

State and Administration in a Changing World

Edited by:
Juraj Nemec
B. Guy Peters



NISPAcee

THE NETWORK OF INSTITUTES AND
SCHOOLS OF PUBLIC ADMINISTRATION
IN CENTRAL AND EASTERN EUROPE

State and Administration in a Changing World

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Selected Papers from the 17th
NISPAcee Annual Conference,
May 14–16, 2009, Budva,
Montenegro

Edited by:

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Introduction

The State has been the fundamental structure for organising political life for centuries. In international politics, the Westphalian State has been the basis for organising the international system, and the idea of the nation-state has been central in governing. At the domestic level, the State has been assumed to possess a monopoly over the legitimate use of force and to provide public services to its citizens. States have had different internal structures and have provided a different range of services (Rose 1974) but they have also shared a number of essential, defining characteristics that have shaped politics and governing.

The nature of the State has been facing a number of significant challenges, both internationally and domestically. At the international level, globalisation and regionalisation have tended to make the State a less dominant actor. Both regional actors, such as the European Union and global actors such as the World Trade Organisation have assumed a number of the functions of States and, in some instances, have provided alternative sources of identification for the citizens of the nation States. Further, these transnational organisations provide services that may have been important for legitimising the nation states, so that in another sense, the central position of the State may be lessened.

At the domestic level, the State has been facing a somewhat different set of challenges to its central role in governance. At the extreme, the central position of the State in former communist regimes was diminished substantially after the collapse of those regimes and the development of market economies and democratic politics. These democracies have also undergone significant, if less dramatic, transformations as they internalised changes, such as privatisation of most public enterprises and continuing pressures to reduce the size of the public sector. The pressures to downsize government have included significant pressure on the welfare state and the social programmes that have been crucial for legitimising these governments.

Various logics have been involved in shifting the focus on service delivery away from the State. Perhaps, most fundamentally, the State has been perceived as having failed in a number of crucial areas. This appears to have been true in many central and eastern European countries when, after the initial enthusiasm about democracy and freedom, the difficult task of governing modern societies has be-

come all too evident. Governments in Western Europe and North America have also been perceived by many of their citizens to have become ineffective at steering the economy and in maintaining the programmes of the Welfare State.

Changes in the ideas influencing governments can also be seen to have produced some of the erosion of the central role of public sector institutions in steering the economy and society. At the broadest level, the “neo-liberal project” beginning in the 1980s, has denigrated the role of government and extolled the capacity of markets to provide needed goods and services to the public. More specifically for public administration, the ideas of the New Public Management, as well as those associated with governance, have stressed the need to involve market actors and social actors in the delivery of public programmes. (Christensen and Laegreid 2004) These ideas have also had tended to denigrate the role of elected political leaders in the processes of governing, to some extent lessening democratic controls over governing.

The articles included in this volume provide ample evidence of the transformations of the State, especially in the countries of Central and Eastern Europe and, more especially, within public administration. Administrative reform has been a persistent theme in the practice of public administration and the articles in this volume demonstrate the importance of these changes within CEE countries, as well as more generally. Perhaps, most importantly, these chapters demonstrate the extent to which ideas about administrative reform have been diffused around the world.

These chapters also point to the importance of delivering public programmes efficiently and effectively. Several chapters discuss service delivery across a range of policy areas, and especially the need to coordinate and integrate those services to make them more beneficial for the population. Health care is one of the most important public programmes for contemporary governments, but it is also a service that can be extremely expensive and one for which there is virtually an insatiable demand. The chapters concerned with health care demonstrate the importance of economic resources, as well as the more general problems of delivering public health services.

Finally, one of the factors that has undermined public confidence in government is administrative and political corruption. The CEE countries inherited a number of problems of accountability in the public sector, and continue to struggle to create ethical, as well as effective, public services. The problem of corruption is, however, a special case of a more general challenge of creating effective accountability mechanisms in public administration. The various chapters on accountability in this volume demonstrate the possibilities, and the difficulties, of creating accountable administration and responsible States.

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Section I

Administrative Reform



Introduction

Administrative reform is one of government's oldest activities. Governments persist in the hope that if they find the right set of structures and procedures they will be able to produce more efficient and effective government. That hope is not entirely in vain, and it is clear that some reforms in some governments have indeed produced better governance. It is also clear, however, that there are no guarantees of success. Further, it is clear that most reforms in government, as well as managerial and organisational changes in the private sector, tend to beget new sets of problems requiring further reforms.

The democratic governments of Central and Eastern Europe have behaved little differently from their counterparts in other countries. Although they may have been in operation for only two decades, they have undergone a number of administrative reforms. Some of this high level of activity is to be expected, given their legacy from the socialist period and the numerous problems they confronted. Further, CEE countries have been influenced by the ideas of New Public Management, as well as other "fads and fashions", and have attempted to adapt their administrative practices accordingly (see Peters 2008).

Leslie Pal provides a comprehensive discussion of administrative reforms in a number of countries, pointing to the role that the Organisation for Economic Cooperation and Development (OECD) has played in spreading reform ideas. Using extensive analysis of documents and interviews, Pal demonstrates that the OECD, like other international organisations, has had clear ideas about what constitutes good government and proper administration and has served as a catalyst for diffusing those ideas.

The Russian Federation is facing the same pressures for administrative reform as other countries, and Alexander Obolonsky demonstrates that very clearly. He documents the various stages of reform since 1991, some addressing particular issues in the Russian public sector and some reflecting international programmes for good government and administration. These reforms also reflect the continuous process of reforms, with one change creating the need for further reforms. Obolonsky also points to the need for continuing change if more effective administration is to be achieved.

The Polish government has also engaged in a long series of reforms since it began its democratic government. Tatiana Majcherkiewicz points out that reform of institutions, such as public bureaucracy, may be more difficult than often imagined, and that these reforms have been more difficult than the market and political institutions. Similar to the Russian Federation, there have been a number of reforms in Polish public administration, but the process of change continues and there is still a great deal of progress required before the goals of efficient and responsible government can be achieved.

Finally, Iwona Soris and Michael de Vries adopt a creative approach to understanding the process of administrative reform, and also for advising governments about how to achieve these reforms. Most approaches to reform concentrate on altering structures or procedures, while this paper focuses on the individuals who are expected to carry out those reforms and to administer public programmes. The social psychological approach adopted here is an important complement to the usual approaches to administration and provides a means of producing organisational change through changing the individuals involved.

The OECD and Global Public Management Reform¹

*Leslie A. Pal*²

Abstract

The last two decades have seen substantial public sector reform efforts around the world. A leading global actor in these reform efforts has been the Organisation for Economic Co-operation and Development (OECD). The OECD launched its governance efforts in 1990, and published its path-breaking review of public sector reform in 1995 (*Governance in Transition*). The paper examines the OECD's role as a key actor in a global public policy network devoted to public sector reform, and how it has contributed to changes in state structures and administration. It reviews the OECD's key publications, examines how the organisation developed its public sector reform agenda, and assesses its relationships with and influence over national governments. The methodology consists of a review of documents and publications, as well as interviews. The key findings are that the OECD is a key node in what is emerging as a global network around public sector reform.

1. Introduction

The last decade has seen an intensified emphasis on good governance – in the sense of effective, ethical, accountable and transparent administration. The collapse of communism generated major efforts in governance reform in Central and Eastern

1 A paper presented at the NISPAcee 17th Annual Conference, Budva, Montenegro, 14–16 May 2009. Research for the paper was supported by the Social Sciences and Humanities Research Council of Canada. I would like to thank research assistants and collaborators who have been involved in the larger project over the past two years: Tamara Krawchenko, Yasmeen Ahmad, Bogdan BuduruDerek Irelandand Marian Gure. Tamara Krawchenko in particular produced excellent research materials, some of which has been incorporated into this paper with her permission. I would also like to acknowledge the help and advice of Ms. Jocelyne Bourgon, former Head of the Canadian delegation to the OECD. Please do not cite or quote this paper without permission.

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Europe (of which NISPAcee is a product), but the early focus was on building markets and expanding economies (Nunberg 1999). Eventually, leading international organisations began focusing on governance and public management in the late 1990s. The World Bank began the process with its 1991 annual conference devoted to “good governance” (Nanda 2006, 272) and by 1996, World Bank President James Wolfensohn, issued a statement reversing the Bank’s policy not to address political factors in development such as corruption (Arndt and Oman 2006, 17; Williams 2008). The connection between governance and development was also importantly supported by the OECD and the UNDP in the mid-1990s (Landman and Hausermann 2003, 2). The Development Assistance Committee (DAC) of the OECD issued a report in 1996 entitled *Shaping the 21st Century: The Contribution to Development Co-operation* (OECD 1996) focusing on capacity building. This entailed priorities for “effective, democratic and accountable governance, the protection of human rights and respect for the rule of law.” A process to develop governance indicators was proposed by the DAC in 1998 to a joint OECD/UN/World Bank meeting on Agreed Indicators of Development Progress (Knack, Kugler and Manning 2003, 346).

Two other watersheds followed. The first was the UNDP’s 2002 Human Development Report, entitled *Deepening Democracy in a Fragmented World* (UNDP 2002). Claiming that it was controversial, the report stated that its inspiration was “the idea that politics is as important to successful development as economics.” The second was the European Commission’s draft manual on good governance, published in 2003. It enunciated what was by now the conventional wisdom: “There is widely acknowledged evidence that development co-operation has not succeeded in reducing poverty in recent years. One fundamental reason has been identified as poor governance, which most people can recognise when they see it” (European Commission 2003, 5).

A key point is that this emphasis on good governance has been developed and deepened through a global network of organisations dedicated to public sector reform, public management, and good governance (Pal 2008; Pal 2006; Buduru and Pal, forthcoming; Ireland and Pal, forthcoming). In other words, there is now a global conversation about what constitutes a well-functioning state and good governance. This conversation is not simply among state actors, but is facilitated by the networks of those actors, professional associations, and international governmental organisations such as the World Bank, the UNDP and the OECD. The appreciation of these international or global policy networks as conduits of policy change has also intensified in the last decade (Schimmelfennig 2002; Risse-Kappen 1995, 31; see also (Risse-Kappen 1994; Smith 2001; Jacoby 2001; Stone 2004; Slaughter 2004; Bogason and Toonen 1998).

Various scholars have noted both the phenomenon of a “global public management revolution” – that is, a relatively coordinated set of basic reforms – as well as

the key role of international governmental organisations (IGOs). “Since the 1980s, a global reform movement in public management has been vigorously underway” (Kettl 2005, 1). Peters and Pierre (2001) noted: “Except perhaps during major wars there never has been the extent of administrative reform and reorganisation that has been occurring during the period from approximately 1975 onward” (1). On the role of IGOs, Hood (1998, 202) noted that international organisations such as the OECD and the World Bank had a vested interest in arguing on behalf of “best practice” models that they would then have a role in fostering and supporting. Premfors argued that PUMA (the public sector management directorate at the time in the OECD) had developed the dominant narrative of public sector reform and that it had “been very successful in stimulating interest and debate among both member governments and wider audiences and in formulating and propagating a particular mode of thinking about administrative reform” (Premfors 1998, 142). Other scholars agreed: “PUMA has been one of the nodal points in an international network, bringing together civil servants, management consultants and academics (and occasionally politicians themselves) who are interested in public management. It has helped shape what has now become an international ‘community of discourse’ about public management reform....The World Bank, the IMF and the Commonwealth Institute have also been international disseminators of management reform ideas” (Pollitt and Bouckaert 2004, 20–21). In a broader study of trans-national discourse communities concerned with public sector reform, Hansen et al. (2002, 113) observe that international organisations and professional organisations share a “capacity to intervene from outside the specific politically and historically generated logics that any given governance institution, whether sub-national, national or supra-national is embedded in, and provide these institutions with notions about governance unmediated by territorial politics. Even if these notions are subsequently negotiated locally, the very power to place them on the agenda in multiple contexts and at different levels constitutes a potentially globalising force.”

Despite this progress – supplemented by work on policy transfer (Rose 1993; Bennett 1991, 1992, 1997; Dolowitz and Marsh 1996; 2000) – we still know relatively little about how IGOs influence public management reform and debates. This paper is an effort to help remedy that gap by providing a close examination of the OECD and its GOV Directorate (see Appendix B for a time line). The OECD warrants this attention for several reasons.

- Established in 1961, it is the club of the world’s 30 richest countries, and includes the G-7 countries as well. Moreover, it exchanges information (through conferences, meetings) with another 100 countries. It has opened membership talks with Chile, Estonia, Israel, Russia and Slovenia, and has offered “enhanced engagement” to Brazil, China, India, Indonesia, and South Africa.
- While it has virtually no direct leverage over its members (unless they agree to a convention) it is one of the world’s largest publishers of materials in econom-

ics and public policy. Its approach is to be a centre for research, publications, conferences, and meetings. These “soft” tools can be remarkably effective. Most importantly, as we will note below, the OECD provides a constant venue for discussion, exchange, and comparison. It creates possibilities for mutual adjustment, potential convergence, and “uncoordinated coordination.”

- The OECD has an explicitly normative agenda – it seeks to establish best practices, standards, and benchmarks. It is not neutral – it is a club of rich, democratic countries and, through a process of “experience sharing”, claims to arrive at certain minima of good governance. It is unabashed about pushing a “reform” agenda – for example, with potential new members and associates. Reform, change, improvement – it champions these, even while walking a fine line between universal standards and the need to respect local differences.
- OECD pronouncements have tremendous legitimacy, precisely because of the club it represents, and its research muscle. Its 1995 publication, *Governance in Transition* and the 2005 sequel, *Modernising Government*, are touchstones for both practitioners and academics on what counts as modern governance.
- The OECD is not isolated. Rather, it interacts with the wider network through participation at conferences, joint meetings, and sometimes joint projects. It is thus globally connected to its core country membership, an outer ring of non-OECD countries (some now lining up for membership), and other IGOs. Some 40,000 senior officials attend OECD committee meetings each year, and then continue to communicate with each other and the OECD Secretariat throughout the remainder of the year.
- It is important to see that the OECD is a reflection of a new phase of globalisation – the increasing coordination about IGOs and nation-states. The global financial crisis has placed even great pressure on this sort of coordination (e.g. the G-20 meeting in early April in London). As the OECD’s 2008 annual report noted: “Globalisation is blurring the boundaries between domestic and international policy-making and regulation. Consequently, more and more policy issues cannot be tackled by a single government department or even by central government alone. Decentralisation and the growing role of supranational bodies have increased the number of stakeholders involved in policy-making.” (OECD 2008a, 80)

The paper proceeds with a brief historical background to the OECD and GOV, an analysis of the GOV directorate itself and its policy processes and activities/publications, and conclusions and directions for future research.

2. OECD and Public Management: Background

The OECD has a tripartite structure. At the apex is the Council, consisting of ambassadors of the member countries plus a representative of the European Commission. It only meets once a year to set the broad directions for the organisation. A second leg of the stool is the committee system, working groups and expert groups, consisting of representatives of member countries. There are some 200 of these, and they typically meet once or twice a year. The third leg is the OECD Secretariat, consisting of about 2,500 officials, mostly based in Paris, and organised in directorates that support the different committees.

PUMA was established in 1990 as one of the OECD's committees – at the time it stood for Public Management Committee. The title of the committee has now changed to Public Governance Committee (PGC), and has representatives of senior officials from central agencies from all 30 OECD's members. PUMA actually grew out of a pre-existing committee, TECO, which provided financial assistance to European countries to modernise both their societies and economies (Sahlin-Andersson 2000). TECO initially had a large budget, but increasingly came under pressure as the OECD faced a financial crunch and financial aid seemed less relevant with the establishment of the EEC and eventually the EU. PUMA therefore was created to provide not just financial aid, but advice and analysis around public management challenges and issues. Originally it was to last five years, and so its *Governance Under Pressure* (1995) report was the culmination, as well as distillation, of its first period of life and activity. It was given an extension and eventually became a permanent feature of the OECD. It is supplemented now by a second committee, the Territorial Development Policy Committee (TDPC).

The GOV directorate supports these two committees, and their ancillary bodies (working and expert groups). A number of working parties fall under the two major umbrella committees (PGC and TDPC) and, in the case of the PGC, there are also networks of top officials responsible for the central management systems of government.³ The following working groups and networks fall under the PGC: the Working Party on Regulatory Management and Reform (REG), the Working Party of Senior Budget Officials (SBO),⁴ the Network of Senior Officials from Centres of Government (COG), the Public Employment and Management Working Party (PEMWP), the Expert Group on Conflict of Interest: Ensuring Accountability and Transparency in the Public Service, and the Network of Senior E-Government Officials (EGOV). The following working groups fall under the TDPC: the Working

3 The membership, date of creation, duration and mandate of all committees and networks are available from the OECD's on-line guide to intergovernmental activity (<http://www2.oecd.org/oecdgroups/>).

4 The following networks fall under the Working Party of Senior Budget Officials: Network on Financial Management, Network of Parliamentary Budget Committee Chairpersons, Network on Organisational Structures, Network on Performance and Results.

Parties on Territorial Policy in Urban Areas, Rural Areas and on Territorial Indicators. Finally, there is a stand alone Group on Regulatory Policy Public Governance⁵ whose membership includes chairs of committees from the Public Governance, Trade and Competition Committees and their subsidiary bodies.

All committees, working parties and networks under the GOV Directorate are open to all OECD members. The committees and networks under the PGC have regular observers from the non-member countries such as Brazil, Chile, Israel, Slovenia and Ukraine, as well as an ad hoc membership⁶ from the International Monetary Fund (IMF) and World Bank (WB) on the Working Party of Senior Budget Officials and the networks on Financial Management and Parliamentary Budget Committee Chairpersons, and ad hoc membership from the Asian Development Bank (ADB), the Inter-American Development Bank (IDB), Organisation of American States (OAS) and World Bank (WB) on the Expert Group on Conflict of Interest. Working Parties under the TDPC have regular observers from the non-member countries of Chile and Morocco, but no ad hoc observers.

As has often been noted, none of this machinery is coercive. The OECD is a talk shop, a venue, and network for exchanges of ideas and experiences supplemented by research. As discussed at greater length in the conclusion, this means that it wields influence primarily through “soft” policy instruments – information, naming and shaming, and standards setting. But there were structural factors in the 1980s and 1990s that gave the OECD and ultimately PUMA and GOV a receptive audience for these instruments (and typically, with informational tools, an audience has to have an ear cocked in the first place). The 1980s were turbulent – the second oil shock which in turn destabilised budgets in the western countries; the Reagan and Thatcher and Lange (New Zealand) revolutions; the collapse of the Soviet Union. The rebuilding of Central and Eastern Europe initially involved economic policy interventions around privatisation and the creation of markets, but quickly raised concerns about transitions to democracy and appropriate forms of governance and administration.

Nonetheless, the scope of work undertaken by the committees, their ancillary bodies, and the GOV directorate is impressive, and illustrates the point we made at the outset about how the OECD is able to weave together a global conversation on public management issues. But more than a conversation, it also suggests norma-

5 The Group on Regulatory Policy Public Governance was created in 1996.

6 The following Financial Action Task Force (FATF) Bodies and Organisations may act as observers: African Development Bank, Asian Development Bank, Commonwealth Secretariat, Egmont Group of Financial Intelligence Units European Bank for Reconstruction and Development (EBRD), European Central Bank (ECB), Europol, Inter-American Development Bank (IDB), International Association of Insurance Supervisors (IAIS), International Monetary Fund (IMF), International Organisation of Securities Commissions (IOSCO), Interpol, Organisation of American States (OAS), Offshore Group of Banking Supervisors (OGBS), United Nations (UN), World Bank and World Customs Organisation (WCO).

tive standards, or at least goal-posts. This takes the OECD's work out of the realm of research and much closer to advocacy. As we will note in the conclusion, this advocacy role for what constitutes "good governance" poses certain difficulties for the OECD in terms of accepting that there will be a reasonable variation of approaches to governance in terms of institutions and practices that accord with local history, culture and circumstances.

2.1 Public Governance Committee, Working Groups, and Networks

The terms of reference of the Public Governance Committee emphasise the need for improved governance at multiple levels: supra-national, national and sub-national level. A need for country and context specific governance reforms, combined with consistent long-term goals, is a recurring theme across most committee mandates. Promoting good public governance is described as an overarching goal and is defined in part as strengthening pluralistic democracy, promoting sustainable development, maintaining confidence in public administration, ensuring policy effectiveness, economic efficiency and sound fiscal balances, and in maximising the quality and programme results achieved with regard to government expenditure. Again, these descriptions mix an emphasis on fiscal prudence and efficiency with a broader view of good governance that includes the values of pluralism and environmental sustainability. A final section from the terms of reference states that the committee considers public governance as both "an agent for achieving structural adjustment and international competitiveness, as well as a subject for reform itself".

The purpose of the Public Governance Committee is to support the economic and social policy objectives of member countries by identifying the strategic challenges they face (e.g. strengthening trust in public institutions and adapting to emerging challenges); assisting them to achieve more coherent and effective policies; and promoting key elements of a good governance framework. This work is to be accomplished by providing a forum for exchanges of experience among civil servants; following, assessing and reporting on key developments and (in member and, as appropriate, non-member countries); developing a range of tools and frameworks to enable comparative evidence-based analysis of public management issues from a governance perspective; sharing and disseminating results among non-members and different organisations; contributing to activities such as technical assistance; contributing a public governance and public management perspective on major policy concerns and; maintaining close working relationships with other relevant bodies of the OECD and other international institutions.

The tools the committee uses to achieve these goals are its Working Groups and Networks:

- The Working Party on Regulatory Management and Reform (REG) was established in 1991 and is described as a unique forum in the OECD (in its terms of reference) in the way that it brings together policy officials responsible for cross-

cutting and horizontal regulatory reform policies. The committee's work emphasises regulatory quality, which is described as "combining both good regulation where needed to protect health, safety, and the environment and to enhance the functioning of markets, and deregulation where free markets work better" (REG, terms of reference). This committee has produced the greatest amount of output (of all types) – a result of it being a long-standing committee and perhaps due to the nature of its work.

- The Working Party of Senior Budget Officials (SBO) was created in 1990 and focuses on improving the effectiveness and efficiency of resource allocation and management in the public sector. It is a collaborative forum for policy-makers and senior officials to address major budgeting concerns, identify and disseminate research on good practice and develop policy and analytical tools. The tools it employs to achieve this are analysis and research⁷ on budgeting issues as well as "peer review" examinations of the budgeting systems of individual member countries. The results of this work are shared with non-members⁸ in part through the committee's regional networks in Africa, Asia, Eastern Europe, Latin America and the Middle East/North Africa.
- The Network of Senior Officials from Centres of Government was created at the same time as the SBO. The network's mandate states that it seeks to: to review issues of making the centre of national government work effectively; to understand decision and policy-making systems; to strengthen the relations among peers in order to encourage them to exchange experiences and priorities; to work on broad governance issues; and to provide the Public Governance Committee with insight and guidance on ongoing activities and future work. The Network holds an annual meeting of senior officials that includes heads of prime minister's offices, cabinet secretaries, secretaries-general of governments and other senior centre-of-government officials from Member countries, plus the Commission of the European Union.⁹ Each year a different governance theme is explored at the annual meeting.
- The Public Employment and Management Working Party (created 1985) focuses on the management of senior civil servants, civil service ethics, employment policies retention, performance management and knowledge management. It produces information exchanges on emerging issues, trends and challenges, disseminating best practices, and developing policy and analytical tools (e.g. data-

7 The SBO maintains a comprehensive database of national budgeting practices in Member countries.

8 The OECD engages with non-members through global forums, regional approaches and country programmes (see OECD, Center for Collaboration with Non-members).

9 Documentation from these meetings is available from the OECD's website. E.g. see "A decade of decision-making: Annual Meetings of Senior Officials from Centres of Government from OECD Countries (1995–2004)" (weblink: http://www.oecd.org/document/26/0,3343,en_2649_33735_34060506_1_1_1_1,00.html)

base on public sector pay and employment and on human resources management). The work of this group focuses on case studies, reports, publications, questionnaires and statistics/data. In comparison to other GOV groups, this group holds relatively few conferences and events.

- The Expert Group on Conflict of Interest (created in 2002) aims to improve governance arrangements for promoting integrity in the public service. This ad hoc Expert Group provides input and guidance to the Secretariat on promoting integrity and preventing corruption, largely through the Public Governance Committee's bi-annual programme of work on Governance and Management of Public Institutions and Resources. In addition, the Expert Group presents best practices, reviews trends, creates guidelines and disseminates this information and supports dialogue with non-members.
- The Network of Senior E-Government Officials is the most recent of all GOV Directorate groups (created in 2003). It carries out analysis and research on e-government issues and conducts peer review examinations of national e-government initiatives. The network also maintains a database of national e-government practices in member countries.

2.2 The Territorial Development Policy Committee, Working Groups, and Networks

The second committee supported by the GOV directorate, the Territorial Development Policy Committee (TDPC) was created much later than PGC (in 1999) and as such, has fewer subsidiary committees. The TDPC's mission is to improve policy performance by influencing the main factors that generate and sustain regional competitive advantage and by promoting effective and innovative governance. The mandate further states that TDPC serves as an international forum for senior-level government policy-makers to identify, discuss, and disseminate a vision of development policy that is place-based, multi-level, innovative and geared to different types of regions. As a newer committee, its mandate reflects a shift in policy development towards an emphasis on integrating environmental and social concerns with economic ones. Its mandate further describes its objective as being a premiere international forum for co-operation and the development and dissemination of new policy frameworks largely through the development of statistical indicators and comparative policy analysis.

The working parties under the TDPC are divided between urban and rural policy analysis and the development of statistical indicators and databases to facilitate comparative research and track trends. The primary output of the TDPC committee and working groups is country surveys and reviews, policy briefs, publications and reports, and statistics/data.

- The Working Party on Territorial Policy in Urban Areas was created in 1999, though, as its terms of reference state, the OECD has had a programme of work

on urban affairs since 1979 focusing on distressed urban areas, urban governance, urban environmental policy and urban economic development. The working party states that cities are an integral element in national strategies for territorial development and that urban growth and development have regional and national impacts. Successful urban policy is stated as that which integrates the economic, social and environmental spheres. Like other working groups, the urban areas party seeks to monitor developments, and identify trends and challenges. They also seek to facilitate multi-level government interaction on urban issues and present internationally comparable indicators and best practices. More specifically, the group has a mandate to examine the management of urban growth and the competitiveness and sustainability of cities in the medium term.

- The Working Party on Territorial Policy in Rural Areas was established in 1999. This working party takes over the focus of policy analysis and guidance on rural issues from the earlier Rural Development Programme (established in 1991). A key component of the mandate of this working party is to facilitate structural reforms in rural areas to diversify their economic bases and promote integrated solutions to economic, social and environmental problems. Specifically, the working party on rural issues assesses the scale, complexity of economic, social and environmental challenges facing rural areas, monitors trends and conducts territorial reviews using internationally comparable indicators for the purposes of identifying best practices.
- Complimentary to the mandates of the working groups on urban and rural issues, the Working Party on Territorial Indicators provides sub-national comparative statistics and indicators on a range of topics – e.g. demographic, economic, social, institutional and environmental. This statistics and indicators strive to be comparable across countries to facilitate co-operation and communication between jurisdictions, leading to a better understanding of the territorial and sub-national dynamics of change.

The Group on Regulatory Policy (GRP) is shown as a standalone group under the GOV umbrella in the OECD's committee and groups' database. GRP was established in 1996. The 2005 OECD Guiding Principles for Regulatory Quality and Performance provide a basis for assessment of Member countries' regulatory frameworks. Dialogue with non-members takes place largely through APEC-OECD Co-operative Initiative on Regulatory Reform. The GRP identifies challenges and trends facing countries with respect to designing and implementing regulatory reform, provides a framework for conducting country peer-reviews, and facilitates dialogue with member and non-member countries on issues related to regulatory reform.

3. Decision-Making Processes and Instruments

Appendix A contains an organisation chart for the OECD as a whole and for the Secretariat. As we noted earlier, the OECD as a whole, consists of three elements. The first is the Council, consisting of Ambassadors from member countries. The second consists of committees, which meet once or twice a year, and are also made up of government officials from member countries, as well as observers in some cases. Committees set the broad research agenda for their various networks and working parties, and in turn advise the OECD Council on matters within their field of work. The working parties and networks consist of officials from the member governments as well as observers from other countries or other international organisations. The third element is the OECD Secretariat (described in the chart). It provides a permanent research arm and support structure of some 2,500 officials for the committees and their working parties, as well as the Council, of course.

We describe the outputs of GOV in the next section, and want to focus here on how the OECD operates and how it makes decisions. The Council, of course, is a political body, and seeks support and advice from its committees and the Secretariat. At the Council and committee levels, decisions are made by consensus. This means that even smaller country members can influence the organisation's agenda. In the case of the area of governance or public management, the Council has been somewhat frustrated in the advice and perspectives it receives from the two committees and the Secretariat. That is because it is very difficult to get a broad view of governance issues coming from these bodies, since the committees are essentially dependent on the working parties and networks. The latter are populated by experts in very specific and sometimes technical areas, who share similar backgrounds and research interests. Their advice and reports to the committees are in their specific areas of expertise, and the committees themselves have bifurcated mandates, and do not speak with a single voice. Moreover, the committees only meet once or twice a year for only two to three days, and so inevitably tend to focus on the reports and activities of the working parties. Consequently, the advice that the committees give to the Council on governance matters tends to be quite general (these observations based on interviews – more detailed interviews to come in the fall of 2009 at the OECD).

The OECD has both hard and soft instruments at its disposal. The more formal instruments are of the following types: decision of the council, decision-recommendation of the council, recommendation of the council, agreement, arrangement, convention, DAC recommendation, declaration, guidelines, OECD principles and understandings. In the area of public governance, the only formal instrument of this type that has been employed is the issuing of three recommendations. They are: the Recommendation of the Council on OECD Guidelines for Managing Conflict of Interest in the Public Service (C(2003)107); the Recommendation of the Council on Improving Ethical Conduct in the Public Service Including Principles for Managing

Ethics in the Public Service (C(98)70) and, the Recommendation of the Council on improving the quality of government regulation (C(95)21).

Ougaard describes the main output of the OECD's formal instruments in five broad categories: i) decisions, made by consensus and binding on all members; ii) recommendations, adopted by consensus but with voluntary compliance; iii) agreements, involving members and non-members; iv) declarations, non-legally binding policy commitments whose application is generally monitored by Committees and; v) arrangements that only involve some members and are made in the framework of the OECD (OECD Legal Directorate 1996 in Ougaard 2004, 82). Informal instruments include multilateral surveillance and peer review. In the OECD's official history, Sullivan writes that these informal instruments, which constitute so much of the work of the Committees, produce:

...a complex process called 'peer-pressure.' Subtly but powerfully, ideas and standards advocated by a majority of committee members gain agreement of all or nearly all and are shaped to account for the views of the dissenters. No country likes to feel itself on an entirely different wavelength than all its partners. (Sullivan 1997, 99)

The OECD operates with a special mix of research and country participation. Governments broadly set its research agenda, and governments/members are usually involved in reviewing reports before they are published. But the OECD's comparative advantage is that it can draw on the willing support of its members (and other states) to provide "inside" information about what governments are doing in specific fields, and that information by definition is credible. The key instruments that the OECD uses to exercise influence are research based, informational ones: (1) ordinary seminars and workshops involving academic experts, government officials, or both; (2) "high-level" seminars of government officials and/or experts; (3) peer-to-peer visits by government delegations to study "best practices" in other governments; (4) didactic country reports that openly recommend certain changes in order to meet global stands (e.g. a 2005 report on China arguing for major reforms in public and corporate governance; (5) journals, newsletters, policy briefs (e.g. the OECD Journal on Budgeting); (6) the development and facilitation of networks of officials to exchange information (e.g. the network of Senior Budget Officials); (7) the development and issuance of "guidelines" in certain areas that governments can voluntarily adopt (e.g. the Guidelines for Managing Conflict of Interest in the Public Service); (8) the construction of inventories, checklists, and frameworks that can guide decision-makers in specific fields (e.g. Public Sector Integrity: A Framework for Assessment); (9) surveys of governments and their practices; (10) databases and indicators. This is a formidable informational arsenal that would have to be invented if it did not already exist. However, it could probably not be invented outside of an

organisation like the OECD, which combines a clubby atmosphere of governments with the more cerebral qualities of a think tank.

A key tool used by the OECD is peer review. According to Pagani (2002, 4–5):

Peer review can be described as the systematic examination and assessment of the performance of a State by other States, with the ultimate goal of helping the reviewed State improve its policy-making, adopt best practices, and comply with established standards and principles. The examination is conducted on a non-adversarial basis, and it relies heavily on mutual trust among the States involved in the review, as well as their shared confidence in the process. When peer review is undertaken in the framework of an international organisation – as is usually the case – the Secretariat of the organisation also plays an important role in supporting and stimulating the process. With these elements in place, peer review tends to create, through this reciprocal evaluation process, a system of mutual accountability.

Peer review can focus on single countries, or be thematic and review a number of countries simultaneously. These reviews typically address issues of compliance, and so standards can include conformity with policy guidelines, or binding legal commitments and legislation. An important related dimension to peer review is peer pressure, or the influence or persuasion exercised by peers in the process. Peer pressure usually depends on transparency – when the public is aware of recommendations, then it can press for implementation. However, this is sometimes combined with informal consultations and advice from peers. While other international organisations use peer review as well, in none has the practice been developed as extensively as in the OECD, largely because of its small and relatively homogenous membership, a characteristic that induces trust. The functions of peer review include policy dialogue (an exchange of information), transparency (the clarification of national rules, practices and procedures), capacity building (exchange of best practices), and compliance (to internationally agreed policies, standards and principles). Importantly, the last function is referred to as “soft enforcement” (Pagani 2002, 12).

