

**THE ROLE OF THE MANAGEMENT OF THE EUROPEAN COMMISSION AT SHAPING THE EU REGIONAL POLICY****ÚLOHA MANAĎMENTU EURÓPSKEJ KOMISIE PRI FORMOVANÍ REGIONÁLNEJ POLITIKY EÚ****PROF. ING. MÁRIA URAMOVÁ, PHD.****PHDR. MARIAN <sup>TM</sup>UPLATA, PHD.**

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**Annotation**

Regionálna politika EÚ sa priamo dotýka kaĎdodenného ťivota takmer pol miliardy Európanov a zároveň predstavuje významnú polofku ropo tu EÚ. Najvyplv ej-iu pozíciu v in-titucionálnom rámci EÚ v oblasti regionálne politiky tradi ne zohráva Európska komisia. Cie om predlofeného príspevku je vnies ōviac svetlaö do rozhodovacích procesov manaĎmentu Európskej komisie v oblasti regionálnej politiky, ke fle ide o jednu z oblastí, ktorá je verejnou, vrátane odbornou-akademickej, vnímaná ako ōierna skrinkaö. Predlofený príspevok je zaloťený na vlastnej, takmer –es ro nej skúsenosti z decíznej sféry Európskej komisie. Analýza identifikovala k ú ových predstavite ov na manaĎérskych pozíciách, zodpovedných za rozhodnutia v oblasti regionálnej politiky a stru ne ich právomocí v danej oblasti. Príspevok taktieťl identifikuje a analyzuje –es fáz cyklu strategického plánovania a programovania Európskej komisie ako aj –tyri hlavné prístupy rozpo tového manaĎmentu Európskej komisie v oblasti regionálnej politiky.

**Key words**

regional policy, management., European Commission

**Anotácia**

The EU regional policy costs a significant part of EU budget and is influencing daily lives of almost half a billion of Europeans. The strongest position among in the EU institutional framework in the regional policy traditionally plays the European Commission. The purpose of this paper is to bring ōmore lightö into the decision making process of the management of the European Commission in the area of EU regional policy, as this area is often perceived as a ōblack boxö by the public, including professionals the academics dealing with the regional policy. The core of this paper is based on own almost six year professional experience from the top level decision making body of the European Commission. Our analysis identified the three main levels of the key decision makers responsible for the management of the EU regional policy and their responsibilities. The paper also identifies and analyzes six stages of the European Commission's Strategic Planning and Programming Cycle and four main European Commission's budget management approaches of the EU regional policy.

**K ú ové slová**

regionálna politika, manaĎment, Európska komisia

**JEL classification: H1**

## Introduction

For the purpose of this paper we would like to briefly define the key terms which are: (1) **Regional policy**; (2) **Management**; (3) **European Commission**.

**Ad 1) The EU regional policy costs a significant part of EU budget and is influencing daily lives of around 500 million of Europeans.** For the purpose of this article we were studying the understanding of the term **Regional policy** by numerous authors. To name just a few of them: Blaflek ó Uhlí (2002); Bu ek, M. ó Reháková - Tvrdá, J. (2010); Tödling, F. ó Tripl, M. (2005); Pawera and Měhýlová (2014); Vojtech (2014) Výrostová, E. (2010); fíteková ó Klímová (2010).

**Ad2)** Kreitner defines the term **Management** as: *the process of working with and through others to achieve organisational objectives in a changing environment* (Kreitner, 1995, p. 4). **Management** can be perceived as: practical human activity, scientific discipline or a profession. Drucker indirectly emphasizes the universal validity of management principles suggesting that the enterprise management is only one part of the management which *does not differ from the management of other organisation more than one dog's breed from another* (Drucker, 1999, p. 16). This implicitly confirms that the general managerial principles are applicable also in the area of the European Commission and of the other EU institutions.

