of bureaucratic organizations that are pressured to reform. Current portrayals of resistance as a function of change management underappreciate the complex and multifaceted nature of organizational resistance (Fernandez 2015; Thomas and Davies 2005). Second, we contribute to a diffuse literature on organizational resistance to reform pressures, by examining how initial reform proposals are altered in response to organizational resistance (Dommett and Skelcher 2014), recognizing the multi-organizational setting in which government reforms take place. Third, we contribute to the SSC literature which lacks theory-informed, explanatory studies that shed light on the challenges SSC reforms face (Elston and MacCarthaigh 2016). Understanding how and why bureaucratic organizations resist SSC reform proposals, and whether and how resistance leads to adjustments of initial SSC proposals, can improve the design of administrative reforms.

We first elaborate on the SSC concept and its appeal and challenges, after which we turn to our theoretical framework, the research design and findings. In the conclusion, we discuss our findings in relation to the original objectives of the study.

SHARED SERVICE CENTERS: WHAT? WHY? CHALLENGES?

In concert with most studies, we view SSCs as specific sourcing arrangements for overhead processes (Schulz and Brenner 2010). Overhead refers to all the functions that steer and support the primary processes within an organization, for example cleaning personnel, HR staff or an IT helpdesk (Huijben, Geurtsen, and van Helden 2014). The SSC concept has been subjected to extensive definitional debates (Schulz and Brenner 2010). Most authors agree that an SSC involves the consolidation of overhead resources from multiple organizations in independently functioning entities *within* government. SSCs are accountable to their customers, typically by installing contractual relationships between customers and the SSC that stipulate required services and performance (Schulz and Brenner 2010). SSCs should be distinguished from outsourcing arrangements – in which service provision is contracted out to an external vendor – as a specific form of “in-sourcing”, in which other governmental entities are held accountable for service provision (Raudla and Tammel 2015). Previous research recognized that no SSC is the same and that a large variety of SSC models exists (Joha and Janssen 2014; Knol, Janssen, and Sol 2014). Yet, in-depth accounts of the reform trajectory SSCs undertook in specific contexts have been very scarce.

Many governments are turning to a consolidation of overhead through SSCs (MacCarthaigh 2014; OECD 2015). SSCs have the potential to capture the benefits of both centralization and

decentralization, thus reconciling two seemingly contradictory organizational ideals (Selden and Wooters 2011). On the one hand, SSCs remedy several administrative ills that arose after NPM's emphasis on devolution and organizational autonomy (Elston and MacCarthaigh 2014): overhead inefficiencies due to duplication, cluttered competences due to fragmentation, and risks of deficient capabilities due to the small scales of operations in certain organizations. On the other hand, the SSC concept does not completely depart from NPM ideals. It attaches great importance to the idea of empowering line organizations through the installation of various mechanisms of customer control and input, thus ensuring a flexible and effective alignment of SSC services with the needs of its customers (Janssen and Joha 2006). This balance between centralization and decentralization is appealing for policy-makers, who have a tendency to layer, rather than to replace, reforms (Christensen and Lægveid 1999).

In sharp contrast to its potential stands the record of failed SSC reforms across the globe (Knol, Janssen and Sol 2014). We are interested in organizational resistance to SSC reforms that are government-initiated. A large number of studies focus on SSC reforms initiated by bureaucratic organizations themselves (e.g., McIvor, McCracken, and McHugh 2011; Niehaves and Krause 2010; Ulbrich 2010) or remain quiet about who initiated the reform (e.g., Boglind, Hällstén, and Thilander 2011; Borman 2010). This present study argues that clarity about this dimension is crucial, since government-initiated reforms are more likely to provoke a dynamic that triggers resistance from pressured organizations, which can dramatically affect reform processes and outcomes.

There are several reasons why bureaucratic organizations would be hesitant to comply with a government-initiated SSC reform. First, SSCs signify a departure from a traditional bureaucratic

control relationship based on hierarchical responsibility towards a form of network governance that forces managers to manage across organizational borders. The transfer of agencies' direct authority over overhead operations while remaining accountable for line operations creates a tension for managers. Second, the shift to an SSC model also involves a range of interoperability problems at the administrative, legal, operational, technical, semantic and cultural levels (Bekkers 2007). Third, SSCs require the dismantlement of existing and (what are perceived to be) functional systems. They sometimes involve the physical relocation of entire divisions that have been part of the organization for years (Joha and Janssen 2014). Fourth, NPM reforms transformed many bureaucratic organizations into more complete organizations with their own identities, resources and management (Brunsson and Sahlin-Andersson 2000). An SSC requires these organizations to give up full and unconstrained discretion over what they feel was rightfully allocated to them.

Reforms that threaten organizational interests were found to trigger resistance from targeted organizations (Dommert and Skelcher 2014; Overman, van Thiel, and Lafarge 2014). The role of bureaucratic organizations has not gone unnoticed in the literature on government-initiated SSC reforms. Raudla and Tammel (2015) discuss how SSC reforms may be challenged by "internal upheaval and turf issues whereby agencies show resistance to giving up control" (p.165). A report by the Australian Institute of Management (2012, 3) states that "behavioral issues [how actors behave] are at the heart of getting shared services right". Knol, Janssen, and Sol (2014) discuss how change management must deal with power struggles, resistance and resource dependencies during SSC reforms. Elston and MacCarthaigh (2016) discuss how emotional attachments to existing arrangements, cognitive biases and internal politics, resulting in escalating SSC implementation costs, have been widely reported. However, despite this recognition, the SSC literature lacks theory-informed, explanatory studies that shed light on the challenges SSC

reforms face (Elston and MacCarthaigh 2016). Most studies briefly touch upon the issue of organizational resistance from the perspective of change managers as something to avoid, and neglect the underlying drivers and forms of resistance from the perspective of organizations undergoing a reform.

The likelihood that resisting behavior will occur must be accounted for, because its occurrence might produce significant inefficiencies. Wagenaar (2006) describes how resistance to an SSC affects implementation costs through increasing project costs, renegotiation costs and a sub-optimal choice for a less beneficial SSC design. He rightfully points out: “The question, then, is whether the benefits will balance these additional costs” (Wagenaar 2006, 357). These issues often go unnoticed in business plans to establish SSCs as attention is focused on long-term benefits and costs (Knol, Janssen and Sol 2014). Decision-makers and managers are unaware of the difficulties they can encounter in the short term when developing and negotiating an SSC arrangement. Therefore, it is crucial to understand the causes, nature and consequences of resistance to SSC reform proposals. This study builds on the insights from the literatures on reforms in government and organizational resistance to contribute to the SSC literature.

