**The Limits of Legitimacy Pressure
as a Source of Organizational Change:
The Reform of Human Resource
Management in the OECD**

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The Limits of Legitimacy Pressure as a Source of Organizational Change: The Reform of Human Resource Management in the OECD

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1. Introduction

Much scholarly attention has been devoted to the investigation of driving forces and consequences of the far-reaching national administrative reforms and changes in the public sector in the context of the global wave of the New Public Management (NPM) that swept over Western countries from the early 1980s onwards (cf. Hood 1991; Naschold/Bogumil 2000; Pollitt/Bouckaert 2004). Notwithstanding the fact that the pace and patterns as well as the fine-tuning of NPM reforms vary across countries, there is hardly any doubt that there is a converging trend away from classical Weberian bureaucracies towards more market-oriented management principles and structures. This process of international diffusion has to a considerable extent been fuelled by communication activities of international organizations, such as the OECD (Hood 1995; Lægreid 2002).

In view of these developments, it is rather striking that management reforms within these international organizations themselves so far were hardly subject to comprehensive investigations. While considerable scientific attention was placed on analyzing the role of international organizations as arena for international cooperation, it is only recently that the role and functioning of international bureaucracies became a subject of growing importance (Barnett/Finnemore 1999, 2004; Dijkzeul/Beigbeder 2003; Hooghe 2001; Reinalda/Verbeek 2004). In this context, however, changes in management structures have only been addressed by few descriptive case studies (cf. Davies 2002; Dijkzeul 1997). We hence have limited knowledge about the extent to which international organizations, often considered as crucial diffusion agents with regard to public sector management reforms, actually live up to the standards they promote. Moreover, we have limited theoretical

understanding of the causes of corresponding reform developments in these organizations.

In this article, we address this research gap by an analysis of human resource management reforms in the OECD between 1996 and 2004. The period of investigation is determined by the term of office of Donald Johnston as OECD Secretary General (since 1996) and the data available. The OECD embarked on a major reform program of its human resource policies in 2005 (OECD 2006: 102f). But this had not been completed at the time of this study and is therefore not covered in this article.

The OECD and its Public Management Committee (PUMA)¹ respectively are regarded as the hotbed of NPM (cf. Sahlin-Andersson 2002; Stone 2004). But the extent to which the OECD actually lives up to the standard it promotes was not investigated so far. The most likely reason for this might be the fact that nobody really had any doubts that an organization acting as international reform promoter of NPM at the same time will long have introduced internal reforms along similar lines.

In view of this constellation, our finding that the OECD still represents a more Weberian bureaucracy type when it comes to issues of human resource management indeed reflects a big surprise. It is in sharp contrast with the role of the OECD as one of the main promoters of NPM reforms in its member countries. From a methodological point of view, our case study hence reflects a 'most favorable cases design'. Starting out from a scenario in which a certain outcome is highly likely and plausible, we search for the factors that nevertheless caused the deviation from the expected result.

The paper is structured as follows: We first explain how we operationalized our dependent variable *reform of human resource management* (section 2). In a second step, we present our empirical findings and show why existing theoretical approaches are not sufficient to account for our empirical puzzle (section 3 and 4). Based on these reflections we consider in a third step alternative explanatory approaches and theoretical modifications of existing theories (section 5). The final section concludes.

1 PUMA was recently renamed into Public Governance and Territorial Development (GOV).

2. Reform of human resource management

The central focus of this paper is on the reform of human resource management in the OECD. We consider the change of formal rules concerning four categories, namely, recruitment, career structure, staff appraisal, and training (Davies 2002; Vaanholt 1997). We do not include personnel policy which is considered as the general framework of human resource management, e.g. social security, gender mainstreaming or pensions (Reichard 2005).

The OECD regulates its human resource management in the staff regulations and staff rules. The staff rules specify the execution of the regulations and can only be changed by the Secretary General. Changes to the staff regulations are subject to the approval of the member states that are represented in the OECD Council. In the following, we analyze any change to these formal rules. If a changed rule corresponds to the ideal type New Public Management, we define reform as melioration (Pollitt/Bouckaert 2004). To be sure, NPM is not one single and coherent reform concept and is differently defined, interpreted and implemented (cf. Schedler/Proeller 2003). In addition, there is hardly any literature on what could be 'best practice' for human resource management especially in intergovernmental international organisations.