**Ad3)** The Article 17 of Lisbon Treaty defines the mission of the **European Commission** as following: *The (European) Commission shall promote the general interest of the Union and take appropriate initiatives to that end. It shall ensure the application of the Treaties, and of measures adopted by the institutions pursuant to them. It shall oversee the application of Union law under the control of the Court of Justice of the European Union. It shall execute the budget and manage programmes. It shall exercise coordinating, executive and management functions, as laid down in the Treaties. With the exception of the common foreign and security policy, and other cases provided for in the Treaties, it shall ensure the Union's external representation. It shall initiate the Union's annual and multiannual programming with a view to achieving inter-institutional agreements.*<sup>1</sup> Povařanová ó Horeháj distinguish between five roles of the European Commission: *1. to initiate legislation*<sup>2</sup>; *2. to create pieces of legislation within its powers*; *3. supervising function*; *4. Management and implementation of EU policies and EU budget*; *5. representing EU externally.* (Povařanová ó Horeháj, 2012, p. 48) Specific feature of the EU decision making process in regional as well as in other policy is that every piece of decision and legislation is proposed by the European Commission and decided jointly by the Council and the European Parliament (so called *co-decision procedure*; see the Figure 1). Pawera and Měřanová distinguish the management of the EU regional policy *on the supranational (which includes European institutions including the European Commission) and national (which includes national institutions)* (Pawera ó Měřanová, 2013, p. 95). Some authors look on the European Commission from the perspective of public choice theory. (Vaubel - Klingen - Muller, 2010). **In this paper we will focus exclusively on the selected aspects of the management of the European Commission which on our view has the strongest position among the institutional framework in the area of EU regional policy.**

## Objectives and methods

The main objective of the paper is to identify and briefly analyze the role of the key decision makers (managers) within the management of European Commission, responsible for creation and execution of the EU regional policy and to bring more *light* into the selected managerial processes of the European Commission in the area of EU regional policy. This area is undoubtedly one of those *by* the public, including professionals - often perceived as a *black box* of the EU decision making process. The significant part of this paper is based on own almost six year professional experience

<sup>1</sup> See: <http://www.lisbon-treaty.org/wcm/the-lisbon-treaty/treaty-on-european-union-and-comments/title-3-provisions-on-the-institutions/86-article-17.html>

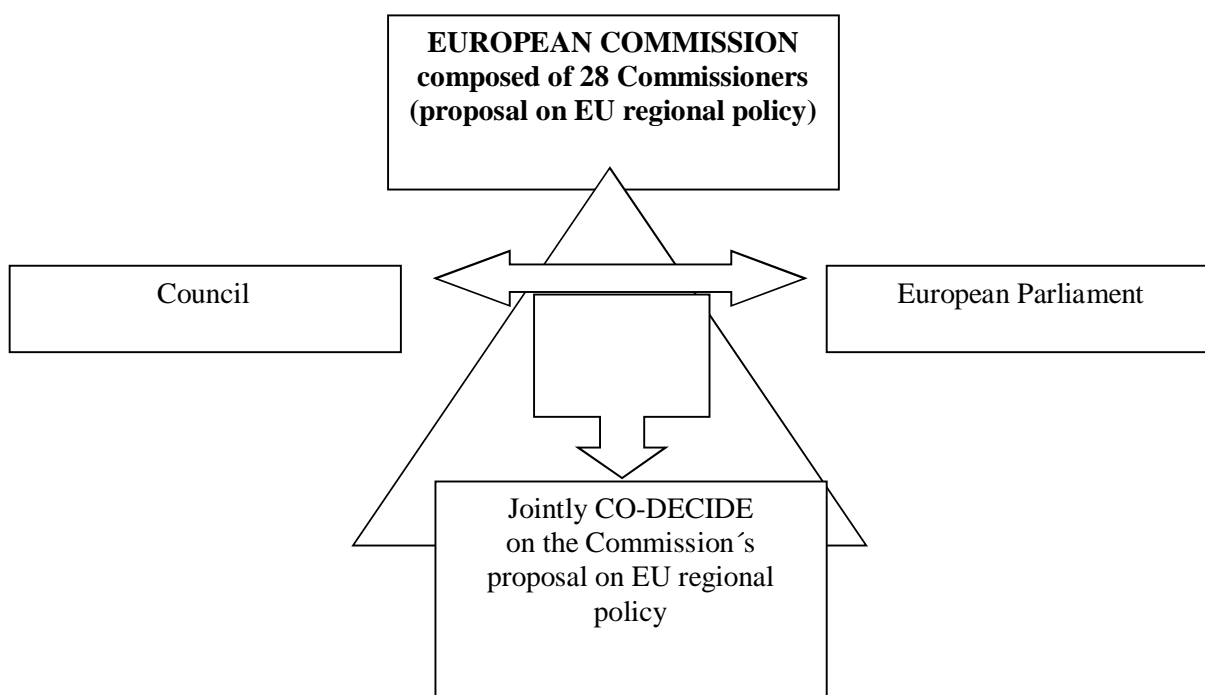
<sup>2</sup> The European Commission is the only institution with the right to initiate EU legislation.