4. Publications/Outputs

The GOV Directorate’s work is organised under the following themes: budgeting and public governance, e-government, ethics and corruption, governance dialogue with non-members, public employment and management, regional development and regulatory management and reform. There is a wide variety of activities and publications that fall into these different categories. There is not sufficient

space here to analyse these documents and activities in detail, but we can provide an overview.

Figure 1 (see Appendix C) shows the publications and documents coming from GOV by policy area, and by type of publication. The first point is the sheer range of the types of publications: case studies, policy briefs, proceedings, speeches, staff papers, working papers, and questionnaires, to name only a few. The second point is that the priority areas, at least in terms of publications and activities, have been public employment and management, budgeting and public expenditures, regulatory management and reform, and regional development. This is partly an artefact of the importance of these areas, as well as their institutional depth in GOV. The work on budgeting, for example, emanates from the Working Part of Senior Budget Officials (SBO) and its networks, which was formed in 1980. The Working Group on Public Employment and Management was established in 1985. The concentration on regional development likely reflects the establishment of a dedicated committee (see above) on Territorial Development. This conclusion is supported by a closer analysis of just the publications listed by GOV, as opposed to all activities and publications. Figure 2 (see Appendix C) shows that two-thirds of GOV's publications (a total of 122) fall into these four areas.

Despite a clear focus on four core areas of governance – budgeting, employment, regulation, and regional development – this blizzard of publications and activities can obscure the OECD's larger agenda of public sector reform. GOV has issued two “macro” reviews of governance – *Governance in Transition* (1995) and *Modernising Government* (OECD 2005). There is no space to discuss them in detail, but we can draw some highlights from each document to depict the OECD's approach.

Governance in Transition had a tone of naked urgency and radicalism that one rarely finds in reports by international organisations. Its key premise was that a combination of fiscal pressures, rising public demands, falling public trust, and increasing global economic competition was creating a policy environment “marked by great turbulence, uncertainty and an accelerating pace of change” in which tradition “governance structures and managerial responses are increasingly ineffectual” (15). Half measures were out of the question; only “fundamental change” would do. While the report acknowledged that countries had responded to these challenges differently, and that while there was no single best model of governance, nonetheless it was possible to identify “common reform trends.” Principal among these trends was a focus on results and performance in terms of efficiency, effectiveness, and quality of service, and decentralisation of public management.

The environment facing governments is described bleakly, like a sermon to dinosaurs on the cusp of the first ice age: “Organisations that do not learn to adapt themselves to ever-faster, multi-fronted change atrophy until external forces transform them. Governments, no less than business, have to adapt to an environment

that is becoming more turbulent, complex and difficult to predict. Global transformations, caused by, among other things, developments in technology, communications and trade, demand new abilities. Flexibility and nimbleness have become key objectives. Inherited forms of governance appear outmoded and inflexible” (21). The bulk of the report was divided into chapters describing major reform efforts in the following areas: devolving authority; performance and accountability; developing competition and choice; service; human resources management; information technology; regulation; and strengthening steering functions. It acknowledged that countries differ at the level of individual reforms, but it strongly asserted that nonetheless there was a “remarkable degree of convergence overall” with “clear patterns of reform” (25). The report had no doubts about the radical nature of these changes. They amounted to a “paradigm shift.” The “fundamental, comprehensive nature of the changes described represents a move to a new order” (27). Unsurprisingly, the report noted that change on this scale would inevitably generate resistance, and so devoted a chapter to implementing reform, highlighting the fact that public management reform is “a long haul, not a quick fix” (80).

Governance in Transition was the first attempt at a broad overview of public management and governance issues in the OECD countries. From that point on PUMA concentrated on sectoral policy and administrative reforms, and would not take up the broad theme of governance per se until 2003, when it launched a series of Policy Briefs “to look at the evolving modernisation agenda and how governments can best develop their capacity to achieve, and measure, the desired results.” These Policy Briefs fed into the *Modernising Government: The Way Forward* (cite Pal in Mahon), and as a group of documents had six key themes. They were: (1) reform is driven by pressure, (2) there are surprises and unintended consequences in the reform project, (3) reform always involves multiple goals, (4) the importance of organisational culture and values, and the organic nature of public sector reform (“whole of government”), (5) context matters and there are important differences among countries – one size of reform does not fit all, (6) change and reform is difficult and demanding. These themes are interconnected, and the following passage is an imaginative recreation of those themes in a single narrative that captures the main argument of *Modernising Government*:

In the past years, all OECD countries have faced major pressures for reform – technological, demographic, budgetary, and political. All have undertaken reform, though at varying rates and with varying success. Mistakes were made along the way, particularly with a single-minded devotion to efficiency and to instrumental reform. There were major surprises as the pioneers of reform forged ahead on the cold, unforgiving plains of their administrative and political systems. We now know some of the mistakes that were made, principally that there was not enough attention to culture and the fragility of institutions, or to

the diverse paths towards modernity. But the pressures have not subsided, and reform and modernisation will have to continue. All OECD countries face the same pressures, and they share the same basic principles – how they respond to those pressures and implement those principles will always be a matter of context. Reformers will face challenges, since change is never easy. They must renew their efforts, develop better tools and better calibration, and move forward.

5. Conclusions: The Impact of the OECD on Public Management

The nature of public administration has changed significantly in the last decade. As we noted at the outset of this paper, the emphasis on the importance of “good governance” – including democratic practices as well as transparent, efficient and accountable administration, is only about a decade old. This new appreciation was deeply rooted in the reform experiences in Central and Eastern Europe in the 1990s. As international organisations and donors tried to help former Soviet Union states develop democracy as well as capitalism, the role of effective and responsive administration loomed larger and larger. This was driven by two other factors. The first was the steady growth of the European Union, and the evident desire of central and eastern European states to join it (as some eventually did through the accession process, and others still wait). This involved the *acquis communautaire* and the alignment of administrative and other practices with EU norms. The other was a broader public sector reform movement, started in New Zealand, but spreading through the Anglo-Saxon democracies and eventually taken up to different degrees around the world (Pollitt, Thiel and Homburg 2007).

The OECD has been a key player in the wider networks through which these changes in state functions and administrative practices have been diffused. As we noted above, it connects to professional associations, to its own member governments, other international organisations such as the World Bank, the UNDP, and the EU, and a range of non-member countries. It has ambitious plans to expand its membership, and to connect in a myriad of ways with non-member countries. GOV, example, has six regional outreach programmes – the China Programme, the Russia Programme, the APEC-OECD Initiative on regulatory Reform, the New Partnership for Africa’s Development, the South Eastern Europe Regional Development Programme, and the Middle East and North Africa Initiative (MENA). To take only MENA as an example, it focuses on governance and investments through its Good Governance for Development (GfD) in Arab Countries Initiative. It is supported through a UN-OECD partnership in collaboration with the World Bank, Arab League, EU and other international and regional organisations (for a schemata on the key actors, see Appendix D).

A key question is whether the OECD is simply a node in and among these networks, or whether it exercises independent influence as an organisation. Does it have a view or position on governance, in other words, which is distinct to it as an organisation and not simply an artefact of consensus and discussion among member states? This is a complicated question. As we noted above, the OECD is a member-based international organisation, with a Council that is made up of ambassadors from the 30 member states. The committees and working parties add another level of complexity, as does the Secretariat. One could argue that as a member-based organisation that operates on consensus and peer review and peer pressure, that the members drive the organisation. However, from another perspective, the OECD actually consists of highly siloed areas of research and analysis (committees), often dominated by functional groups (working parties and networks), and supplemented by a secretariat that is also siloed into directorates that support those functional groups and committees. As described above, the “governance” silo in the OECD consists of the two committees, their working parties and networks, and the GOV directorate. Most of the GOV publications and activities are in very specific fields (e.g. ethics), though we noted the concentration in four areas. Central tendencies or an “OECD view” can develop within each one of these areas. In addition, as we noted, from time to time the OECD releases broad policy briefs or overviews (*Governance in Transition* and *Modernising Government*) that take a more synoptic view.

We agree with Deacon and his colleagues (Deacon and Hulse 1997; Deacon, Hulse, and Stubbs 1997) who argue that “international organisations have independent lives of their own as policy-making and agenda-setting bodies and are not merely the tools of the intergovernmental politics that formally underpin them” (58). Their focus was on the role of international governmental organisations in fostering a global discourse on social policy reform, but they do highlight the clear differences in approach among the leading international organisations, such as the International Monetary Fund, the World Bank, the OECD, the International Labour Organisation, and the various UN bodies (e.g. UNICEF, UNDP). In the context of post-communist Europe and the role these organisations played in proposing and implementing social policy reforms, they point out that there was little coordination among them, more like jockeying for influence that was managed at the desk-officer level: “[T]he major ideological and institutional divide between the human resource epistemic communities of the Bank and Fund on the one hand and the ILO, COE, EU DGV and UNDP on the other, are rarely bridged in practice” (103).

The few studies of the OECD’s discourse on governance have highlighted at least the early emphasis on a neo-liberal agenda and a strong support for core principles of “new public management”, at least its more anti-statist varieties. Hansen et al. (2002), observe that wealthy “OECD countries typically possess large public sectors; public sector reform has been very much on the agenda in OECD countries, and the OECD has taken the lead in developing NPM notions” (112). The OECD,

in their view, took an early lead in developing NPM ideas. It started somewhat cautiously, stressing its neutrality as a member-based organisation, but gradually “normativity crept into the OECD’s formulations and recommendations: NPM became knowledge, the managerial notions became internalized, hose-trained into public service” (118–119). Sahlin-Anderrson (2001) agrees, but argues that the process of arriving at this consensus view is itself important. In country reviews and policy briefs, the OECD, of course, has to pay attention to different country contexts, approaches, and cultures, but in a process of editing, “the final and summarising chapters...downplayed the differences and uncertainty; they presented a reform agenda which embodied the principle features of the national reforms....The reforms were described and justified as responses to a common set of problems facing all OECD countries, and they were labelled as a coherent and consistent package.” The emphasis on new public management practices was unsurprising given the OECD’s clear mandate to spread and reinforce market capitalism, which at the time (mid-1990s) seemed best supported by light regulatory regimes, and lean and efficient administrative structures (Ougaard 2004, chap. 5).

The evidence thus seems clear that the OECD was a standard-bearer for NPM, an increasingly important node in international networks, and a key source (or at least venue) for the development of norms, standards and best practices of governance at both the macro level, and in specific sub-areas (e.g. anti-corruption, ethics, IT). That being said, precisely because the organisation is permeable to outside networks and of course to its members (the sheer scope of interactions is telling: some 40,000 public servants from around the globe visit the OECD each year and participate in its activities), it would be too much to expect a hard, consistent, almost ideological view emanating from the organisation. Some observers have noted what they call a shift, at least in some of the OECD’s areas of interest, from neo-liberalism to “inclusive” or “innovative” liberalism (Mahon and McBride 2008, 279). This can be seen in the governance area as well – the 1995 governance overview was considerably more hardcore NPM than was the 2005 version. The latter emphasised context much more, and, with it, the importance of different paths to government efficiency. It also said much more about ethics and organisational culture than it did a decade ago. Yet, even with these nuances, there continues to be a strong emphasis on “modernisation” of public services and the importance of implementing continuous public management reforms. Though the OECD naturally does not use the term itself, a glance at its injunctions and reports gives a sense of “permanent revolution.” This is due to several factors. First, the very assumption that public sector management is crucial to economic success and competitiveness means that it is vitally important to constantly try to improve management practices and institutions. Second, within its membership, the OECD is constantly developing comparative statistics, rankings, and best practices. This “leaders/laggards” frame of reference is a constant enticement to encourage “laggards” to catch up to “leaders.” Also, naturally, leaders may not be leaders forever, and so they too are constantly looking

over their shoulders and trying to maintain their status at the head of the pack. This both reflects and reinforces the peer review process. Finally, the OECD interacts with a host of non-member states. These interactions are voluntary, of course, and many of these states look to the OECD for guidance on best practices and the modernising of a host of policies and practices. Complementing this is the OECD's view that it is a prime vehicle for the sharing of "modern" approaches to governance. An excellent example of how the importance of reform is framed as a competitive advantage comes from a September 2008 speech by the OECD Secretary-General, Angel Gurría, to the annual meeting of Senior Officials from Centres of Government in Mexico City:

The political economy of reform is becoming an area of the utmost importance, since economies have to evolve to cope with changing environments. Reform is not an end in itself, but a means for more prosperity and greater well-being. Therefore, a government's capacity to reform is a great comparative advantage, not only for itself, but also for citizens and for the country as a whole. Governments which are successful at reforming empower their people to make the most of globalisation, creating a favourable environment for education, for business, for innovation and for sustainable development.

At the OECD, we have enough empirical evidence to show how countries that advanced with reforms gave their economic performance a strong push.

- *Countries like Ireland and Finland managed to boost employment levels by updating their labour legislations, following the recommendations of our OECD Jobs Strategy back in 1994, when there was massive unemployment in our member countries.*
- *Sweden's or Australia's early efforts on regulatory reform in the 1990s resulted in strong macroeconomic performance with high rates of growth, low unemployment and stable inflation. Today, we promote Australia's experience in a "Competition Toolkit" (we are already working with Mexico on this) which we presented recently at a meeting of APEC in Australia this summer. Australia has estimated an average increase of 7,000 Australian dollars in households' annual incomes as a result of action in the area of competition policy.*
- *The liberalisation strategies of Poland and Slovakia in the 1990s are also full of experiences on how economic reform can unleash growth.*

- *On the other hand, avoiding reform might seem an easy option, as not doing anything will be safe, but it comes at a high cost. The current subprime crisis is a painful example of what happens if we don't keep pace with changing realities, through reforms and upgrading the regulatory framework of an industry or a sector.*

When regulation does not evolve as fast as innovation, we open a dangerous gap. The rules of the game cannot fall behind to the creativity of the players. Financial innovation can be a fantastic economic enhancement, but it needs to operate within a stable, predictable forward looking regulatory framework. (OECD 2008b)

A second, related question to whether the OECD has a particular and organisationally distinct viewpoint on governance, is how it exercises its influence. We discussed earlier that the OECD has very little coercive capacity, that it is a venue for discussion and research and exchange, and that it relies primarily on “soft instruments” such as peer review, conferences, meetings and exchanges. (Marcussen 2004) argues that the OECD’s key technique is “multilateral surveillance.” The core of its work is “consultation” – country studies, research, conferences, meetings and so on that produces “mutual education” and some eventual convergence around basic ideas. In line with our argument that the OECD does have an independent capacity to influence, and is not simply reflective of its members, Marcussen notes that at its founding it was hoped that the OECD would be both an “ideational artist” (formulating, testing, and diffusing new ideas) and an “ideational arbitrator,” providing opportunities for public servants around the world to exchange, discuss, and build both institutional and personal capacity. Taking this argument even further, Porter and Webb suggest that the OECD’s work constitutes an instance of “state identity formation,” an invocation of what it means to be an “ideal modern state” (Porter and Webb 2008). The OECD has managed to capitalise on a complex global psychology of “modernisation,” a restless hunt to reach an always-receding horizon of improvement. What works now is never good enough. The organisation has appropriated the discourse of modernity, and has a credible claim to defining what is *à la mode* through its membership and associational ties. Most governments, whatever their real inclinations, resist being labelled “conventional,” “backward” or “traditional.” Most prefer to be “modern” or to be “modernising.”

A rare illustration of these dynamics in the area of public management comes from Mills’s (1999) analysis of the OECD Council’s Recommendation on Improving Ethical Conduct in the Public Sector. An OECD Recommendation is a formal consensus statement by the Council (at the time with 29 members) directed at its members and designed to help those members define their policies. The Recommendation outlined several challenges facing governments at the time (e.g. declining con-

fidence in government, corruption), and suggested a set of “Principles for Managing Ethics in the Public Service.” The OECD Secretariat was to collect and distribute information about how its member states were meeting their commitments, and member states themselves were to establish new ethics policies and management practices. The Recommendation was preceded by two years of research, member surveys, and symposia conducted by PUMA (as it was then). Despite being just a recommendation, without coercive force, Mills notes that the “potency of such a statement may well go beyond what can be achieved through the peer pressure that the OECD claims as its chief operating method. ... As a baseline statement it can contribute, internationally, to a common understanding across jurisdictions and, nationally, it can be a lever for local action” (Mills 1999, 68)

Another key tool at the OECD’s disposal is its research capacity, on governance and a host of other issues. It produces mountains of comparative economic statistics, as well data about a spectrum of subjects from agriculture, development in Africa, and innovation and the Internet economy. The comparative statistics on member countries facilitates the comparisons of leaders/laggards, as well as the dynamic of naming and shaming. A recent major project has been the development of comparative governance indicators in something called *Government at a Glance*. With the growth of interest in governance in the last decade has come a parallel interest (an “explosion”) in governance indicators (Arndt and Oman 2006, 13). There are an estimated 180 governance indicators, from Transparency International to the World Bank’s. *Government at a Glance* is the OECD’s foray into the field. It was launched in 2005 as “Management in Government” with the aim of “providing governments with high quality comparative information on the public sector” (OECD 2007, iii). The report notes that as “public sector reforms continue across the OECD, there is a growing need for improved data to provide a reality check on actions taken and a direction for the future” (OECD 2007, 1). The scope and ambition of the exercise is such that it warrants a full citation:

This Working Paper compiles a set of recent comparable OECD data on revenues, inputs, and public sector processes and proposes a way forward in data collection. It is the first of three annual Working Papers as the Public Governance and Territorial Development (GOV) Directorate of the OECD builds up to the first publication of a major biennial publication, “Government at a Glance”, in late 2009. It is accompanied by a volume entitled “Measuring Government Activities” (OECD, forthcoming) that sets out the proposed approach and that poses technical alternatives for expert review and comment. The first part of this volume provides a comprehensive exposition of the proposed data classification and analysis.

The development of the methodology has been overseen by three informal editorial groups comprising leading government and academic experts drawn from across the OECD (see <http://www.oecd.org/gov/indicators> for more details) and in close collaboration with other OECD Directorates (most particularly the Economics Department and the Statistics Directorate). (OECD 2007, 1)

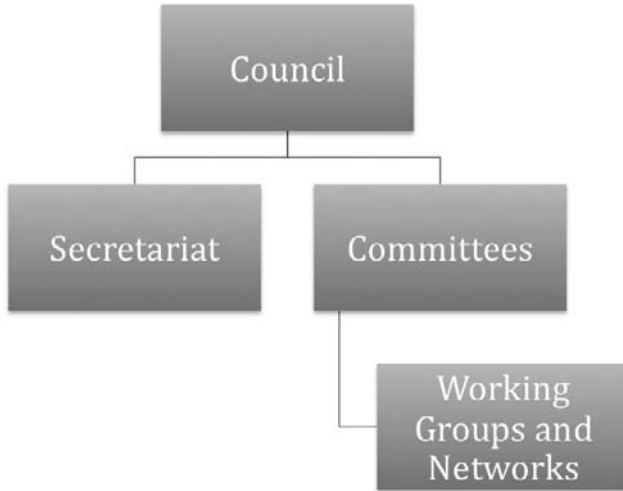
The OECD's ambition is to hard-wire indicators into an on-going global conversation among practitioners about good governance. As the report states, the publication will "facilitate a structured practitioner dialogue" and will contribute to OECD-wide "lesson-learning."

We are not claiming that the OECD has been the dominant international governmental organisation in the field of public management reform, or that it has necessarily driven the public management reform movement. However, it is among the most visible of these organisations, and certainly one of the most active. Its unique use of "soft" instruments places a greater premium on the development of research, broad consensus on standards, and constant interaction and discussion. It is notoriously difficult to measure the impact of administrative reforms, and perhaps even more difficult to assess the impact of one organisation one step removed from these changes. Nonetheless, the circumstantial evidence is quite strong that the OECD has had a unique effect in developing a global conversation – based on concepts that are not necessarily shared or agreed upon, but at least intelligible to a broad international audience. Furthermore, its entanglement and interaction with the scholarly community around the world (for example, leading public administration scholars helped advise on *Modernising Government*) means that it can act as a diffuser of ideas among academics as well as practitioners.

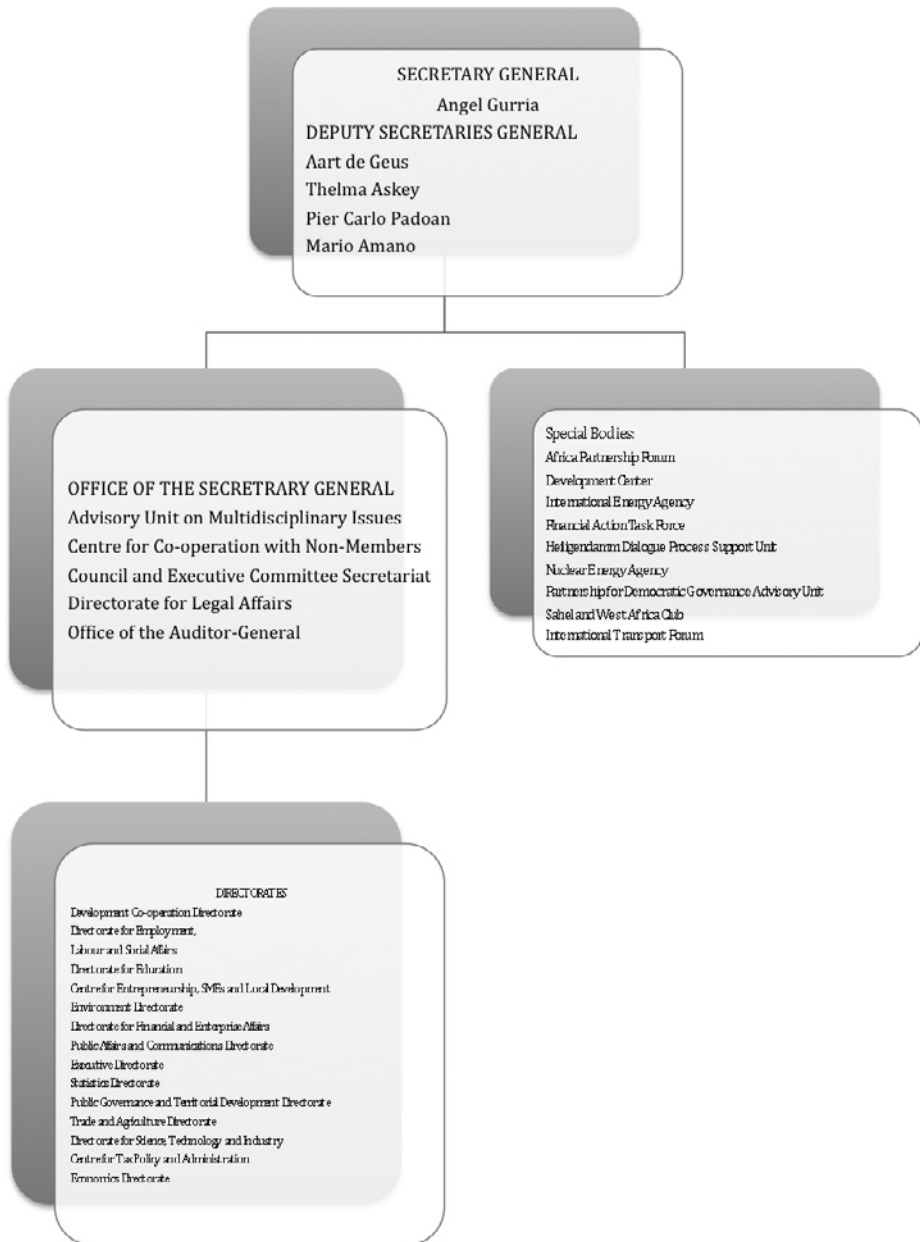
The nature of the OECD makes it an ideal case study for a more careful analysis of policy diffusion (Howlett and Rayner 2009), particularly since it has been a consistent exponent of governance reform for almost twenty years. As part of this research programme, further work on the OECD and global public management reform will explore selected case studies and conduct interviews with both OECD officials and member state/delegation officials to more closely understand the dynamics of diffusion, organisational influence, global convergence and divergence, and administrative change.

Appendix A: OECD Organisation Chart

General Structure



Secretariat



Appendix B

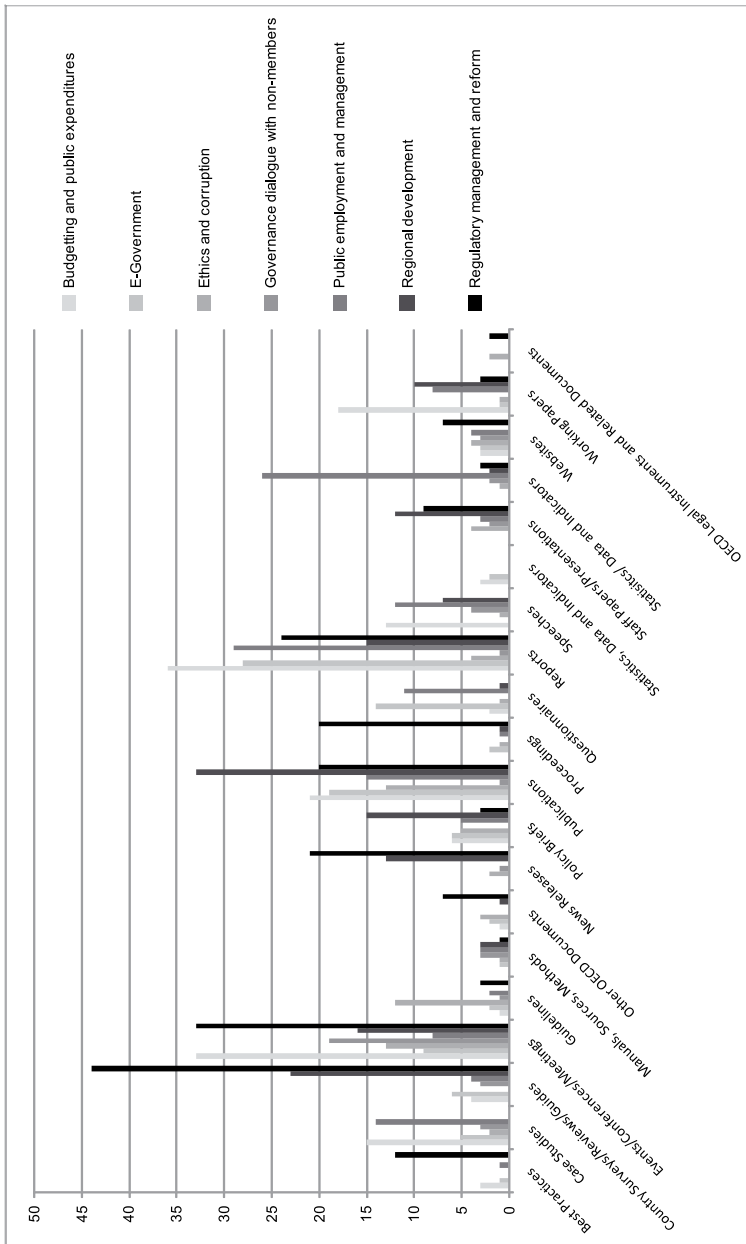
Time Line of Events – Focus on GOV Directorate

- 1944 – The United Nations Monetary and Financial Conference at Bretton Woods convened, leading to the establishment of the International Bank for Reconstruction and Development (World Bank) and the International Monetary Fund (IMF).
- 1945 – Representatives of 50 countries draw up the UN Charter at the United Nations Conference in San Francisco.
- 1946 – The International Labour Organisation (ILO, Geneva), established in 1919 under the Treaty of Versailles, becoming the first specialised agency associated with the UN.
- 1946 – UN General Assembly creates the United Nations International Children's Emergency Fund (UNICEF) and establishes the United Nations Educational, Scientific and Cultural Organisation (UNESCO, Paris). World Bank and IMF start operating.
- 1948 – The recipients of Marshall Plan aid sign the Convention establishing the Organisation for European Economic Co-operation (OEEC, 16 April).
- 1948 – United Nations proclaims the Universal Declaration of Human Rights (elaborated in the UN Covenant of Economic, Social and Cultural Rights of 1966).
- 1949 – Headquarters of OEEC established at the Château de la Muette in Paris in 1949.
- 1949 – OEEC establishes an Overseas Territories Committee.
- 1956 – The International Finance Corporation (IFC) is established as affiliate of the World Bank.
- 1957 – The European Development Fund for Overseas Countries and Territories is set up as part of the Rome Treaty establishing the European Economic Community.
- 13 January 1960 – Establishment of the Development Assistance Group (DAG), later known as the Development Assistance Committee.
- 30 September 1961 – Public Management Committee (PMC) created.
- 1980 – Network of Senior Officials from Centres of Government (COG) created.
- 1980 – Working Party of Senior Budget Officials (SBO) created.
- 1985 – Public Employment and Management Working Group Party (PEMWP) created, formerly known as Human Resources Management Working Party.

- March 1991 – Working Party on Regulatory Management and Reform (REG) created.
- 1996 – Group on Regulatory Policy (GRP) created.
- 20 January 1999 – Territorial Development Policy Committee (TDPC) created.
- 20 January 1999 – Working Party on Territorial Indicators created. Reports to the TDPC.
- 20 January 1999 – Working Party on Territorial Policy in Rural Areas created. Reports to the TDPC.
- 20 January 1999 – Working Party on Territorial Policy in Urban Areas created. Reports to the TDPC.
- 2001 – Network of Parliamentary Budget Committee Chairpersons created.
- 2001 – Network on Financial Management created. Formerly known as the Network of Financial Management and Accountability Officials.
- 2002 – Expert Group on Conflict of Interest: Ensuring Accountability and Transparency in the Public Service created. This is an *ad hoc* expert group that provides input and guidance on promoting integrity and preventing corruption.
- 1 June 2003 – Network on Senior E-Government Officials (EGOV) created.
- 1 January 2004 – Network on Organisational Structures created.
- 15 January 2004 – Council approves name change of “Public Management Committee” (PMC) to “Public Governance Committee” (PGC).
- 26 July 2004 – Resolution of the Council renewing the terms of reference of the Public Governance Committee approved.

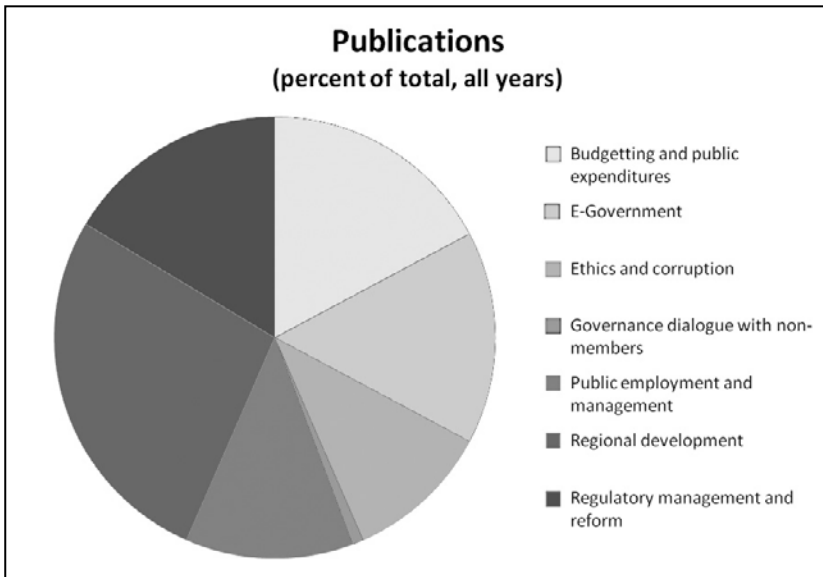
Appendix C

Figure 1



Source: OECD Website, Public Governance and Territorial Development (GOV), publications and documents.

Figure 2

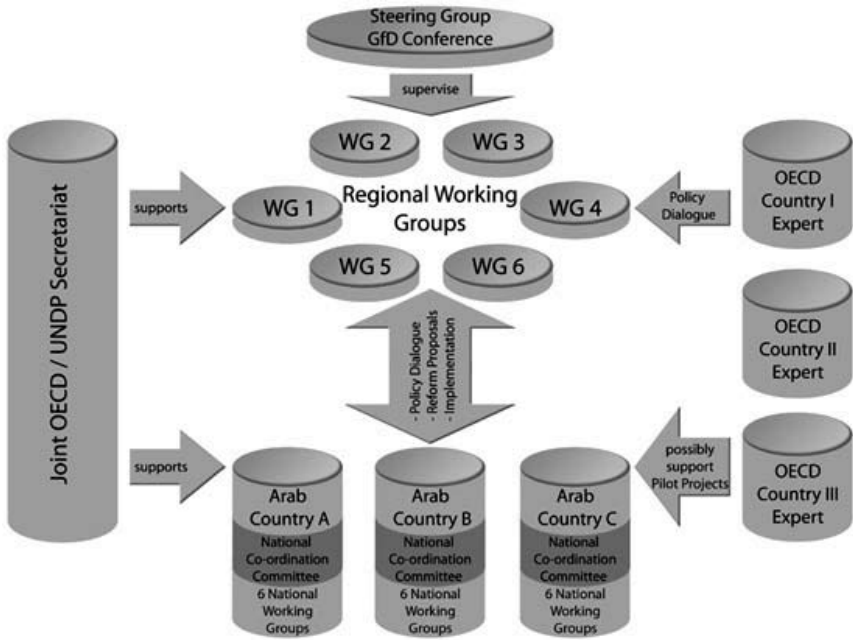


Source: OECD Website, Public Governance and Territorial Development (GOV), publications and documents.