We assume, therefore, that certain universal and international approved principles of NPM, such as performance, individual incentives or flexibility (Pollitt/Bouckaert 2004; Vaanholt 1997) represent the relevant model for reforms in human resource management (Naschold/Bogumil 2000: 84; OECD 2005b: 181). We measure the range of reform by comparing existing patterns of human resource management to an ideal type NPM approach for 1996 and 2004. This gives us an idea about the extent to which the OECD moved towards NPM-oriented structures during the observation period. To measure changes in our dependent variable human resource management, we distinguish the ideal types of Max Weber's bureaucracy model (BM) (cf. Getz/Jüttner 1972; Henneberger 1997; Kieser 2002; McGregor/Solano 1996; Vaanholt 1997) and the overall concept of NPM for human resource management (cf. Klimecki/Gmür 2001; Liebel/Oechsler 1992; Maguire 1993; OECD 1995, 2005b; Pollitt/Bouckaert 2004; Vaanholt 1997).

For each category we chose those indicators that are used most frequently in the literature. To assess the extent to which the different dimensions of human resource management reflect either the BM or NPM ideal type, we use an ordinal scale based on five categories, reaching from 0 to 4. The other values indicate constellations in between the ideal type. The value 0 means that a certain indicator is fully in line with the BM model, value 4 implies full conformity with the NPM ideal. Category 1 means that reforms are more BM than NPM, category 2 refers to cases in which characteristics of both ideal types are similarly represented, and category 3 implies that indicators are closer to NPM than BM, although not fully in line with the latter. This distinction is needed because of the fact that empirically we observe mixtures between BM and NPM elements with regard to the different indicators.

Table 1: Operationalization of the dependent variable (recruitment)

Indicators	Value (BM)	Value (NPM)
Recruitment in general	merit principle and other principles (e.g. national balance)	merit principle as first principle
Recruitment of senior staff		
...concerning advertisement and standardized selection procedure	voluntary	compulsory
...concerning length of appointment	unrestricted	related to performance
Profile of senior staff	expertise and limited responsibility for resources	management capabilities and responsibility for resources

Table 2: Operationalization of the dependent variable (career structure)

Indicators	Value (BM)	Value (NPM)
Entrance	usually first grade of the respective career	every grade is open to competition
Structure	horizontal and impermeable	vertical and permeable
Basic salary	dependent on the grade	dependent on task and responsibility
Extra pay	paid automatically and related to seniority	performance-related pay for every official
Gratification	none	cafeteria system (officials can choose between monetary and non-monetary incentives)

Table 3: Operationalization of the dependent variable (staff appraisal)

Indicators	Value (BM)	Value (NPM)
Performance appraisal	not obligatory and seldom	target agreement for every official every year
Assessment of future potential	not obligatory and parallel to performance appraisal	obligatory for every official, independent of performance appraisal
Senior staff appraisal	none	for every senior official in regular intervals
Use of results		
...concerning promotion	restricted (seniority)	yes (catalogue of criterias)
...concerning incentives	no	yes (catalogue of criterias)

Table 4: Operationalization of the dependent variable (training)

Indicators	Value (BM)	Value (NPM)
Budget and hours given by official	constant and low	increasing and appropriate
Purpose	no explicit strategy	lifelong learning
Management training	voluntary and poorly attended	compulsory and well attended

3. Empirical findings: The reform of human resource management in the OECD

The OECD staff regulations and rules apply to approximately 2,000 officials, most of whom are located in Paris. Besides, there are specific regulations and rules for around 300 short-term employees like consultants, trainees and auxiliaries, who however, are excluded from our analysis.

Starting with the dominant principles in *recruitment*, we find a solid correlation with NPM principles because the merit principle is the primary consideration. On top of this, the OECD tries to achieve an appropriate representation of member states ('geographical diversity') as well as ensure equal opportunity. As a general rule, vacant posts must be advertised and recruitment is through a competitive selection process. However, so-called project staff who is appointed for fixed terms to posts created to carry out approved projects, may be appointed directly without publication of a vacancy. As far as recruitment of the most senior staff is concerned, it is at the discretion of the Secretary-General. In early 2000 the OECD adopted a policy that all senior staff (Directors and Deputy-Directors) are appointed on fixed term contracts. Even internal appointees who are promoted through an internal process have to relinquish their indefinite contracts if they had one. The OECD's job vacancy notices for senior staff emphasize both technical expertise and managerial skills. Nevertheless, there is no regulation that makes solid management skills a condition sine qua non for management positions². Since the introduction of activity-based

² Interview, 16 March 2006.

management, senior managers are accountable and responsible for outputs that are laid down in the program of work and budget.