from the top decision making body of the European Commission. The purpose of our analysis is to identify the key decision makers responsible for the management of the EU regional policy and in brief their scope of responsibility.

### Results in brief

There is no doubt that the European Commission like any other institution needs for performing its duties in EU regional policy management and managers. Like in most larger organisations the European Commission has *First line managers* (Heads of Sectors); *Middle managers* (Heads of Units); *Top/senior managers*. As shown by the Figure 1 each proposal in EU regional policy is submitted by the European Commission (who as the only institution has the right for legislative initiative) and then co-decided by the Council and the European Parliament.

**Fig. 1: The European Commission in the co-decision system of the EU institutions on EU regional policy**



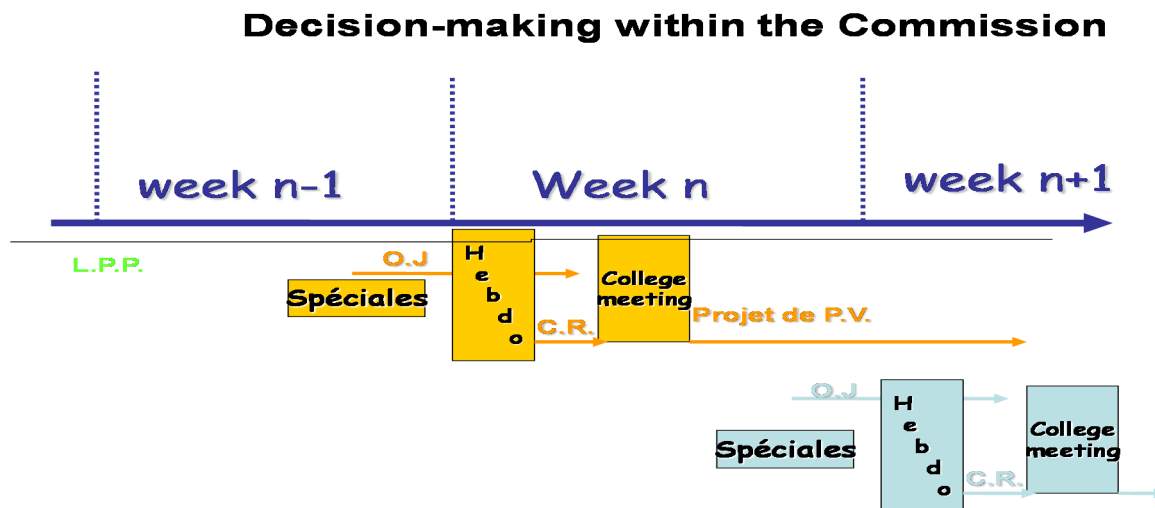
Source: Own work

In the following part of this paper we will focus on the role of the management of the European Commission on the creation of the EU regional policy. For "managers" we consider the following posts: The *President, Vice-President, EU Commissioners* who are nominated by respective national governments (political level); On the *Cabinet* level of the above mentioned posts. This includes Heads of Cabinets, their Deputies, Members of Cabinets. They are nominated by the EU Commissioners or by the Head of Cabinet. On the level of the *Directorate General* of Directors General, their Deputies, Directors, Heads of units, Heads of Sectors; The level of the Commission's *General Secretariat level* (which represents more co-ordinating than decision making role) of Secretary General, its Deputies, Directors, Heads of Units, Heads of Sectors. They are recruited by the European Personnel Selection Office.