THEORETICAL BACKGROUND

This study is interested in organizational resistance to SSC reform proposals. In this section, we outline the strengths and weaknesses from previous studies on reforms in government and literature on organizational resistance.

Literature on Reforms In Government

In public administration, the term “reform” is more widely used than the term “change” (Kuipers et al. 2014). Both concepts are related, though “reform” is a narrower concept, referring to intentional and designed processes of change (Pollitt and Bouckaert 2011). Two dominant approaches have been applied to the study of reform processes.

The first is interested in the *role of institutions*. Reforms are seen as attempts to change existing “institutional logics”, or organizing principles within an organizational field. For a long time, institutionalists saw reforms as the (intended) move from one dominant institutional logic to another (Greenwood, Suddaby, and Hinings 2002). This battle for dominance is decided on the basis of legitimacy as a main driver of organizational behavior, with agencies expected to conform to reforms if this increases their legitimacy (DiMaggio and Powell 1983). Newly introduced institutional logics can encounter friction, since resources have already been invested in, and actors identify with, existing “ways of doing things”. For instance, studies have showed how the introduction of managerial principles related to NPM reforms conflicted with traditional administrative values (Meyer and Hammerschmid 2006; Skålén 2004).

While this perspective has proven valuable, it has been criticized for its limited potential to contribute to our understanding of reform processes (Kuipers et al. 2014), and its deterministic “winner takes all” account of reform outcomes (Reay and Hinings 2009). An increasing body of evidence points to the co-existence of institutional logics as an outcome of reforms. Reforms, then, are not seen as challenges to existing ways of doing, but rather as “shopping baskets” (Christensen and Laegreid 2001), consisting of several

elements from which governments can pick and choose. Administrative reforms undergo a screening process during which they are filtered, modified, refined and ultimately adapted to a local context (Czarniawska and Sevón 1996). Rather than a battle for dominance, this perspective argues that a transformative process occurs in which the old and the new melt together (Aberbach and Christensen 2003). In the SSC literature, Ulbrich (2010) documented how the SSC idea was translated to the Swedish context in order to reflect its history of autonomous agencies, for instance by making collaboration with the SSC a voluntary choice for agencies. Boglind, Hällstén, and Thilander (2011) refer to a “double translation process” for SSCs on their journey from theory to practice: first, a context-relevant translation, followed by a translation through a process of social authorization, as agencies tend to imitate others in the field that have been successful.

A second approach focuses on the *role of “change managers”* in making change happen (Kuipers et al. 2014). Successfully managing organizational change has become a critical quality in today’s rapidly changing environment (Fernandez 2015). A vast change management literature has examined how change management provides a way for competing institutional logics to co-exist. Fernandez and Rainey (2006, 169) concluded that “despite some differences in these models and frameworks, one finds remarkable similarities among them, as well as empirical studies supporting them”. They discuss eight necessary tasks for change managers: persuade others of the need for change, develop a course of action, build internal support, ensure support and commitment from top management, build external and political support, provide resources, institutionalize change, and pursue comprehensive change. These issues have been highlighted, to

different extents, in research on SSC reforms. In particular, the need for political commitment and support is often raised as a crucial point. MacCarthaigh (2014) explains how SSC proposals in Ireland saw little opposition because of a large governmental consensus. In contrast, Raudla and Tammel (2015) describe how political disagreement eventually led the Estonian government to give up on the idea of creating an inter-ministerial SSC.

However, some limitations in the literature on reforms in government, including SSC reforms, exist. First, while we have a good grasp of the necessary ingredients for successful reforms, relatively little is known about how these success factors affect actual reform processes (Kuipers et al. 2014). Second, relatively little is known about the role of organizations undergoing reforms. Organizational resistance to change is nearly as commonplace as organizational change itself (Fernandez 2015), and it can drastically affect the scope and pace of reforms (McNulty and Ferlie 2004). Yet, organizational resistance is often reduced to a dualism of control versus resistance, with little appreciation for the complex and multifaceted nature of the concept (Fernandez 2015; Thomas and Davies 2005). Consequentially, we have a limited understanding of the factors that drive organizational resistance, the variety of ways organizational resistance occurs in the face of incipient reform, and the resulting dynamics within a reform.

Literature On Organizational Resistance

The notion of rational and strategic agencies formed the basis of principal-agent theorizing, which is interested in the design of control structures to curb opportunistic behavior by agencies. While attentive to the inevitability of agent opportunism in the absence of adequate governance, agency

theory offers limited guidance in understanding resistance as it narrowly focuses on adverse selection as a sole form of ex ante opportunism. Concerning the issue of resistance, most literature has focused on employee resistance to change initiatives within an organization (Cutcher 2009; Fernandez 2015; Thomas and Davies 2005), often examining the role of professional identities (Cooper 2015). Very few studies have focused on organizational resistance, despite our knowledge that employee interests and organizational interests or identities do not always align (Skålén 2004).

Oliver (1991) was among the first to theorize how organizations respond to external reform pressures. Organizations, she argues, are not passive by default but can display a variety of behaviors other than conformity, ranging from compromising strategies (minor level of resistance) to avoidance and defiance strategies to manipulating strategies (the most active type of resistance). She argues that organizations exercise strategic choice, but do so within constraints imposed by their institutional environment. A genuine research field on this issue has not developed, though fragmented evidence supports the active role organizations can play when confronted with reform pressures. Studies demonstrated the strategic role of agencies during a large administrative reform in the UK (Dommett and Skelcher 2014), how French and Dutch semi-autonomous agencies strategically reacted to government reforms (Overman, Thiel, and Lafarge 2014), how Hungarian higher education institutions responded to the implementation of quality management (Csizmadia, Enders, and Westerheijden 2008), and how US state governments reacted to the imposition of institutional controls (Franklin 2000).