The *career structure* remained almost unchanged since the establishment of the OECD. Every position is open to competition so that lateral entrance into the structure is the normal case. This structure is composed of the categories A, L, B and C, each having again several seniority steps³. Category A is formed by professional staff (45 per cent), administrative and support staff is in category B, manual or technical staff is in category C and linguistic staff belongs to category L. In each category there are five to seven grades (A7, A6, A5...). Compared to our ex ante operationalized variables, this system is similar to a horizontal and quite impermeable Weberian structure that makes it difficult to reward performance. Since the introduction of result-oriented budgeting, it became, in the opinion of some member states, increasingly difficult to deploy staff in a flexible way, i.e. to shift them from one priority task to another⁴. Some member states even think that the actual system bars the OECD from attracting and recruiting the specialists it needs⁵. The basic salary is dependent on the grade and not (necessarily) on the task or responsibility a person has and OECD officials receive automatic extra pay by seniority steps. It is provided that advancement may be withheld for a fixed period of time in cases of lack of efficiency of an official. Senior staff members (grade A7 and A6) have six to eight possible steps, the other grades ten to eleven. The higher a person gets, the more the extra pay increases. In connection with the basic salary, this leads to an overlapping of grades so that a newly appointed superior can theoretically earn less than a long-serving subordinate. The seniority principle is therefore quite important; performance-related pay does not exist. However, it is possible that the Secretary General awards an official with one or more extra seniority steps in return for his particular efforts (gratification).

3 cf. www.oecd.org/document/8/0,2340,en_2649_34481_20008648_1_1_1_1,00.html.

Table 5: Range of reform in the OECD

Indicators	1996	2004	Change
Recruitment			
recruitment in general	3	3	no change
recruitment of senior staff	1	3	towards NPM
profile of senior staff	1	3	towards NPM
Career structure			
entrance	3	3	no change
structure	0	0	no change
basic salary	0	0	no change
extra pay	1	1	no change
gratification	1	1	no change
Staff appraisal			
performance appraisal	1	4	towards NPM
assessment of future potential	0	4	towards NPM
senior staff appraisal	0	1	towards NPM
use of results	1	1	no change
Training			
budget and hours of training given	1	0	towards BM
purpose	1	1	no change
management training	1	1	no change

Concerning *staff appraisal*, the whole system was reformed in 1999. Performance appraisal is now binding for all officials and is conducted with target agreements on a yearly basis. The assessment of future potential is also compulsory. At the moment, in some directorates, there are optional '360 degree feedbacks' used for development of senior staff. There are plans for the use of the results of staff

4 Interview, 17 March 2006.

5 Interview, 14 March 2006.

appraisal as a basis for promotions. However, until now there seems to be no sophisticated catalogue of criteria that really ensure the link between performance and promotion or prolongation of contracts⁶. From 1996 to 2004 the budget for *training* and the hours of training given per official decreased considerably⁷. At the moment, the OECD is rethinking its approach to training⁸.

In sum, reforms of the OECD's human resource management up to 2004 basically refer to recruitment, contract policy and staff appraisal, although the movement towards NPM with regard to the first dimension still constitutes an only moderate departure from the BM ideal. Senior staff is employed on a fixed term merit basis and performance appraisal corresponds to the NPM ideal type. But it is important to mention that the results of staff appraisals are insufficiently used for decisions about promotions or prolongation of contracts. The complete career structure was not reformed, though most values correspond to the Bureaucracy model. The budget for training is very small and corresponds to the Bureaucracy Model; it is one of the most important elements the OECD has to look at in the future⁹.