Note: This chart depicts publications (major) by percentage of total for all years by core area. Total number of publications for all years 122.

Appendix D

**Key Actors in the Good Governance
for Arab Countries Initiative of the MENA Program**



Source: OECD Website: GfD Initiative, “Key Actors”, accessed online 22 July 2008 from http://www.oecd.org/document/6/0,3343,en_34645207_34645555_34964998_1_1_1_1,0.html

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Continuity and Discontinuity: Polish Civil Service Reforms and the Post-Communist Legacy

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Abstract

The Civil Service Act 2008 introduced the fifth major set of changes² determining the shape of the civil service since the collapse of communism. The frequency of these changes raises questions about the continuity and discontinuity of civil service reforms. Challenges in implementation and continuation of reforms to the civil service underline the durability of the communist legacy. Reforms of the civil service and administrative transition, in general, have lagged behind political and economic changes initiated in the early nineties. It is argued that in the case of civil service reform, the role of the political sphere is critical. This is evident in attempts to preserve direct political control over the civil service, especially the concept of the State Personnel Reserve of 2006 – formally allowing political appointees in senior positions in public administration (resembling the communist *nomenklatura* system). Thus, reference is made to the pace of development of professional civil service cadres. The article also covers the most recent reform of 2008 and compares the concept of the civil service with what it was like previously.

1. Historical introduction

In the last two decades, since the fall of communism in 1989, building the civil service corps has been at a relatively slow pace, interrupted by radical shifts due to frequent pro-reformist but also anti-reformist legislative changes. In the early

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2 During the period analysed there were four Civil Service Acts, and a fifth major change was implemented with the Amendment introduced in December 2001 (Article 144a). A sixth important change was the amendments made to the Civil Service Act of 1998 adopted in March 2006. However, in the author's opinion this was the first stage of reform, which culminated in August the same year with adoption of a new Civil Service Act.

nineties, successive governments drafted legislative proposals aimed at civil service reform. However, the first successful reform was only launched in 1996. Other post-communist countries have faced similar challenges establishing an apolitical civil service from scratch (for example, this is much more challenging than a devolution of power to local and regional administration) and, in relative terms, building a civil service in Poland began relatively early. The World Bank experts, Nunberg and Barbone (1999, 44) praised Poland for its success in advancing its formation and for being “well ahead of most other countries in the region.”³

The Civil Service Act 1996 was part of a wider administrative package aimed at breaking with the post-communist legacy and reforming central administration. Despite this Act’s limitations, especially in discriminating post-Solidarity elites for senior positions, it created quite a good framework for development of the civil service. The 1996 reform also drew a formal line between political and administrative spheres. Article 153 of the democratic Constitution, adopted on 2 April 1997, reconfirmed the apolitical and professional status of the civil service corps: “A corps of civil servants shall operate in the organs of government administration in order to ensure a professional, diligent, impartial and politically neutral discharge of the State’s obligations”. However, the 1996 Act had a rather limited impact on the formation of the civil service (for example only 105 officials passed the qualifications for senior positions [category A]). It was abruptly withdrawn after the parliamentary elections in autumn 1997 due to claims of politicisation during its implementation (qualifying examination, *mianowanie*). Nevertheless, it has had an indirect influence in two areas: first, certain frameworks proposed by this legislature were preserved in successive Civil Service Acts (with the exception of the 2006 regulations) and second, the change in the rules for those taking the qualifying examination (*mianowanie*) under the 1996 Act created distrust and reservations about improving qualifications for administrative cadres.

The primary impact of the 1998 Civil Service Act was on the development of the civil service as it spanned seven years, and thus created a degree of stability (in reality its implementation started in the second half of 1999). Despite introducing regulations aimed at guaranteeing professionalism, for example competition procedures for senior positions, the strong pressure to preserve political control in administration continued. The most radical attempt was the adoption of the legislative amendment (article 144a), in December 2001, which facilitated employment of political appointees (with the omission of competition procedures). A year later the Constitutional Court invalidated the amendment. Despite these initial difficulties, gradually, the numbers entering the qualifying examination (*mianowanie*) increased substantially, creating an opportunity for the professionalisation of the civil service.

3 The two countries where the reforms were adopted earlier are Hungary, where the Civil Service Act was passed in 1992 and Estonia where it was passed in 1995 (Bossaert and Demnke 2003, 20).

After a five-year transitory period, since the middle of 2004, opportunities to be appointed to senior administrative positions (after winning a competition) have been limited to those who have passed the examination. Under these conditions, new legislation in the form of the Civil Service Act 2006 and the State Personnel Reserve Act came into force, undermining the previous *status quo*. The civil service corps was limited to middle and lower positions and senior posts became part of the State Personnel Reserve (SPR) and in reality had political status.

The recent regulations, which were passed by parliament on 21 November 2008, came into force on 24 March 2009. Thus, their role can be considered only in relation to the quality of legislation without evaluation of their implementation. The latest reform rejects the State Personnel Reserve concept and is a return to the pre-2006 mainstream vision of the civil service, in terms of preserving its apolitical character and professionalism. The change is evident in more open recruitment for senior positions in public administration with a rejection of the earlier career model, which meant that after the transitory period only those who passed the qualifying examination (*mianowanie*) could participate.

2. Institutions of the civil service

In building the civil service corps the crucial role was to create a relevant institutional framework (see Table 3). The 1996 Act established the two main institutions: the Chief of the Civil Service and the advisory body, the Civil Service Council. This framework was preserved in the Acts of 1998 and 2008, with some minor modifications.

The first major institutional actor was the Chief of the Civil Service. He is responsible for gathering and publishing data on the development of the civil service, preparing proposals for relevant legal regulations and organising foreign co-operation. The 1998 Act stated, as his additional competencies, personnel policy management, organisation of the qualifying examination (*mianowanie*), run the competition for senior positions and planning and monitoring of financial expenditure. The recent 2008 regulations make him even more active as he prepares strategic plans and financial evaluation of reforms and presents them to the Prime Minister. The challenges of introducing previous reforms meant that some of his powers were precisely stated to limit possible abuse. For example, it was re-emphasised that he must publicise information on vacancies in public administration. All three Acts (1996, 1998 and 2008) also state that the Chief is supposed to be a civil servant, appointed by the Prime Minister. The 2008 Act adds that the Chief of the Civil Service has to speak one of the working languages of the EU, and political neutrality is emphasised because the person appointed cannot have been a member of a political party for at least the last five years.

The 1998 Act enhanced his position while also guaranteeing work stability. Tenure of five years was introduced (in other Acts there were no relevant regulations, allowing his dismissal by the Prime Minister at any time). In November 1997, the position was taken by Jan Pastwa (graduate of the National School of Public Administration) and he was reappointed in 2001. As a result, he held this position for nine years – during the nascent period of the formation of the civil service. This can be seen as a positive development, offering a certain degree of protection against the politicisation of the civil service. However, under the current Act, the conditions under which the Chief of the Civil Service may be dismissed have been seriously curbed, hindering his/her dismissal after a change of political party in government.⁴

According to the 1996 and 1998 Acts, the chief was equipped by the Office of the Civil Service, but under the current Act he is, instead, supported by the Prime Minister's Chancellery. There are some doubts about whether the lack of his own Office weakens his performance. Experts' opinions are divided on this matter. Stec argues against this solution but Rydlewski argues for it (Góra 2008).

The second institution, the Civil Service Council, is the consultative body serving the Prime Minister, advising on legislative and financial proposals and evaluating yearly reports presented by the Chief of the Civil Service. The Council also issued opinions on candidates for the position of the Head of the Civil Service⁵ and has proved to be an important institution supervising the development of the civil service, as it has highlighted its main challenges and often raised sensitive issues regarding the politicisation of public administration. Finally, it also worked on reform proposals incorporating previous experience (www.usc.gov.pl, 26 July 2006). According to the 1998 Act, the council also monitors the qualifying procedures, practice of evaluation of civil service officials and promotion (competition) for senior positions as well as training policies. Under all three Acts the tenure of the Civil Service Council has spanned six years, with half its members changing mid-term. The 1996 Act emphasised the expertise and competence of its members, as well as stating that civil servants (those who passed the qualifying examination (*mianowanie*), cannot number more than one-third. The 1998 Act divided its members into two groups: 1. Eight academics and experts appointed by the Prime Minister and 2. Eight political appointees reflecting the composition of the parties in Parliament. The 2008 Act continued the organisational solution of the previous Act, with minor changes, decreasing the number of members to fifteen by limiting the number of political appointees to seven.

4 He/she can be dismissed due to serious health problems preventing proper performance of his/her duties, if he/she engages in politics or is prohibited from holding managerial positions for any reason.

5 The first head of the Civil Service, Jan Szachułowicz (December 1996–October 1997), received a negative opinion from the Council.

The 2006 Act can be singled out in this legislative tradition as it undermined the former institutional framework by terminating the position of the Chief of the Civil Service. Similarly, the Civil Service Council was abolished and supervision of the civil service corps was handed to the Chief of the Prime Minister's Chancellery⁶. As a result, the civil service was headed by a political appointee. This reform can also be seen as being aimed at weakening the civil service corps by dismantling institutions responsible for its supervision and protection. For example, there is only rudimentary information on the development of the civil service at that time in contrast to earlier periods when extensive data were presented in yearly reports prepared by the Chief of the Civil Service.

3. Recruitment and training

According to the concept of the Civil Service Corps, adopted by the 1996 Act, the regulations only applied to those who passed the qualifying examination (*mianowanie*) for so-called civil servants. Thus, they did not cover policy towards the majority of public administration cadres. In consequence, this Act did not make reference to qualifications required for employment in public administration.⁷ The 1998 Act formulated certain moral requirements (giving post-holders the full scope of civic rights) and required Polish citizenship. It also made reference to professional qualifications, which should match the relevant job description. This style of recruitment meant new employees must undertake 6 months' mandatory preparatory service, concluding with an assessment. Graduates of the National School of Public Administration (NSPA) were exempt from this preparatory service. The 2006 Act weakened this requirement and this has to be evaluated negatively. The preparatory service became optional and was shortened to a maximum of three months. According to the 2008 Act, preparatory service is individualised, lasts a maximum of four months and ends with an evaluation. In exceptional cases the employee can be exempt from this. (This is also related to a change of employment policy, for example, in the case of recruitment into senior positions of those who worked in other

6 The Public Service Council formally replaced the Civil Service Council and its consultative competencies were more or less similar to its predecessor. However, the selection of candidates was modified. Whereas under other Acts (1998 and 2008) political appointees reflecting the composition of the parties in Parliament comprised half the total, in the Public Service Council they comprised one-third, the other two-thirds being experts. However, the fact that they were appointed by the Prime Minister in the wider context of policies of Law and Justice towards administration suggests that it was rather an excuse used so the Prime Minister could have the final say. He could also control the Council, as the number of its members was fluid and could vary from between 15 and 24. Nevertheless, the Council did not have any real influence, as the junior coalition partner delayed the appointment of its candidates for several months. It met for the first time in July 2007, and four months later the new government came to power with a promise to dismantle the 2006 civil service reform.

7 This was regulated in the 1994 Modification Act to the Law on Employees of State Institutions 1982. This Act demanded that administrative employees should be Polish citizens, over 18. In addition, high moral standards and good health were required.

public institutions). Similarly, NSPA graduates are exempt. This Act also shows the adoption of new conditions relating to EU accession, including the opportunity for employment of other EU citizens (who speak Polish).

4. Extent of the civil service corps

(vision of transforming the post-communist public administration cadres into a professional and apolitical civil service)

One of the most serious challenges to reforming public administration after the fall of communism was to preserve administrative continuity, but at the same time, break with the previous logic of its functioning: subordination and politicisation. The approach taken in the 1996 Act was to guarantee the name of the civil services corps only for those who passed the professional entry exam (*mianowanie*) and were so-called (*nominated*) *civil servants* (*urzędnicy mianowani*) – **professionals**. The remainder, comprising the majority – administrative cadres – were not members of the civil service corps. This post-communist specificity can cause misunderstanding, due to the need to distinguish between these two categories. This dichotomy was preserved in the 1998 Act and successive regulations. However, the terminology changed: the first category (*nominated*) *civil servants* (*urzędnicy mianowani*) was preserved and the public administration cadres also became members of the civil service corps and were called *civil service employees* (*pracownicy służby cywilnej*). As a result, one Act applied to both administrative categories, which should be seen as a positive development promoting policy coherence.

According to the Civil Service Act 1996 (and the same regulations in the Acts of 1998 and 2008) the most senior officials in the civil service, whose positions should be permanent and hence unrelated to changes of government, have been in positions of *Director Generals* (Majcherkiewicz 2009). These directors are responsible for the management of ministries (as well as in the Prime Minister's Chancellery, central agencies and regional offices). They put into practice policies defined by ministers and they are responsible for the personnel policy of the administrative sections of ministries or their respective institutions. Although challenging for the post-communist state, it was crucial to preserve the stability of ministries by guaranteeing the permanence of staff employed in administrative sections. In this context the position of Director General has been crucial. His dismissal was often followed by successive changes in lower directorial positions, creating a snowball effect.

5. Transfers among institutions and employment of outsiders

In general, the transfer of personnel among institutions can be seen as a positive development, reflecting a generalist approach towards administrative careers. Moreover, these transfers may be seen as overcoming the legacy of communist-style careers made within one sector and resulting in policies focusing on a narrow branch perspective and losing sight entirely of the government perspective (Rice 1992, 117). Analysing this issue, two main periods can be distinguished. In the first, the policy created opportunities for individual transfer, and in the second, after 1996, it created movement between institutions. However, it can be argued that both transfer opportunities were predominantly used as tools enabling the promotion of political appointees. The first short-lived Act of 1996, created some leeway, as there was no clear list of posts available for civil servants, and this created a loophole for the appointment of “outsiders”⁸.

The peak of political appointees of the first type – individual transfers – coincided with the blossoming of the proxy status, which took place in 2002 (the relevant law, amendment 144a, was adopted in December 2001 and in December 2002 was reversed by the Constitutional Court). The Civil Service Act 1998 incorporated the temporary regulations. Article 144 was supposed to be in force for five years and aimed to attract experts to public administration during the first nascent period of building the civil service corps. Article 144 allowed “outsiders” to be employed but it was not clear if, in the case of those experts, this could be done without a competition procedure. In general, competition was required for appointments to senior positions. The interpretation of the Council of the Civil Service was that it was allowing people to be employed from outside the Civil Service, but not without a competition procedure. In other words, employing “outsiders” should be an exception. Competitive procedures were intended as the standard method of employment in order to guarantee the objectivity and stability of the Civil Service, as well as limiting the politicisation of administration. Adding the new article, stating that those in proxy were employed by the Chief of the Civil Service, legalised the omission of competition procedures and gave Prime Minister Miller a particularly free hand in the politicisation of administration. Furthermore, the proxy status, in general, assumed employment for only six months, although this rule was reinterpreted by politicians in relation to the position of Director Generals who were employed on a permanent basis (Żarowski 2003). The Polish Civil Service under Miller began to be a “Civil Service in proxy”. On 1 April 2003, of 1,515 senior positions (directors) there were 799 vacancies, of which 705 were filled by people working in proxy (Lizut and Załuska 2001; Burnetko 2002, 43; Majcherkiewicz 2006, 122–126).

From 1 July 2004, after five years in force (July 1999–June 2004) the temporary regulation, article 144, came to an end and senior positions began to be available

8 *Raport z przeprowadzonej analizy i oceny tworzenia służby cywilnej*. 1998, 10.

only to civil servants. The competition for senior administrative positions became open to other candidates only if there were no candidates who were civil servants. During the two years that this regulation was in force, 300 competitions were conducted. Of these, 130 were open to general applications from all civil service employees when no civil servants applied. These results indicate that the number of civil servants was still minor, nearly 3,600 (December 2005), in comparison to 70 positions of Director General and 1,700 senior positions. In some cases, competitions were open but they did not attract candidates (13 cases), and this suggests that work in administration was not seen as attractive, possibly due to the relatively low salaries. An increase in the number of competitions lacking candidates was seen after the parliamentary election in 2005 and the start of work on the new Civil Service Act (Góra 2006a). The challenge presented by a “closed” competition period undoubtedly had an impact on subsequent regulations. The 2008 Act shows a very weak link between receiving civil service status and promotion to senior positions. Nevertheless, the number of civil servants exceeded 6,000 in October 2008.

In addition, the amendment to the Civil Service Act 1998 (preserved in the new Act of 2006) has to be interpreted as a partisan policy. This is indicated by the fact that the regulation was drafted as a one-way transfer of local government employees and Supreme Chamber of Control (NIK) employees into the civil service, and was limited to these two institutions.⁹ Moreover, personnel policies were incompatible in relation to recruitment and promotion procedures employed in the civil service compared to those utilised by local government and the NIK, which raised the question about whether they breached the constitutional principles of equal access. Thus, the current Act has withdrawn these regulations (Stec 2006, Kancelaria Prezesa 2009). Moreover, it was decided in 2006 that civil service employees could again participate in the competition for senior positions. As a result, local government employees and those employed by the Supreme Chamber of Control, could be appointed a month after their transfer to senior positions in public administration (Góra 2006a).

Similarly, the current Act of 2008, promotes transfers among institutions in relation to senior positions requiring managerial experience in public sector institutions. The previous link between passing a qualifying exam and promotion to a senior position was broken, and was only partially restored in the policy for deputy directors, for which open recruitment procedures are not required. Appointment to these positions can take the form of internal promotion, on condition that potential candidates receive a positive evaluation. This type of appointment was proposed by

⁹ For example, there is no explanation other than a political one why this regulation excluded employees of the Chancellery of the President as well as the Lower and Upper Chambers of Parliament. It is widely perceived that the reason for singling out representatives of these two groups for civil service employment is that the president, Lech Kaczyński (2005–2010), had performed managerial functions in these favoured institutions earlier in his career. Consequently, these regulations became the loopholes by which the president could promote his “own people” into the civil service corps (Majcherkiewicz 2008, 147–148).

reformers to strengthen the motivation of administrative cadres and to promote their professionalisation.

Analysis of the implementation of previous civil service reforms indicates that irrespective of which government was in power, it was a serious challenge to accept senior administrative positions as purely administrative and close the loopholes enabling the promotion of political appointees. Individual and institutional transfers were the predominant tools for this type of appointment. The question arises, however, about how to interpret the policy of institutional-wide transfer as proposed in the current Act. On the one hand, arguments of modernisation of public administration advocate a sympathetic attitude towards the most recent administrative reform – Public Management proposals. On the other hand, previous experiences raise certain suspicions (Izdebski and Kulesza 2004, 277–278; Verheijen 1998). It can be argued that its success will depend, to a large extent, on whether Poland can overcome the communist legacy of subordination of administration to politics.

6. Requirements for promotion to position of civil servant status

The 1996 Act assumed the formation of four categories of civil servants: category A – senior managerial positions; category B – lower managerial positions, category S – experts; and category C – lower positions. For senior managerial positions, the candidate had to hold a Master's degree and have command of at least one foreign language, at least seven years' work experience within the civil service, and four years managerial experience. It was expected that he/she would have abilities in personnel and financial management, and a degree of creativity. In the lower managerial positions, those who wished to enter the qualifying examination (*mianowanie*) had to fulfil the following criteria: hold a Master's degree and have five years' work experience within the civil service. Also, experts had to hold a Master's degree. Those in the final category – lower positions – were required to hold a Master's degree and have two years' apprenticeship, or A-levels and seven years' apprenticeship. This precondition of seven years' work experience can be seen as discriminatory, since it was only possible for those who began working in public administration before the fall of communism, to fulfil it. Thus, it can be interpreted as a political criterion aimed at excluding former anti-communist Solidarity opposition cadres.

In 1991, the National School of Public Administration (NSPA) modelled on the French *Ecole Nationale d'Administration* and aimed at training elite cadres, was established. However, according to the 1996 Act, the NSPA's graduates were treated like all other employees of public administration and had to take the qualifying examination (*mianowanie*). In addition to the regulation, which required a seven-year administrative apprenticeship for the most senior positions, this approach towards NPSA's graduate was discriminatory. Both regulations can be interpreted as

aimed at preserving in senior positions the administrative personnel of communist origins.

The 1998 Act modified these regulations and in recognition of their professional standards, NSPA graduates were exempt from the qualifying exam (and the preparatory service requirement, when starting to work in administration). Instead, they had to submit a formal application to be considered for civil servant status.

The creation of four categories of civil servants assumed the simultaneous professionalisation of public administration at both senior and lower levels. From the moment of its implementation, there was wide interest among administrative cadres. Around 9,000 applications were made by those wishing to enter the qualifying procedures. The chief of the civil service accepted 750 applications for the first qualifying exam. These qualification procedures, directly preceding the election, focused on candidates for senior positions – 244 passed with the majority in category A. For example, 35 of the 49 Director Generals of regional offices passed them. Similarly, most of the Director Generals in ministers' and central offices gained civil service status. A large proportion of new civil servants also became directors of departments and their deputies (Rydlewski 2002, 160–161).

The first qualifying exams took place two weeks before the parliamentary election, although the Civil Service Act was passed by parliament more than a year earlier. This timeframe enhances suspicions about the motivation for placing political appointees in senior positions in the civil service. The report prepared by experts (*Raport z przeprowadzonej 1998*¹⁰) for Buzek's new government gave a devastating evaluation of the implementation of its procedures. The chief of the civil service was accused of accepting candidates with only a rudimentary knowledge of a foreign language. Furthermore, the report suggested favourable treatment of politically affiliated candidates who were sent on special training before exams, breaching regulations and, in general, a low quality of qualifying procedures. A striking example of the irregularities is that in the qualifying procedures, members of the Qualifying Commission participated, who were at the same time participating in preparing for the exams and running the exams. As a consequence, Buzek's government rejected their appointment by the previous one and a large number of Director Generals were dismissed. They were predominantly political appointees, often former communists *apparatchiki*. Qualification procedures were withheld, and those who passed the exam, but had not yet received the documents giving them the status of civil servant, had it concealed (Burnetko 2002, 28–29). The short-lived existence of the 1996 Act culminated in just over a hundred officials receiving civil servant status, the majority in the highest category A. Thus, the report suggested the implementation of a new Act, introducing reforms from the very beginning, to emphasise a change from previous practices and giving wholehearted support for professionalising public administration cadres. Finally, the introduction of the new Act was also

10 *Raport z przeprowadzonej analizy i oceny tworzenia służby cywilnej*. 1998

aimed at speeding up nomination procedures. The estimate of 1,500 civil servants who would receive nominations yearly if the 1996 Act was in force was seen as an unacceptably slow pace of reform. Reference is made to this data to indicate how difficult it proved to be to subsequently implement reform.

The 1998 Act focused on professionalisation beginning with senior positions and thus established one category of civil servants, who should fulfil high professional requirements: 1. being a civil service employee, 2. having completed six months of preparatory service, 3. having at least two years' work experience within the civil service, 4. holding a Master's degree and 5. having command of at least one foreign language, before applying for the qualifying examination (*mianowanie*).¹¹ The most difficult requirement to fulfil was the command of at least one foreign language. In 1999, the Office of the Civil Service evaluated that in the next two years, only 10 % of civil service employees would be able to fulfil this criterion (among them 5 % already had relevant certificates showing knowledge of a foreign language). As a result, an amendment was prepared aimed at establishing a lower category of civil servants, who would not require knowledge of a foreign language. However, the change of government in 2001 resulted in the legislative work on this proposal being stopped. On the other hand, advocates of this requirement emphasised its importance, indicating the necessity of EU administrative integration. However, the data from 2005 indicate that at that time, six years later, it was still the most difficult condition to fulfil.¹² In the 2005 qualifying examination, nearly fifty per cent of candidates had relevant certificates confirming a command of Russian, with the second most popular language being English, with more than forty per cent showing a command of this language. Thus, the modification under the 2006 Act requiring knowledge of a working language of the EU, (applying for the first time to candidates who took the exam in 2007) has had a serious impact on the development of the civil service. A radical interpretation is that this was a hidden manoeuvre aimed at slowing down the development of the civil service. In general, the ruling Law and Justice party rather negatively evaluated the performance of public administration and the progress of civil service reforms, for example the opinion of Ludwik Dorn¹³, Minister of Internal Affairs and Administration (*Gazeta prawna* 2006). In addition, this Act demanded at least three years' work experience (one year more

11 In addition, in the case of male candidates, they must either be reservist soldiers or not subject to conscription.

12 This confirms data from the report of the Chief of the Civil Service in 2005. According to 84% of candidates who took part in the qualifying examination, the most difficult requirement to fulfil was command of a foreign language. (*Sprawozdanie Szefa Służby Cywilnej* 2005, 26)

13 In addition, in 2005 Minister Ludwik Dorn withheld civil servant status from those who presented a certificate proving a command of the Russian language. Traditionally, it is believed that knowledge of Russian predominates among the older generation (those educated under communism). However, MEP Kudrycka protested that in her region, Russian was a popular choice and was related to geography (close to the eastern border) rather than history.

than under the previous Act) with a reduction to two if approved by the Director General. Surprisingly, this requirement was strengthened simultaneously with a lowering of professional standards for those who were starting to work in public administration (preparatory service became optional and was shortened). The 2008 Act preserved this three years' work experience but created an expanded list of acceptable foreign languages.¹⁴

The decision to replace the Civil Service Act 1996 with the new one (even though it was sympathetic to the argument of politicisation of its examination procedures) delayed implementation of civil service reform for at least two or three years. This was because the President sent the Act to the Constitutional Court, so it came into force in July 1999 and the first exams were only organised in 2000 (March and October). Then, its implementation followed at a slower pace than the government's moderate plan. The government assumed that the final number of professional nominated civil servants would eventually reach 30,000 (*Poland Public Service* 2003, 3¹⁵) and in the period between 2000 and 2002 it was planned their number would increase by approximately 2,500 each year.

In reality, the pace of nominations of civil service employees was extremely slow: in the first three years of its implementation, each year just over two hundred candidates passed the exam (see Table 1). The statistical data improved, especially in 2000, with the inflow of graduates from the National School of Public Administration, who were exempt from the qualifying exam and only had to submit a formal application to receive civil servant status (see details in next section) (*Sprawozdanie Szefa Służby Cywilnej* 1999, 2003¹⁶ and Rydlewski 2002, 162–165). The rate of candidates gaining qualifications increased gradually, reaching nearly 400 in 2003.

The number of professional civil servants anticipated by the Civil Service Act 1998 was eventually reduced to 15,000. This number was also calculated in proportion to senior positions (1,630), as it was assumed that their position-holders should be selected from civil servants. This number of civil servants guaranteed about ten candidates for each senior position (*Sprawozdanie Szefa Służby Cywilnej* 1999¹⁷ and Burnetko 2002, 35). At the same time, civil servants should have a certain impact on the performance and professionalism of the whole civil service corps as they would comprise about 15 % of its total, which in 1999 was 116,000 (Rydlewski 2002, 162).

14 This list includes working languages of the EU, languages of neighbours Byelorussian, Russian and Ukrainian and as well as Arabic, Chinese, Icelandic, Japanese, Norwegian.

15 Poland Public Service and the Administrative Framework Assessment 2003, SIGMA Support for Improvement in Governance and Management A joint initiative of the OECD and the European Union, principally financed by the EU, <http://www.sigmaweb.org/dataoecd/41/16/34989168.pdf>.

16 *Sprawozdanie Szefa Służby Cywilnej* 1999, 11 and *Sprawozdanie Szefa Służby Cywilnej* 2003, 20.

17 *Sprawozdanie Szefa Służby Cywilnej* 1999.

Table 1

The pace of Poland's civil service nominations in the period 2000–2008

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Candidates Taking Exam	458	324	374	633	1,406	4,176	3,456	718	897
Grand Total of Nominations Received	465	276	291	447	600	1,458	1,845	219	653
NSPA Graduates Receiving Nominations	261 ¹⁸	58	62	52	48	58	61	60	56
Non-NSPA Candidates Receiving Nominations	204	218	229	395	552	1,440	1,784	159	597

Source: personal compilation, based on data from *Sprawozdanie Szefa Służby Cywilnej* 2005 and data from the Prime Minister's Chancellery.

The slow increase in the number of civil servants may be accounted for by a sense of stability only gradually returning, interrupted by abrupt changes to the rules related to the introduction of the Civil Service Act 1998 and its policy towards those who passed the qualifying examination under the previous Act. In addition, the exams were perceived to be difficult, and financial incentives were not seen as attractive, although this changed over time. However, as already mentioned, the main problem was the foreign language requirement, which only the minority were able to fulfil.

The situation changed radically in 2004 when more than a thousand candidates volunteered to take exams (see Table 1). However, according to the government budgetary plan, only 600 posts were available for civil servants, with guaranteed priority for NSPA graduates (around sixty posts each year). Thus, although 830 candidates passed the qualifying exam, only 552 with the best results received the status of civil servant (see Tables 1 and 2).

A similar situation occurred a year later, although the government made generous concessions and nearly tripled the number of available posts from 600 to 1,500. However, this proved insufficient as although 1,753 passed the exam, only 1,440 received nominations. In addition, the number of candidates reached above 4,000 (the highest of any year). Exam entrants in 2005 (research conducted by the Office of Civil Service¹⁹) suggested that the main incentive for deciding to sit the

18 In March 2000, 208 NSPA alumni who graduated in previous years received nominations.

19 *Sprawozdanie Szefa Służby Cywilnej* 2005, Appendix 13, Qualification procedures in the civil service in 2005.

exam was an increase in salary (64%). The second reason was additional privileges (for example, longer vacations) (47%), and the third reason given was stability of employment (37%). The opportunity for further promotion was seen as much less attractive (18%) while applying for senior positions was even less attractive (11%).

However, in addition to the fact of whether work in administration was attractive, the political factor of Prime Minister Belka's policy was also important. The Prime Minister publicly declared the necessity to strengthen the civil service and promote personnel stability. During his tenure, he therefore introduced a law aimed at a policy of transparency in public administration, which was particularly important in relation to personnel policy, especially recruitment to lower positions and competition for senior ones. Moreover, the competition procedures for senior positions were extended to the chiefs of central agencies. In 2005, the number of posts available for nominated civil servants nearly tripled, increasing to 1,500 and again rose substantially in 2006 to 3,000. Finally, taking the qualifying exam began to be recognised as a guarantee of employment, especially in the case of senior positions.

In 2005, nearly 42% passed the exam compared to more than 60% a year earlier. (However, due to the limited number of nominations, only 35% of exam entrants in 2005 and 39% in 2004 received civil service status). This fall in successful exam entrants can be interpreted in two ways. First, the exam was difficult and dealt with specialised legal issues, but an equally important explanation is that *nomination* began to be recognised as a guarantee of stable employment, protected from political changes, an issue of some importance in the year of parliamentary elections (as exam entrants often included people in senior positions who could expect to be dismissed after a change of government) (Dańko, Przybylska and Jedlecki 2005).

Professionalising the civil service slowed down significantly after the Law and Justice Party came into power in 2005 and then passed new regulations in August 2006 (the Civil Service Act 2006 and the State Personnel Reserve Act) which undermined the previous status quo. The number of candidates in 2007 (just over 700) and 2008 (nearly 900) shows a radical drop in the number of civil service employees interested in taking the exams (as the figure in 2004 was 4,000 exam entrants). This indicates that politics has a strong direct influence on the performance of the public administration and that the civil service has still not developed sufficient autonomy. 2007 can be seen as the most critical year, as the number of new civil servants was only just over 200 (60 of them being NSPA graduates). Only 22 per cent of those who volunteered to sit the exam passed it. This was in contrast to previous years, when over 40 per cent of exam entrants (except for the first exam in March 2000,

when the proportion was below 20 per cent) passed exams.²⁰ However, the explanation for this can be found in the radical shift of demands under the government regulations to the Civil Service Act 2006. As a result, exams for senior positions (the State Personnel Reserve exams²¹) were easier than those for (lower) positions in the civil service²² (Góra 2007b), (see also section 7). Thus, in the period from 2006 to 2008, the decrease in the number of those who wished to receive the status of nominated civil servant was caused by the fundamental change in the concept of the civil service, which was limited to lower positions, and the introduction of the State Personnel Reserve at senior ones.

Table 2

Results for the qualifying examination (*mianowanie*) and total available nominations in the period 2000–2008

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Available Nominations	2,800	500	400	450	600	1,500	3,000	3,000	1,000
Remaining Nominations Available for Non-NSPA Candidates	2,539	442	338	398	552	1,442	2,939	2,940	944
Candidates Passing Exam	204	218	229	395	830	1,753	1,810	159	597
Non-NSPA Candidates Receiving Nominations	204	218	229	395	552	1,440	1,784	159	597

Source: Personal compilation, based on data of *Sprawozdanie Szefa Służby Cywilnej* 2005 and data from the Prime Minister's Chancellery.

The year 2008 showed quite substantial signs of improvement towards professionalism. This was reflected in both the number who decided to take the *mianow-*

20 In 2004, 59 per cent of exam entrants passed. However, due to the limited number of posts available, only those with the best results, 39 per cent, received nominations. Similarly, the respective proportions in the following year were 42 per cent and 35 per cent (*Trzyletni Plan Limitów Mianowań* 2007).