**The main mission of the Cabinet** of EU Commissioner is to be a liaison between the Commissioner and the Directorate General and therefore connect the political and executive line with aim to provide, create and implementation of the decision of the Collegue of Commissioners. The Cabinets prepare also the College meeting. This is done in *two stages*: on the level of respective Members of Commissioners' Cabinet, responsible for EU Regional policy (called "Spéciales"); secondly on the

level of the Heads of Cabinet (called šHEBDOš meetings<sup>3</sup>) ó see the Figure 2. The proposal on the regional policy is always submitted by the EU Commissioner for Regional Policy, assisted by his staff composed of Cabinet and Directorate General for Regional Policy (DG REGIO). The College approves decisions usually by consensus. In case of need a simple majority of Commissioners decides, however this is rarely case of the Regional Policy. The Commission takes decisions by *oral*, *written*, *empowerment*, *delegation* or *subdelegation* procedure.

Fig. 2: The decision making process in EU regional policy on the College of Commissioners and their Cabinet level



Source: Modified according information sources from the European Commission, 2014.

**Management of the EU regional policy** is executed on *two levels* ó on the level of the *College* of EU Commissioners (assisted by their Cabinets) and on the level of the *DG REGIO*. On the level of the College we identified the following decision makers dealing with the Regional Policy (see the Table 1).

Tab. 1: EU regional policy management staff in the European Commission (according to hierarchy).

TITLE OF DECISION MAKERS	NUMBER OF PERSONS	KEY RESPONSIBILITIES IN EU REGIONAL POLICY
College of EU Commissioners	28 Members (1 Commissioner exclusively responsible for the Regional Policy)	Approval of strategic documents (in College meetings)
Heads of Commissioners' Cabinets (+ its deputy)	28 persons (1 person per Cabinet)	2nd stage of the preparation of College meetings (šHEBDOš meetings)
Members of Commissioners' Cabinet responsible for EU Regional policy	28 persons (1 person per Cabinet)	1st stage of preparation of College meetings (šSpécialesš meetings)
Director General (+ its deputy)	1 (+1) person	Overall management of the DG REGIO
Directors (+ their deputies)	8 (+8) persons	Management of DG REIO Directorates
Heads of Units (+ their deputies)	35 (+35) persons	Management of DG REGIO Units

Source: Own work

<sup>3</sup> HEBDO meetings usually take place each Monday, before the College meeting which usually takes place each Wednesdays in Brussels and once per month on Tuesday in Strasbourg. šSpécialesš (Special Chefs meetings) might take place during the whole working week.

The DG REGIO is divided into **10 Directorates and 37 Units**. After the enlargement of the EU in 2004 and 2007, the DG REGIO was gradually increasing the number of staff. In 2004 there were only 510 officials; however this number of posts increased to 622 officials in 2008 and then decreased to 615 officials in 2010. However, as a consequence of the pressure of the EU Commissioner for Budget a so called šzero-growthõ policy was adopted which in practical terms meant a continuous decrease of staff. In DG REGIO currently (as of March 2014) works 557 officials of which 546 persons hold permanent and 11 persons temporary posts. Total budget allocation for the EU regional policy in 2014-2020 (executed by DG REGIO) represents **351,8 billion p**.