4. Explaining the empirical puzzle: The limits of Isomorphism Theory

As administrative reforms in international organizations so far were hardly subject to systematic analysis, there is no specific theoretical background on which possible explanations for our empirical findings could be based. This does not mean, however, that we have to start from zero when searching for appropriate theories. In view of the underlying research question, institutional isomorphism emerged as a common and promising framework in order to account for phenomena of international spreading and diffusion of policy innovations and reform concepts, not least with regard to public sector reforms (DiMaggio/Powell 1991; Meyer/Rowan 1977; Meyer et al. 1997; Levi-Faur 2003). The central argument advanced by DiMaggio and Powell is that legitimacy rather than efficiency is the major driving force of

6 Interviews, 14 March 2006; 17 March 2006.

7 Interview, 14 March 2006. Thanks to the good cooperation with the OECD, the authors received sophisticated information about the variable 'training'. These data were used for illustrating the range of reform (cf. Table 5) but cannot be made publicly available.

8 Interviews, 14 March 2006; 17 March 2006.

9 Interview, 15 March 2006.

organizational change. To increase their legitimacy and ensure their persistence, organizations embrace rules, norms and routines that are widely valued in their organizational environment.

Hence, organizational change is essentially driven by external developments rather than intra-organizational concerns about the organization's efficiency. DiMaggio and Powell (1991) identify three mechanisms which are driving isomorphic organizational change, namely coercive, mimetic and normative isomorphism. In the following, these mechanisms will be investigated in closer detail.

4.1. Coercive isomorphism

An important driving force of isomorphic organizational change emerges from coercion. Organizations adjust their structures and procedures to organizations on which they are financially or legally dependent. According to these considerations, DiMaggio and Powell (1991: 74) hypothesize that 'the greater the dependence of an organization on another organization, the more similar it will become to that organization in structure, climate, and behavioural focus'.

Looking at our case, this kind of dependence might especially result from potential pressures exerted by the member states. The member states could, on principle, exert financial and political pressure for adjusting existing management structures, as they play a crucial rule in defining the budget of the OECD. To account for this variance, we divide the member states of the OECD into two groups of NPM core countries and NPM laggards and measure the number of votes each group has in the Council as well as its respective budget contribution. In this context, we assume that no significant changes in the classification of the member states occurred during the observation period 1996 to 2004. This assumption is supported by comparing respective assessments in the literature.

The following table illustrates our classification of member states (Hood 1995; Kim 2002; OECD 1995; Pollitt/Bouckaert 2004; Sahlin-Andersson 2002):

Table 6: NPM leader and laggard states in the OECD

Group	OECD member countries
NPM leaders	Australia, Canada, Denmark, Finland, United Kingdom, Ireland, New Zealand, the Netherlands, Norway, Sweden, Switzerland, USA
NPM laggards	Austria, Belgium, France, Germany, Greece, Italy, Japan, Mexico, Portugal, South Korea, Spain, Turkey
Other (lack of data)	Czech Republic, Hungary, Iceland, Luxembourg, Poland, Slovakia

The dependence with regard to introducing NPM-based human resource management structures is assumed to vary with three factors:

First, the budgetary contributions might vary across member states. In view of our research question it is of particular importance whether member states that can be characterized as NPM core countries or member states that are laggards in introducing NPM reforms at home are more influential in terms of political decisions and budgetary contributions.

Second, the budgetary pressures exerted by the member states might increase with the size of the personnel budget in relation to the overall budget. Third, pressures on the personnel budget might be reduced, the more an organization disposes of own resources that cannot be influenced by the member states.

The empirical analysis shows that NPM core countries (the United States, Canada and the United Kingdom) pay for almost a third of the OECD budget and represent one third of the Council votes. In addition, with a rate of only 7.3 % own resources (e.g. sale of publications), the financial dependence of the OECD on its member states is very high. Finally, the relative size of the personnel budget makes up almost half the size of the overall budget. This means that an effective and efficient human resource management should have been of prime importance.

In sum, one could at first glance certainly argue that from the perspective of coercive isomorphism, we already find a sound explanation for the lack of management

reforms in the OECD. As the laggard members are slightly better represented in terms of budget contributions and voting power, the only incremental moves towards NPM should come as no surprise. This picture, however, is strongly modified when looking at other organisations, such as, for instance the European Commission. Table 7 summarizes the characteristics the OECD and the European Commission display with regard to the three above-mentioned indicators (European Commission 2006a; OECD 2005a, 2005c).