21 In contrast to previous regulations, it was not sufficient to achieve 120 out of 200 marks (60 per cent); an additional requirement was to gain at least half the possible marks in each part (knowledge test, essay and general ability analysis). Under the previous requirements, 76 per cent of candidates would have passed the exam. These requirements were in striking contrast, to pass the State Personnel Reserve exam in which it was only necessary to achieve above 33 per cent in each of the three parts: managerial abilities, foreign language knowledge and ability test, in addition to an overall minimum result of 60 per cent.

22 Civil servants could be transferred to the State Personnel Reserve, but it meant a loss of his/her administrative status. See section 7 for details.

anie exam and those who passed it (despite the 2008 Act coming into force in 2009, which restored the previous requirements: 60 % overall result, and one-third from each of its parts). This can also be seen as a reflection of improvements in administrative perspectives due to the change of political parties in government as a result of the autumn 2007 parliamentary election. Over 650 candidates out of nearly 900 taking the exam passed it and received nominated civil servant status. As a result, on 1 October 2008 the number of civil servants reached 6,158, accounting for 0.05 % of the total of 120,000 administrative employees. However, although the achievement of this *nomination* process can be seen as rather limited, certain positive signs began to be seen and one can expect improvements in the medium- to long-term.

The qualifying exam, which will be conducted in 2009, will not include checking of managerial competencies. This reflects the radical change of philosophy in the Civil Service Act 2008, compared to the 1998 Act (in which *nomination* procedures were seen as directly linked to the professionalisation of senior administrative positions). Probably, this recent change will reduce interest in taking these exams in the future.

7. Procedures for appointment to senior positions

According to the Civil Service Act 1996, appointment to senior positions took place after passing the qualifying exam for nomination in the relevant category: A – senior managerial positions and B – lower managerial positions. The impact of this Act was minimal. 115 civil servants received nominations, of whom 91 received category A (Rydlewski 2002, 160).

The 1998 Act introduced competition procedures for senior positions, which was seen as a radical modification compared to the Civil Service Act 1996 (*Sprawozdanie Szefa Służby Cywilnej* 1999, 2²³). These procedures should guarantee the professionalism and apolitical character of senior positions in the civil service. No doubt, this approach could be seen as revolutionary, facilitating a break with the communist legacy of the nomenklatura system. However, during the seven years of the 1998 Act being in force, 1,100 competitions were conducted, and 600 positions were filled, of which 69 were Director Generals (Góra 2007c). This indicates the relatively limited success of this reform. Indeed, the main challenge to its implementation can be recognised as the very slow pace of increase in civil servants (see Table 1).

The implementation of competition procedures was also slow: in 1999, 83 competitions were advertised but none were concluded. The next year the relevant statistic was 215 and 21 competition winners were selected. The situation improved

23 *Sprawozdanie Szefa Służby Cywilnej* 1999.

in the third year of reform in 2001, when 146 competitions were advertised and 121 candidates were selected.

However, in autumn 2001, after the parliamentary election, the government in power changed and a strong inflow of political appointments into senior positions took place. In section 5 on transfer, the issue of political nomination (working by proxy) under Prime Minister Miller (2001–2004) was presented (see also Majcherkiewicz 2006). However, it has to be mentioned that these political nominations also seriously undermined the nascent achievements of the formation of an apolitical civil service. For example, in relation to the most senior administrative positions, Miller dismissed 41 of around 70 Director Generals. A particularly negative impact was the fact that 33 of those dismissed were winners of competitions (Góra 2005). In 2002, only 64 people were selected according to competition procedures, half the number of the previous year. The verdict of the Constitutional Court in December 2002 (in relation to article 144a) improved the situation and in the following years, the number of candidates selected increased: 2003: 175; 2004: 254 and 2005: 114.

The competition procedures met with strong political resistance. There were attempts to boycott it by delaying its organisation (by not defining competencies required for positions) in the most radical cases for a year or two. Moreover, a serious problem was that those who worked in proxy had an advantage during competitions and often won them.²⁴

The original solution of the 2006 Reform was the formation of the State Personnel Reserve, composed of around 3,000 positions (Skiba, Director General of the Prime Minister's Chancellery in Góra 2006b). In addition to former "senior positions in public administration", positions of chiefs of central agencies and some managerial positions in the foreign service were added. One of the main channels for promotion was passing the State Personnel Reserve exams. After seven months in force, only 100 candidates had passed the exam (Góra 2007a). Thus, in May 2007, the amendment was passed, to attract new candidates. The validity of the exam was extended from five to ten years and the qualifications demanded were lowered (see Table 3). However, despite the modification, the system of SPR exams did not work out.

Interest in taking the exam was minimal, at about 500 candidates, (even though it was easier than the qualifying exam [for lower positions]). The proportion of entrants passing the exam was even less promising, not even reaching 300. This was despite the good conditions for exam entrants, including 12 exams being

24 Learning from these experiences, the current 2008 Act has introduced two main changes, which can be seen as reasonable political compromises on certain issues. It has also attempted to improve professionalism: first not one, but two candidates are selected, which should be easier for politicians to accept; second, emphasis is placed on the professionalisation of the commissions that select candidates for senior positions, and their work should be much more transparent. The Act also requires detailed reports to be produced.

organised in 24 months (in contrast to qualification exams, which, since 2001, have been organised once a year).

However, the main “achievement” of the SPR was legitimisation of political appointees who received a guarantee of work stability. Implementing the SPR proved not to work out. Despite having been introduced to undermine civil servants, who were distrusted by the Law and Justice party, they accounted for the majority of its members. The 2006 reform was no doubt politically motivated by the government to appoint its own candidates to senior positions. Another negative impact was that those in SPR positions were strongly subordinated to their political supervisors, who could dismiss them on a whim. However, reform also proved to be chaotic (Stec 2006) and thus it was much less successful than it had seemed at the time of its implementation. In other words, it led to a substantial inflow of partisan appointments (around 2,000 position holders). However, it did not lead to a devastation of professional recruitment procedures to senior positions (had to pass SPR exams, whose certain quality guaranteed NSPA). Finally, it seems that within public administration the SPR system was not as negative as it was seen as a temporary reform (for example, one-third of those successful in the SPR exam did not even enrol in the SPR official list).

As mentioned, since the Civil Service Act 2008 was only implemented recently (less than two months ago), it is analysed only with reference to the quality of the legislation, without reference to its implementation. In the current Act, the policy towards senior positions has been substantially modified. The 1998 Act assumed that in the medium-term, senior positions would be guaranteed for professionals – *nominated* civil servants. In the 2008 Act, appointments to senior positions take the form of open recruitment for managers with experience of work in public institutions. For senior positions (Director Generals and chiefs of central agencies), candidates have to have three years’ managerial experience in public sector institutions, in addition to six years’ work experience. In relation to positions, which can be defined as “medium” positions (directors of departments in ministries, the Prime Minister’s Chancellery, central agencies, regional offices and deputies of those directors) one year’s managerial experience in the public sector is required, in addition to three years’ work experience. The emphasis is on transparency of the selection procedures. Thus, for example, a selection commission of three members is required for “medium positions” and a commission of five members is required for Director Generals. The Chief of the Civil Service can send his representative to monitor these procedures (in case of irregularities, he can even decide to repeat the recruitment procedure). An important element aimed at overcoming the earlier politicisation of competition procedures for senior positions is the requirement to publicise the detailed reports afterwards. Whereas previous competitions for senior positions resulted in one appointment, the current recruitment procedures select two candidates. They are presented for final selection to their political supervisors (ministers, regional governors and so on). The other important change is that the

criterion of foreign language knowledge required for senior positions since 1996 was formally dropped in the current Act.

Conclusion

This article has focused on the continuity and discontinuity of civil service reforms. The role of the communist legacy was emphasised to explain the problems of limiting political influence over personnel policy in public administration. Some crucial issues for the development of the civil service, such as evaluation procedures, professional remuneration and privileges (for example, longer holidays) had to be omitted in this short article.

At first glance, the complexity of this picture is striking, despite only thirteen years having passed since 1996, when the first reform was introduced. Nevertheless, of the four reforms proposing various regulations, the reform of 2006 (Civil Service Act 2006 and State Personnel Reserve Act) can be easily singled out. The solution adopted then has to be evaluated extremely negatively, as the communist-style policy subordinated the personnel policy in public administration to political whims.

The delay in introducing civil service reform (compared to other economic and political reforms, even local government reform) and the discontinuity of reform proposals indicate that the professionalisation of public administration had limited effects and has thus been vulnerable to politicisation. However, even under the 2006 Act, the State Personnel Reserve exams were conducted by the National School of Public Administration, which guaranteed their quality.

The fact that nominated civil servants comprise only 0.05% of all civil service employees is a good illustration of the stage of development of the professional civil service corps. Thus, the current 2008 Act can be interpreted as providing new direction, and it is much more radical than it may seem at first glance. This is a project that could modernise Polish administration, but in the context of previous repeated politicisation attempts, it also raises serious doubts.

Finally, it is worth commenting on the long-lasting 1998 Act (seven years). It seems that this ambitious project was rejected at the moment it began to mature, or maybe because of that it was rejected by politicians.

Table 3
Visions of the civil service in successive reforms – continuity and discontinuity

	Civil Service Act 1996	Civil Service Act 1998	Civil Service Act 2006 and State Personnel Reserve Act 2006	Civil Service Act 2008
Legal Regulations of the civil service	<ul style="list-style-type: none"> • Civil Service Council • Chief of the Civil Service accompanied by the Office of the Civil Service 	<ul style="list-style-type: none"> • Polish citizen • Professional and moral requirements 	<ul style="list-style-type: none"> • The Chief of the Prime Minister's Chancellery • Public Service Council 	<ul style="list-style-type: none"> • Civil Service Chief • Civil Service Council
RECRUITMENT to the civil service	<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Professional and moral requirements 		<ul style="list-style-type: none"> • Polish and EU citizen • Professional and moral requirements
Preparatory TRAINING	<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Mandatory six months 	<ul style="list-style-type: none"> • Optional maximum three months without assessment 	<ul style="list-style-type: none"> • Optional and individualised maximum four months
EXTENT of civil service corps	<ul style="list-style-type: none"> • Civil servants (who have passed the qualifying examination (<i>mianowanie</i>) – “professionals” • All other administrative officials were situated outside the civil service corps 	<ul style="list-style-type: none"> • Civil service employees • Civil servants (who have passed the qualifying examination [<i>mianowanie</i>] – “professionals”) 		
TRANSFERS among institutions and employment of outsiders		<p>Individual transfers</p> <p>Lack of posts available for civil servants</p>	<p>Transfers among institutions</p> <p>One-way transfer from:</p> <ul style="list-style-type: none"> • local government • Supreme Chamber of Control²⁵ <p>Modification of the 1998 Act (March 2006) and regulations preserved in the Civil Service Act 2006</p>	
		<p>Mixed recruitment for senior positions</p> <p>Article 144 Temporary regulation (five years) Amendment 144a (December 2001–December 2002)</p> <p>July 2004 Closed recruitment Article 144 out of force May 2006 Open recruitment</p>		<p>OPEN RECRUITMENT to senior and “medium” positions</p> <p>Requirements: work experience and managerial experience in the public sector</p>

²⁵ Formally, it is an amendment to the Civil Service Act 1998. However, it can be interpreted as the first stage of reconstruction, which culminated in the adoption of the State Personnel Reserve and Civil Service Act 2006.

Table 3
(continuation)

	Civil Service Act 1996	Civil Service Act 1998	Civil Service Act 2006 and State Personnel Reserve Act 2006	Civil Service Act 2008
Legal Regulations of the civil service				
REQUIREMENTS FOR PROMOTION to position of civil servant status	<p>Four categories of diversified qualifications and Polish citizen required²⁶</p> <p>CATEGORY A senior managerial positions</p> <ul style="list-style-type: none"> • Hold a Master's degree, • Have at least seven years' work experience within the civil service • Four years' managerial experience • Have command of at least one foreign language <p>Graduates of NSPA were not exempt from passing the qualifying examination</p>	<p>Civil service employee,</p> <ul style="list-style-type: none"> • Hold a Master's degree, • A reservist soldier or not subject to conscription <p>Have completed six months of preparatory service</p> <ul style="list-style-type: none"> • Have at least two years' work experience within the civil service • Have command of at least one foreign language 	<p>Have at least three years' work experience within the civil service or the approval of the Director General for a shortening of this period, but to not less than two years.</p> <ul style="list-style-type: none"> • Have command of at least one foreign language (from the expanded list of foreign languages) 	<p>Have at least three years' work experience within the civil service or the approval of the Director General for a shortening of this period, but to not less than two years</p> <ul style="list-style-type: none"> • Have command of at least one foreign language (from the expanded list of foreign languages)

²⁶ **Category B – lower managerial positions**

- Hold a Master's degree and have at least five years' work experience within the civil service

Category S – experts

- Hold a Master's degree

Category C – lower positions

- Hold a Master's degree and have two years' apprenticeship, or A-levels and seven years' apprenticeship.

Table 3
(continuation)

<p>Legal Regulations of the Civil Service</p> <p>APPOINTMENT to senior posts</p>	<p>Civil Service Act 1996</p> <p>Pass qualifying exam for category A or B.</p> <ul style="list-style-type: none"> • Category A senior managerial positions • Category B lower managerial positions 	<p>Civil Service Act 1998</p> <ul style="list-style-type: none"> • Competition procedures for senior positions • Political appointees working in proxy Amendment 144a (December 2001 – December 2002) • May 2005 Positions of directors of central agencies defined as senior administrative positions 	<p>Civil Service Act 2006 and State Personnel Reserve Act 2006</p> <p>State Personnel Reserve Holding a Master's degree, Being a Polish citizen, Having command of at least one working language of the EU</p> <table border="1"> <tr> <td data-bbox="383 698 659 989"> <p>August 2006</p> <ul style="list-style-type: none"> • Civil servants Five years' work experience required • Successful exam entrants Five years' work experience required • Winners of competitions • Diplomats <p>Validity of the exam: five years</p> </td> <td data-bbox="383 433 659 698"> <p>May 2007</p> <ul style="list-style-type: none"> • Civil servants • Successful exam entrants Three years' work experience required • Winners of competitions • Diplomats • Holders of a PhD <p>Validity of the exam: ten years</p> </td> </tr> </table>		<p>August 2006</p> <ul style="list-style-type: none"> • Civil servants Five years' work experience required • Successful exam entrants Five years' work experience required • Winners of competitions • Diplomats <p>Validity of the exam: five years</p>	<p>May 2007</p> <ul style="list-style-type: none"> • Civil servants • Successful exam entrants Three years' work experience required • Winners of competitions • Diplomats • Holders of a PhD <p>Validity of the exam: ten years</p>	<p>Civil Service Act 2008</p> <p>Senior positions (Director Generals, Directors of central agencies)</p> <p>Requirements: three years' managerial experience in the public sector in addition to six years' work experience</p> <p>"Medium" positions (Directors of departments)</p> <p>Requirements: one year managerial experience in the public sector in addition to three years' work experience</p>
<p>August 2006</p> <ul style="list-style-type: none"> • Civil servants Five years' work experience required • Successful exam entrants Five years' work experience required • Winners of competitions • Diplomats <p>Validity of the exam: five years</p>	<p>May 2007</p> <ul style="list-style-type: none"> • Civil servants • Successful exam entrants Three years' work experience required • Winners of competitions • Diplomats • Holders of a PhD <p>Validity of the exam: ten years</p>						

Source: own compilation

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Why Is it so Difficult to Reform Bureaucracy in Transition Countries? (The Russian Case)¹

Alexander Obolonsky

The urge towards modernizing inherited models of public service is a world-wide tendency of last decades and can be observed in many countries with quite different political and cultural situation and legacy. It is not surprising that results of these efforts are also quite different. However, there are some regularities. One of them is a complexity of these processes in transit post-Socialist countries. Russia is the remarkable example of it what looks quite interesting in comparative perspective.

However, before to turn to the Russian experience, let me share my vision of common problems faced post-Socialist societies concerning Civil Service reforming. It goes without saying that I don't incline to underestimate serious differences existing between different East European countries in cultural and political respects. I never neglect national specifics, by any means. But similar heritage of a single-party governance, of totalitarian rule inevitably creates similar problems and troubles. Most of them cannot be overcome quickly and easily. In this paper I'll restrict myself just by naming some of these common inherited obstacles for the reforms way.

- In all Socialist countries officialdom was an executive apparatus, "driving belts" of ruling party.
- The merit system was practically absent, deteriorated version of patronage in form of party-nomenclature system prevailed instead of it.
- The public service, in exact meaning of this word, did not exist, because it is incompatible with autocratic way of rule.
- After the fall of Communist dictatorship all post-Socialist countries faced a desperate need for making new Public Service and all met serious difficulties at that way. Some cases are better, other are worse. But I don't know any completely successful reform in this part of the world. Instead of it, some variations of bu-

¹ Paper for the 2009 NISPAcee Conference.

reaucratic state tend to evolve. Unfortunately, this is a general tendency for the territory of former Soviet outer Empire.

After these introductory remarks I'll go to the Russian experience *per se*.

The protracted fight to reform the Russian post-communist public service has now entered its fifth round, and it is unclear whether more rounds are likely to follow. The purpose of this paper is to assess why this process has been so long, tortured, and – to date – unimpressive in its results. This requires a reassessment of the whole course of reformist efforts in terms of the broader political context. Before revisiting the contemporary history of reform, it is important to identify the fundamental tensions underlying the battle over post-communist Russian officialdom. At the heart of the conflict over the Russian state (it is not purely by chance that the name did not include the word “public”, which is remarkable) service was a hidden struggle between two opposing approaches to change. The first champions a sort of “virtual reform” [pseudo-reform] that would minimise the practical effects on bureaucratic behaviour or even, if possible, take a step backwards in order to institutionalise the privileged and protected status of officialdom as a bureaucratic corporation or caste. The second approach seeks to carry out a genuine modernisation of the Russian state administration, which would result in a bureaucracy of a new type – one that would correspond to the demands of the times and the challenges of modern democratic development. In other words, what has been taking place since 1991 until the present is an irreconcilable struggle between two fundamentally incompatible models of state administration.

The first model rests on the age-old Russian idea of a “ruler’s service,” or, in Russian, *gosudareva sluzhba*. A characteristic of the Soviet, as well as tsarist periods, this patrimonial model of officialdom is primarily oriented towards servicing the needs of the ruler [master of state], whatever their formal title or, indeed, whether or not the leadership role is embodied in a single individual or a group of persons, as occurred during certain periods of Soviet history when the Politburo was the collective leader of the country. The second model which would be a novelty for Russia, is a civil or public service, in Russian, *grazhdanskaia or publichnaia sluzhba* whose first priority would be servicing the needs of citizens. Following on from the premise that the contemporary history of Russian officialdom reflects a struggle between the efforts to introduce a civil service or maintain a state service, we turn now to a brief review of the attempts since 1991 to reform the Russian state administration.

The First Round of Reform (1991–1995)

Despite the dramatic announcements of early reformers that a new state administration would be created from scratch, the post-communist state bureaucracy was very much the successor to Soviet officialdom, in terms of both personnel and prac-

tices. These practices represented a style of bureaucratic management that formed part of what was known in the perestroika era as the “administrative-command system.” In July 1990, in an attempt to reform this system, the then Chair of the Supreme Soviet of the Russian Republic, Boris Yeltsin, issued a decree outlawing the functioning of Communist Party organisations in state administration. With this initiative, Yeltsin was pursuing the laudable goal of eliminating the influence of the Communist Party in the state apparatus, and thereby transforming officialdom into a politically neutral administrative instrument. But, in fact, this measure all but eliminated the possibility to change the composition of the Communist Party bureaucracy, which was required to transform both the country’s government and its economy. As a result, those persons whose entire careers had been spent serving as “transmission belts” for Communist Party policies were now in the position of carrying out the post-communist reforms of state administration.

In a formal sense, the process of reform did begin from scratch because the Yeltsin government tried to abandon all remaining vestiges of its predecessors’ authority. On 28 November 1991, President Yeltsin signed a decree that established, as part of the Russian Government, a Main Department for the Training of State Officials. The functions of this agency were considerably broader, however, than the name suggests. The new department effectively monopolised all activities relating to the training of members of the state service, an assignment that was evident in the department’s acronym, Roskadry, or Russian personnel. Such an agency could have been useful if it had actually undertaken a reform of state administration. But the main issue – what kind of state service Russia needed – as never seriously addressed, let alone resolved, in this period.

Instead, a completely different set of issues made its way to the top of the agenda. Besides typical questions about who would “call the tune” within the state bureaucracy, the main concern became the struggle for control of a prominent and potentially lucrative part of the communist inheritance, the system of Higher Party Schools, at the head of which stood the Academy of Social Sciences of the Central Committee, which for decades had served as a “crucible of personnel” for the higher ranks of the party apparatus.² At local levels, this struggle set two different types of educational institutions against each other – the aforementioned Higher Party Schools vs. the newly-emerging departments of public administration in the universities and institutes that formed part of the general system of higher education in Russia. Each side sought to be the main supplier of personnel for state administration, but in the event, the “heirs of the party” emerged victorious.

This outcome had serious negative consequences for personnel renewal in state administration, in as much as the faculty of the former institutes for “party study” had been carefully selected by Communist Party organs on the basis of their ideological loyalty and their ability and willingness to train personnel who would

2 On this issue, see Huskey 2004.

serve as the defenders and champions of the policies of a totalitarian government. At the beginning of the 1990s, these schools were filled with personnel who had a revanchist attitude toward post-communist, and especially market, institutions. Even now, almost eighteen years after the collapse of the USSR, the spirit prevailing in these schools is distinctly anti-reform and retains elements of nostalgia for the old order, despite a cosmetic modernisation and a name change – they are now known as academies of state service.

Despite their retrograde character, the academies of state service received the lion's share of budget allocations for the retraining of state personnel, and therefore they were the major points of instruction for state bureaucrats pursuing “qualification increasing” courses of varying lengths. Moreover, the direct successor to the old Academy of Social Sciences, the Russian Academy of State Service (RAGS),³ fulfilled the role of primary advisor to the President on the reorganisation of the state service. It is revealing that when RAGS itself looked overseas for advice, it was primarily to representatives of the French administrative tradition, which, despite its positive features, has stood aside from the New Public Management movement and has therefore been reluctant to embrace many progressive policies that have contributed to the de-bureaucratisation of officialdom in other Western countries since the 1980s. Put another way, Russia was arming itself with weapons from an already outdated arsenal, as Yeltsin noted in a speech to RAGS in 1994.⁴

As a result, the few legislative changes that targeted officialdom in this period contained little that was new, and in some cases they actually revived archaic policies from the Russian past. An example of this was the rigid system of service grades that was introduced as part of the 1995 law “On the Fundamentals of State Service of the Russian Federation.” (Ob osnovakh 1995, 174) Almost three centuries after its initial introduction, Russia had revived a form of the Table of Ranks.⁵ It is a bitter irony that this was one of the first acts of the new democratic Russian government, given that the elimination of the special corporatist status of Russian officialdom, which tsarist leaders had sought unsuccessfully to remove throughout the 19th century, was one of the few real achievements of the revolutions of 1917. Not only forward-thinking officials such as Mikhail Speransky, but almost all Russian monarchs in the 19th century, recognised that the positive potential of the Table of Ranks had been all but exhausted, and that its negative features were becoming ever more prominent. In the West, service grades and ranking had always played a less important role than in Russia. Even in Prussia and the Austro-Hungarian Empire, the attitude associated with what Yurii Lotman called “the mystical power of rank” [mistika china] was less developed than in the Russian consciousness. Over a century ago, Mikhail Saltykov-Shchedrin observed bitterly that among all the achieve-

3 From 1991 to 1995, RAGS was known as RAU, or the Russian Academy of Management.

4 On the French tradition, see Suleiman 2003, 168–169.

5 On the role of status and rank in the history of Russian officialdom, see Bennett 1980.

ments of Europe, we borrowed only the division of persons into ranks, which by that time, Europe had already abandoned.

While Russia was reintroducing an institution whose inadequacy had already been recognised in the 19th century, the real issues remain unaddressed. These included the introduction of new blood into state administration and the creation of effective procedures for the recruitment and rotation of qualified personnel. Until the onset in the late 1990s of a generational shift in bureaucracy, caused by demographic trends, the continuity of administrative officials inherited from the Soviet era remained at 60–70 per cent, and was even higher in some agencies. (Krysh-tanovskaia 1996) These were officials who had been recruited originally on the nomenclature principle of “the priority of political over professional qualities.” Thus, fundamental policy reforms, most notably those on the economy, were being implemented by persons who had worked during their entire careers in an anti-market, administrative-command environment. This configuration of personnel was at the root of many of the problems of this period.

Although Roskadry was closed in 1994, policy in this realm changed little, as evidenced by the passage of the “Fundamentals of State Service” in 1995. If one were to provide a general assessment of this first round of reforms, it would not only be an absence of progress in the transformation of officialdom, but a growing separation of state administration from the reforms taking place in the economic and social life of the country.

The Second Round (1997–1998)

The second round began on a much more promising note. In 1997, President Yeltsin issued a decree that created the Commission on State Construction, later renamed the Commission on Administrative Reform, which comprised largely of academic experts in law and public administration, including the present author, as a head of group on civil service reform.⁶ One of the commission’s primary tasks was the development of a concept for the genuine modernisation of state administration, where personnel, more than organisational issues, would be in the forefront. This model would then serve as the inspiration for specific measures designed to introduce, for the first time in Russian history, something more than a modification of the “ruler’s service.” The goal was a civil service that would not only provide the efficiency necessary to a modern state but that would work first and foremost for the citizens and for the taxpayers, rather than for the bosses. This model was based on a careful study of Russia’s history and culture, as well as the latest experience of civil service reforms that had been carried out in a number of leading Western countries,

6 The composition of this group included M. A. Krasnov, A. V. Obolonskii, A. G. Barabashev, O. F. Nozdrachev, V. D. Rudashevskii, V. A. Kozbanenko and M. Z. Skundin.

especially those in the Anglo-Saxon world, which had taken the most radical and decisive steps to reform officialdom.

This plan for reform was, for the most part, in place by the fall of 1997. An indication that the proposed reform enjoyed political support at the highest levels came in the spring of 1998, when President Yeltsin included references to the model of civil service reform in his annual message to parliament. This speech called for, amongst other things, the introduction of competitive hiring in order to attract the most competent and honest personnel into the state bureaucracy; a clearer differentiation between political appointees and career bureaucrats; the monetisation of benefits for fewer, but better-paid, state officials; the protection of officials from the caprices, arbitrariness and incompetence of their superiors.⁷ DONE

Although the Commission on Administrative Reform enjoyed the patronage of the President, not all forces within the Presidential bureaucracy were pleased with the direction that the reform process was taking. There emerged within the Kremlin a group of officials who, while recognising the need for some changes in state administration, sought to reduce these to a minimum by proposing palliatives that would not advance reform along the radical path favoured by the Commission on Administrative Reform. Thus, parallel to the work carried out by the commission, several officials in the Administration of the President were asked to develop a draft Code on State Service. The heads of both of these working groups knew of the existence of the other, but there was no contact between them. In spite of this information “vacuum,” the state officials crafted a model of reform, which in several important respects, was similar to that advanced by the academic experts, especially regarding the legal status of civil servants. This similarity apparently did not please the deputy leader of the Administration of the President, Evgenii Savost’ianov, and, in September 1997, he organised a discussion of the question of civil service reform at a meeting of the Security Council. In advance of this discussion, Savost’ianov invited yet another actor into the debate. He asked the leadership of the Russian Academy of State Service (RAGS), as well as the head of an experts’ group within the Commission, to prepare competing outlines of civil service reform. Thus, there emerged several different documents, the most conservative of which belonged to RAGS. The details of the discussions at the Security Council are not available, but they apparently had little impact, because the single draft emerging from the reviews at the higher levels of the administration contained the proposals of the Commission on Administrative Reform.

Although the draft was greeted coolly in the corridors of power, it did not prompt any fundamental objections. Yet, not even the inclusion of a substantial portion of the draft in the President’s annual message to parliament produced any practical steps to advance reform. On the contrary, in December 1997, Parliament adopted a Law on the Government, which not only was out of step with the Com-

⁷ Cite to Poslanie Federal’nogo Sobraniuu, 1998.

mission's conceptual model, but also revealed no intentions or plans to reform state service. Along with other political circumstances, the financial crisis of August 1998 led to the placement of bureaucratic reform on the back burner.

At first glance, then, the second round appeared to represent a complete victory for the anti-reformist wing of the state bureaucracy. However, in our view, the results were not wholly negative. First, it soon became apparent that the second round articulated a theoretical foundation of reform for which there appeared to be no satisfactory alternative. Second, the reformist ideas advanced during this second round began to be absorbed into the consciousness of the country's political-administrative elite, as well as its university students, who would emerge as the next generation of managers in the state bureaucracy. Subsequent events illustrated that the main principles of the Commission's model would very soon be in demand.

Third Round (1999–2000)

The fall of 1999 witnessed a new, and fairly brief, flurry of activity surrounding the reform of state service, which was stimulated less by a serious reformist impulse than by political circumstances. Dominating the political agenda was the succession crisis surrounding Yeltsin's imminent departure from the presidency as well as the consequences of the financial crisis unleashed by the 1998 default. In keeping with the age-old Russian tradition of seeking a scapegoat during troubled times, blame for the policy failures was placed at the feet of the bureaucrats, a position that united the political elite, the press, and public opinion. For the majority of politicians positioning themselves for the parliamentary elections of December 1999 and the Presidential election of June 2000, anti-bureaucratic attacks, whether feigned or heartfelt, were a prominent part of their electoral strategy. Virtually, all serious contenders for office used every opportunity to condemn Russian officialdom.

The most successful players in this game were members of the pro-Putin party, Unity. A think-tank related to Unity, the Centre for Strategic Research, headed by the economist German Gref, prepared a substantial working paper on the subject of state service reform.⁸ Half of the contributors to this study were "the people of '97," that is co-authors of the previous conceptual model of administrative reform. The overlapping authorship assured that the content of this study differed little from the earlier document emanating from the Commission on Administrative Reform. Besides minor differences in emphasis and a more detailed development of certain elements of reform, the two documents diverged most markedly in the harsher criticism directed against officialdom in the Gref draft. Reflecting the electoral atmosphere in which it emerged, the new study argued that state administration in post-communist Russia reproduced some of the worst features of Soviet offi-

8 For a discussion of Gref's proposals, see *Reforma gosudarstvennoy sluzhby Rossiyskoy Federatsii*. M/2006.

cialdom, especially its corporatism, or caste-like character. A favourite target for criticism was the huge expansion of organisations and personnel that formed part of the network of federal ministries in the provinces. In some regions, federal employees outnumbered their regional counterparts by a stunning ratio of ten to one.⁹ NOT NECESSARY

In its overall format, however, the Gref document was far less a political manifesto than a programme addressing technical issues and advocating specific legislative initiatives. It was, then, a more pragmatic version of the programme of '97. However, the ideas contained in the Gref proposal never produced practical results. After the elections of 1999 and 2000, interest in the reform of state service collapsed, as other issues arrived centre-stage and the usual drag of bureaucracy on innovation took hold. As a result, the third round of reform shared the same fate as its predecessors.

Fourth Round (2001–2002)

The beginning of the fourth round of reform testified to the pressing need to do something about the problems accumulating in the Russian state service.¹⁰ In the fall of 2001, there appeared a new reform commission, this one composed of high-ranking officials and led by the Prime Minister, Mikhail Kasianov. However, the real responsibility for developing reform proposals fell to several parallel working groups operating in the Presidential bureaucracy, the Duma, and the Ministry of Economic Development, which was headed by German Gref. Unfortunately, in contrast with the Yeltsin era, these groups operated in the spirit of Soviet organisations, secretly and outside of public scrutiny. Instead of making steady progress, the groups worked in fits and starts and at times their activity seemed to grind to a halt.

In the spring of 2002, President Putin devoted a considerable portion of his State of the Union address to the need for a radical reform of Russian officialdom. Once again, however, the elevation of the issue to a prominent place on the political agenda did not seem to accelerate reform. Work continued only sporadically and behind a curtain of secrecy. It is indicative of the times that even a draft Law on Freedom of Information – which was never adopted, or even introduced, by the Duma – also took shape under a closed regime, without the participation of the public or an airing in the higher reaches of the bureaucracy.

With regard to the politics of reform, it is important to recognise that the division between the proponents of “progressive” and “conservative” models of change did not neatly follow ministerial or departmental lines. The situation was far more complicated and fluid than that. Thus, it would not be appropriate to tie the friends

9 Chislennost' rabotnikov organov gosudarstvennoi vlasti i mestnogo samoupravleniia po sub'ektam Rossiiskoi Federatsii na konets 2000 goda (Goskomstat table in possession of the author).

10 These issues are the subject of a special discussion.

and foes of reform firmly to particular state organisations. An example that illustrates this point is the law “On the System of State Service,” which was adopted in 2003, after undergoing numerous metamorphoses over a lengthy period. Before being presented to the President, who in turn submitted the bill to parliament, the draft had to be reviewed and approved by a multitude of officials, a process that led to a refining of the proposal. The bill that emerged from this process was a lengthy text of almost 120 pages, which included many innovations that were designed to inform follow-on legislation governing the specific branches of federal officialdom as well as the state service in the regions. This draft was then sent to the State-Legal Department of the Presidency for final polishing and review.