These studies greatly benefit our understanding of bureaucratic organizations as more than passive recipients of reforms. First, they recognize that organizations display strategic and

calculative behavior in response to external pressures. Organizational resistance is multifaceted and can take many forms, ranging from active and open manipulation strategies to more subtle, covert and hidden disruptions (Fernandez 2015; Thomas and Davies 2005). Resistance is a reflective action, as agencies strategically select how to resist in response to contextual opportunities and constraints. These contextual features, or at least some of them, are amenable to agency strategizing as well, thus necessitating a research approach that takes into account the dynamics between institutions, change management, context and organizational resistance over a longer period of time.

However, several limitations exist in the literature on organizational resistance that should be addressed. First, studies tend to focus on how organizations react to implemented reforms. Little is known about how organizational resistance affects reform proposals in the pre-implementation phase over a longer period of time. One of the few studies on this topic, by Dommett and Skelcher (2014), demonstrated how initial proposals to downsize or terminate agencies in the UK were altered through a combination of defense strategies by agencies. Second, studies tend to lack attention to the multi-organizational setting in which reforms take place, and to the interdependencies and dynamics between different organizations subject to reform. Overman, Thiel, and Lafarge (2014) describe how agencies can use parent ministries as a resource in resistance to reforms, and vice versa. Third, the literature so far tends to place progressive, modernizing governments that are keen to reform into opposition with conservative, turf-protecting bureaucracies that are wary of reform. This picture, however, might be overly simplistic. Howard (2014) demonstrates how bureaucrats in Alberta (Canada) pushed for integration reforms while political executives defended existing arrangements.

RESEARCH DESIGN

Contextual Information

The research context is the Flemish civil service. Flanders is one of three states, or “regions”, of the federal state of Belgium. It has its own parliament, government and administration and can be considered a full-fledged state for the competences under its remit. During the period under study, the Flemish civil service was organized into thirteen homogeneous policy domains. Each policy domain consisted of a department and some associated “agencies” that worked on a coherent collection of policy issues. Public agencies are those organizations in the public sector that have higher levels of autonomy or discretion in decision-making compared to normal ministerial departments (Verhoest et al. 2012).

There are several types of providers for the delivery of overhead processes in the Flemish civil services, distinguished by their level of consolidation of overhead staff¹:

- (1) Devolved non-grouped providers: overhead staff or division within each agency (no consolidation)
- (2) Devolved grouped providers: a limited number of agencies that consolidate overhead staff in a division within the agencies (low level of consolidation)
- (3) Semi-central providers: departments or agencies within a policy domain that consolidate staff in a division within the department (medium level of consolidation)
- (4) Central providers: specialized entities or divisions at the central government level (high level of consolidation)

The reform under study is the Flemish SSC reform, which aimed to change how providers of overhead processes operated. The semi-central and central providers in particular needed to transform from traditional overhead divisions into independent and accountable SSCs with a primary focus on performance, transparency and customer satisfaction². In 2002, the government announced its intention to reorganize overhead according to an SSC model by early 2005. In the summer of 2014, 12 years and three governments later, the reform still was not implemented.

Several types of actors have been involved throughout the SSC reform. First, the political level is composed of the different ministers of the Flemish government and their political staff³. The Minister for the Civil Service is responsible for matters relating to the machinery of government. However, decisions on cross-cutting matters (such as the SSC reform) cannot be made by the Minister for the Civil Service alone; they must be approved by all ministers, often after negotiations between (political staff for) the Prime Minister, the Vice-Prime Ministers and the Minister for the Civil Service. Second, at the administrative level there are several types of bureaucratic organizations. Two distinctions are important: that between center and line organizations, and that between departments and agencies.

- (1) 'Center organizations' are internally oriented. They co-ordinate the activities of, and provide guidance to the operating ministries and agencies. 'Line organizations' are externally oriented. They provide programs and services directly to their target groups.
- (2) 'Departments' are responsible for policy preparation and evaluation at the level of the policy domain. 'Agencies' are responsible for policy execution. Different types of agencies are distinguished by their legal personalities, which correspond to a body of legislation and regulation designing the formal autonomy of agencies.

Combining these two dimensions, we arrive at four types of bureaucratic organizations: center departments, center agencies, line departments and line agencies. Furthermore, an administrative coordinative body called the Board of Senior Officials (BSO), composed of one representative from each policy domain, has existed since 2004, tasked with discussing and advising the political level on cross-cutting matters.

Operationalization Of Types Of Resistance

This study aims to map organizational resistance to proposals in the Flemish SSC reform, and to analyze what explains the occurrence of different types of resistance by different types of organizations throughout the reform process. First, an analytical strategy is needed to categorize different types of organizational resistance. We found great value in the seminal work of Oliver (1991) for categorizing organizational resistance. It allows for a sophisticated and nuanced understanding of degrees of resistance, rather than the dualistic distinction of “compliance with” versus “resistance to” (Thomas and Davies 2005), and recognizes that everyday forms of organizational resistance are more likely to be small-scale, covert and subtle, rather than open and full-blown attacks against reform proposals.

Table 1 categorizes the different types of organizational resistance. The different types can be seen as different items on a scale that increases with their degree of activity (see columns 1 to 3). For each category, an example from the existing literature is presented (see column 4).

Next, we aim to analyze what explains the occurrence of different types of organizational resistance throughout the reform process. After reconstructing the Flemish SSC reform and mapping organizational resistance to reform proposals, we will take a more inductive approach. We will examine what explains the occurrence of the patterns we observe, with a specific focus on the dynamic interplay between resistance and institutional-contextual features and how this interplay affected the process and content, and ultimately the dramatic delay, of the Flemish SSC reform.

Method Of Analysis

The study analyzes the Flemish SSC reform as a process and applies a retrospective case study using the method of process-tracing. A chronological and narrative account of the reform is provided with specific attention for key events that occurred. Data was collected through an extensive document analysis of publicly and non-publicly available documents covering the reform period under study: minutes of meetings, internal agency reports, notes to (and from) ministers and their political staff, audit reports, government decisions, parliamentary questions and consultancy reports.