Table 7: Indicators of coercive reforms

Indicators	OECD	EU
Number of Council votes		
... of NPM leaders	36.7 %	32.1 %
... of NPM laggards	43.3 %	65.6 %
... of other member states	20.0 %	2.3 %
Relative budget contribution		
...own resources	7.3 %	27.0 %
... of NPM leaders	33.1 %*	19.6 %
... of NPM laggards	41.2 %*	53.2 %
... of other member states	1.0 %	0.2 %
Relative size of the personnel budget	47.2 %	2.5 %

* = plus voluntary contributions

In the European Union, the laggards are even more represented than in the OECD. Nevertheless, the Commission enacted rather far-reaching reforms with a stronger orientation of its human resource management towards NPM models than the OECD (Knill/Balint 2008). While in the European Union, the share of Council votes of NPM

laggards is more than twice as high as those of the NPM core countries this difference is much less pronounced in the OECD. A similar picture emerges for the structure of the budget and respective budgetary contributions. More than 50 per cent of the EU budget is financed by NPM laggards, such as Germany, France, Italy and Spain.

Obviously, from a comparative perspective, the OECD is already characterized by a rather strong representation of NPM leader states. The lack of respective reforms hence cannot be sufficiently accounted for from the perspective of coercive isomorphism.

4.2. Mimetic isomorphism

Organizational adjustment to the environment is not only expected to take in place as a result of coercive pressures, but may also occur in constellations of high uncertainty; e.g. ambiguous goals, uncertain means-end relations or the confrontation with new problems. In such constellations it is argued that organizations imitate the structures of other organizations which they perceive as particularly successful. Instead of a long-winded search for own solutions to existing problems, organizations strive to ensure their legitimacy by emulation (DiMaggio/Powell 1991: 75; Guler et al. 2002: 213).

With regard to potential uncertainty affecting the human resource management reforms in the OECD we concentrate in the following on its financial and personal resources. To what extent can it trust in the continuous development of its financial and personnel means? These factors are measured by three indicators, namely the length of the budgetary period as well as the development of the budget and the staff size during the observation period. The more uncertain the situation of an organization with regard to these aspects (expressed by short budgetary periods and decreasing budget and staff size), the more we should expect the imitation of NPM-oriented management reforms. This expectation is based on the general observation that during the last two decades NPM has developed into a dominant reform approach around the globe, notwithstanding persisting differences in the speed and scope of adoption across countries (Pollitt/Bouckaert 2004).

When examining the empirical results more closely, we arrive at the conclusion that mimetic isomorphism should be quite likely in the OECD. This becomes firstly apparent by the fact that the budget is based on yearly and (from 2007 onwards) biannual decisions of the Council. Secondly, the size of the yearly budget and personnel resources within the OECD decreased significantly from the late 1990s onwards.

Between 1996 and 1999, the member states decided to cut the OECD budget by 18 per cent (taking account of inflation), implying that the OECD had to cut 220 jobs (OECD 1997a: 93; OECD 1999: 32). This development was triggered by reductions in the financial contributions of the United States which also induced other members to reduce their payments. As a consequence, the staff numbers fell by 10 per cent between 1996 and 2004 although five new members joined the organization during this period (Poland, Slovakia, South Korea, Czech Republic and Hungary). Moreover, the OECD's nominal budget in 2005 is below the 1995 numbers (OECD 1996, 2000, 2005c), implying - as one official states - that 'you have to do the same amount of work with less money'¹⁰.

In light of these developments, we should have expected a much more wide-ranging reform in the OECD. Mimetic isomorphism hence also provides no sufficient explanation for the surprising absence of NPM reforms within the OECD.

4.3 Normative Isomorphism

A further mechanism driving isomorphic organizational change is based on similar dominant normative orientations and beliefs of staff members. In this context, especially the impact of similar professional backgrounds and the role of professional organizations and epistemic communities (Haas 1992) in spreading common understandings and perceptions of policy problems and solutions are emphasized in the literature (Hasse/Krücken 2005: 26).