Unexpectedly, and against all logic, a mid-level bureaucrat in the State-Legal Department – not the head or even the deputy head – subjected the draft to a harsh “sequestration”, reducing the document to one-sixth of its size and eliminating the majority of its innovations. The details of the internal negotiations over this intervention remain obscure, but it is known that the emasculated draft was forwarded to the deputy chief of staff of the President, Dmitrii Medvedev, who oversaw work on state service reform and was therefore responsible for the integrity of the documents. Nonetheless, he transferred the bill to the President in this pared-down form, and President Putin then submitted it to the Duma, where it was adopted without serious discussion, in as much as the contents imposed few demands on anyone.

It appears that this gutting of the document was not the result of a philosophical conflict, or even a struggle between different ministries, but a behind-the-scenes battle between offices, or even individuals, in the Kremlin who were defending narrow bureaucratic interests. Their intervention annulled the work of large committees of academic experts, as well as persons at the highest level of the administrative hierarchy, all of whom had examined the issues in depth. This incident raises suspicions about the real priorities of certain individuals and groups that had held themselves out as champions of radical reform. By way of concluding comments on the fourth round, we should note that, when compared to officials in the presidency, deputies in the Duma, who participated in the reform process, adhered in many cases to conservative and even reactionary, positions on Russian officialdom.

Fifth Round (2002–2008)

The fifth round began on 19 November 2002, when President Putin signed a document with the promising title, “Federal Programme for the Reform of State Service, 2003–2005.” By the standards of reform proposals, this was a very weighty document. It contained a detailed statistical analysis of developments in Russian officialdom in the post-communist era; harsh criticism of shortcomings in the state bureaucracy; the main priorities of the reform; a list of specific measures needed to implement the reform, with a detailed timetable tying action steps to particular

executive agencies; budget outlays associated with each of these steps and finally, a list of federal statutes, Presidential decrees, Government directives, and other normative acts that were needed to implement the Programme.

The analysis offered by the Federal Programme was so critical of the status quo in officialdom as to be almost alarming. In a certain sense, it revived the “spirit of ’97,” that is the model advanced during the second round of reform. At the same time, however, there were traces of compromise with the advocates of a “virtual reform,” including a desire to allow the machinery of state to protect itself from external scrutiny. Despite this internal inconsistency, the Programme, as a whole, represented a significant advance along the path of transforming Russia’s traditional model of a “ruler’s service” into a civil service.

The boldness of the Federal Programme itself was not matched by the practical steps that followed it. Implementation encountered significant delays and a spirit of inertia within the bureaucracy. For example, it was only eight to ten months after the issuance of the Federal Programme that the ministries responsible for various aspects of the reform announced an open tender – a requirement of the Programme – for project documents (in Russia, much of the drafting of reform documents is contracted out to academic institutions and other organisations). Moreover, funding for the reform was not forthcoming until the end of 2003, more than a year after the announcement of the Federal Programme. In our view, these delays were clear examples of the behind-the-scenes resistance of officialdom to the reform.

Even more revealing was the fate of the draft law “On Civilian State Service,” which, after the emasculation of the contents of the law “On the System of State Service,” was viewed by the advocates of reform as a critical document. From our perspective, the process of revising and reaching agreement on this bill introduced some provisions that exceeded permissible compromise and provided all manner of loopholes. In particular, the creation of an equivalency scale, matching military and civilian ranks, paved the way for a massive transfer of retired military personnel into high-ranking posts in civilian administration, with no provision for careful review of their qualifications. This initiative appeared to contradict the spirit of reform and potentially to undermine the level of management competence in the civilian state service. This and other elements of the draft were the subjects of serious criticism during parliamentary hearings held in the spring of 2003. In particular, some hearing participants noted that in its current form, the law would tend to serve bureaucratic rather than public interests. Unfortunately, however, these criticisms were not reflected in the final version of the law.¹¹

11 Deputies from the Union of Right Forces must bear some responsibility for the failures in this legislation. Their criticisms of the bill were only designed to score political points and not to make constructive suggestions for improvements in the text, which is the role of responsible lawmakers.

During its first reading, the draft law passed without discussion or significant amendments. This is not surprising given that the reading was held at the last session of the Duma before the December 2003 parliamentary elections, when the deputies were absorbed with their re-election campaigns. The fate of the bill was decided, therefore, by the membership of the new Duma, where one-party dominance by United Russia, the successor to the Unity Party, prevented any serious revisions to a text championed by the Presidency. Of course, the very fact that the adoption of the law was delayed by the new Duma raises doubts about the seriousness of the administration's commitment to the reform of officialdom. One may conclude, therefore, that the country's political leadership had still not recognised the necessity for making a decisive choice between democratic and purely technocratic means of modernising the country.

Developments after the adoption in 2004 of the Law on Civilian State Service raises the possibility that the fifth round represents the culmination of the reform process relating to Russian officialdom. By the summer of 2007, this round of reform, which had started out with such promise, seemed to be coming to a sluggish and lacklustre end. It is true that, in a formal sense, work continued apace. President Putin had signed 12 of the 19 decrees anticipated by reform documents, decrees which were supposed to improve performance assessment, create reserve lists of personnel targeted for advancement, establish a commission to handle disciplinary and ethical complaints against officials, and introduce competitive hiring.¹²

Some agencies, most notably the Ministry of Economic Development and Trade, did begin to use competitive hiring practices in their recruitment of personnel. Preparation was also underway for the elevation in status and responsibilities of a department within the presidency that could assume overall responsibility for personnel matters in the state bureaucracy. After the failure of Roskadry in the early 1990s, offices of personnel management operated within each state organisation, with no effective coordination from the centre.¹³

However, it was difficult to find substantive changes in the style and nature of work in the bureaucracy. More noticeable was the growth in size of the state bureaucracy, which now exceeded one and a half million persons, and an increase in the bureaucracy's sense of self-importance, which suggested the rise of a "new class" in officialdom. Even the positive actions noted above appeared to derive more from an obligatory response to the formal innovations in the law – reminiscent of what was called a "wiping clean of the slate" in the tsarist era – than a desire to advance reform. More to the point, there are now counter-currents at work, which were evident during the parliamentary hearings in November 2006, where some deputies proposed revisions to the Law on Civilian State Service because of its alleged im-

12 For the text of the decree on the disciplinary commissions, see *Polozhenie o komissiiakh* 2007.

13 A department of state service had existed in the Administration of the President since the 1990s, but its responsibilities and visibility were minimal.

practicality. In addition, the draft of the project for improving the state bureaucracy from 2008–2012 no longer bore the term “reform” in its title, but rather the more flexible concept of “development” of the state service. Although the document was provisional, and subject to serious criticism at a conference in the Higher School of Economics, the very fact that “development” replaced “reform” was an indication that the struggle to reform the state bureaucracy was approaching its conclusion.

If we return to the boxing metaphor, the end of the fifth round found the fighters a pale imitation of their former selves, having lost their will and merely awaiting the bell or the cry of the manager. For his part, the “manager” did not wish to undermine the stability and loyalty of the state apparatus in a period when their “administrative resources,” whose use was formally prohibited, found he needed to assure victory in the electoral cycle of the fall of 2007 – the spring of 2008.

The current developing economical crisis made the situation even more uncertain.

The Specific Reasons for Policy Failure

Strictly speaking, the reasons for the failure of reform are different in each stage of the transition from communist rule. It is important to recall that in the period from 1991 to 1996, that is, until the re-election of Boris Yeltsin to a second Presidential term, the political situation in the country was highly unstable and was fraught with the possibility of a communist restoration or even more dangerous outcomes. The physical health of the Russian President also prevented the adoption of decisive measures on officialdom. And, of course, the leading priority at the end of the 1990s was the near catastrophic economic condition of the country. In this period, then, one looks first to political explanations for the lack of success of reform efforts. It was a time of radically divergent views about the changes taking place in the country, even if one excludes from consideration the invectives of orthodox Communists and marginal political forces, such as those in the national-socialist camp.

If we view the 1990s as an incomplete anti-communist revolution, which is the approach that dominates in democratic circles in Russia, then among the reasons for the absence of a serious transformation of officialdom in this period was the risk of unleashing yet another reform in a fragile political environment where the authority of the state was weak.¹⁴ The fear of many was that a reform of state service would ignite new conflicts and lead to an unneeded schism within state administration. These concerns had some validity, to be sure. On the other hand, it was precisely in these conditions, when there was an outpouring of anti-nomenclature and anticommunist feeling among the citizenry, that the political leadership enjoyed a

¹⁴ We cannot accept the reductionist view of the 1990s advanced by authors such as Peter Reddaway and Dmitri Glinski (2001), who view the decade’s events as an anti-democratic coup designed to empower and enrich a small segment of Russian society.

“popular mandate” to reform the bureaucracy. Indeed, it may have been easier to mobilise popular support for this reform than for any other.

The *aversion to political risk* was not the only factor complicating the reform of Russian officialdom. First, it was the *economic determinism*. The most intellectual leaders at the helm of the state in the early 1990s were economists or, at least, those who exhibited a penchant for economic determinism. It is ironic that Russia, which had drunk to excess the elixir of economics under Soviet rule, returned to that same source in the post-communist era. Russia's new generation of liberal economists were, as a rule, honest and highly-qualified, if intellectually rigid, individuals who helped to save the country from economic catastrophe in the early 1990s. Although they occasionally ventured beyond the confines of economics to speak on issues such as freedom of expression or individual rights, they did so without passion or conviction. It was as if the freedom of the human spirit, as opposed to economic freedom, was not their sphere, and they could not bring themselves to believe that man did not live by bread alone. They set great store in the invisible hand of the market, which would put everything right and resolve all problems. In a word, they were not humanists in terms of their professional experience or their outlook on the world. As a result, they allowed very different political forces to dominate the national debate on spiritual or cultural values, such as patriotism.

Using the phrasing of a leading reformist of the Gorbachev team, A. N. Yakovlev, these forces were largely “political riff-raff.” Our home-grown “fascists” as well as the communists, who had just traded in the rhetoric of “people's power” for the banner of Russian chauvinism and Orthodoxy, claimed the sole right to call themselves patriots, this in spite of the historical responsibility of the Communist Party for the annihilation of tens of millions of Russians. The first politician to fully grasp the weakness of a purely economic version of liberalism was Vladimir Zhirinovskiy during the parliamentary election campaign in late 1993. In contrast to the tedious proposals of the liberals on taxes, investments, interest rates, and other financial matters, which were poorly understood by the vast majority of the population, Zhirinovskiy tapped into the popular dream of a mystical provider of goods, such as the “golden fish” in the Russian fairy-tale. In addition, he promised to satisfy the popular craving for Great Power status. That is, he promised to restore, even if in a distorted form, the sense of self-respect of a people that had experienced humiliation and embarrassment as a result of the Soviet Union's collapse. Ten years later, in 2003, the Motherland, or Rodina, Party successfully used the same tactics in its electoral campaign, which was testimony to the fact that a rational “homo oeconomicus” represents an incomplete model of humanity, including, and perhaps especially, Russian men and women. Russian liberals had failed to understand that politics is about a search for identity and self-respect as well as a search for prosperity.

The *underestimation of the importance of the reform* of officialdom was another reason for its failure. Here we find further blind-spots of economic determinists – an undervaluing of the role of government and legal institutions as agents of change and a neglect of the state bureaucracy’s natural tendencies toward self-consciousness, self-protection, and self-development. For example, one of the country’s leading ministers, in an attempt to illustrate that his organisation had quickly and fully reformed itself in response to the new conditions, stated that not only had “they resolved all questions by themselves,” but that this had been done by his signing a document containing already prepared resolutions. Viewing the bureaucracy as a matter of minor importance, Russia’s leaders did not include the transformation of officialdom among “first-generation” reforms.

Attempts to change the state bureaucracy also suffered from *a reluctance to reject clearly and unequivocally the Soviet and communist inheritance*, although Boris Yeltsin and his team made some efforts in this direction, the most prominent of which was the proscription of the Communist Party after the putsch of August 1991. However, persons in the nomenclature who retained their positions in officialdom used all available means to resist the “de-communisation” of the country, including the state bureaucracy. The decision of the Constitutional Court, effectively annulling Yeltsin’s decree of 1991, facilitated this resistance, as did Yeltsin’s own lack of persistence on this issue. Given the failure to apply a form of lustration to the communist state apparatus that had been inherited by the new order, it is not surprising that, after recovering from the initial scare, the old nomenclature at first cautiously, and then more aggressively, began to carry out a “quiet revenge,” blocking or undermining, whenever possible, the reformist policies adopted by the political leadership.¹⁵ The Supreme Soviet, and from 1993, its new parliamentary incarnation, the Duma, carried out a similar line. Among the many instances of communist revivalism in the 1990s, one of the most illustrative related to the Bolshevik revolutionary holiday of 7 November, which was not eliminated, or recognised as a day of mourning and repentance, but retained as a “Day of Reconciliation and Concord.” As would soon become apparent, this absurd, and counter-productive, gesture served as a signal that there would be no serious campaign of “de-communisation.” The decision gave traditional forces in the bureaucracy added confidence in the stability of the system and their own security, which in turn encouraged them to pursue anti-reformist and turf-protecting measures.

While recognising that many of the birthmarks of the old order remained and that, exploiting the paternalistic consciousness of much of the population, the former nomenclature enjoyed much success in holding on to its elite status and “transforming power into property,”¹⁶ we would adhere to our contention that Rus-

15 The opponents of reform within the bureaucracy were joined in their resistance to reform either directly or indirectly, by the criminal and semi-criminal elements in Russia, who had no interest in seeing a more professional, transparent, and honest state bureaucracy.

16 The phrase is that of Egor Gaidar.

sia experienced a revolution in the 1990s, albeit an incomplete one. This was not only Russia's fate but that of other societies experiencing *post-revolutionary exhaustion*, disappointment that the impossibly high expectations for change were not realised, and the temptation to succumb to the rhetoric of the chauvinists' intent on defending the country's honour. Despite all this, the 1990s brought many progressive changes in a relatively brief period. Instead of grieving or feeling ashamed about this decade, as some pessimists and politicians like to repeat now, Russian citizens have more reason to feel a sense of pride about the final decade of the 20th century. The challenge now is to save, at least partly, these democratic achievements.

Although some of the factors outlined above continued to impede change after 1997, including the lack of political will and consistency on the part of Russia's leaders, new barriers to the reform of officialdom have emerged in the last decade. The first of these is *the absence of openness, or glasnost', in the reform process*. One of the most serious obstacles to the transformation of a "ruler's service" into a civil service is the closed or semi-secret manner of drafting reform proposals. Because this reform of Russian officialdom involves a fundamental change in relations between the state and society, its success requires the support and approval of the citizenry. That is not possible without their knowledge and understanding of the proposed changes. One has to prepare the social base for reform. The goals and plans of the reformers should be clearly, succinctly, and continually explained to society, which must then be able to offer feedback to those crafting the reform. If society feels that it is a partner in the reform of officialdom, it will provide fresh ideas and a necessary political counterweight to the anti-reformist forces in the bureaucracy, during both the making and implementation of the laws. Moreover, a public opinion mobilised around the reform of officialdom will force the bureaucracy to be more accountable and transparent to the public. Among the many groups in society that have an incentive to support reform are small- and mid-sized businessmen, whose firms have suffered at the hands of capricious and avaricious officials. The inability, or unwillingness, of Russia's leaders to mobilise society behind reform projects helps to explain not only the failure of those initiatives but the growing alienation of the public from the political process.

Contrary to the claims of some leaders, there is no reason to fear the incomprehension or even negative reactions of a portion of the public. In fact, public discussion of the reform drafts will enrich them and will transform citizens into political allies. It is better to confront the inevitable, and possibly harsh, public criticism before the adoption of laws, when there is still a chance to revise them, than to try to convince citizens of the reform's value after the fact. As the historian V. O. Kliuchevsky noted over a century ago, impeding the path of reform in Russia is "the deep-seated indifference and distrust with which the population greets a new appeal from the government, knowing from experience that nothing will come of this but new burdens and incomprehensible directives." (Kliuchevskii 1958, vol. 8, 87)

Whether in Russia or elsewhere, the experience of both successful and unsuccessful attempts to reform officialdom illustrates that *it is vital to attract allies within the bureaucracy as well as in society*. Officialdom is, after all, heterogeneous, and there are advocates of progressive change throughout the state bureaucracy. It would, of course, be naive to assume that even the most forward-looking officials have developed comprehensive programmes for change that are comparable to those worked out by groups of experts, who have the time and knowledge to prepare refined initiatives. However, what is needed from the state bureaucracy is something different: officials who recognise the necessity of reform and agree with the general direction of change. As this author can attest from extensive contacts with Russian state officials, there are significant numbers of such persons in the Russian state. They work at every level of the apparatus and in the most varied, and at times, most unexpected agencies. In the majority of cases, these officials can become allies, and even champions, of reform. There is, it must be remembered, no deficit of discontent among state officials with their working conditions and the negative reputation of the bureaucrat in the public mind.

To achieve a breakthrough, the *political leadership must have an open dialogue with the state and society* and stop setting one against the other by labelling reform initiatives a “struggle against bureaucracy” or an “anti-apparatus offensive.” Such approaches will only encourage the bureaucracy to employ a subtle, clandestine counter-offensive which will ultimately force the political leadership to accept compromises that emasculate the reform. After all, even Stalin, never mind his successors, was unable to fully subordinate the bureaucracy to his will. *Only clear political will and administrative consistency can assure the success of the reformist movement.*

So, the general situation looks rather uncertain. *One of serious impediments for reform is that it is carried out behind the scenes rather than in public.* The post-Yeltsin Russian presidency believes that to prepare documents for reform in conditions of secrecy or near-secrecy will ensure their integrity and eventual adoption. But it does not work. Even if we assume that the working group in the President’s Administration and Mr. Putin himself followed a progressive way at the conceptual level, we should not underestimate the fierce resistance from powerful interests in the bureaucracy that benefit from the status quo or fear the uncertainties associated with administrative change. These interests are able to undermine state reconstruction projects at different stages: first, by revising the laws before adoption, second, ignoring or distorting the implementation of laws afterwards. Such is the conundrum facing a regime that does not wish to mobilise public support behind state reconstruction projects. In open societies, it is vigorous public debate and pressure from below, exercised by parties, groups and citizens, together with consistent leadership from above, which is capable of making the true reforms of state much more reliable.

Orienting the bureaucracy towards public rather than state service may require involving the public, and not just the state, into the politics of reform. The initial impulse for reform need not necessarily come from below. But, the agents of change labouring in the Russian presidency will have little chance of success unless they mobilise popular sentiment behind their initiatives. It is not sufficient to have the support of the Russian President or international institutions. Without the backing and pressure of society, the state will continue to prevent its own reconstruction.

Friends and Foes of Reform

In order to foresee the practical chances and prospects of any political or administrative reform, to choose its strategy and tactics, it is necessary to estimate the potential supporters and adversaries of them. I do not think that this point requires special argumentation. However, one can observe, both in the fields of theoretical and practical politics, many examples of the underestimation of this factor, with dramatic consequences. To solve this kind of problem adequately, one needs to conduct serious socio-political enquiries. Certainly, I do not pretend to be able to present any kind of comprehensive programme for that, but simply offer some general ideas on the possible classification of the social forces supporting and opposing modernisation of the public service in Russia – so-called friends and foes of reform.

The temptation exists to compose “black and white” classifications. We should not forget, however, that in practice, a situation is usually much more complicated and includes many nuances and other factors. First, in most cases, a rather significant intermediate layer exists between supporters and foes. I call this layer a “swamp” because it is neither hard soil you can stand on confidently, nor water you can sink in immediately. It includes people and groups who either do not have a definite position on that question, or who do not care about the problems. Second, much depends, not only on the very concept of reform, but on its concrete parameters or even nuances, or the people who personify it. And certainly, the personal prospects and interests of people can influence it, sometimes decisively.

However, after these reservations I would like to offer a rather “simple” classification. So, *logically, friends of the reform are supposed to include:*

1. **The top political leadership of the country** as soon as it demonstrates clearly its interest in carrying out reforms, to conduct them and bind itself to them through political declarations and through the programme mentioned – in particular, the reservation in the current case is the noticeable distance between words and deeds).
2. **The democratic portion of the political class** – up until a few years ago the orientations of this group could be determined as practically totally pro-western; since then, however, the correlation between democratic and western orienta-

tion, for some reason, became weaker, and a pattern of democracy with a patriotic orientation became more common and influential.

3. **A certain number of state employees** – frequently, they support reform for pragmatic reasons, in the hope of promoting their professional careers; sometimes they are motivated ideologically by the belief that serious modernisation of the state apparatus is absolutely necessary in order to make it more capable of reacting to modern and future challengers.
4. **The democratically-thinking portion of the general public** who considers the prospects of the country's development. This quite important class of reform supporters, which covers, in particular, leaders of public opinion, deserves to be classified in more detail, but this could be a special subject of theoretical or empirical research.
5. **Some representatives of businesses, mostly small- and middle-sized** who suffered and still suffer, from officials' arbitrary rules.
6. **A significant number of citizens who suffered and continue to suffer** because of unreasonable complications in the administrative procedures and their feeling of a lack of protection by the law, but who still believe in the possibility to improve the situation in this respect.

Now let us turn to the simple classification of *foes of the reform*. This covers:

1. The **majority of the bureaucracy**, especially its middle and older age strata.
2. The **criminal and semi-criminal element of businessmen**.
3. The **regional and local semi-mafia groups** and those who serve them, both inside and outside the state apparatus.
4. The **ideological partisans of the command-and-control administrative system** outside the state apparatus.
5. **The near-Communist part of the electorate**.
6. **Alienated people who are disappointed**, for various reasons, by the general course of post-Soviet reforms, but who do not reflect on the reasons for these failures.

The first three groups of foes can be defined as a form of “stockholder” of the existing, semi-oligarchic order. These people made a fortune and were influential thanks to the shortcomings of how economic reforms were being conducted. This transpired either due to personal knowledge or close proximity to the channels of massive national wealth re-distribution during the 90s and, for this reason they have no interest in any further changes. These groups include people such as the former high-ranking functionaries of the Soviet regime in the Communist party, state apparatus, KGB, trade unions and so-called Komsomol-business, etc.

The paradoxical consequence of this situation is that the most fierce and effective resistance to reforms comes not from those who lost at the first stage, but from those who won and wished to continue “to fish with a silver hook”.

This is a primary, “simple” classification. I also have some more sophisticated indicators of friends, foes and “swamps” (that means people who either indifferent to this problem or hesitates between support and denial of it by several reasons) at the state-political, social group levels and partially at the personality level. They would appear to be more operational and could serve as the basis for future empirical research.

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Restoring Professionalism: What Can Public Administration Learn from Social Psychology?¹

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Abstract

Administrative reform is about changing structures, institutions and about changing the attitudes, motives and work conduct of the people working within those structures. Our previous research (Sobis and De Vries 2008) into the process of technical assistance to governments in CEE countries in transition, during the period 1990–2004, found that the ineffectiveness thereof was due to a combination of problems. We pointed to a combination of contrary objectives among the organisations involved and awkward resource dependencies within the aid-chain, and also to the emergence of a specific kind of attitude among professionals. In public administration, one often thinks that performance measurement, monitoring and evaluations can solve that problem. This approach, however, has proven to have serious negative side effects. The main objective of this paper is to search for alternatives to this approach.

In this paper, we seek these alternatives within the discipline of social psychology. This discipline sees human behaviour as the result of the interaction of mental states and immediate social situations. We will argue that public administration can learn from theories in social psychology and the application thereof to organisational behaviour in the public sector. An application on the technical assistance by western advisors to the governments in CEE countries in transition illustrates the findings.

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1. Introduction

This paper is about one of the major problems in public administration reform, namely ways to create or restore professionalism and what the discipline of Public Administration can learn in this regard from theories and experiments as developed and conducted in the academic discipline of social psychology.

From our previous research into the technical assistance provided to CEE countries during their transition process, we concluded that the disappearance of the classic values of professionalism caused part of the flaws. These classic values of professionalism include commitment and empathy, non-misrepresentation, having the clients' interests in mind, building expertise, aiming at interventions that best suit the situation at hand, and that are based on sound problem diagnosis. They are opposite to modern values in professionalism in which advice is preferably emotion-free, aimed at keeping up appearances and financial gains for the advisor, whose advice is founded on his formal education, and whose interventions are based on standard-setting and prefixed goals.

This problem is likely to be more general than just applicable to the advisory world. Regardless of the issue at stake – public integrity, management and organisational, service delivery or politico-administrative relations – one of the main questions, which is always crucial, is how to restore professionalism. The emerging dominance of these novel values goes hand in hand with steering, based on principles derived from the market and neo-institutional theory. Central concepts are competition, value for money, reducing information-asymmetry by using performance measurement, monitoring, evaluations and benchmarking (cf. Kubr 2002). The downsides thereof have been discussed many times (see among others Halachmi and Bouckaert 1996, Hood 1991, Lonti and Gregory 2007).

The reduction of information asymmetry using performance measurement might well result in an artificial picture of reality. Furthermore, it is time- and energy-consuming (Easterly 2006), often not used in the way it is intended, and it seems to increase the kind of professionalism one wants to avoid, that is, the one based on keeping up appearances (Sobis and De Vries 2008). Many scholars have also pointed to the perverse implications of incentives and continuous reorganisations that often do not meet the intended goals. Many question the underlying assumption that attempts to adjust input, process, and output on the basis of such neo-institutional instruments would almost automatically result also in improved outcomes, i.e. professionalism (Behn 2003, Bovaird and Loeffler 2003). However, an adequate alternative has not yet emerged. Therefore, it might be useful to search for alternative ways to restore and improve professionalism. That is exactly what this paper intends to do.

The basic question underlying this paper is; *whether scientific disciplines related to public administration – in this paper social psychology – offer an alternative*

to the neo-institutional approach of reducing information asymmetry, using incentives and reorganisations in order to improve professionalism in complex organisations.

We search for the answer to this question in scientific disciplines that are related, but nonetheless separate, from Public Administration. In this paper, we concentrate on the body of knowledge as produced in Social Psychology. This seems to be a promising discipline, because as will be argued below, attitude change, which is a crucial dimension for restoring professionalism, is exactly the topic social psychology addresses. Furthermore, this discipline has an interesting theoretical tradition that can be useful to target this problem. On the one hand, social psychology focuses on *cognitive balance* – the necessary condition for people’s thinking and for their capacity to act. On the other hand, social psychologists have developed theories departing in the theory of cognitive balance, but developed beyond the basic concepts. They explain how people reconstruct their cognitive balance in case they experience cognitive imbalance, cognitive incongruity, and cognitive dissonance; and how they use self-persuasion and perceive themselves. These theories provide us with tools to analyse people’s uncomfortable feelings, disturbing them to act e.g. to continue functioning in a professional way. This discipline proposes an interesting solution, namely socialisation, resulting in a psychological contract. This paper discusses those theories and is structured by the following sub-questions:

1. What are the central concepts in social psychology?
2. How is the problem of restoring and creating professionalism defined and approached in social psychology?
3. Which practical lessons on restoring and creating professionalism in public sector organisations emerge from that research and those theories?
4. Does this approach offer an adequate solution for our problem and is it applicable to the area of international technical assistance?

2. The social psychological approach to the resort of professionalism in general

At the heart of social psychology is the phenomenon of social influence on individuals. It is widely known that other people influence us all during our life (Kaplan 2001, 2772). It is not so surprising that one of the major tasks of social psychology is to explain how people are influenced by their social world.

Below, we present some social psychological theories, which in our opinion, have relevance and explanatory power to our research. We believe that social psychology with its understanding of values, norms, attitudes, changes of attitude or even change of professional identities can explain how to restore and improve professionalism when transferring knowledge from the western countries to the countries in the need of know-how when aid providing.

In social psychology, the definition of our problem i.e. restoring of professionalism (especially in the process of technical assistance) can be interpreted in several ways. It involves concepts such as beliefs, values, norms, preferences, attitudes, motives, needs, expectation, customs, and goals. All these concepts seem to be promising factors, to explain to some degree how involvement in the aid-chain could change idealist and committed professionals into cynical, detached professionals, keeping up appearances, making careers and money, and perhaps provide an answer to the questions, *how to restore the values, and how to change attitudes for the better.*

Margaret Mooney Marini (2001) has presented a consistent theory distinguishing all these concepts that can be useful to explain organisational behaviour. In fact, she writes about social values and norms in general, but her approach also seems to be relevant to organisations and their influence on individual behaviour, in our opinion. According to her:

Values and norms are evaluative beliefs that synthesise affective and cognitive elements to orient people to the world in which they live. Their evaluative element makes them unlike existential beliefs, which focus primarily on matters of truth or falsehood, correctness or incorrectness. Their cognitive element makes them unlike motives that can derive from emotions or psychological drives. Values and norms involve cognitive beliefs of approval or disapproval. Although they tend to persist through time and therefore faster continuity in society and human personality, they also are susceptible to change (Marini 2001, 2828).

Marini argues that “values and norms involve cognitive beliefs of approval and disapproval”. They essentially contribute to faster continuity by development of human personality in a society. Moreover, values and norms can also be changed by time. She emphasises that:

The evaluative criteria represented in values and norms influence the behaviour of subject units at multiple levels (e.g. individuals, organisations, and societies) as well as judgments about the behaviour of others, which also can influence behaviour. (...) Values and norms also affect evaluation of the governing policies and practices of societies and thus have an impact on diplomatic relations and the policies of one society’s government toward other societies (2001, 2828).

A value is seen as “a belief about the desirability of a mode, means, or end of action” (Marini 2001, 2828). Value informs us what is perceived as good or bad behaviour in a specific situation. The evaluative criteria of values are based on morality, aesthetics and achievement – not on “scientific or utilitarian grounds”. She stresses that a value cannot be mixed with a *preference*; a value can be seen as a

specific type of preference, but “not all preferences are values”. A similar remark concerns the concept of *an attitude*. Marini explains:

An attitude refers to an organisation of several beliefs around a specific object or situation, whereas a value refers to a single belief of a specific kind: a belief about desirability that is based in conceptions of morality, aesthetics and achievement and transcends specific behaviour and situation (Marini 2001, 2828).

Marini argues that a value should not be confused with the concept of a *motive* because the last one is based on:

(...) the ability to induce valences (incentives) that may be positive or negative. A value has a motive property, involving a predisposition to act in a certain way, because it affects the evaluation of the expected consequences of an action and therefore the choice among possible alternatives; however, it is a less person-centred concept than a motive, which also encompasses emotions and drives. A value is a particular type of motive involving a belief about desirability of an action that derives from evaluation of that action's expected consequences in a situation (Marini 2001, 2829).

According to Marini (2001), a value also differs from a *need* that is perceived rather as “a requirement for the continued performance of an activity and the attainment of other valued outcomes” (2829). A need usually has a biological or psychological basis. In many cases, human needs create the structure of an economic situation e.g. people need income that can influence an actor to act against this person's desire or values. Finally, even a *goal* seems to be something different than a value, even if a value can be thought of as a value just because goals are quite often selected, based on values. “Values are not goals of behaviour. They are evaluative criteria that are used to select goals and appraise the implication of action” (Marini 2001, 2829)

A *norm*, according to Marini (2001) in many respects plays a similar role for individuals' behaviour as a value. It is also an evaluative belief based on morality, aesthetics, and achievements. However, the distinction between these two concepts is the following: a value puts stress on the desirability of behaviour, while “a norm is a belief about the acceptability of behaviour” (2829). A norm points out which behaviour is right or wrong, “allowable versus unallowable or it indicates what a behaviour ought or ought not to be” (2829). Thus, norms also have a prescriptive character about what should be done, while values represent a feeling of desirability, of attraction or repulsion. Moreover, norms are much more concrete since they refer to a very concrete behaviour i.e. what should be done. However, a norm is different from a *custom* because “a custom involves an expectation of what an actor

will do” (2830) e.g. drinking tea in England at 5 o'clock is a custom, not a norm for what Englishmen ought to do.

The distinctions between the concepts of value, preference, attitude, motive, needs and goals and the concept of a norm and a custom are promising factors to explain, to some degree, how those involved in the aid-chain could change from idealist and committed professionals into cynical, detached professionals, keeping up appearances, making careers and money.

3. The explanation of disturbed professionalism in Social Psychology

One of the major findings in Social Psychology is that values and attitudes are rather stable. One can change a political regime from a communist to a capitalist system, but this does not automatically imply that the values of the individuals in the changed regime also alter (cf. Rokeach 1973). This is also true in the world of public administration, according to Szucz and Stromberg (2006), who found little value change among local elites in the 15 years following the transformation in Central and Eastern Europe. This general finding implies two things: first, it is difficult to change value systems and second, if such value change is nonetheless accomplished, it will probably be lasting for people's thinking and acting.

3.1 The problem as a consequence of flawed socialisation

The creation of values, attitudes, and norms of behaviour occurs in what social psychologists call a process of socialisation i.e. the process through which people are integrated into society or an organisation through exposure to the opinions and actions of other members of society or the organisation. First of all, parents pass on values and norms to their children in a culture that creates order, prediction and meaning. Thanks to culture, an individual constructs intellectual pictures and understanding of reality that provide him/her with an insight on how to act.

Various scientific disciplines focused attention on socialisation. However, each discipline did this in its own way. Anthropologists perceive socialisation almost as a cultural transmission from one generation to the next and focus their studies quite often on the relationship between “culture and personality” (Malinowski 1929; Mead 1961). Psychologists or social psychologists (Piaget 1926; Goslin 1999) have interest in socialisation as the social process that influences individuals' cognitive development until maturity. There are two approaches to the concept. First, socialisation can be seen as the learning and internalising of social roles and statuses of the groups to which individuals belong. These new roles we first learn within the family, and in this case, we are talking about primary socialisation. Successively, we observe secondary socialising agents such as play groups and work groups which

continue the process through the experience of rewards or punishment to induce proper behaviour.