Data analysis proceeded in two stages. First, 175 documents were subjected to a qualitative content analysis in Nvivo in order to reconstruct the case and identify key events and decisions. The key events and decisions for the full research period (2001-2014) are presented in Table 2. Based on insights from the analysis, the research period is divided in three distinct phases according to the prevailing level of ambition, reform approach and existing mindset (further described and analyzed in the findings section). Second, interviews were conducted with 19 key

actors during the reform, selected on the basis of their involvement in the reform. All actors in key positions throughout the reform process (members of the cabinet, project managers, working group members, etc.) were interviewed. We aimed for maximal diversity in the types of actors: political staff from different ministers (and parties) and top- and mid-level civil servants from center and line agencies and departments. Interviews typically lasted between 60 and 90 minutes, and were recorded and transcribed for analysis in Nvivo. We took a coding approach that was both theory- and data-informed. For coding the types of resistance, we relied on the conceptualization presented in Table 1. In order to unravel the mechanisms that facilitated resistance in some instances and served as a barrier in others, we took a more inductive approach, as codes were developed and refined over several rounds of coding.

FINDINGS

The findings section is divided into two parts. First, a narrative history of the SSC reform is presented according to three distinct phases. For each phase, Table 2 maps, identifies and summarizes the key decisions and events that occurred.

Specific focus is placed on the types and origins of organizational resistance. Behavior that could be categorized as “resisting” is indexed (^a, ^b, etc.) and returned to in the second part of the findings section, the commentary (see Table 3). Herein, the identified instances of resistance are grouped according to the framework we presented in the operationalization section, and analyzed according to which factors initiated or facilitated their occurrence. Note that our aim is not to provide an exhaustive overview of all types of resistance that occurred throughout the reform period. Rather, using the narrative approach, we aim to demonstrate frequently observed patterns.

Narrating The Flemish SSC Reform

The SSC reform process can be subdivided into three distinct phases. At different points during the reform, different levels of ambition were present, different reform styles were used, and different contextual factors impacted the reform in various ways.

Phase 1: February 19, 2000 – March 31, 2009

The first phase of the reform began on February 19, 2000, when the Flemish government announced its intention to pursue a large administrative reform called “Better Governmental Policy” (BGP). On January 19, 2001, its guiding principles were stipulated in a government decree. BGP aimed to modernize the Flemish civil service through several measures (see Table 2).

The SSC reform was a working package of the wider BGP reform. On February 1 and July 15, 2002, the government approved a framework and a transition plan for the reorganization of overhead processes. The framework agreement and transition plan had been developed by two top-level bureaucrats from center departments. Line agencies were hardly involved^a, much to the regret of some: “There was no equal representation. They [center] tried to arrange their affairs. We [line] were hardly involved. Despite that all of us combined represented two-thirds of civil servants. This was a big mistake” (Respondent I).

To ensure broader involvement from all agencies from then onwards, in each policy domain a transition manager was appointed by the Minister to guide BGP-related implementations (including the SSC reform). In early 2004, the proposals of all transition managers were combined into a list of envisaged overhead divisions at the different governmental levels. The

overall level of ambition was low. The driving principle behind the reform at the time was the “subsidiarity principle”, which meant that “overhead that can be effectively organized at a lower level should not be organized at a higher level” (Flemish Government 2002).

Several reasons explain the low level of ambition. First, the transition managers had no mandate to implement potentially unpopular decisions. “Each time strong entities refused to go along with certain ideas^b, the transition managers basically could only take note of this” (Respondent N). Second, the SSC reform was not at the top of the administrative agenda at the time, dealt with only in the margin of the wider BGP reform. Third, political coordination was lacking. The political disinterest in actively engaging in the reform process originated from a principle underlying the BGP reform, which was to let the administration manage their internal affairs. One member of political staff noted that: “we were hardly aware of which working groups were put in place where to tackle which problem with which result” (Respondent J).

Organizations were hesitant to engage in the SSC reform. For *line organizations*, BGP had resulted in more managerial autonomy, a breakdown of hierarchical relationships between departments and agencies, and clearer accountability lines between them and their responsible minister. They feared that the SSC concept endangered their full discretion on how to organize overhead which they saw as “a logical consequence of operational decision-making autonomy that was granted to them with BGP reforms” (Flemish Audit Office 2009, 23). Also, the SSC concept involved a different way of organizing for line agencies. Traditionally, their internal overhead staff functioned as control instruments, or “the eyes and ears on the ground of managers” (Respondent C). The prospect of handing over these instruments, and ultimately being held accountable for the malfunctioning of other entities over which they exercised no direct

hierarchical influence, was unsettling for many line agencies (Respondent C, F, H). Furthermore, as one line agency manager argued, having overhead staff close to line management freed them from having to do administrative tasks themselves (Respondent H). Interestingly, what is claimed as a major advantage of SSCs – allowing managers to focus on core processes – was in reality perceived as a threat to exactly this.

Many line agencies tried to safeguard their interests. A main issue that slowed down progress in the first phase of negotiations involves definitional politics^c. Everyone agreed on the principle that non-specific overhead ought to be organized at the central government level, while strategic functions ought to remain within the agencies. However, “endless discussions took place on how to define generic processes” (Respondent D). Political staff were overwhelmed with paperwork, thus forced into a time-consuming and operational role.

Center agencies and departments (which housed the central overhead providers) and *line departments* (which housed the semi-central overhead providers) reacted according to a different set of interests than line agencies. In contrast to line agencies, the decentralization movement that had occurred with the BGP reform meant that they had lost many competencies. In fact, several respondents mention that the SSC reform became a working package of BGP as a means to retain some competencies at the central government level, and to ensure a minimum level of coordination in a highly decentralized administrative system. So, whereas the SSC reform in many respects threatened the turf of line agencies, it benefited that of central agencies and departments.

Elements that potentially threatened central turf were less welcomed by central organizations and line departments. The feasibility of service-level agreements, a key ingredient of the SSC concept, was explicitly denounced^e, because they were wary of being committed to a contractually fixed quality of service. Other threatening or challenging elements were hollowed out^f. For instance, the concept of “customer-responsiveness” was narrowed to “customer-friendliness” as a watered-down alternative to a truly demand-driven service package, which would place a higher demand on central organizations (Flemish Audit Office 2009).

The unsatisfactory combined proposals of the transition managers in early 2004 signaled to the political level that it should take more control of the reform. A couple of months later, during a meeting of the political staff of the Prime Minister and the two Vice-Prime Ministers, a clustering of several of the proposed overhead divisions was accepted.