In terms of professional standards (education, academic background), the OECD staff is recruited amongst the best-educated academics (Spescha 2005). We therefore consider it more appropriate to focus on the home country of the staff

¹⁰ Interview, 17 March 2006.

members rather than on their educational background. This focus is also used by other studies, such as Hooghe (2001). In her study of decision-making within the European Commission, she found that the Commission bureaucrats generally define their respective positions by taking account of the 'majority opinion' in their home countries. For our concrete case of human resource management, we should hence expect the support of staff members for NPM-oriented reforms to depend on the extent to which such developments were adopted or are supported in their home countries. The higher the number of staff from NPM core countries, the more the organization will adopt NPM-based reforms.

This argument, however, needs further specification. First, it can be assumed that the extent to which staff members perceive themselves as associated with dominant beliefs and positions of 'their' national context decreases over time. The longer the tenure of officials, the more the socialization with the orientations and goals of the international organization will become dominant over their domestic socialization (cf. Hooghe 2001: 211).

Second, the extent to which officials might act as agents of diffusion within the international organization is dependent upon their degree of embeddedness in international discourses and networks in which issues of human resource management are debated. To analyze the OECD along the above-mentioned indicators, we concentrate on all officials within the career track A. The top officials represent about six per cent of the overall staff (906 persons in 2004).

The staff composition of the OECD according to these dimensions is displayed in the following table (European Commission 2002, 2006b; OECD 2004) and once again compared with the European Commission (Knill/Balint 2008).

Table 8: Nationality of staff and top officials in the the OECD and the European Commission

Indicators	OECD	EU Commission
Whole staff with academic background		
...from NPM leaders	48.5 %	25.3 %
...from NPM laggards	49.0 %	73.9 %
...from other member states	2.5 %	0.8 %
Top officials		
...from NPM leaders	56.6 %	29.8 %
...from NPM laggards	43.4 %	68.7 %
...from other member states	0 %	1.5 %

Looking at top officials, we find that within the Commissions around two thirds of the personnel are nationals of NPM laggard countries (basically from France, Germany, Belgium, Italy and Spain). Less than a third of the staff has the nationality of an NPM core country. This picture is even more pronounced, when looking at the whole staff with academic background. In the OECD, by contrast, top officials from NPM core countries make up 56.6 per cent, while for the whole staff the share for NPM leaders and laggards is almost equal. Based on these figures, mechanisms of normative isomorphism with regard to NPM-based reforms should have inspired quite wide-ranging changes in the OECD.

This expectation, which is contrary to our empirical results, is further enhanced by the fact that the length of time staff typically works for the OECD is quite short. Only 30 per cent of the top officials and 45 per cent of the whole staff have unrestricted working contracts. This fact should facilitate the transportation of dominant domestic ideas with regard to human resource management into the organization. The same

statement applies with regard to the involvement of staff members in international communities and networks in which NPM and human resource management reforms are discussed. The OECD perceives itself primarily as a think tank which via PUMA explicitly acted as *the* international promoter of NPM-based human resource management (OECD 1995; Sahlin-Andersson 2002). Against this backdrop, it is almost ironic that the OECD recently announced a new report on 'modernizing public employment' (OECD 2005b) in order to push respective reforms in its member states, while at the same time keeping rather 'old-fashioned structures' at home.

In summary, we find that the different mechanisms of coercive, mimetic and normative isomorphism provide no convincing explanation in order to account for the reform efforts of the OECD. The central puzzle hence emerging from our analysis is why the OECD did not embrace to a considerable and even stronger extent NPM-based human resource management?

We argue in the following that this puzzle can be addressed by closer investigating the limits of mechanisms of institutional isomorphism.

5. Scope Conditions of Isomorphic Change

It is an important achievement of isomorphism theory to differentiate between various mechanisms that drive organizational change. Moreover, the theory identifies the factors that affect the relative importance of each mechanism in a specific constellation; e.g., coercive isomorphism is more pronounced, the more an organization is dependent from other organizations.

What is theoretically underdeveloped, however, is the fact that - in many instances - organizations will have multiple choices when striving for increasing their legitimacy in their organizational environment. On the one hand, there might be more than one dominant model that could serve as a blueprint for change. On the other hand, and this is of special importance in our case, isomorphic change might refer to different dimensions, levels or aspects of existing organizational structures, routines and practices. In other words, it is unclear under which conditions an organizations decides to reform, for instance, its formal structure, its decision-making procedures or

its human resource management. Which parts of the menu of potentially legitimacy-enhancing reform models circulating in the international environment do organizations actually select and why?