Socialisation can also be seen as self-concept formation e.g. George Herbert Mead (1963) perceived 'self' as a reflexive phenomenon that develops through symbolic interaction, by language.

In its most common and general usage, the term "socialisation" refers to the process of interaction through which an individual (a novice) acquires the norms, values, beliefs, attitudes, and language characteristics of his or her group. In the course of acquiring these cultural elements, the individual self and personality are created and shaped. Socialisation therefore addresses two important problems in social life: societal continuity from one generation to the next and human development (Gecas 2001, 2855).

According to social psychological theories dealing with various approaches to cognitive balance, when socialisation is lacking, this can result in disturbed self-persuasion or a self-perception that focuses on the wrong criteria.

3.2 Consistency theories

Is it possible for values and attitudes to change? A classic approach to explain attitude change in social psychology departs from the so-called *consistency theories*. It is assumed that attitudes provide cognitive structure, thus facilitating the ease with which information can be processed, the ease to work and the ease to gain self-esteem. Individuals are assumed to strive for balance and coherence in their attitudes. Theories that focus on these phenomena do exist. However, these suggest rather different approaches in explaining how people create balance in the various situations they experience.

A classic theory, departing from the consistency theory, is the theory created by Heider (1958) on *cognitive balance* in which it is assumed that individuals strive to belong to stable systems. Personal stability is achieved if persons I like do the same as I do or they do other things. It emphasises belonging to a group. It is seen in such proverbs as "the enemies of my enemies are my friends", and it is relevant to explain friendship development, conformity and reactions to criticism.

Heider predicted that actors try to alter the situation in order to have it become balanced and the theory predicts that one's strife for balance is more important than content. As Rosenberg et al. (1960) noted, the resolution of inconsistency follows the path of least resistance. Hence, the effort to attain a balance might well go at the expense of content, which is what is actually seen in the area of international technical assistance.

Osgood, Suci and Tannenbaum (1957) argue something similar in their incongruity theory. People tend to decrease a cognitive imbalance by decreasing the importance of their original values. If a positive and negative object are linked, the tendency is towards neutrality i.e. indifference. As Abelson (1959) already noted, there are several ways to achieve balance in an imbalanced situation. One can add complexity to the situation, or reduce precision (in which case the imbalance becomes blurred).

Looking upon it from a public administrative perspective, imbalanced situations are explanatory for increasing bureaucratisation, emphasising procedures, indifference and detachment, e.g. pathways to our ideal type of modern professionalism.

A related theory is the one by Festinger on *cognitive dissonance*. Dissonance occurs, according to Festinger, if two elements of knowledge are in such a relation that when only considering these elements, the obverse of one element would follow on from the other. Everyone will try to reduce dissonance and to achieve consonance. It implies that people try to seek evidence to confirm their actions; that they try to make their actions conform to their attitudes and even, that people change preferences under the strain of dissonance.

This theory poses a quite different light on incentives, the role of utility and its influence on behaviour. According to this theory, reducing cognitive dissonance is much more important in explaining choices than maximising utility. In the famous Festinger-Carlsberg experiment, which was repeated and adapted many times, people disliking a task (e.g. making a false testimony) were offered an incentive to do so nevertheless. The experiments showed that the higher the incentive, the less enjoyable the task was perceived to be. Normally, or theorising from the assumption that everyone maximises economic utility, one would not expect this. The reward for doing something one does not like to do, could compensate for one's behaviour. However, in the Festinger theory, such outcomes can be explained because the dissonance between the positively perceived reward and the negatively perceived task makes people feel uncomfortable. Hence, one would expect those people that are most outspoken of the negative aspects of a task to be the most uncomfortable, whereas for those people that do not care that much, the dissonance is smaller and they might even change their attitudes towards being positive about the task.

The experiment was repeated many times by different scholars in social psychology and is known as the *reverse incentive experiment*. It is comparable to our findings in the technical assistance provided to CEE countries, where we observed advisors going to the countries in transition without any preparation, doing hardly anything other than standard-setting and providing advice which fell flat, but nevertheless writing self-evaluations making claims about their excellent work, impressive progress and huge effectiveness. It can be similarly applied to the donor organisations reporting to their financiers.

According to social psychological theorising by Festinger and Carlsmith, the outcomes of the 1959 experiment conformed to the expectations of the theory on cognitive dissonance. People who received more money were enjoying their task less because the cognitive dissonance between their attitudes towards the task (negative) and the reward (positive) is larger.

The theory on self-persuasion (Mead 1963) states that to respond to one's own behaviour is a product of social interaction. Every organisation faces the problem of training its employees to respond to external and internal stimuli, how to evaluate themselves and the way they are expected to handle the tasks to be performed. The questions are; to what or to whom do employees refer their own actions when judging and how do they induce them to use a proper reference frame? A classic example may illustrate this. When do you say you are hungry? Is it a consequence of a physiological event that your body needs input, in order to keep functioning, or are you looking at your wrist-watch as many in modern-day society do, to see if it is already lunch time? The same question arises when evaluating one's work. What is the frame of reference? Does it accord with the plan? Does one follow procedures? Does one fill in all the questions in the evaluation report? Does one accomplish the prefixed goals?

This is similar to the findings of an alternative theory in social psychology, namely the *self-perception theory* (Bem 1972). In this theory, it is supposed that people infer their attitudes from their behaviour in the same way outsiders do. It asserts that we only have knowledge of our own behaviour and its causation that another person can have, and that we therefore develop our attitudes by observing our own behaviour and concluding what attitudes must have caused them. Hence, if we are forced to act in a particular way, our attitudes towards work will change accordingly. Central is the question "What must my – this man's – attitude be if I am – he is – willing to behave in this fashion in this situation?" (Bem 1972, 28). If I am behaving this way, my attitude must be like this and hence, this is thus my attitude.

This theoretical approach is somewhat in line with the previously presented examples of cognitive imbalance experienced by respondents from various organisations.

Summarising

This section used social psychology theories to explain why organisational behaviour can become disturbed and how values can be changed. The theories point to flawed socialisation, disturbed self-persuasion, cognitive imbalance, incongruity, dissonance and self-perception, which prove to be a mixture of various feelings. This being the case, what solutions does such analysis offer? The next section will address that question.

4. Solutions offered by social psychology

In public administration, the dominant approach to problems in organisational behaviour is to control, monitor, use performance measurement and (self-)evaluation. Given the theories presented above, the solutions derived from theories in social psychology are quite different. First, we pointed to socialisation theories. Following this line of thinking, one can point to the possibility of creating professionalism by organisational socialisation. More specifically, such socialisation provides an answer to the question of when professionalism can be created. The consistency theories, with their more specific focus on how people lose balance and can re-create balance in various situations they experience, might provide a solution for restoring professionalism. Combining both might result in what is known in social psychology as a so-called *psychological contract* in which properly socialised professionals can work without oversight, monitoring and performance measurement. This issue will be explained below.

4.1 Socialisation

Attitudes are passed on from parents to children and many of these acquired values are quite stable through the remainder of one's life (Rokeach 1973). However, experiments in social psychology show that this influence and stability decreases at certain points in the life cycle. There are certain points in a person's life, in which he or she is more open to new influences and is able and willing to change attitudes. The first point is when children enter high school (Jennings and Niemi 1968). The second point is the freshman's year in university (Goldsen 1960) and the third point is when people acquire a job, in which case they are open to organisational socialisation. In principle, each time people come under new influences, their worlds change and so might their attitudes. Our life is like wandering through many organisations such as family, school, sports clubs, recreational settings, political party, religious organisations, voluntary associations, workplace, trade unions, professional organisations, state etc. All these organisations, or rather their staff, are, for us, socialisation agents, who influence our values, norms, attitudes, and behaviour.

The susceptibility to value-change during the first period after people have acquired a job suggests when socialisation is likely to accomplish the internalisation of specific values. It points to the effectiveness of addressing these values and to show, especially during the first period, a new employee entering an organisation with coherent and exemplary behaviour. With regard to our basic problem, the restoration and creation of the values of professional attitudes, this implies that the experiences employees internalise during the first period (some say the first months and for others the first year is crucial) in which they enter the new situation determines, for the most part, the direction their attitudes are moving towards. Employees can be socialised in the "right culture". It is the latent steering of employees' behaviour.

Such socialisation is almost entirely brought about by middle management. Social psychologists usually call them “experienced organisational members”. Sustaining values, attitudes and norms are internalised by examples to follow and by training that the mid-level managers provide. The idea of socialisation implies that since values and norms are rather stable, transmitting the necessary values and norms in this period affects the attitudes of the employees for a long time i.e. irrespective of monitoring and measuring. Thus, early socialisation can save a lot of monitoring costs later on.

As to *the format* of such socialisation, findings in literature suggest that the sustainability of the acquired knowledge, skills and incorporated values, attitudes and norms vary with the socialisation tactics used. Some have distinguished between collective versus individual socialisation, formal versus informal socialisation, sequential versus random socialisation, fixed versus variable socialisation, serial versus disjunctive socialisation, and investiture versus divestiture (Van Maanen and Schein 1979). Recent research pointed especially to the importance of the sequential, formal, serial, and investiture nature of socialisation i.e. socialisation through structured career progression and institutionalised training programmes, as well as the provision of role models and support from experienced organisational members (Cable and Parsons 1994).

As to *the contents* of such socialisation, understood in terms of “mental programming”, the number of topics to be included and the relative importance of each of them varies. Most scholars agree that it should at least involve the following four topics: (1) acquiring knowledge about the formal features of an organisation (i.e. goals, strategy and organisational structure) and its informal features (i.e. organisational culture and power relations). (2) This results in acceptance; learning to function within groups, how to do the job and the acknowledgement of the needed skills and knowledge. (3) It also results in the incorporation of work group values, attitudes, norms and understanding for good friendships; that leads to (4) establishing personal change and learning with regard to identity, self-image, and motives behind doing a job (Schein 1978, 1980; Fisher 1986; Louis 1980; Morrison 1994). According to them, socialisation involves multiple stages from anticipatory, through accommodation to role management (Feldman 1976) or from confronting and accepting organisational reality through achieving job clarity and locating oneself inside the organisation to mutual acceptance, satisfaction, motivation and commitment (Wanous et al. 1992).

The contents can also be focused on cognitive imbalance and cognitive dissonance. Such feelings can also arise because of the discrepancy between organisational expectations and pragmatic feasibility, the discrepancy between the presumed superiority of knowledge of the newcomer and the experience within the organisation to deal with such novel ideas. Thus, the cognitive imbalance and dissonance that arise might well be more consequential than the cognitive imbalance occurring

between two friends who feel differently about something, or between two enemies who share similar preferences as social psychologists or psychologists argue.

If one would anticipate such cognitive dissonance, the theories mentioned offer the tools to change the values of employees in the opposite direction. If such dissonance is experienced and the assumption is true that it is experienced as an unpleasant drive state, the individual is motivated to reduce it. This can be done by *changing cognitions*. If two cognitions are discrepant, the actor can simply change one to make it consistent with the other. The actor can change cognitions in the direction of other cognitions. A second possibility is *adding cognitions*, if two cognitions cause a certain magnitude of dissonance, that magnitude can be reduced by adding one or more consonant cognitions. Third, the actor can *alter his weighing of cognitions*. Since the discrepant and consonant cognitions are weighed by importance, it may be advantageous to alter the importance of the various cognitions.

A good preparation or socialisation in this regard is feasible, because of the extensive experience in the field. Such socialisation could prepare employees for the inevitable occurrence of cognitive dissonance and provide criteria, even try to internalise such criteria to assure that employees, when arriving in a situation that requires changing, adding or reweighing cognitions, do so in the direction the mission of the task requires.

In order to accomplish this, it has been argued to have newcomers, especially during the first year of their arrival, work in teams with tenured and experience employees, because in social psychology the expected results come about, especially through interaction (Tannenbaum et al. 1992). In all our research, we only found one example of such an intensive socialisation process.

The literature addressing the variance in effectiveness of such teams argues that this depends on contextual characteristics, such as the reward system and the organisational culture (Ashforth, Blake and Saks 1996), on team characteristics, such as the manner of coordination, communication, and conflict resolution, on individual characteristics and team diversity and on the interaction between these characteristics (Tannenbaum et al. 1992). Others pointed to the impact of team motivational processes, such as group cohesion, collective efficacy, and performances norms, leadership motivation, team effective process, leadership and team effect, and coordination processes. Yoon (2006) pointed to the role of the presence of a leader's salient vision and inclination to self-sacrifice to enhance team effectiveness.

4.2 Resulting in a psychological contract

Such socialisation results in clarity and congruence about what the new employee and the organisation he or she is working for can reasonably expect from one another. In social psychology, this is called a *psychological contract*. It is unlike the normal contract in which the duties, pay and all kinds of legal arrangements are laid

down. It “relates to our mind and therefore is intangible” (Wellin 2007, 17). Argyris (1960) first used this term and defined it as the implicit understanding between a group of employees and their supervisor. He sketched the psychological contract in exactly the way we search for, namely as a means to reduce oversight and control. He described it as:

A relationship may be hypothesised to evolve between the employees and the foreman, which might be called the “psychological work contract”. The employee will maintain high production, low grievances etc. if the foreman guarantees and respects the norms of the employee’s informal culture (i.e. leave the employees alone, make certain they make adequate wages and have secure jobs) (Argyris 1960).

Later on, Schein defined the psychological contract as the unwritten expectations operating at all times between every member of an organisation and the various managers and others in that organisation... Each employee has expectations about such things as salary or pay rates, working hours, benefits and privileges that go with a job... the organisation also has more implicit, subtle expectations that the employee will enhance the image of the organisation, will be loyal, will keep organisational secrets and will do his or her best (Schein 1980).

More recently, Denise Rousseau (1994, 1995), redefined the psychological contract as something that essentially exists in each individual’s head, as the “individual beliefs, shaped by the organisation, regarding terms of an exchange agreement between individuals and their organisation” (Rousseau 1995, 9). Wellin perceives the psychological contract as “the actions employees believe are expected of them and what response they expect in return from the employer” (2007, 27). As such, the psychological contract cannot be laid down on paper as some companies think, or something to be agreed upon during the last phases of recruitment. In its original meaning it is something that emerges from a socialisation period.

Summarising

This section addressed the question as to what way our problem regarding professionalism can be solved using social psychology theorising. First, we discussed the “when” attitude change. It was argued that in social psychology, people’s values and attitudes are rather stable. However, social psychology also provides us with some evidence that people are open to new ideas and are able and willing to change their values whenever they enter a new situation. This implies that they will be open to change, especially during the first period they enter an organisation. Socialisation during that period seems therefore sensible. It was argued further, using consistency theories, that value change becomes more probable when people experience cognitive imbalance, incongruity and dissonance. In such circumstances, they are likely to change, add or reweigh their cognitions. It could thus be recommended to create

(artificial) situations of cognitive dissonance during this period of socialisation in order to see how and in which way newcomers change, add or reweigh cognitions and to adjust this process in order to make this congruent with company objectives. In this way, a psychological contract can emerge, as an implicit understanding of mutual expectations, in which the basic values and company procedures, and the criteria to be used in making difficult choices in adverse situations, as well as the relative weights thereof, are incorporated.

5. An illustration of the theories

We began this paper with the question social psychology asks, namely how people are influenced by their social world. In the previous section, the answers provided by social psychology were presented. This seems to be a relevant idea, because it so happens that many young employees are hardly socialised during their first year at work. Employers do not take the necessary time to invest in these newcomers. Sometimes they are even completely ignored and left alone. Sometimes, in large organisations, their employers do not even know that they are there or why they were hired in the first place.

Given our previous research into the practice of international technical assistance, we wonder whether the answer social psychology provides is applicable to this area. It is, of course, a special area in which consultants are employed by donor organisations in order to advise public institutions. Comparable to interim managers, it cannot be expected that such advisors are socialised within the context of their clients before they begin advising. This is unrealistic and there is a strong argument that this would run counter to their independence. However, one might expect them to be socialised within the organisation they are paid by. It might even be of extreme importance that this becomes a reality, because people working in the world of international technical assistance are especially susceptible to situations inducing cognitive imbalance. Applying the theory on cognitive dissonance to our field of international technical assistance, the recipients who receive grants from a donor organisation or government, to hire foreign advisors, will develop a favourable attitude towards this donor organisation. However, they also see advisors who hardly give any useful advice, to whom they develop a negative attitude, and simultaneously see those advisors well-rewarded by the donor organisations. This could result in a cognitive imbalance from the perspective of the recipients. The same applies to the advisors, who might have a positive feeling of being effective and who like the donor organisation for paying them for the job, but who dislike the donor organisation for the desired contents of the work to be done. Moreover, it is applicable to donor organisations in relation to their government. On the one hand, they are on the same side because of the financial relations, but regarding major objectives in regard to what is necessary and possible to do, the views often differ considerably (Sobis and De Vries 2009). This also results in an imbalanced

situation. This can be illustrated by what we heard from one of our respondents in the area of technical assistance:

You feel quite often that you get jammed; on the one hand, you have some demands from aid-recipients and you are within the real project-work. To be paid for your work, you have to do that what is in the contract, defined by those who pay for your work. On the other hand, you have to show flexibility towards aid-recipients. There is a big difference between the situation of being an aid-recipient and of being an aid-provider. You do not talk about the same things. I was the leader of a project in Russia. It was a tough job. You have bureaucrats on the one side and you have to keep all the deadlines. On the other hand, you have the representatives of various governmental departments who want something more than was specified within the contract (...). Now, I recommend only the methods I know that would be promising in practice. It has to do with my earlier experiences. (R1 2004, 10).

Below we will analyse the social psychology theories in this light and illustrate the analysis with some quotes from people in that field who were interviewed. Of course, such analysis, combined with some quotes does not present evidence or proof. It simply illustrates in what way social psychology theories can be applied in the reality of organisational behaviour, especially in an international setting. It is illustrative for the social psychological answer to the question of how the actors involved in the western aid-chain to the CEE countries were influenced by the organisations to which they belonged when providing aid, and how the answer to this question can help change this influence for the better. In international advisory work and technical assistance, foreign advisors are bound to encounter situations in which cognitive imbalance, incongruity or dissonance arises, be it because of cultural variety and even culture shock or because of the discrepancy between beliefs that one does not share but has to respect. One can refer to the cultural distinctions made by Hofstede (1980), who distinguished, among others, high-power cultures in which high value on conformity, hierarchy, supervision, weak work ethic, absence of trust, paternalism and autocracy dominate, and low-power distance cultures in which the opposite values dominate. He furthermore distinguished between three other dimensions of cultural difference, in terms of individualism and collectivism, masculinity and femininity and high and low degrees of uncertainty avoidance.

To make it clear from the start, many of the people we interviewed shared the opinion that any form of socialisation was lacking when they entered a business. To give some quotes:

*I was not prepared or did anything to prepare myself, not at all.
I was sent abroad in this way twice. First, I was sent by the De-*

partment of Finance to Moscow in 1992. Later in 2001–2002, I went there again with the TACIT project. Twice I did not have time for any preparation. I went only to see what could be done (...) certainly; I was more prepared when I went there the second time. In 2001, they at least had an office in Moscow for such co-operation. They had a base and resources but there was no preparation. There was a very limited understanding of how to provide this aid. There was nothing to start the work.

Moreover:

The problem is when a person who describes a commission for an aid-recipient country does not know anything about the country to which the aid-project is addressed. I have seen students who did it like this. How can they propose recommendations and describe the transfer of knowledge to a country about which they know nothing? It demands some specialisation in a given area. It is not enough to an aid-project. It concerns aid-projects that are expected to make some impact on economic development. TACIT have gotten awful reviews in this regard. It is sheer stupidity.

We did not differ greatly from the EU standard-setters. We had no co-operation with other aid-providers. However, we should be working in the same direction. Sometimes, when we (consultants/experts) met at various conferences, we experienced a very good feeling when exchanging thoughts and experiences about aid providing. We repeatedly told one another; let us meet once a month. There were many people, but no one had these activities in their commission. Time and money for the administrative work and to invite others and prepare an agenda for a meeting were lacking. We wanted to share experiences but we neither had the time nor the resources for that (...) I have not gone through any education programme preparing me for this work. We were independent in our activities through thick and thin.

A representative of aid-organisation explained:

Some aid-projects demand pilot studies to identify the social or environment problems. For those topics, we hire private consultants and experts. They have the expertise. We agree about their work-duties, financial contribution, earnings (...). They can be university teachers who have the competence required, or consultants who have a firm position in a market and have this competence. We are choosing people who work in different ways, due to the purpose of the assistance and we can always be criti-

cised for that (...). We observe development in this regard. At the beginning, we had very limited knowledge about aid-recipient countries. The first consultants and experts never received any preparation from us (...), when our activities were more and more expanding, especially regarding environmental issues, it proved that we had good consultants who possessed knowledge on this topic and about the local conditions of aid-recipients.

One can observe that some rudiments of socialisation became visible through time. However, we still have the impression that the actors involved did not internalise the values, attitudes and norms for behaviour during the socialisation process simply because, in general, some mistakes still occurred. At the beginning of transition, any experience of how to provide aid to the post-socialist countries and the Western aid-organisations was lacking and the project was simply aimed at showing that they care, that they are assisting, especially if it concerned the countries with which they had some historical relations. One of the respondents told us that: "An international specialised division of labour among aid-organisations arose. Sweden went into central European countries with some specialised skills" (R5 2005, 4). Not one aid organisation had provided aid to CEE before and therefore, they had to learn by doing and by drawing an analogy with the experiences of aid-providing to the African or Latin American countries, which were rather different. By the end of the 1990s, the aid organisations had some experience and went further, providing aid to the Balkans and Asia, but stories from these recipients are not optimistic regarding the expected improvements.

This could be explained by the nature of what was socialised at work e.g. organisational steering, based on procedures and biased performance measurement. This reminds us of disturbed self-persuasion, because if such organisational socialisation does not include rewards for the substance of work, one cannot expect that the classic values of professionalism will be created, or will survive. In the same way as the well-fed individual says he is hungry, because it is nearly 6 pm, the employee will judge his work to be positive because he has filled in all the questions in the evaluation report. If newcomers learn that to care or to show empathy to listen, to adapt one's advice to the problems at hand, and to adapt one's advice to the specific circumstances does not pay off, and that the only thing that does pay off is a positive (self-)evaluation report; even if this refers to an artificial world that in reality does not exist, it is probable that the classic values of professionalism disappear. As one advisor told us:

It is very difficult with aid. Many variants and measures are possible in the area. Transfer of knowledge... How to measure that? Do you count the number of papers that you distributed? Do you count the number of participants in training? I do not know how to do it. The most successful projects meant that everyone was

pleased. When you find a co-operation method, not a training programme, then you feel that it works.

Concentrating on the field of foreign technical assistance, we have presented some statements from our respondents, who confirmed that young and inexperienced advisors did not have time to prepare their mission. The interviews conducted with the representatives of aid-organisations and Governmental agencies showed that they were interested in the progress in the recipient countries as long as these countries took responsibility for their own development. They assumed that the transfer of western knowledge was sufficient assistance, resulting in “win-win” solutions (Sobis and de Vries 2007, 2008). Aid organisations were almost solely interested in positive evaluations about standards that the advisors were supposed to set. Therefore, what do they internalise as values? That it is not necessary to prepare properly; that it does not matter what kind of advice is given, and that it does not matter whether one leaves before the advice is implemented.

The young academics entered a field of foreign advisory work they hardly knew and entered an organisational setting where it was ambiguous what to expect. In addition, how were they socialised? Their commissioners told them – “Let’s see and describe what they need”; “Just do something. Act as if you know what to do”; “Keep up appearances and set your goals beforehand. Afterwards just write down that you did a wonderful job and that you were very effective, and we will give you your next assignment. Subsequently, they were let loose in the jungle of international advice to CEE governments”.

This practice was quite different from the recommendations made in psychological literature about the importance of preparing personnel for the overseas transfer (Lanier 1979; Argyris 1999), of orientation programmes (Grochowski and Ben-Gera 2002), and the need to convince newcomers of the importance of contingencies (Tung 1993). Such socialisation would include pre-visits, early language training, intensive study on history, culture and etiquette, the provision of handbooks, counselling facilities, developing a congruence between the advisors and organisation’s expectations about the job, and developing a belief in the mission, technical skills, political sensitivity and cultural empathy (Cleveland et al. 1960).

We are aware that a process of socialisation is time-consuming. Perhaps, it was even impossible to conform to such an ideal situation for newcomers at the beginning of the aid provision to the CEE countries. However, we believe that after two–three years it became possible, when aid providers collected their first experiences on the question, when they knew what should be done and how, in order to adapt much more aid-providing to the needs of aid-recipients without losing the win-win relations between aid-providers and aid-recipients. They knew what behaviour was effective in practice within CEE countries. Our empirical data tell us, however, that aid providers did not change their aid projects and programmes in this regard. They simply moved on with the same institutional and organisational

standards to the Balkans, and the post-socialist countries in Asia. This indicates that the professionalism thereof in its classic understanding can be still disputed (Sobis and de Vries 2008).

As for *cognitive incongruity*, which as we argued, can be seen in denial, bolstering (finding an overarching value that overcomes the imbalance), differentiation (redefining the situation), transcendence (relating the imbalance to a more abstract level to subsume it) and cease thinking.

The theory on cognitive dissonance provides an explanation for the flight of the classic professionals, who do not enjoy the way in which they are supposed to act and who become cynical and frustrated, because of this cognitive dissonance. It could explain why, in foreign advisory work especially, the real classic professionals tend to become cynical and angry and eventually so disappointed that they flee their organisation, when their task is only judged and rewarded through monitoring, performance measurement and evaluations in which the relevant aspects are not measured and the things measured are not relevant. For them the cognitive dissonance is highest. Illustrating this are some quotes:

A lot of aid was conducted in a very naïve way, e.g. they had sent some consultants abroad and they believed that those consultants prepared the ground for the reform programmes. To carry out transformation, it demands both: the investigative functions, what is needed to be done in a country and the legislative functions that Parliament has to prepare. It is the only way to function as a good international team. However, with hindsight, it was a political process. They have to have some skills to do this job.

Regarding EU aid-providers, when a decision was made on how to spend money it also concerned how to make this money again. We promised e.g. to give 3 million Euros to do something in a recipient country during a set time. It was almost the standard that we gave 2–3 million Euros to two–three-years' projects. The capacity of the aid-receivers to spend this money was rather limited; they could not do it in a reasonable way. Thus, projects ended by producing only a huge number of reports or other written material, which no one saw. After this, new EU projects began in similar ways.

If I look at the global effect of all the aid-projects in which I was involved in different countries, then I see that I have contributed to the modernisation of various authorities and their understanding of modern working methods. We hurried with the work. Instead, looking at the same process from the perspective of the

labour market, then we did not contribute so much; it is sufficient to look at the long queues at employment agencies.

It also explains why the advisors who do not care that much about the values involved in their work are more easily convinced to find these procedures positive and even adapt their behaviour to the procedures because of changing their attitudes about what is important in their work. Hence, when an organisation measures its staff for its detachment, its ability to keep up appearances and to achieve prefixed goals, it runs the risk that it is stuck with that type of professional. The professionals, who are caring and problem-oriented, have the clients' interests in mind. They build expertise, aim at interventions that best suit the situation at hand, and base their advice on sound problem diagnosis. One of the respondents said:

We were in Russia for 10 years. Certainly, they have a market economy but it did not work well. Advice to them is time-consuming and we do not have the time to be with them all the time. I believe that we will leave Russia before the project accomplishes its major objectives. On the other hand, these objectives are not our goals. Russia has to fulfil them. We have no objectives; we are rather assisting or supporting in reaching them. They have to do this work by themselves.

The same person explains how it was possible for the Swedish experts to buy local expertise in case it would be useful to aid provision:

We had a basic principle that we pay our civil servant and aid-recipients pay theirs. We could not pay for the civil servants from the aid-recipient countries, even if sometimes their expertise could have been useful for our projects. There were more and more aid projects in which we needed their local expertise, but we could not pay them. Then we paid the Swedish experts about 5,000 Swedish crowns a day, which is enormous. You can ask – why did you do this? We did it so that our experts could pay the local consultants. That was the method...

According to self-perception theories the outcomes in the reverse incentive experiment might be explained by a change in attitude, where those involved were stuck with the question “who am I that I am acting in this fashion in this situation” and solved this problem by changing their attitude according to their behaviour. By inducing people to act in a certain way, one creates the associated values among them.

Some quotations from our previous research and data collection from the period 2003–2007 illustrate rather well how the Swedish aid-providers have changed their attitude towards aid-providing and moved their aid projects from assistance to the development of democracy. This was characteristic for the first phase of aid pro-

vision into the aid projects or programmes addressing the public sector, especially within a social security system in some CEE countries, and how the actors involved perceived their role within the chosen countries:

During the first period of aid providing, I believe that we did everything correctly. The theory was missing and we tried to investigate the state of things before making a decision about what we could do (...). It had taken five long years before we understood that they needed assistance in the public sector especially in social work. This was quite new to us. There was no-one who had any experience in this regard. It was probably because we were acting up to our convictions that this sector should work well during socialism. It was really a surprise for us that this sector had to be reformed. This aid became the first priority for the Swedish government, and it was perceived very positively by us and by the aid-recipients. Shortly after, in 1996, we were creating new strategies for how to co-operate with those countries to help them and develop democracy, a market economy and improve the neighbourly environment.

In Sweden, we began with assistance in 1989 in the framework of BITS and we had a lot of knowledge about these countries. They had been our neighbours. Moreover, our aid had to do with very flexible politics. If we felt that one of our projects did not work in practice, we removed it. We were flexible in aid provision all the time, while the EU had large programmes, very formal and were pressed for time.

We only finance aid projects. We do not send experts abroad. The consultancy agency just recruits and hires experts. Many consulting agencies were involved.

Another respondent who participated in many projects and played different roles in them turned from an idealistic person into a critical one regarding the role of the western aid providers to the countries in transition:

I am very sceptical about aid-projects that you have a short time to conduct. I mean that many EU projects had too short a time to carry them out, while the expectation was to change the world e.g. the project for Turkey 2003 for 10 million Euros to modernise the employment agency. It was a huge project and you had no people to work. The employment agency was very limited in its capacity to provide this assistance. Decision-making is top-down. This organisation cannot handle such a project. It demands assistance and expertise to see the whole system. This money ought

to be divided in a better way and over a longer period (...) There is too much money going to expertise. I have the impression that they send many western consultants to create a well working labour market in CEE but it is not only that. It is very lucrative for the west. You give your money out but you create employment for your own people.

From an analysis of the collected interviews it showed that even persons who were rather critical towards western aid provision turned into people who were proud of their contribution:

I am most proud of the fact that I have initiated a very concrete co-operation between Sweden and Russia for preventing crime. The team I created, when participating in the aid project, is working together even now, as equal partners dealing with fiscal legislation. They based their co-operation on trust that they created earlier. I am really happy about this.

Another respondent adds:

There is a difference between the aid to the post-socialist countries in Europe and the aid to developing countries. It is not a question of Sweden earning money in these countries and that Swedish money stays in Sweden. This aid is expected to bring these countries and Sweden closer. Aid should contribute to signing a contract and extend some economic contacts that can make it easier for firms and enterprises to set up their businesses. However, it is important that Sweden has a competence that is demanded.

Thus, the self-perception theory can help us to understand the various mixed feelings behind participation in the different aid projects.

All in all, the above analysis argues that social psychology theorising can be used to analyse the organisational behaviour within the aid chain and the idea of proper socialisation, resulting in a kind of psychological contract might offer a solution to the problems in professionalism encountered previously. We argued that such socialisation does not only apply to “normal” employees in an organisation, but also to the world of international advisory work. We argued that it is insufficient for donor organisations simply to hire consultants and send them as *tabula rasas* i.e. nitwits into the field. It might be better not to just negotiate a contract, but also negotiate the time to prepare, to discuss intensively, what can be mutually expected, what the consultants might expect on the job, and to discuss the mutual expectations in the probable case of emerging cognitive dissonance and seeming inconsistencies. This is important for all involved in international assistance. The recipient profits from a well-prepared consultant; the consultant profits because the advice given will be valued more if it is based on knowledge of the situation at hand

and the donor-organisation profits, because it is better informed in advance about the choices the consultants are likely to make in case cognitive dissonance or other imbalances surface. However, next to the obvious advantages, there are also some drawbacks to this approach. These will be discussed in the next section.

6. A reflection on the added value for Public Administration

Theories stemming from Social Psychology offer an interesting analysis of the problem we are facing, namely how to create and restore professionalism in public organisations, as well as a direction in which solutions might be found. The solution is sought in organisational socialisation, exposing employees early in their career to situations in which cognitive dissonance is bound to occur, resulting in a kind of psychological contract, i.e. the internalisation of the classic values of professionalism. This could create justified trust that the job would be done according to expectation and even under adverse circumstances. It could make continuous oversight – monitoring, performance measurement, evaluations redundant.