At the end of 2004, an administrative coordinative body called the Board of Senior Officials (BSO) was installed. Its aim was to discuss and then advise the government on cross-cutting matters (including the SSC reform), and it was composed of one representative from each policy domain. However, the BSO was widely seen as an ineffective body. Some influential line agencies did not want an administrative coordinative body with the ability to undermine their own board’s decisions (Respondents F, I). As a result, it was decided that consensus needed to be reached on each cross-cutting matter^g – but this proved difficult. “They could not even decide whether they were in the position to decide anything” (Respondent E).

The strong position of some influential line agencies vis-à-vis their Minister had an important impact on the reform. Whereas political staff and departments struggled for turf in the area of policy-formulation, the relationship between political staff and line agencies was characterized by mutual dependencies. Ministers especially relied on large, strong and salient line agencies that were embedded in various stakeholder networks to which political actors otherwise would have less access. “Ministers – you can’t blame them – trusted their agencies if they warned that certain [SSC] initiatives would endanger the execution of tasks that were important for the Minister. He [the Minister] would act to preserve the interests of the agency which are, in the end, his interests^h” (Respondent N).

The following years were characterized by an ongoing lack of political and top-administrative coordination and interest, resulting in further resistance by agencies. Central agencies and departments and line departments refused to share dataⁱ with each other, in order to make benchmarking impossible (Flemish Audit Office 2009). Self-interested behavior was not limited to the central organizations. In October 2007, the BSO published a note in which it stated that “a limited integration of overhead processes had occurred. [...] One reason being that entities since BGP continued to rely on – or even established – their own overhead division^j for services that were also offered by higher governmental levels”.

Phase 2: March 31, 2009 – July 19, 2013

The start of the second phase of the reform is marked by the publication of an audit report in March 2009 (see Table 2). The purpose of the report was to compare the state of affairs of the SSC reform with the goals that were set in the 2002 framework and transition plan. The conclusions were concerning⁴, and a lack of political and administrative coordination and contradictory political decisions were blamed.

The audit acted as a catalyst for a renewed interest in the SSC reform, together with two other contextual factors. First, the financial crisis necessitated austerities. Second, power relations within the Flemish government changed. The New Flemish Alliance had become the biggest political party in Flanders, with a conservative and neoliberal agenda to reduce the size of the government. The new government agreement dedicated specific attention to the importance of a reduction in overhead in the Flemish administration. The government charged the BSO with drafting a multiyear plan for permanent efficiency gains, which was adopted in 2011. Different strategic objectives and projects were formulated, and one of them focused specifically on the rationalization of overhead processes.

The reform style can be characterized as an incentive approach. Organizations were incentivized to reduce their overhead levels as a target was introduced to reduce the fraction of overhead staff (as related to the total number of staff) to 10% by 2014. Between 2009 and January 2012, a working group came together regularly to discuss the proceedings of the SSC reform. Negotiations were characterized by a thoroughly bottom-up style. Representatives from each policy domain convened in a working group to discuss the reform. These representatives, however, were mainly heads of semi-central and devolved overhead divisions^k. Many of them were not eager to reduce or shut down their own division. As a result, the feasibility of divesting overhead staff to centralized levels was questioned^l, often by referring to the specificity of each agency. The minutes of one working group meeting in July 2010 noted how “the working group believes that the notions ‘optimal organization’ and ‘for the Flemish administration as a whole’ don’t go together. This approach does not take into account the specificity of 80 different entities”.

Furthermore, the working group at that time was chaired by a project manager who was the head of a line agency, known for his fierce opposition to a mandated centralization of overhead processes. His personal interest in preserving the status quo (and maintaining his own overhead staff) surpassed the normative expectations linked to his coordinating role. One respondent compared the decision to appoint him with “bringing in a Trojan horse” (Respondent N). The reform proposals that were launched in these meetings reflected the interest of the project manager and the working group members in preserving the status quo. To illustrate: the first draft sent to the political level for a future structure of the overhead landscape in the Flemish administration placed a lower limit on organizing overhead divisions equal to the size of the smallest entity^m. This way, each entity would be allowed to retain their overhead staff (Respondent L).

Project managers behaved strategicallyⁿ at other times as well during the reform. In 2012, the head of a central department took over the role of project manager. Again, respondents mention that the underlying strategic agenda behind this appointment was clear (Respondent A; N). At the same time the new project manager took over, his department published a paper^u that set out their vision on the matter. Strengthened in its beliefs by a report from a consultant they had hired the year before^v, the paper discussed the benefits of far-reaching and mandated centralization of overhead.

The ongoing ineffectiveness of political and top-administrative coordination continued to set the stage for bureaucratic resistance. From 2010 onwards, data on the level of overhead within each agency was collected by a central department. While this initiative was launched to raise the

comparability between agencies, some of them reacted to this by relabeling job descriptions of overhead staff^o so that they (formally) would no longer qualify as part of the administrative component (Respondent G; O).

SSC reform proposals were often (unfairly) framed as mere centralization efforts^p. “The caricature of a centralized recruitment office from the past on which agencies exerted no influence whatsoever has really taken root. You just can’t fight that image” (Respondent F). Negative past experiences with centralized providers that were hardly responsive to agencies gave rise to questions of the feasibility of certain reform elements. “Despite being a central provider myself, I would have to admit that we have not yet succeeded to deliver a professional service of high quality” (Respondent G). For SSC advocates, this made it difficult to sell a concept for which the potential advantages were mainly theoretical, while the potential drawbacks were enshrined in the memory of several agency managers.

Core elements of the SSC concept that were threatening or challenging to different sets of organizations were hollowed out throughout the years^q. The minutes of a working group meeting in February 2013 state that participants agreed to replace “customer end-responsibility” with “customer decision-making-responsibility”, and “benchmarking” with “benchlearning”. The former taps into line agencies’ fear of having end-responsibility for processes that are produced elsewhere. The latter refers to the fear of semi-central and central providers of being sanctioned for bad performance.

At one point, a breakthrough in the SSC reform suddenly seemed within reach. At the end of 2011, the SSC concept seemed to take off, even among its fiercest opponents. However, “[...] In the end it became clear that a large payroll SSC could only operate if some payroll staff remained within the agencies as liaisons. They [line agencies] saw this as an opportunity to maintain their royal household^m” (Respondent A).