We argue in the following that organizations base these decisions upon the relative legitimacy gains to be derived from the varying options for isomorphic change. The case of the OECD shows that these potential gains are strongly affected by the specific legitimacy problems an organization is confronted with. Given the OECD's rather fundamental crisis with regard to its very self-identity and future development, isomorphic adjustments of its human resource management were no sufficient remedy to overcome this crisis.

First, the OECD since the 1990s is in a fundamental crisis with regard to the definition of its future objectives and mission. Its then General Secretary Johnston emphasized already in 1997:

'Since my arrival as Secretary-General on June 1st, 1996, it has become clear to me that the OECD suffers from a lack of a distinct identity, with the breath of its mission poorly understood. Dealing with the full range of public policy issues, it has become increasingly difficult to capture in a few descriptive words what the Organisation actually does' (OECD 1997b: 3).

Notwithstanding this early diagnosis, the OECD still lacks a clear focus and decision what to do with which member states¹¹. As the the new Secretary General Angel Gurría assumed his office in June 2006, he claimed a 'dual mandate' for reforms¹². Concerning management reforms, he states that 'before you start hiring more people and spending more money, you need to ask: is everything you are doing today relevant?'

Conflicts on future goals are highly difficult to resolve in view of internal decision-making structures based on unanimity. This holds true in particular, as the adoption of new goals in light of the tight budgetary situation would require reducing other activities. Such redistribution conflicts, however, are difficult to address within the existing structures (Chavranski 1997: 71). For the persistence of the status quo, it is sufficient that there is only one member state objecting to dissolve a certain working

11 Interviews, 16 March 2006; 17 March 2006.

12 cf. Financial Times 30 November 2005, 29 May 2006.

group or committee. Overcoming this crisis requires respective adjustments in the decision-making procedures, an issue that is discussed for years, albeit without any solution on the horizon yet.

A second problem related to that is the unresolved conflicts with regard to potential enlargements of the OECD. There is an ongoing debate whether the organization should integrate bigger 'players', such as Brazil, China, Russia or India, or rather focus on the accession of Central and Eastern European countries. The longer this conflict over a more global or a more European focus lasts, the higher is the risk that the OECD loses its profile or 'policy monopoly' to other international organizations, such as the European Union, the IMF, the World Bank or the World Trade Organization in the field of foreign trade and economic policy¹³. This problem is further aggravated by the fact that in the general public, there is a decreasing perception and knowledge of the activities and the achievements of the OECD. For instance, in most member states, the general public is not aware of the fact that the highly politicized PISA ranking was launched by the OECD.

In sum, the central problem of the OECD is hence to legitimize its very existence and its objectives towards its organization environment¹⁴. In view of these fundamental challenges, isomorphic adjustments of its human resource management to models highly valued in its environment provided no significant legitimacy gains or remedies to overcome these challenges.

These considerations suggest that organizations are highly selective in terms of how to react to pressures for isomorphic change. The effectiveness of respective mechanisms depends on the specific problems with which an organization is confronted and the relative importance of isomorphic changes for overcoming these problems.

¹³ Interview, 17 March 2006.

¹⁴ see also various reports in Financial Times 2 March 2003, 30 November 2005; International Herald Tribune 29 November 2005, 10 February 2006, 10 May 2006; Süddeutsche Zeitung 15 March 2003.

6. Conclusion

In this paper we analyzed the extent to which the OECD reformed its human resource management in line with NPM principles. In sum, only staff appraisal and recruitment were reformed, whereas the career structure remains an old-fashioned model. The budget and hours of training given by official have even declined and have reached a very low level. Our finding is striking from the perspective of theories of institutional isomorphism, as both coercive, mimetic and normative pressures for NPM-based adjustments were quite strong for the OECD, predicting that we should actually observe big reform efforts. The fact that our findings actually reveal the opposite pattern is basically the result of restrictions to the effectiveness of isomorphic change that apply in the case of the OECD. Rather our analysis suggests that the extent to which isomorphic mechanisms operate or not is subject to additional conditions so far not sufficiently specified in the theory. In particular, it seems to be the case that organizations are highly selective in deciding upon which type of policy innovations diffusing internationally they adopt. Our case indicates that relative benefits to be obtained from isomorphic adjustments for overcoming existing problems are of crucial importance.

7. References

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