Rousseau (1995) argues that the psychological contract is promise-based and, over time, takes the form of a mental model, programming, or schema, which is relatively stable and durable. There is, however, also criticism with regard to the concept. Mark Roehling (1997) for example, criticised the conceptualisation and the lack of research into the assumptions and implications of the construct. As he says: “Reported empirical investigations of psychological contracts can be counted on one’s fingers” and “a lack of recognition and attention to competing views of the PC construct continues to be reflected in the PC literature” (Roehling 1997, 3). Such empirical research could test the lasting value of early socialisation; it could test the hypothesis that learning is more effective when it takes place early in one’s career, which is contrary to the idea of lifelong learning, and it could show that it is possible to make newcomers in an organisation adapt to change or reweigh their cognitions. Such research could also address the question, whether it is true, as O’Donnell and Shields argue that, where the contract is mainly relational “based on building performance through feedback and a developmental focus — without scores and ratings”, it results in enduring trust, but where it is mainly transactional and “psychological contract is focused around short-term and monetised exchange” the process “can lead to distorted results and raise issues of equity, ratings moderation and forced distributions” (O’Donnell and Shields 2002, 439).

A second point of criticism concerns the concept itself. Guest (1998) addressed the conceptual problems in the usage of the psychological contract. Citing different scholars, he is able to conclude that different conceptualisations exist, in terms of perceptions, expectations, beliefs, promises and obligations. This is problematic because “Failure to meet expectations is of a rather different order than failure to meet obligations” (Guest 1998, 651). According to him, it is also conceptually unclear

when a psychological contract exists and when not. He argues further that the legal metaphor is inappropriate, because it is all in the eyes of the beholder that it is unclear what the agency is and that in many organisations, “there are multiple agents for the organisation and they may be ‘offering’ different and sometimes competing contracts” (1998, 652). In this situation, it can be unclear what the key dimensions and the contents of a psychological contract are. Guest is of the opinion that one solution to this “problem” is to make psychological contracts more transparent, but according to him, if psychological contracts are defined as being unwritten and implicit, they cease to be psychological contracts upon being made open and explicit (1998, 653). Guest argues there are serious problems concerning the content validity, the construct validity, questions about the testability and applicability and concept redundancy.

Notwithstanding his own criticism, Guest acknowledges: “The psychological contract provides a potentially fruitful construct with which to make sense of and explore ‘new’ employment relationships” (659). According to him, it is able to explicate and reduce the growing inequality in power i.e. in the relationship between the unrepresented individual and the sometimes monolithic organisation, and “it has the potential, not yet realised, to integrate a number of key organisational concepts ... such as trust, fairness and exchange” (660).

Regarding the confusing conceptualisation, the concept of a psychological contract has indeed been conceived in different ways, with varying emphasis along at least five dimensions:

1. Emphasising promises and obligations versus internalisation of values;
2. Emphasis on the contract side versus the psychological side;
3. Emphasis on the organisational versus individual aspects;
4. Emphasis on transactional versus relational aspects;
5. Emphasis on the possibility to change a psychological contract versus the sustainability thereof.

Socialisation and psychological contracts are not new phenomena. Although, according to our knowledge, empirical data are lacking, some organisations do indeed proceed accordingly. Wellin (2007) has given a number of examples of psychological contracts and what is central in such contracts. It is interesting to see how, for instance, a consulting company such as Ernst & Young has interpreted the psychological contract.

Figure 1
Ernst & Young's implied psychological contract:

	What Ernst & Young expects from its people	What employees can expect from Ernst & Young
1.	Do the right thing and succeed for clients	Recognise and reward an individual's contribution
2.	Energy, enthusiasm, stretch and excel yourself	Enjoyable place to work
3.	Build relationships, teamwork and the courage to lead	Care, listen and respond to people's ideas and concerns
4.	Take charge and personal responsibility for your career	Continuous learning opportunities, access to knowledge and support for personal and career growth, and achieving your potential

Source: Wellin 2007, 21.

It is illustrative of the general trend towards emphasising promises and obligations, the contract side, the organisational side, and transactional aspects. This kind of arrangement reflects more the company's policy, or at least their favourable image thereof. It is similar to raising children, telling them to do their best at school and be nice to their friends in exchange for food, pocket money and some parental attention. More important – and difficult – is to learn and facilitate them in making choices, how to behave, if they make mistakes. What to do if they fail exams, and what to do and not to do if for example, their free-time activities interfere with homework, in case they get into a quarrel or fight with their peers, if they are tempted to do something their parents do not want them to do, and what to do in case of other serious dilemmas.

Given our arguments presented in the previous sections, a psychological contract should involve something different from what many present-day companies make of it. It should be the result, instead of the starting point, of a thorough socialisation process, a result in which specific values are internalised in the heads of employees e.g. about the criteria for choices to be made, when basic dilemmas pop up. It should provide clarity about what to do when short-term goal achievement conflicts with long-term effectiveness. What to do when effectiveness and efficiency collide. How to react when external or internal constraints inhibit optimal choices. What to do when one is confronted with unethical behaviour. What to do when a client wants something completely different from what was agreed and what to do when – inevitably – something goes wrong.

Concluding, this section argued that despite the assumed advantages mentioned by the proponents of the concept of psychological contract, the suggested process from socialisation, through exposing newcomers to situations in which cognitive imbalance, incongruity or dissonance arises, towards a psychological con-

tract is a far from definitive solution. However, we believe that applying the principles of the psychological contract could reduce the risk of raising expectations in any organisation, which is when this results in disappointment and automatically results in increased monitoring and steering. There are still many uncertainties, a lack of empirical backing and much conceptual diffusion, which disputes whether it is a process useful in the public sector and whether it can – as was originally its intention – be an alternative for the practice of continuous monitoring, performance measurement and evaluation.

7. Conclusions

This paper asked the question whether Public Administration could learn something from insights from social psychology, regarding ways to create or restore professionalism in public organisations in other ways than by measurement, re-organisation and by using incentive systems. We asked this question because of our findings in the area of international technical assistance in which, according to us, a dramatic change has occurred, in which the classic values of such advisory work have disappeared and a novel, much less appreciated, form of professionalism came to dominate. We argued that the position of many people within the world of foreign consultancy-industry, and in many other organisations as well, is similar to those of the students in the famous Festinger-Carlsmith experiment of 1959.

It explains why people with strong feelings about the substance for their work will experience the stress predicted by the consistency theories that focus on cognitive imbalance, incongruity and dissonance, whereas others, less pronounced in their attitudes, will change their attitudes according to their behaviour being a result of self-persuasion or self-perception, and abandon the classic values of professionalism. Social psychology theories offer an explanation as to why classic professionals flee from such situations and the modern professionals start to dominate the organisations involved. As long as we are unable to measure outcomes and these are only to be derived inductively from reports on procedures, inputs and outputs, we may destroy more than we build.

Do social psychology theories only give us a nice explanation for the problem observed, or do they also offer an alternative? The first solution would be not to expose people to situations similar to the experimental setting of Festinger and Carlsmith (1959) and at least not offer rewards for such behaviour. However, in practice the opposite is visible. Organisations increasingly ask their employees to create an artificial reality by writing positive reports about their work. Social psychology theorising tells us that intensive socialising, training and providing structure, resulting in a psychological contract might work. Very pragmatically, it tells us to:

1. Socialise newcomers during the first period they enter the organisation. It is especially in these months, or even the first year, that it is possible to shape their attitudes. Therefore, clear guidance that transfers the right values and professional attitude is indispensable;
2. Expose them to situations in which cognitive imbalance, incongruity or dissonance is bound to occur and train them to adjust, add or reweigh their cognitions in accordance with the classic values of professionalism;
3. Recognise the decisive role of experienced organisation members. It is not the role of leadership, but the role of middle management, that is crucial. Middle management will mainly guide new professionals. It is the transfer of values and attitudes and the perception of professionalism these people pass on to newcomers that is of great importance;
4. Strive for an implicit mutual understanding of expectations – a psychological contract – which is not just a transactional contract about pay for performance, or an individualised employment contract, but the result of an extensive learning and adaptation process of cognitions by which mutual and apparently justified trust is created and oversight can be diminished accordingly.

One may note that this is quite different from striving for lifelong learning, the emphasis on skills and knowledge in training programmes, the presumed role of leadership and the distrust indicated by continuous oversight.

Whether it will indeed work is not sure. The reflection on this theorising points to many uncertainties about the lasting value of socialisation, about its ability to replace the continuous monitoring and continuous performance measurement. It pointed also to the gap with reality where many organisations give far too little attention to newcomers and training programmes are just meant to improve skills and knowledge. In addition, it pointed to the changing interpretation of the psychological contract, transforming it to some kind of steering mechanism, while it was originally a means to ensure that self-steering does not result in behaviour that runs opposite to the goals of the organisation. Such self-steering is important, because many professionals have to take decisions independently, but at the same time has to be restricted during an intensive socialisation process in order to accomplish justified trust regarding professionals who act out of the required values of professionalism. This is especially the case in foreign consultancy, where professionals not only go outside the organisation to conduct their advisory work, but are completely out of sight when leaving the country.

Socialising employees in order to be able to trust them to make the best decisions possible, internalising values, resulting in some form of a psychological contract, could make a difference in everyday practices in any organisation.

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Section II

Service Provision,
Service Integration



Introduction

Public bureaucracies perform a number of tasks in government, including policy advice, but their principal function is to provide public services. If governments are to be effective, they must be able to implement programmes in the manner intended by legislation and also be able to ensure that citizens are receiving appropriate public services. In addition to this, civil servants are often the principal contact between the State and society, so that the interactions of these two groups in the process of implementation, helps to define how the public regards their government.

Many of the numerous reforms of public administration associated with the New Public Management have concentrated on improving the implementation of public services, especially through utilising market and third-party actors to deliver those public services. These reforms have often improved services for citizens, but they have also created difficulties in accountability. Further, to the extent that the emphasis is on improving services in any one policy, then creating coordination and service integration may become more difficult.

The countries of Central and Eastern Europe, and those of Central Asia, have also begun to find ways to improve service quality. For example, Mateja Kunstelj and Mirko Vintar describe the use of “one stop shops” in Slovenia. Providing a range of services in one location is a common recommendation in contemporary administrative reforms, designed to reduce administrative costs, as well as reduce corruption by limiting contacts between those individuals making decisions and the clients of programmes. This analysis adds significantly to the body of literature that evaluates this style of service delivery.

Saltanat Janenova discusses the use of one-stop shops and other mechanisms for integrating public services in Kazakhstan. She moves the discussion of this format for service delivery forward by discussing the impact of political and social variables on the implementation of one-stop shops. She points out clearly that the ideas of NPM may not travel as well as the advocates of these programmes believe. Thus, these and any other administrative reforms need to be understood in context, and matching reform initiatives to their environment is crucial for the success of the reforms.

Finally, Markéta Řežuchová provides a thorough and complex discussion of the numerous factors influencing the choice of service providers in the Czech Republic. She points to the need for governments to balance the quality of services being delivered to the public, with the costs of those programmes. The analytic model that is developed provides a means of interpreting the choices being made, and could be used by political and administrative leaders to inform their decisions.

One-Stop Government: Critical Analysis of the Concept and its Implementation in the Selected Countries¹

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1. Introduction

One-stop government is one of the most promising concepts of service delivery in public administration. Its implementation is a part of e-government strategies in most countries. Originally one-stop government denoted physical location (i.e. one-stop shop) where the users (i.e. citizens or organisations) could settle their administrative matters with public administration in one place and preferably with one contact. However, in the last decade, within the e-government environment, one-stop government presents more often a virtual location, i.e. web portal, which, through the means of modern information technology, even surpasses the possibilities and functionalities of one-stop shops. Being physical or virtual, one-stop government characterises integration of public services from a user's point of view. This integration most usually happens virtually at the front-office where public services are provided, preferably according to the users' needs and circumstances, while back-office processes are by and large left unchanged. By this, one-stop government overcomes and hides the complexity and organisational diversity of existing public administration and focuses instead on what users perceive in their relationships with public bureaucracy. Hence, one-stop government acts as a mediator between users' needs and problems on the one side and internal fragmentation of competences and complexities of public administration on the other. This leads to the

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realisation of user-oriented or user-centred government, which is one of the main objectives of e-government development.

Applying a one-stop government concept can bring several benefits to users of public services, i.e. citizens and businesses, as well as to public administration, from faster and cheaper services to better quality of services. However, implementation of one-stop government in its “true” sense requires inter-operation and integration of back-office systems at the front-office side, as well as the redesign and integration of service delivery processes. This requires the involvement and co-operation of many public, as well as other organisations, from different jurisdictions and fields of operation. Moreover, changes in organisational structures, reassignment of working posts, changes in skills, regulations as well as changes in organisational culture are also needed, not to mention the indispensable political support and strong commitment of all parties involved for the realisation of one-stop government objectives. All these factors make the implementation of one-stop government extremely demanding.

Therefore, it is not uncommon that practical experiences reveal that many efforts focused on the implementation of online one-stop government solutions faced serious obstacles or even failed totally. Among the main reasons, we can expose:

- lack of awareness and understanding of all varieties of possibilities and functionalities the concept can bring about,
- lack of a strategic and holistic approach,
- lack of a simple, concrete and comprehensive framework, aiming to assist and guide public authorities in setting the objectives and implementing one-stop government.

The paper addresses mainly the first two issues by:

- presenting the main characteristics, functionalities and principles, i.e. driving forces, benefits and barriers of the one-stop government concept;
- classifying different kinds of one-stop government services;
- exploring different viewpoints of one-stop government (i.e. legal, organisational, technological, social, etc.);
- evaluating the current state and readiness for development of one-stop government in selected countries (i.e. Slovenia, Poland, Hungary and Kosovo).

Hence, the paper aims to contribute to a better understanding of the one-stop government concept and to determine viewpoints and issues which should be taken into consideration when trying to implement one-stop government concepts in a given country. The paper will define and describe the key elements on which a simple, concrete and comprehensive framework for implementation of one-stop government should be based. In addition, by evaluating the current state and readiness

for implementation of one-stop government in selected countries, the paper will try to evaluate the current experiences and to determine the possibilities of best practice transfer. Prospects for (further) development of one-stop government services, as well as some guidelines to overcome the current barriers, will be given.

2. One-Stop government

Although different aspects of the one-stop government concept have been described by many scholars (for example Kubicek and Hagen 2000; Federal Benchmarking Consortium 1997; von Lucke 2000; Wimmer and Tambouris 2002; Tambouris and Wimmer 2004; Kernaghan and Bernardi 2001; Vintar and Leben 2002; Vintar et al. 2004), practical experiences show that when it comes to the point of implementation in practice, there is still a lack of understanding and awareness of all the possibilities and functionalities one-stop government can bring about.

In the following, the origins of the concept are first described, followed by an explanation of key principles and the introduction of a blueprint describing how one-stop government solutions work in practice.

2.1 The problem setting

The whole idea comes from the notion of public sector reforms, whose basic objectives are to make government more efficient and effective on the one side, and transparent and user-oriented on the other. However, with the development of e-government, which denotes not only the use of information technology for all kinds of internal as well as external operations of public administration, but first of all the use of information technologies, particularly internet, as a tool to achieve better government (OECD 2003; Gartner Group 2000, European Commission 2003), one-stop government gained fresh impetus to its development. Modern information technologies present key means which enable the transformation or change towards a more efficient, effective, transparent and user-oriented government.

The drawbacks of so-called “classical government” originate from the time of the industrial revolution and an idea from Adam Smith and Frederic Taylor, who claimed that better productivity can be achieved with a division of labour on simple and small repetitive tasks. While such organisation of work was effective in times of mass production, the latest developments, particularly globalisation and different expectations of customers, show that these concepts no longer work. And this holds true also for the public sector, where organisation of government is similarly based on division of work into several fields of competences. Complex hierarchical structures, strict management approaches and division of government into several fields of competences, which are now deeply rooted in the system of public administration, no longer meet the needs and requirements of users of public services or society as a whole. They are no longer satisfied with complex, time-consuming,

limitedly accessible, non-transparent and partial services delivered by several public authorities, since the problems of users do not usually refer merely to one single competence or one single public authority. In fact, the opposite is true – the solution of a user's problem typically requires starting several different administrative procedures at several different public authorities. When solving a problem, which requires contact(s) with government, for example, establishing a business or moving address, the users are forced to visit several public authorities, during their official hours and each time has to complete different application forms, repeating the same data and supplement documents, not to mention doubts about which services are required in a particular situation and in what sequence they should be invoked, at which public authorities and in which way.

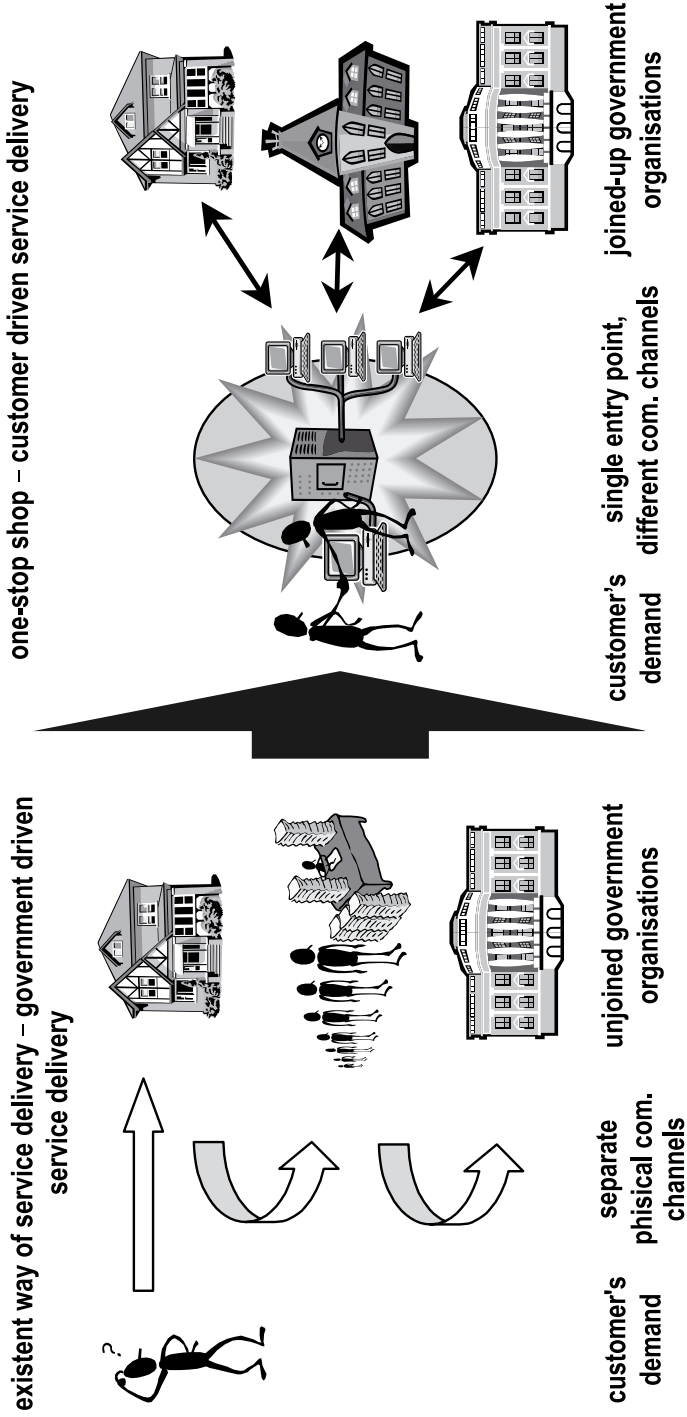
For example, when moving, citizens must first change their address in the national population register, change several personal documents, move the telephone number, and inform their TV programme provider, bank, insurance company, school, employer, power supplier and so on. In such a situation, a citizen often knows only what he/she wants but does not know which public authorities are competent at handling the case, neither when and how he/she must invoke the appropriate services.

The solution to these problems lies in the implementation of more user-oriented government, which characterises a government that offers services that meet the needs and requirements of their users, rather than the interests and structures of government; a government that offers convenient and personalised services of high quality; a government that takes on a more service-based role rather than authoritative and directive and a government whose main focus is delivering public services, rather than administering the law. However, the main issue here is how to match the needs and requirements of the users on one side and existing complexities and structure of government on the other.

2.2 The solution

In these settings *one-stop government* opened up the possibility to deliver public services in a new way. The main aim is to overcome the existing complexity and structure of government and enable the user to solve the problem in one place and preferably with a single contact, regardless of division of competences for the services, which are necessary for the solution of his/her problem. The one-stop government term then refers to the inter-operation and integration of public services in one place, providing a single window access be it face-to-face, via the phone, fax, e-mail or other means of communication; though, the most typical communication channel is the internet (Figure 1). In the latter case, the one-stop government is realised using a *web portal*, presenting a technological and organisational infrastructure (i.e. platform) enabling a single entry point for the users of public services, regardless of internal fragmentation of responsibilities of public authorities.

Figure 1
Comparison between traditional and one-stop government approaches to service delivery



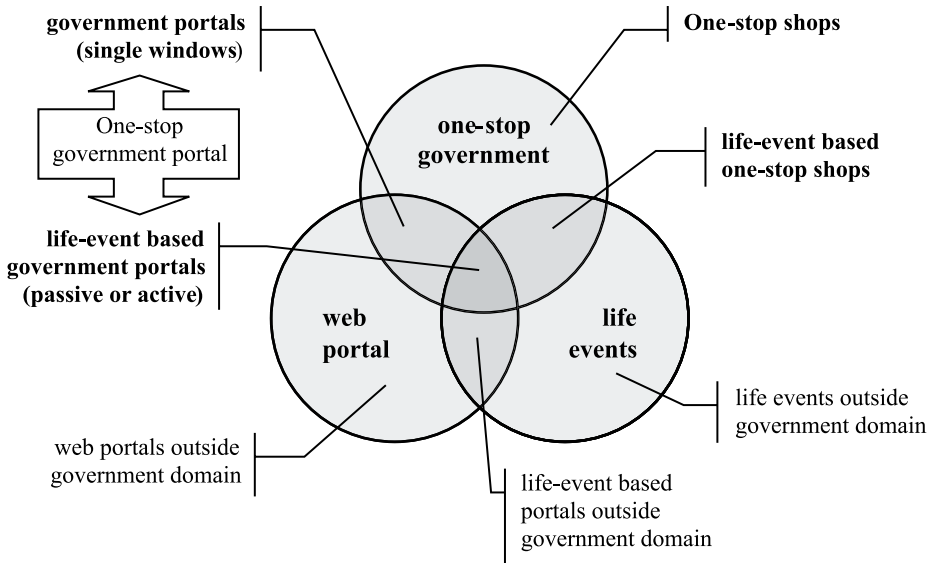
However, it is important to note that the utilisation of the one-stop government concept by itself does not ensure the full realisation of user-oriented services that meet user needs. In its basic form, it simply enables a single window or single-point of contact to public services. Within this single window, services might still be organised upon internal fragmentation of competences and structures of government. In this way, the user must still search within the web portal in order to find all the services required for the solution of his/her problem, while all the problems mentioned above still persist.

Of course, it is not desirable simply to make old-fashioned services available through a new mechanism. One of the possible solutions is the use of the *life event concept*. The life-event approach considers government operations from the perspective of everyday life. A life event is a metaphor used to denote a specific situation or event in the life of a citizen or the life cycle of an organisation that requires a set of public services to be performed (Todorovski et al. 2006). Life events should help users (i.e. citizens or organisations) to easily identify the set of public services they need at a certain stage of their lives and help them to tailor these services according to their needs and circumstances. It is important to note that here, user circumstances refer to all user specific conditions at a specific point of time which influence the resolution of the life event (Todorovski et al. 2006). A life-event based service should comprehend all public services, which are necessary to solve the problem of a user in a particular situation. In addition, private sector services can also be included if necessary.

In conclusion, this means that only a combination of three key concepts, which are *one-stop government*, *life events* and *web portals*, ensure the realisation of a **true** one-stop government way of service delivery, which truly achieves the user orientation of the government. It is presented as a so-called *life-event based government portal* (Figure 2).

A life-event based government portal is aimed at providing 24-hour, single-point access to public services integrated around users' needs, which correspond to life events. This means that a user can resolve all matters corresponding to a given life event in one place and with the best case scenario, with one step, irrespective of the organisational boundaries and competences of the involved organisations. The realisation of this potential requires the inter-operation and integration of front-office services, as well as the inter-operation and integration of back-office systems and processes at the front-office side (Figure 1).

Figure 2
One-stop government and related concepts



3. A conceptual model

The one-stop government portal, introduced in the previous section, offers several different kinds of services, supplemented with several different kinds of functionalities and possibilities. The conceptual model, presented in Figure 4, presents a blueprint or a business model of how one-stop government operates with the range and variety of functionalities and possibilities the concept can bring about. It can be used by public authorities in the process of concretisation of high-level strategic objectives into its organisational structures, processes and information systems. The business model presents a tool that helps managers to capture, visualise, understand, communicate, design, analyse and change the strategic choices and business logic of their organisations in a conceptual way; thus contributing to the necessary understanding of the concept, as well as analysing the impacts of a change prior to its implementation.

Figure 4 presents a conceptual model describing the one-stop government way of doing business in general, thus enlightening the strategic objectives of the one-stop government concept. It presents the main components and functionalities of the one-stop government portal, their relationships, and its external relations. In particular, it represents different actors and their relationships, the main types of

flows of information, documents and money, the main communication channels, as well as different ways of value creation.

On the left side of the diagram, different service providers and their relationships to the platform are shown. All, except the first, are part of the partner network, seeing that it provides no information and no services to the platform, but it could be important in executing a particular life event, which is not fully implemented within the platform. The others are either public authorities or third-party service providers that supply information and/or services to the platform. Service Provider 2 provides only information and possibly also downloadable forms to the platform. Service Provider 3 provides information and downloadable forms and/or e-applications and receives e-documents either in the form of completed downloadable forms or submitted e-applications. Furthermore, Service Provider 4 also enables sending of the final documents to the platform and then to the user. Moreover, Service Provider 5 enables electronic payments in addition to all other services.

On the right side of the diagram, different types of users are depicted. The worst case scenario is denoted by User 1, who does not use the platform at all, but arranges all matters with government directly with the competent public authorities, either by personal visits or via the web sites. User 2 makes use of the portal only for service information gathering and/or downloading forms, yet all the services are executed either personally at the physical locations or electronically via the web sites of the corresponding public authorities. In this case, the user can go directly to the list of public services (if it exists) or first selects a particular life event and then goes through the active dialogue so that the portal prepares the package with the information on all the services and documents required for his/her particular circumstances and possibly also downloadable forms. However, the user must conduct all the necessary services outside the portal domain.

User 3 uses the portal in order to resolve his instance of a life event. In contrast to the first user, he/she is also allowed to upload documents (e.g. application forms or supplements) to fill in and submit the electronic (interactive) forms via the platform. However, he/she executes payment in the traditional way or outside the platform domain and receives the results of the executed services by ordinary post as a rule. The advantage of User 4 is in the ability that, besides all that User 3 can do, he/she can also receive the final documents through the platform. The usage of the platform by User 5 presents the most sophisticated situation. In the particular instance of a life event, the portal leads the user through the active dialogue and executes all the necessary services; hence, the user can resolve his situation in one place and in one step. The user need not know much about the organisational structure of the government. All the user's needs are met, and the highest level of added value is delivered to the user.

Note that only the basic types of relationships are presented; however, in practice, other combinations are possible, especially in cases where services within a

particular life event are developed on a different sophistication and/or integration level. Suppose that the user selects a particular life event and then the platform leads him/her through an active dialogue in order to consider all relevant user circumstances and in the end prepares a package with all the services required. If all services cannot be executed electronically, the user is forced to execute them outside the portal domain. The same situation appears if a particular user circumstance is not taken into consideration and consequently a corresponding service is not included in the package (not even on the informational level).

In the middle of the figure, the one-stop government portal, with its main components and functionalities, are presented. The central part of the portal presents a value configuration utilised within a one-stop government portal. It describes the arrangement of activities and resources that are necessary to deliver services which create value to the users. Value creation begins with services, which are offered by different service providers. The platform not only provides single access to them, but also integrates them around the users' needs, i.e. life events, and enables their execution. Moreover, the platform supports the personalisation of life events with regard to different users' circumstances, which may influence a set of services and a set of documents necessary for the execution of a life event. In the best case scenario, the user merely selects a life event, which corresponds to the specific situation or event in the user's life and requires a set of public services to be performed. The intelligent guide, implemented within the platform, leads him/her through an active dialogue, in which the user answers different questions. The platform then prepares for the user a set of services adapted to his/her circumstances and after the input of all necessary data and documents, executes them on behalf of the user. Finally, the user receives the final documents as a result of using these services.

More precisely, the one-stop government value configuration consists of four primary activities:

- ***Life-Event Selection.*** Activities associated with the choosing of a life event, which is likely to solve the user's problem. In this context, the portal can offer several mechanisms that help the user to select the right life event, e.g. an alphabetical or structured list of life events, where each life event is briefly described, or a search engine. Applying a kind of exception handling mechanism for the cases in which the user cannot find the right life event is also recommended. When the OneStopGov platform is implemented as a one-stop shop, this task can be assigned to the public servant, who needs to have government-wide knowledge about services. In other cases, communication with a competent public servant via the phone, SMS, e-mail or special mechanism within the portal can be applied.
- ***Life-Event Personalisation.*** Activities associated with the personalisation of a life event to the particular user circumstances, that can influence the set of public services and documents needed to resolve a given instance of life event.

Several levels of sophistication for this process are possible: (1) in cases where the portal offers only an ordered list and descriptions of services necessary for the execution of the life event, the user is obliged to personalise for himself; in this process it is highly likely that the user will make a mistake, (2) if the portal leads the user through the process of personalisation using an active dialogue (supported by an intelligent guide), then the user is guided to the set of necessary public services and documents in a user-friendly way. Additionally, data the user provided through the dialogue can also be used within life-event execution. If the use of an intelligent guide is conditioned by user identification (either by username/password or digital certificate) the personalisation process can be even more advantageous, since it enables the user to use a user profile in which he can store selected data and use them within the active dialogue. However, in both cases, there is still the possibility of exceptions which are not supported by the system. An exception handling mechanism, similar to the one mentioned in the first activity, can be applied for this purpose.

- ***Life-Event Execution.*** Activities associated with gathering data and uploading documents necessary for life-event execution, initiating services at the competent public authorities or third-party organisations, execution of payments for the services, receiving final results (e.g. documents) of the services, monitoring (auditing) the status of life-event execution, and supporting the communication between service providers and the user in case of exceptions, i.e. exception handling mechanism. This mechanism can also be implemented through other channels, such as a one-stop shop, traditional post, phone, SMS, e-mail, or a combination of them. If the portal also supports user identification, the user is allowed to store or use the data from his profile and to store or use documents from his document's repository. The scope of electronic execution of all these features depends mainly on the technological sophistication of services and the support for user identification and e-payments.
- ***Control and evaluation.*** Activities associated with measuring and evaluating to what extent the implementation of the particular instance of a life event has solved the initial problem of the user. This can be accomplished with user satisfaction surveys, as well as registering and analysing the recommendations of the users.

During the process of selection, personalisation and execution of life events, the platform employs several features that support this process, e.g. an intelligent guide, user authentication module, e-payment module, document uploading module, user profile, documents repository and process status monitoring module.

In addition, for all these supportive activities, infrastructure (e.g. finance, planning), human resource management, technology development, and procurement are necessary in order to enable the proper functioning and maintenance of the platform.