In the absence of any output after two years of working group meetings, some members of the BSO started to work on a note that aimed to bring together the prevailing views at the time, and proposed a scenario for the upcoming months and years. The consensus note was released in January 2012. On the one hand, the consensus note was the first document to propose a lower limit for agencies to be able to organize their own overhead divisions (500 employees). On the other hand, the risk of scale diseconomies, or a decrease in efficiency in the case of too many customers, was highlighted. The importance of an incremental, bottom-up and so-called “realistic” transition was raised. For the political level, the note indicated the need to increase political pressure in order to move forward.

Phase 3: July 19, 2013 – May 25, 2014

The third phase of the reform begins with the publication of the concept note by the political staff of the Minister for the Civil Service. This event marks a significant turn in the SSC reform, because it points at a shift in mindset at the political level towards mandated centralization of overhead as a necessity to acquire efficiencies, and the assertion of political control over the reform.

Representatives from line agencies in the BSO were very critical about the concept note. They argued that the concept note was overly ambitious, and claimed that it did not appreciate the

diversity among agencies in terms of their specific overhead requirements. In contrast to previous phases in the reform, the political level was determined in its subsequent response, unveiling many (what they perceived to be) inconsistent arguments^f of BSO members by referring to the existing sourcing behavior of agencies (Respondent K). Political control greatly increased. For example, several centralized overhead services were formulated that would be mandatory for all organizations to use (for instance, a centralized payroll SSC). The initiative did not result from bottom-up negotiations, but was imposed upon the administration by the political level.

In January 2014, the political level decided on a series of mergers between devolved and semi-central overhead divisions that needed to happen to make sure none of them provided services to fewer than 2000 employees. The strong increase in control by the political level over the reform process drastically reduced the leeway for organizational resistance. The dominant strategy was to wait and see. “Everyone is waiting now for what the upcoming election will bring. What is required today can be history tomorrow. This waiting game is just basic administrative politics” (Respondent C).

Analyzing The Flemish SSC Reform

Table 3 provides an overview of the types of resistance we documented during each phase of the reform. Behavior that could be categorized as “resisting” was indexed (^a, ^b, etc.), grouped for each type of organization (line versus center; department versus agency) and for each phase of the reform. For reasons of analytical clarity, we bundled the resistance of central departments and central agencies (“center organizations”) because their interests were closely aligned throughout the reform. The overview of resistance is not meant to be exhaustive, but rather serves to indicate

patterns of resisting behavior that occurred throughout the reform. Each example is complemented with the type of resistance, as presented in the operationalization section.

Across types of organizations, a pattern emerges that suggests more active forms of resistance (defiance, manipulation) in phase 2 of the reform. Phase 1 was characterized by a lack of political attention and a process management reform style. Strategies to change the content of reform proposals were rare, because they were not necessary in the absence of concrete and threatening reform proposals. This changed in phase 2, when reform proposals became more concrete. In combination with the highly bottom-up reform style, many organizations (line and central) appreciated the contextual opportunity, and necessity, to placate threatening reform elements. Phase 3 saw a sharp decline in the amount and intensity of resistance. On the one hand, central organizations had little reason to resist given that – with the ongoing need for austerity in response to the financial crisis – the government’s reform ambitions aligned evermore with their interests in centralization. On the other hand, line agencies recognized the strong increase in political commitment to proceed quickly, driven by political willingness to have something to show for by the end of the coalition term.

Both the willingness of agencies to resist, and the contextual opportunities and constraints for resistance are necessary to understand the occurrence and types of resistance. First, self-interest was a major driver of resistance to (elements of) the reform. Many central organizations consistently challenged the idea of installing competition between multiple SSCs at central and semi-central levels. Competition would endanger the center’s position as monopolistic providers of overhead services, and the unique expertise that comes with it. Line organizations, in turn, consistently opposed the idea of mandatory SSCs at the central government level because they

did not want to lose in-house capacities and become dependent upon the well-functioning of other entities. To illustrate, the only time most line organizations agreed with the SSC concept in 2011 was when they believed SSCs could only operate if a (significant) number of staff remained as liaisons within their organization. Second, organizations displayed different types of resistance of varying intensity over time. In the early years of the reform, the interests of line agencies were compatible with the prevailing political mindset towards decentralizing measures. This changed, gradually in phase 2 and definitely in phase 3, when the financial crisis and growing political willingness to act decisively led to a sharp increase in reform ambition at the political level.

Our account so far has mainly addressed the role of bureaucratic organizations in response to plans to modernize the overhead landscape in the Flemish civil service. Our findings, however, indicate that political reform actors were as likely as bureaucratic actors to display strategic behavior, which had a strong impact on the progress and content of the Flemish SSC reform.

Political actors can impact reforms in several ways. They can be uninterested in a reform, interested in not pursuing a reform, or interested in pursuing policies that contradict reform elements. The first point echoes what (Schillemans and Busuioc 2015) recently referred to as “forum drift”. Flemish bureaucratic organizations felt that politicians were more interested in concrete policy outputs, rather than the internal machinery of the administration. “Take a look at the Flemish governments over the past 20 years. If you want to know who got the competencies over the civil service, generally look for the most junior minister of the smallest coalition party” (Respondent J).

The second point is even more worrying. In the same way a collaborative culture was lacking in the administrative apparatus, it was missing in the political sphere. Ministers want to score: “Preferably in their own name, not in the government’s name. The way to do so is by making sure vertical matters are well-executed” (Respondent N). Ministers were also wary of the transparency that would come with SSC-like initiatives. One parliamentary question in March 2014 formulated how “[...] in theory, everyone favors transparency. In practice, political parties don’t want activities under their remit to be measured and corrected. The fear of transparency is a matter of culture”.

Lastly, the third point was prevalent in the Flemish context. The government always denied semi-central providers a legal personality, thus effectively hollowing out their independence. This decision resulted from a strategic political calculus in response to developments in other areas of the BGP reform. By 2006, it became clear that the number of (often small) agencies that were created by far exceeded the original plans. The government at the time wanted to bring a halt to the number of agencies. The audit report mentioned that “out of fear for further proliferation, political animosity to granting semi-central providers independent status was low” (Flemish Audit Office 2009).

DISCUSSION AND CONCLUSION

The key goal of this study was to examine the drivers, forms and impact of organizational resistance to SSC reform proposals in the Flemish administration. Existing literature on (SSC) reforms in government, while recognizing the potentially destructive role of organizational resistance in the pace and scope of reforms (Knol, Janssen, and Sol 2014; McNulty and Ferlie 2004), underappreciated the complex and multifaceted nature of resistance (Fernandez 2015), and

under-theorized the interaction between resistance and specific institutional features and contextual developments (Kuipers et al. 2014).