In 2000, the European Commission introduced so called šStrategic planning and programming cycleõ. It became the basis of so called šActivity-Based Managementõ (introduced in 2001). Since then the programming and planning of the European Commission in the area of regional policy (This includes setting-up of political priorities and implements them into operational objectives, allocates the financial and human resources etc.) operates on **annual cycle**. There are the following stages of the annual cycle (see the Figure 3):

1. The **Orientation debate** in the College<sup>4</sup> of the EU Commissioners;
2. **Annual Policy Strategy** of the European Commission for the budget year. It is laid down about **ten months ahead**. Based on the Annual Policy Strategy ó the European Commission takes decision on its priority initiatives. This also includes decision on the allocation of human and financial resources. The Annual Policy Strategy is then consulted in the Council and in the European Parliament.
3. **Commission Legislative and Work Programme** (CLWP) is prepared every year, in November, by the College of Commissioners. It sets out all the legislative and other objectives of the European Commission which are meant to be achieved during the year.
4. **Annual Management Plans** ó are prepared from September to December each year. Its aim is to translate the priorities of the European Commission, set up in the Annual Policy Strategy and the long-term objectives of respective Directorates General into a set of objectives which should be achieved within the reference year. The Annual Management Plans takes into account the resources of the (preliminary) proposed EU Budget.
5. **The Mid Term Review** and the **Annual Activity Report**<sup>5</sup> are the key instruments to control the level of achievement of the policy objectives of the Annual Management Plan.

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<sup>4</sup> The College is currently composed of 28 Members of the European Commission; Each of EU Member States is represented by 1 Commissioner.

<sup>5</sup> According to Article 60 (7) of the Financial Regulation, the Annual Activity Report serves also as a management report of the Director General on the performance of his duties as an šAuthorising Officer.õ

**Fig. 3: Six stages of the European Commission's Strategic Planning and Programming Cycle**

Source: Own work.

Due to increase of the European Commission's execution duties after the European Union enlargement in 2004 and 2007 and the increasing number of appropriations to be handled, the Commission adopted the following **budget management approaches**<sup>6</sup> (see the Figure 4):

- **Centralized management** ó serves mainly for administrative expenditure and internal policies
- **Shared management** ó concerns the Structural Funds and the European Agriculture Guarantee Fund;
- **Decentralized management** ó concerns the pre-accession funds and external actions;
- **Joint management** ó concerns co-operation with other international organisations.

**Fig. 4: European Commission's budget management approaches (executed by DG REGIO).**

Source: Own work

In the DG REGIO the responsible unit for the strategic planning cycle is the Unit A1. Its responsibilities among other issues include:

- Contribution of the DG REGIO Director General to the Commission's annual policy strategy;
- Drafting proposals on the Preliminary Draft Budget;
- Preparation of the implementation of the Annual Management Plan
- Preparation and follow-up of the Work Programme;
- Preparation of the Annual Activity Report
- Implementation of the Control Standards within DG REGIO
- Coordination of the Annual Risk Analysis of the DG REGIO

<sup>6</sup> As laid down in the Article 53 of the European Commission's Financial Regulation.

The College of the European Commission delegates the powers of budgetary implementation to Directors-General and Heads of Service. After the delegation they become **Authorising officers** by delegation<sup>7</sup>. They may further delegate powers to authorising officers by subdelegation. In case of absence both the Director and the Head of Unit in charge, the temporary replacement is developed through ascendant solution (Deputy Director General or, as the last instance, the Director General personally).

## Conclusions

In our paper we identified and analyzed the role of following three main levels of managerial decision making process at the creation and execution of EU regional policy: first, the political level is represented by the Commissioner for Regional Policy and the College of 28 Commissioners; secondly, the level of Commissioners' Cabinets (composed of altogether 28 persons on Head of Cabinet level and 28 persons on the Member of Cabinet level) and finally, the management of the Directorate General for Regional Policy which includes 9 (+9 deputy) senior managers and 35 (+35 deputy) middle managers. The analysis also revealed and analyzed six stages of the European Commission's Strategic Planning and Programming Cycle and four main European Commission's budget management approaches (executed by DG REGIO) ó centralized, decentralized, shared and joint approach. We also identified several outstanding challenges for the improvement of of the decision making process such as: lack of clarity in the system of decision making process which in some ways differs from the national administrative system and demanding administrative operations.

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<sup>7</sup> According the Article 59 of the Financial Regulation