The optimal reform approach has been the subject of debate in the literature on SSCs (Johan and Janssen 2014; OECD 2015), and in the change management literature in general. Some argue for a gradual or incremental reform style on a small scale in order to build momentum, while others call for rapid change processes to overcome inertia (for an overview, see Fernandez and Rainey 2006). This study contributes to these debates. First, our analysis sheds light on the presence of shifting reform approaches in one institutional context over a longer period of time. Recent reform experiences in Estonia (Raudla and Tammel 2015) and the United Kingdom (National Audit Office 2012) have pointed to similar shifts in reform approach. Yet, to date no study has examined the effect of these successive approaches on the likelihood and nature of organizational resistance.

Second, this study confirms that organizational resistance has many faces, and that it is triggered through various sets of conditions with varying effects on the progress and content of reform proposals (Dommett and Skelcher 2014; Oliver 1991). In phase 1 of the reform, organizations protected their interests by influencing the problem definition phase, facilitated by a highly bottom-up process management approach. In phase 2, organizational resistance increased in activeness and scope as reform proposals threatened the turf of organizations, and the ongoing bottom-up approach created possibilities for resistance. Throughout the reform, reform proposals were adapted in anticipation of (potential) resistance. For example, the use of contractual arrangements between SSC and customers, a key success ingredient for SSCs (Bergeron 2003), was never truly on the table because all organizations were doubtful of its feasibility. Phase 3,

lastly, saw a sharp decline in the quantity and activeness of resistance, providing support for the contention that top-down, “big bang” reforms drastically reduce the potential for resistance (Wagenaar 2006). Yet, while these approaches are likely to produce visible progress in the short term, they might endanger the long-term collaboration and trust between SSCs and their customers. This issue fell beyond the time period examined in this study. Future research could focus further on how different reform approaches affect reform dynamics, initial reform proposals and ultimately the quality and sustainability of collaboration between SSCs and their customers after implementation.

In concert with most existing literature on SSC reforms (MacCarthaigh 2014; Raudla and Tammel 2015), we recognize the role of political actors. The decrease in resistance in phase 3 mainly resulted from an increase in political commitment, which reduced the scope for resistance. However, our findings place doubt on conceptions of political actors as universally progressive modernizers who are keen to reform. Political behavior is strategic and reflective of contextual and wider policy developments. In support of previous research (Raudla and Tammel 2015), we suggest that the financial crisis was a necessary catalyst to set in motion a political agenda towards administrative efficiency. Before, politicians played a role that was not always beneficial to the reform (see also (Howard 2014). As this finding echoes evidence from a broader literature (Schillemans and Busuioc 2015), future research could further elucidate the role of politics during reforms.

A potential limitation of single case study designs is their external validity. Belgium is a dual federalist system. Regional governments exercise the powers accorded to them without interference from the federal government, which makes the Flemish government comparable to

full-fledged nation-states in the competences it was afforded. The Flemish government is far from idiosyncratic in its struggle with introducing an SSC arrangement (Knol, Janssen, and Sol 2014). Studies that focus on jurisdictions across the globe have pointed to “power struggles” (Knol, Janssen, and Sol 2014), “behavioral issues” (Australian Institute of Management 2012) or “resistance” (Raudla and Tammel 2015) as key challenges during reforms. Furthermore, the Flemish SSC reform is not the only one that resembled a trial-and-error process. In the UK, a National Audit Office report mentions how government initiatives to install SSCs suffered from an approach that made participation voluntary and that tailored services to meet the needs of individual customers, arguing for an approach with stricter deadlines and a greater mandate for the Cabinet Office in upcoming years (National Audit Office 2012). Yet, the Flemish region is governed by a permanent coalition government, which could enhance the potential of coalition conflict. Therefore, future research could shed light on the impact of coalition governments on (the lack of) collaborative traditions.

This study adds to this body of knowledge by providing a nuanced and empirically informed understanding of how internally inconsistent reforms are introduced in specific institutional settings. We specifically focused on the interplay between organizational resistance, institutional features and contextual opportunities and constraints for resistance, the interaction of which produced a dynamic that dramatically affected the process and content of the SSC reform in Flanders. From a practical viewpoint, we recognize the enormous complexity and challenges that come with introducing an SSC in government. Understanding how and why bureaucratic organizations resist reform pressures can improve the design of administrative reforms. We focused on the specific challenge of resistance to SSC plans, thereby helping practitioners to be able to identify, understand and prevent the risks related to (and consequences of) organizational resistance to reforms.

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APPENDIX: INTERVIEWS

- Respondent A = Head of semi-central provider (1984-ongoing)
- Respondent B = Project manager SSC reform (2014-ongoing); Head of central provider (2006-2014)
- Respondent C = Head of center department (2006-ongoing); Member of political staff center Minister (2004-2009)
- Respondent D = Head of center departmental (1990-2000); Project manager BGP reform (2000-2006)
- Respondent E = Head of line departmental (2006-ongoing); Member of political staff center Minister (1999-2002)
- Respondent F = Head of semi-central provider (2009-2014); Project manager SSC reform (2009-2013)
- Respondent G = Head of center department (1996-ongoing); Project manager SSC reform (2012-2013)
- Respondent H = Head of line agency (1995-ongoing); Project manager BGP reform (2002-2006)
- Respondent I = Head of line agency (1990-2014); Project manager SSC reform (2009-2012)
- Respondent J = Member of political staff line Minister (1999-2004)
- Respondent K = Member of political staff center Minister (2004-2014)
- Respondent L = Member of political staff center Minister (2009-2014)
- Respondent M = Member of political staff center Minister (2009-2014)

- Respondent N = Member of political staff center Minister (1999-2004); Project manager SSC reform (2013-2014)
- Respondent O = Head of semi-central provider (2008-ongoing)
- Respondent P = Head of semi-central provider (2001-ongoing)
- Respondent Q = Head of central provider (2008-ongoing)
- Respondent R = Head of central provider (2014-ongoing)
- Respondent S = Head of central provider (2011-ongoing)

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Table 1. Categorization of Organizational Resistance

Type of resistance	Definition	Degree of activeness	Example
Compromise	Largely accept external reform proposition, but try to extract some concessions.	Low	conform to minimum standards (Scott, 1983); marginal adaptor role (Dommett & Skelcher, 2014)
Avoid	Circumvent the conditions that make conforming behavior necessary	Low-medium	“window dressing” or symbolic acceptance (Oliver, 1991); decoupling (Pfeffer & Salancik, 1978)
Defy	Unequivocal rejection of external reform proposition and expectations	Medium-high	use information asymmetry to challenge technical feasibility of government proposal (Dommett & Skelcher, 2014)
Manipulate	Actively change or exert power over the content of external reform propositions	High	mobilize stakeholders (Dommett & Skelcher, 2014); influence position other constituents (Overman et al. 2014)

Based on Oliver (1991)

Table 2. Key Events and Decisions

	Date	Decision/event	Content
Phase 1	19/01/2001	Decision BAP principles	Decision on the fundamental principles for the reorganization of the Flemish civil service: restore the primacy of politics; separate policy-formulating departments and policy-executing agencies; increase managerial autonomy; homogenous policy domains; abandon hierarchical relationships between departments and agencies.
	1/02/2002	Framework reorganization of overhead divisions	Introduction SSC idea and subsidiarity principle
	15/07/2002	Transition plan 'reorganization overhead processes'	Appointment transition managers; formulation reform objectives: (1) operational SSCs by 2005, (2) 18% overhead relative to all employees in all policy domains by 2005.
	23/04/2004	Provisional approval administrative structure	Provisional approval future organizational structure for each policy domain; clustering of devolved and semi-central overhead providing divisions (total of 26).
Phase 2	31/03/2009	Audit report	Report by the Flemish Audit Office on the state of affairs of the SSC reform.

	15/07/2009	Government agreement	Instruction to BSO to draft ‘multiyear plan for permanent efficiency gains’ with specific attention towards reduction of overhead.
	4/02/2011	Approval ‘multiyear plan’	Formulation of four strategic objectives (among which: ‘doing more with less’) and 12 key projects (among which: ‘overhead rationalization’); appointment of project manager for each key project; formulation objective: max. 10% overhead government-wide by 2014 (end government term).
	23/01/2012	Consensus note	Reassertion Shared Service Center concept; lower limit of 500 employees to organize overhead decentrally
Phase 3	19/07/2013	Concept note	Lower limit of 2000 employees to organize overhead; governance model future SSCs; instruction to BSO to draft transition plan ‘mergers of overhead providing divisions
	1/01/2014	Transition plan ‘mergers overhead divisions’	Clustering of devolved and semi-central overhead providing divisions (from 32 to 8)

Table 3. Summary of Types of Resistance

		Phase 1	Phase 2	Phase 3
Types of Resistance	<i>Center organizations</i>	^d Overwhelm political staff [compromise] ^f Hollow out reform elements [compromise] ⁱ Refuse to share performance data [avoid] ^e Denounce reform elements [defy] ^a Strategic inclusion stakeholders [manipulate]	^q Hollow out reform elements [compromise] ⁿ Take strategic position [manipulate] ^u Write non-paper [manipulate] ^v Hire consultant [manipulate]	
	<i>Line departments</i>	^d Overwhelm political staff [compromise]	^q Hollow out reform elements [compromise]	

		^r Hollow out reform elements [compromise] ⁱ Refuse to share performance data [avoid] ^e Denounce reform elements [defy]	^l Denounce reform elements [defy] ^k Strategic position in working group [manipulate]	
	<i>Line agencies</i>	^c Definitional politics [compromise] ^d Overwhelm political staff [compromise] ^j Ignore central services [avoid] ^b Denounce reform elements [defy] ^g Render	^m Conceal non-acquiescence [compromise] ^q Hollow out reform elements [compromise] ^o Relabel overhead staff [avoid] ^l Denounce reform elements [defy]	^r Denounce reform elements [defy]

		coordinating bodies powerless [manipulate] ^h Lobby to Minister [manipulate]	^p Misrepresent reform elements [defy] ^k Strategic position in working group [manipulate] ⁿ Take strategic position [manipulate]	
Reform context		Low ambition Process management approach ¹ NPM mindset	Medium ambition Incentive approach ² Austerity demands	High ambition Top-down approach ³ Austerity demands

¹The ‘top-down approach’ (OECD, 2015), also referred to as ‘command-and-control’ (Bekkers, 2007) or ‘project’ (Wagenaar, 2006) approach is characterized by a centralization of decision-making competences (Bekkers, 2007; Wagenaar, 2006); fixed and formalized goals and a systematic implementation manner (Bekkers, 2007); a mandatory transfer of support service personnel and/or simultaneous decrease of agency budgets for the corresponding amount of resources (OECD, 2015); and a mandated use of the SSC (Raudla & Tammel, 2015).

²The ‘incentive approach’ envisions a voluntary use of the SSC but with incentives in place to stimulate its use (OECD, 2015). Incentives can be temporary or permanent, and specifically focused on overhead services or on general cutback measures.

³The ‘process management approach’ sees the implementation of a SSC as a process of horizontal co-ordination, in which different actors are involved in creating a shared understanding, definition and solution of the problems they are confronted with (Bekkers, 2007). Usage of the SSC is not mandated or incentivized, but perceived as a potential ‘win-win’ situation after a recognition of interdependency (Bekkers, 2007). Goals are not formalized and fixed, but emergent and incrementally defined.

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¹ This categorization is taken from official reports from the Flemish government and the Flemish Audit Office (Flemish Audit Office 2009; Flemish Government 2002). However, it is very similar to existing work that categorizes SSCs according to their level of consolidation of overhead staff (MacCarthaigh 2014; Raudla and Tammel 2015).

² Several elements for governing overhead according to an SSC model were formulated: customer-provider relationship formalized in service level agreements; SSC as separate entity governed by a performance agreement; competition between different SSCs; cost transparency; benchmarking; performance measurement; budget allocation to customers; customer input in formulation and evaluation of SSC service package.

³ In Flanders, each minister has a large political staff to micro-control the administration within the policy domain.

⁴ The implementation of the framework of 2002 had not been executed which led to the existence of 33 overhead providers instead of 26. None of these functioned as an SSC. Service level agreements, customer-orientation, benchmarking, cost transparency, and process standardization were practically non-existent (Flemish Audit Office, 2009).