Table 1

Symbols used in the graphical representation of one-stop government business models. Adapted from Weill and Vitale 2001












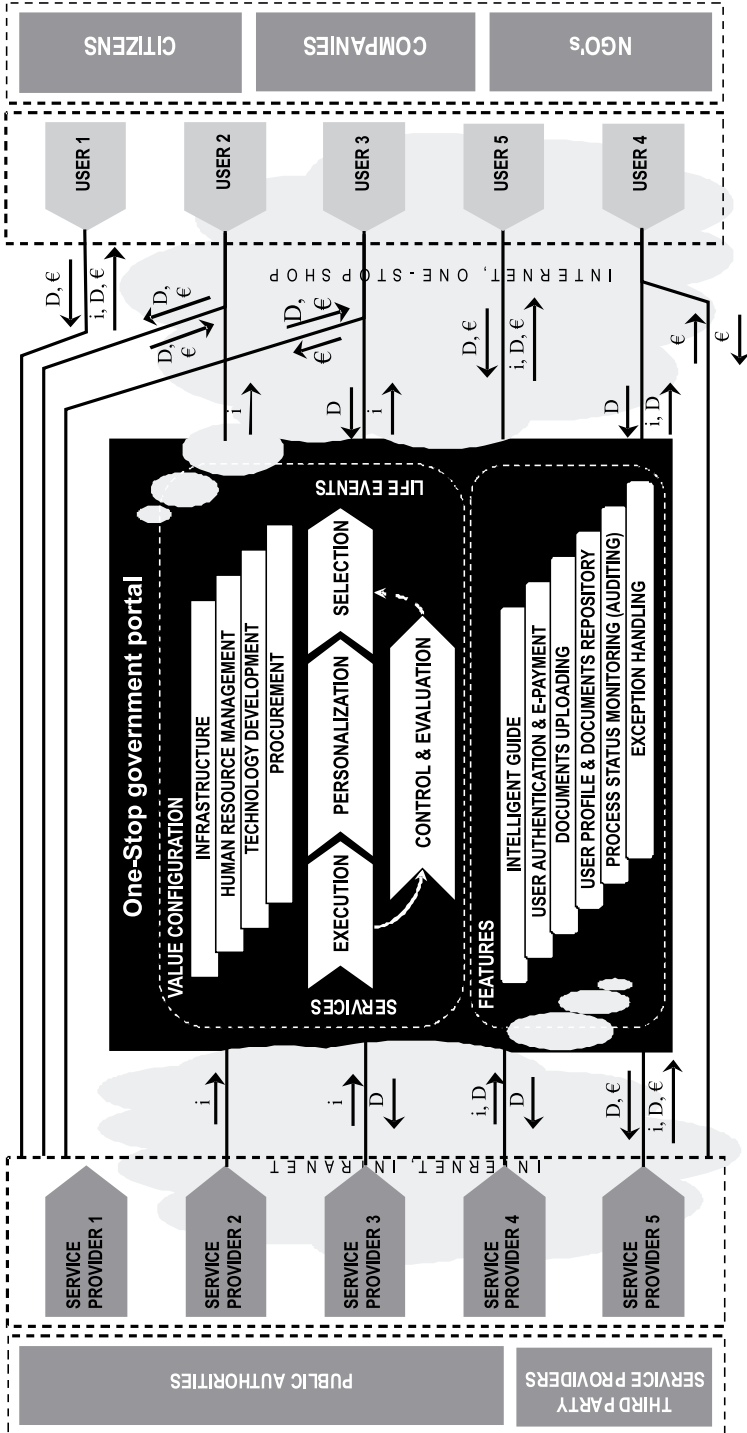
Symbol	Description
	<i>Organisation of interest</i> (The organisation whose business model is illustrated by the schematic, i.e. OneStopGov platform and its responsible public authority)
	<i>Module of organisation of interest</i> (Adding value component of the organisation of interest. Other shapes may also be used)
	<i>Type of supplier</i> (Type of organisation or individual from which the organisation of interest obtains services, or information)
	<i>Supplier I</i> (A concrete organisation or individual from which the organisation of interest obtains services, or information)
	<i>Type of user</i> (Type of organisation or individual who uses the organisation of interest's services or information)
	<i>User</i> (The organisation or individual who uses the organisation of interest's services or information)
	<i>Communication channel</i> (Describes how each user segment and supplier is reached)
	<i>Relationship</i> (A digital or physical connection through which messages flow in both directions. Often, but not always, this connection is the internet)
	<i>Flow of money</i> (This one-directional flow indicates a payment from one party to another, in exchange for services, or information. Often there is a flow of product in the opposite direction)
	<i>Flow of documents</i> (This one-directional flow indicates a transfer of physical or digital documents (e.g. application forms, supplements, decisions, written rules) from one party to another. Only those downloadable and electronic (interactive) forms, which are prepared for submission, fall into this category; otherwise, they present only information)
	<i>Flow of information</i> (Only those flows of information that are not documents are represented by this symbol. This information is often the result of research about a product or service)

Figure 4
 A conceptual model of life-event based government portal
 (a legend of symbols used in the figure is provided in Table 1)



One-stop government portals can provide services of various kinds. The two most evident characteristics of life-event based services are technological sophistication and level of integration of services within a particular life event. Classification of both dimensions is described below and presented in Figure 6.

Technological sophistication of services within a particular life event includes the following possibilities:

- (1) **information** level services,
- (2) **downloadable forms**,
- (3) **e-applications** (submitting of e-documents or electronic/interactive forms),
- (4) **transactions** (submitting of e-applications, as well as receiving e-documents; paperwork is no longer needed for the user);

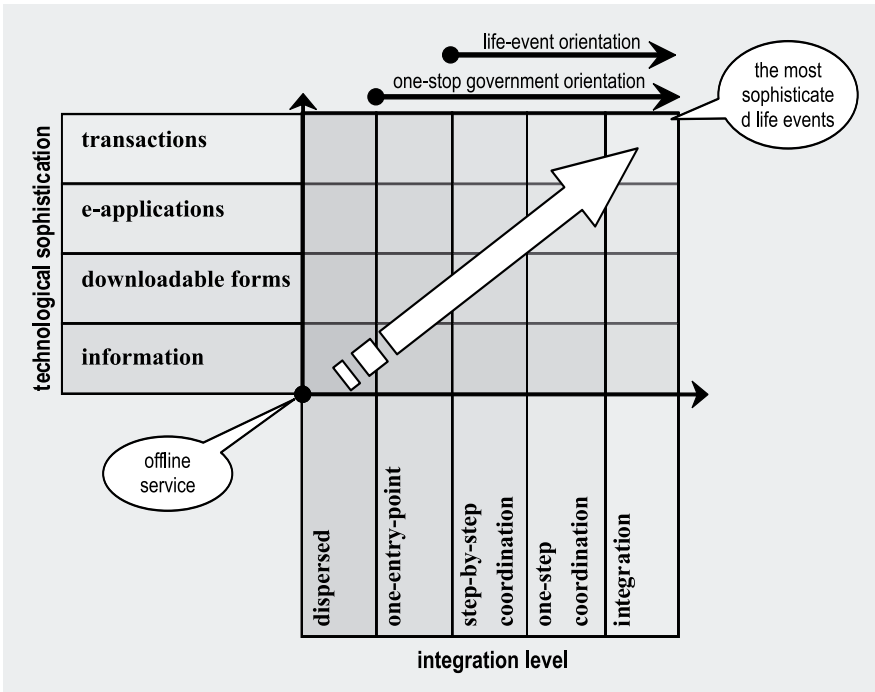
Additional characteristics and functionalities referring to the technological sophistication include:

- *support for user authentication* can be used for: (1) registration to the portal, (2) using the intelligent guide, (3) using the user profile and/or documents repository, (4) initiating services, (5) signing the documents or e-applications, (6) executing electronic payments; this can be realised in two ways: (1) by means of a username/password mechanism, or (2) by means of a digital certificate, which can only support authentication or electronic signatures; however, it depends on the service or the feature itself, which kind of support is required for its use;
- *support for payments* necessary for life-event execution (e.g. administrative fees, taxes) can be: (1) mobile based, or (2) internet based; however the platform can provide: (1) a link to the payment service of another provider (e.g. bank), or (2) a payment service integrated into the platform; another possibility refers to the execution of the payment itself: (1) the user has to execute payment for each service separately, (2) the user has to execute only one integral payment, while the platform takes care of the appropriate financial transfer to service providers; nevertheless, if electronic payments are not supported, they can be required to be paid in the traditional way by the user;
- *support for the life-event execution*, which is necessary for the execution of services within life events by the platform; otherwise only services that are implemented within other websites and for which only links exist on the portal can be executed;
- *support for monitoring (auditing)* the life-event execution process enables the user to (1) see at any time at which phase of the execution process his life events are, (2) read the messages from service providers, and (3) react to the messages if necessary (i.e. exception handling); this can be realised through different chan-

nels; (1) phone, (2) SMS, (3) e-mail, (4) the portal or (5) a combination thereof; however, the richness of the feature depends on the channels used;

Figure 6

Technological sophistication and integration levels of life-event based services



Integration level of services within a life event:

- (1) **dispersion** (services within life event are available only on the web sites of the competent public authorities; the user has to find the services for him/herself; no links from the portal are available; this level does not yet represent one-stop government)
- (2) **one-entry point** (services provided on the portal, however not in one place, so that the user has to find each of them separately; only links to the main pages of websites of service providers, or direct links to the web pages where services are available are provided, or services are provided in a standardised format within the portal itself; this level already presents one-stop government, however, does not yet represent life-event based services)
- (3) **step-by-step coordination** (services are provided on a portal in one place according to the life-event approach, however, they are still unlinked, so the

user has to initiate each service one after another⁴; only links to the main pages of service providers' websites or direct links to the service providers' web-pages are provided, or services are provided in a standardised form within the portal⁵),

- (4) **one-step coordination** (services are provided on a portal in one place, they are inter-connected so that they can be initiated automatically by the platform after uploading of all application forms and supplemental documents for all necessary services by the user; another possibility is that application forms of all corresponding services are integrated into one form, which has to be filled in by the user and with the help of data from the user's profile; in this case the portal automatically produces individual application forms for particular services; in the end, the user received individual documents as a result of individual services' execution),
- (5) **integration** (all services and corresponding back-office processes are re-engineered and fully integrated into one single process and one single complex seamless service; the user fills in or uploads one integral application form and in the end receives one integral document denoting all necessary decisions and written rules);

Additional characteristics and functionalities referred to at the integration level include:

- *the range of user needs taken into consideration:*
 - i. the amount of services included within a life event that are necessary for its full treatment or that add extra value to the user,
 - ii. the amount of user circumstances considered, in order to be able to properly personalise the life event and the corresponding services; all these can minimise or, at best, eliminate: (1) the number of services needed to be executed outside the platform (e.g. via another website or in the traditional way), and (2) the number of exceptions within the later stages of life-event execution; this can also influence the inclusion of private sector service providers within the life events;

4 The user can initiate each service either in the traditional way or electronically. This depends on the technological sophistication of the service. If only information for the service is available, then it should be initiated in the traditional way. If downloadable forms for the service exist, the service can be initiated either in the traditional way or electronically, if the one-stop government platform supports proper uploading of such documents. If an e-application for the service is available or the service is transactional, it can be initiated electronically. In case of transactional services, the user also receives documents (such as decisions, written orders and other documents) from service providers in electronic form; otherwise they are sent by ordinary post.

5 This means that the platform incorporates a standard service execution module, which assures proper execution of services and enables all services to have the same design and structure.

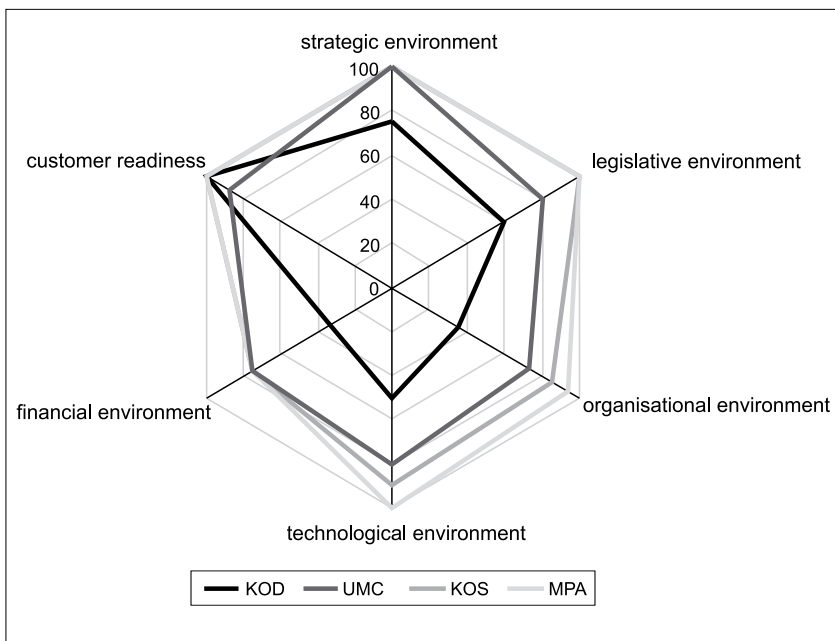
- support for the *user profile*, where the user can store all his personal data that he has ever provided through the platform; the user has full control over the profile, which means that he can select data to be stored, and change or delete selected data;
- support for *document uploading*, which allows the user to upload the necessary documents on the portal in order to enable the portal to automatically execute the services within a life event; if the feature is not supported by the platform, data can be provided through electronic/interactive forms, however, some services may require documents whose data cannot be provided through electronic forms;
- support for the *documents repository*, where the user can store documents he uploaded to the portal and documents he received from different service providers; usually the documents repository is a part of the user profile;
- support for the *intelligent guide (personalisation)*, which guides the user through an active dialogue by asking several questions, which depend on the answers of the user, and then provides a list of services that are personalised according to the user's circumstances in a particular instance of life event (*active portal*); if the intelligent guide is not supported by the platform, the consideration of user circumstances is much more awkward or even impossible, as the platform can, at best, provide only an ordered list of all possible services with all possible variants (and probably a frequently-asked question section) through which the user has great difficulty to go and study for himself what is necessary in his particular instance of life event (*passive portal*);
- applicability of the platform at one-stop shops; this solution is convenient for those users who do not use internet; in this case, the platform must be adapted so that public servants are allowed to use the platform on behalf of users.

4. Implementation of one-stop government in the selected countries

In order to demonstrate the current situation, as well as prospects for future development of one-stop government, we examined four European countries. Three of those countries, i.e. Slovenia (MPA), Hungary (KOD) and Poland (UMC), were trial-site countries, which co-operated in developing the life-event oriented framework and platform for one-stop government within the OneStopGov project. The last country, i.e. Kosovo (KOS), was additionally observed because we wanted to find out what the current situation is and what the prospects for the future development of one-stop government are in this newly established and still under-developed country, whose development efforts are intensively, strategically, financially and organisationally supported by the EU.

Since e-government strategies of all of those countries include objectives of a kind of one-stop government development, we were interested in where in the process of implementation of one-stop government a particular country is, in which direction they want to go, and how they are prepared for transition to the higher levels of one-stop government development. For this purpose, a simple survey was carried out. It should be noted that in three countries, i.e. Slovenia, Hungary and Kosovo, the central government level was surveyed, while for Poland the city of Częstochowa was included in the observation. In any case, all surveyed public authorities are responsible for the development of one-stop governments in their respective working environments. When interpreting the results, the reader must also consider that many of the assessments made, especially in the evaluation of readiness, are of a subjective nature, presenting the personal opinions of the persons surveyed and do not present the official opinion of the country.

Figure 5
 Preparedness for the transition to higher level of one-stop government development in selected countries



The results of the survey reveal quite different current development stages of the respective government web portals; however, quite similar objectives for future development, which means that the countries surveyed plan quite a different pace for future developments (Figure 9). However, looking at the current and desired tar-

get sophistication levels of life-event based services, they are quite different amongst the countries surveyed. On the other hand, the readiness assessments show that financial and organisational issues are among the most challenging for the future implementation of one-stop government (Figure 5). This means that in future developments, soft, human-centred issues, as well as financial planning, must be handled much more carefully and considered in greater detail.

Figure 9
Current and target sophistication levels of government web portals
in selected countries

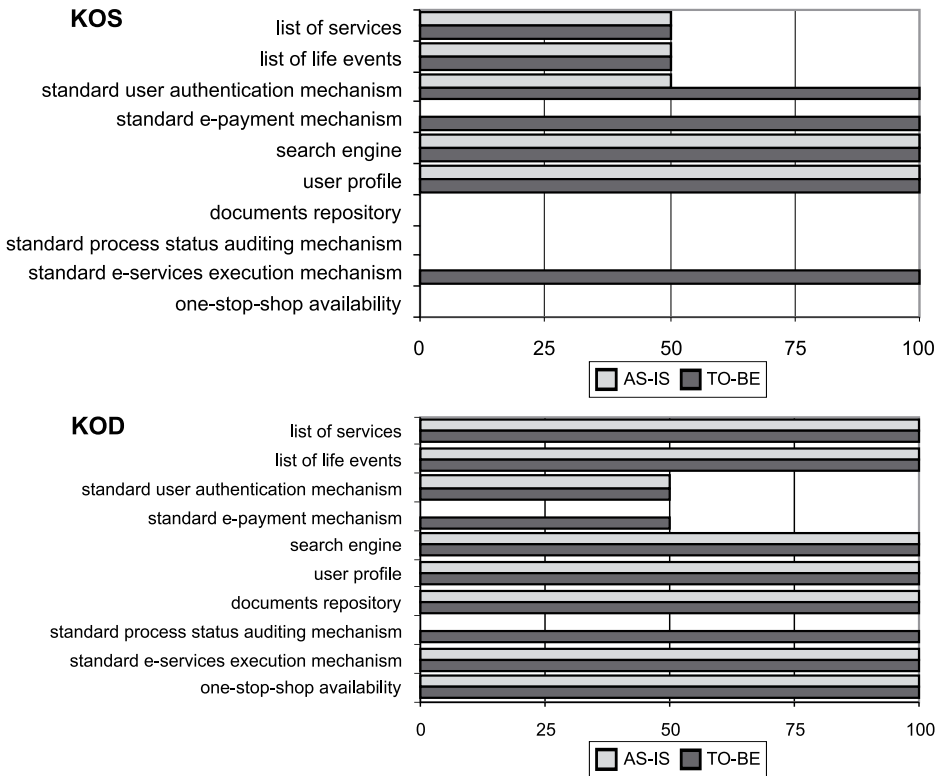
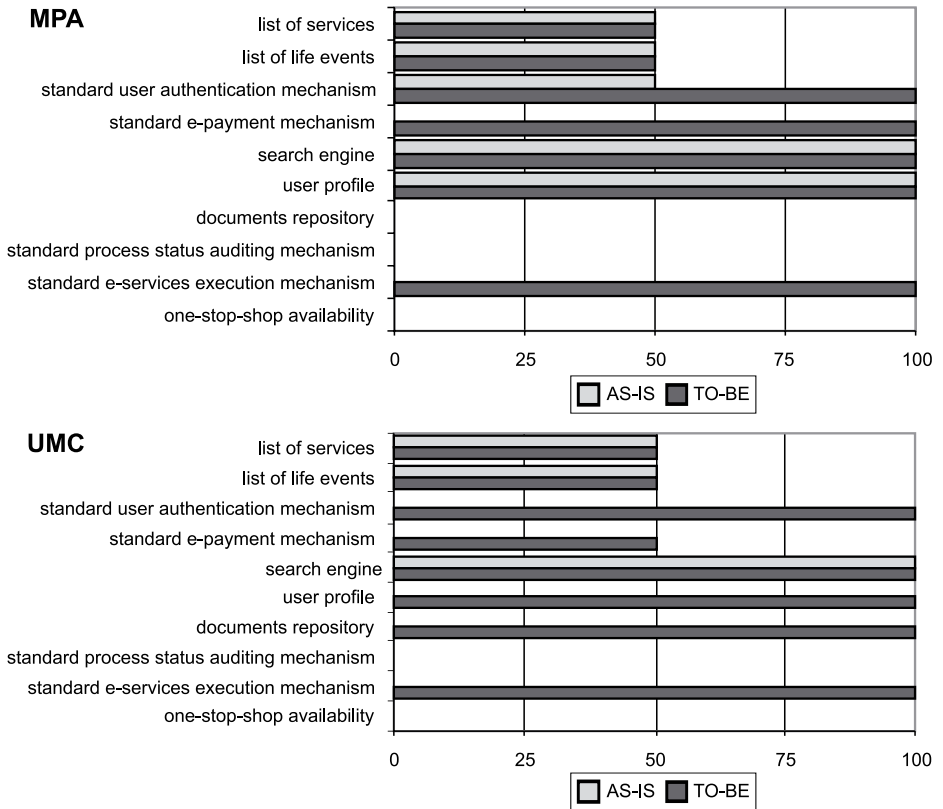


Figure 9
(continuation)



5. Conclusions

In order to provide some directions and guidelines for the future development of one-stop government and to stimulate further thinking about the concept, as well as to provide a basis for development of key components on which a simple, concrete and comprehensive framework for implementation of one-stop government should be based, some driving forces, benefits, barriers and key success factors are presented in the following.

5.1 Basic characteristics

The main purpose of true one-stop government is to provide a more integrated view of public administration addressing user needs and requirements. One-stop govern-

ment aims to overcome the problems of the “classical” method of service delivery by providing a single point of access to services, possibly using communication channels of users’ choice, addressing the exact circumstances, needs and requirements and attempting to reduce the number of contacts to a minimum. By this, one-stop government overcomes the existing structure and complexity of public administration and focuses instead on what users perceive in their relationships with public bureaucracy. This leads to the realisation of user-oriented or user-centred government, one of the key principles of eGovernment – the most sophisticated one-stop government.

In general, the offerings of one-stop government portals comprise, but are not limited to:

- a *single point of contact* for certain user segments;
- organisation of services by *life events*, which integrates the services provided by different public authorities as well as some third-party providers;
- all matters corresponding to a given life event can be *resolved in one place and in one step*;
- *intelligent guide* that helps the user identify the right life event to lead him through an active dialogue that meets his/her complete needs (user circumstances) and provide him with a proper list of personalised services; including an *ordered list of services* within each life event and *frequently asked questions*;
- *life-event execution module*, which gathers all necessary data and documents, executes all services necessary to perform a life event (initiates them and receives the results) and enables the user to monitor (audit) the execution process and react in case of exceptions;
- *user profile* and *documents repository* to store a user’s personal data and documents provided or received through an active dialogue or life-event execution process;
- *payment module* for the user to perform all necessary payments by the user via credit card or other mechanism;
- *user authentication module* with the help of a username/password and/or a digital certificate to ensure the privacy and security of activities.

5.2 Driving forces

The potential of one-stop government are the capacities of online one-stop government that are perceived as possible benefits or positive outcomes after implementation and during the operation of one-stop government, either for customers or public authorities. However, during the process of one-stop government development, they serve as driving forces or specific objectives for development of one-stop government web portals and life events. We can determine the following basic po-

tential, which should be in the forefront when developing any one-stop government solution and from which benefits can arise:

- **User-orientation.** It denotes building services around user needs (i.e. of citizens and businesses). In particular, it addresses the provision of public services in an easy-to-use way where the user is not required to know the specifics and internal structure of public administration (e.g. which services are required to settle a particular user problem, who is the service provider, etc.).

Usually this issue is disposed by the utilisation of the *life event approach*, where public services are grouped or integrated according to their life situations or events. This means that all public services which are required to solve the user's life event should be accessible at a *single point of contact* and, in the best case scenario, executable in one step or with one visit.

Even more, suitable tools should be in place so that the users are able to access these services in a well-structured and comprehensible manner, meeting their circumstances and needs (e.g. intelligent guide, user profile, document repository, case auditing system, e-payment and user authentication mechanisms, etc.).

- **Coordination and integration of back-office systems and processes.** For truly user-centred government coordination (i.e. joining-up), a seamless integration of back-office systems is required at the technological as well as organisational level. Joining-up of back-office systems is realised at the front-office within the OneStopGov platform, providing mechanisms for smooth data interchange needed for life-events' personalisation and execution (i.e. connection of particular services with the corresponding back office processes and for access to different public registers).

However, an important enhancement of the joining-up at the front-office side is the integration of back-office processes, which corresponds to the services within a particular life event and to one single seamless process. Although not obvious, such full integration can contribute to profound effectiveness gains; however, it also requires a fundamental redesigning and re-engineering of back-office processes, including the rearrangement of responsibilities and internal fragmentation of public authorities. In this case, efforts must be made to reduce, automate, eliminate, in parallel, or arrange in totally different ways those activities or even processes which do not add value to the life event, i.e. do not contribute to the achievement of its goals and objectives. These activities are usually different administrative tasks, checking of facts, controls and approvals. On the other hand, adding value activities refers mainly to different decision-making activities, which usually cannot be totally automated, but can be grouped into joint activities, ideally performed by one appropriately skilled and empowered public servant.

- **Universal access.** Universal access addresses the equal accessibility of public services by all kinds of users in an easy to use way. Usually, this requires the utilisation of a *multi-channel approach*. Basically, the OneStopGov platform is accessible via the internet and at physical access points, as one-stop shops (for those users not using internet) where public servants use the platform on behalf of users. However, the particular functionalities of the OneStopGov platform can be realised using other communication channels, e.g. phone, SMS, fax, e-mail, traditional post, etc.

However, in practice, full utilisation of this approach means the introduction of electronic business, not only to the front-office, but also to the back-office processes, where suitable technological and organisational support for electronic documents, electronic authentication and electronic signatures, informatised public registers and other databases, and electronic administrative procedures should be in place. In addition, an appropriate level of security and privacy must be assured.

- **Once-only submission of data to public administration.** Refers to the consideration of the rule in which users communicate their data to public administration only once. This means that the user may be asked for particular data or document only once, which refers also to the submission of data changes. Public administration (and corresponding information systems) must then assure appropriate storage and data sharing among the public authorities and information systems which need them.

At the front office side this usually requires the utilisation of a user profile and documents repository containing data and documents the user has ever submitted or received on the portal, as well as the appropriate connections to back-office systems and databases. Application of this rule also forces the full integration of services within a particular life event in the sense of integration of application forms, which are typically required for each single service, into one comprehensive application form for the whole life event. This assures that all data is captured only once and then used as many times as needed.

At the back-office side, this requires not only inter-operable information systems and databases, but also trust among public authorities, as well as external users, since they often see privacy fears in personal data sharing and integration.

- **Obligatory data acquisition from public registers as official duty.** This rule is closely related to the previous one; however it sets it in a wider context. Refers to the rule where public administration should obtain data, which are already stored in public registers or other databases in the competence of public administration, upon their official duty, not allowing requests for them from the users.

At the front-office side this means the elimination of most, if not all, supplements to application forms, since most of them contain only data already known to the public administration. In addition, for the same reason, this also means a significant reduction in the size of application forms.

5.3 Benefits

Benefits of one-stop government are the proven advantages or profits gained from already implemented and operating one-stop government; perceived as such, either by customers or public authorities. The potential can also become the benefits. The difference could be in the time of realisation – the potential would be a benefit which has not yet been perceived or measured, but, according to the progress and experience gained so far, it may become a benefit in the future (for example, eGovernment as a preventer of corruption). The benefit, on the other hand, would be the advantage or profit that has already been proven (for example, evidence of cost and time saving, improved users' satisfaction etc.).

Benefits can be efficiency- (i.e. tangible) or effectiveness- (i.e. intangible) oriented. Effectiveness is a qualitative measure, i.e. is the objective achieved. Efficiency is a quantitative measure, e.g. how much of the objective is achieved and at what cost. However, efficiency has no sense if effectiveness is not achieved. Hence, benefits must be objective and outcome-oriented and measurable, either as monetary values or as qualitative assessment on a particular scale.

According to the literature reviewed, there are five main categories of one-stop government benefits:

- Financial benefits: cost reduction (control of costs, lower control and maintenance costs, time saving etc.);
- Social/users' benefits: increased participation, contribution to the quality of life, transparency, improved satisfaction etc;
- Organisational: improved efficiency (reduced costs, time), improved effectiveness (simplified processes, greater quality of services, eliminating non-added value processes), less routine tasks (because of the reduction in administrative tasks at the front office and the automation of a greater number of back-office activities), better quality services (breaking administrative barriers, improved accessibility, usability), etc.;
- Technical: promotion of standards, access to information anytime/anywhere, backup copy storage in different locations, reduction of duplicate data collection, processing and storage, better information security and authorisation by centralising etc.;
- Political: enhanced credibility, improved reputation, increased controllability, integrated planning etc.

5.4 Barriers

One-stop government barriers are defined as characteristics – either real or perceived – of different contexts which work against developing one-stop government, either because they impede demand, by acting as a disincentive or barrier for customers to engage with one-stop government services, or because they impede supply, by acting as a disincentive or barrier for public authorities to provide one-stop government services. Six main categories of one-stop government barriers were recognised:

- *financial*: lack of resources, lack of public-private partnership etc.;
- *social/users*: digital divide, trust, usability etc.;
- *organisational*: leadership failures, poor coordination, lack of experience, resistance to change, different organisational cultures, potential loss of power due to centralisation etc.;
- *technical*: lack of data-sharing standards, inter-operability, access to infrastructure etc.;
- *political*: lack of political will, more interest in short-term rather than long-term benefits etc.;
- *legal*: personal data privacy issues, lack of a suitable legal framework concerning e-documents and enabling e-transactions.

5.5 Key Success Factors

One-stop government Key Success Factors are those events, circumstances, conditions, or activities that require special attention of management because of their significance for the successful implementation and operation of one-stop government. The following key success factors are depicted as the most relevant for the implementation of one-stop government:

- strong political will,
- determination of key government officials, management support, strong, active and flexible leadership,
- creation of a climate of trust (among public officials and among citizens) and motivation of all stakeholders (e.g. so that all stakeholders receive benefits from the new system),
- clear vision and clear objectives,
- frequent communication between project partners and between project partners and potential users (through workshops, site visits, public meetings),
- training (which should make staff feel and be competent in using the new system),

- participative approach (since it increases motivation, stakeholder buy-in, brings cross-functional and cross-organisational collaboration, and involvement of end users),
- step-by-step (phased or modularised) implementation,
- adequate budgeting and time-horizon,
- adequate technological infrastructure,
- process and software reengineering.

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Public Service Integration in Kazakhstan: Why Alternative Access Rather than Single-Access?¹

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Abstract

This paper analyses the implementation of the New Public Management ideas in Kazakhstan using the case of a joined-up public service delivery called “One Stop Shops”. Several public services are provided in a single building rather than different government offices in a business-like style of service delivery and in the modern physical environment. The service integration policy is an attempt of Kazakhstani government to improve quality of public services and reduce corruption. Some positive progress in improving accessibility of public services has been noted. However, as this paper argues, the country-specific model of “*alternative-access*” service delivery was not able to implement in-depth changes in the work of the public sector and improve service quality. Implementation of the managerial ideas has been limited and constrained by the institutional framework and culture prevailing in the Kazakhstani bureaucracy. The main conclusion is that the governments of transi-

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tion countries need to critically analyse the pros and cons of the new policies and reflect on their cultures before making further steps to adopt Western managerial initiatives.

Key words: one stop shop, NPM, transition countries, Kazakhstan

1. Introduction

Following the paths of developed countries and under pressure imposed by the international donor agencies, many developing countries have been trying to reshape their administrative systems along the logic of New Public Management (NPM). Kazakhstan has not been immune to the international trends of NPM and has adopted a managerial agenda as a key priority in the current administrative reform. Moving away from a command and control mode of government to integrated governance through multiple stakeholders is an emerging policy paradigm in Kazakhstan. This paper analyses the implementation of the “One Stop Shop” policy (OSS) in the post-Soviet Central Asian state of Kazakhstan.³ The public administration reform in Kazakhstan has introduced a new public sector organisation – OSS – as an innovative approach to citizen-centred service delivery (Government 2005). The term “OSS” is defined as the provision of services and information of different government bodies through one location (Hagen and Kubicek 2000).

The OSS represent a counter service, in a modern and well-designed space which is available for citizens, which tries, in a more business-like atmosphere, to process customers’ requests for official documents, payment of registration fees and similar services. The OSS “have proved to be highly popular with citizens more used to being shunted from one public body to another by poorly motivated civil servants lacking in customer orientation” (Knox 2008, 489). At the time of the data collection for this research project, December 2006–December 2008, the OSS provided access to 25 services of three stakeholders: Ministry of Justice (MJ) of the Republic of Kazakhstan, a coordinator of reform (e.g. obtaining passports, birth/death/marriage certificates, registration of businesses); Agency for Land Resource Management (ALRM) (registration of land ownership and rent), and Ministry of Defence (MD) (registration of military servants in reserve).

The purpose of this paper is to examine the implementation of Western managerial ideas in a transitional context using the case of the service integration policy in Kazakhstan. The paper is structured as follows. The progress of the policy implementation in Kazakhstan is examined from the perspective of the NPM. In this paper two main research questions are addressed:

3 “One Stop Shops” are referred to in the legislation as “Public Service Centres”. In this paper the term “One Stop Shop” is used along with the term “single-window”.

1. What characterises service integration in a transitional context such as Kazakhstan?
2. What has constrained public service integration in Kazakhstan?

The first question is addressed by giving a brief overview of the public service modernisation in transition countries followed by empirical data from the service integration process in Kazakhstan, which increases its complexity. The second question is answered in the discussion by analysing the underlying reasons for the behaviour and actions of policymakers in shaping the policy framework around their personal interests. I will conclude with some reflections on the implications and effects of the NPM on public service changes. The empirical data were collected from interviews, participant observation and documentary analysis.

2. The Challenges of Managerial Reforms for Transitional Countries

While the adoption of NPM practices seems to have been beneficial in some cases, the previous research shows that there are both potential for and real limitations to applying such elements in transition countries. The limited experience of NPM in such states suggests that there are institutional and cultural problems, whose persistence constrains implementation. It is argued that country-specific contexts influence the dynamics of NPM reforms, as policy implementation is firmly embedded in the societal, political and economic circumstances of a particular point in time. The proponents of NPM see managerial reforms as providing a future for smaller, fast-moving service delivery organisations that would be kept lean by the pressures of competition and that would need to be user-responsive and outcome-oriented in order to survive. By contrast, the critics of NPM note concerns about the potential destabilising effects of NPM, particularly for transition countries, such as increasing social inequality, corruption and unmanageable change processes that could damage public service provision.

The central objective of change was the improvement in the ways in which government is managed and services delivered, with emphasis on efficiency, economy and effectiveness. Public services were provider-dominated, especially in the case of professionalised provision, where powerful, autonomous professions defended vested interests and could not be held to account (Pollitt 1993). A new model emerged with different titles, such as “new public management” (Hood 1991), “market-based public administration” (Lan and Rosenbloom 1992), “managerialism” (Pollitt 1993), “reinventing government” (Osborne and Gaebler 1992) and the “post-bureaucratic” model (Barzelay 1992). Whatever the title is, they provide similar premises, although there are significant country-specific variations and NPM’s overall suitability for different regimes still remains uncertain.

The literature on public management reforms also points to the development and availability of information and communication technologies as providing the necessary tools and structures to make workable managerial reforms in the public sector (Greer 1994). NPM reforms have also been “globalised” by change agents (international consultants and international financial institutions) which have contributed to the “importation” of new management techniques from the business sector to the public sector (Greer 1994).

Hence, a combination of factors coincided to produce an irresistible pressure for management reforms in the public services in developed and developing countries. In contrast to rigid, rule-bound, slow moving bureaucracies, NPM was presented as providing a future for smaller, fast-moving service delivery organisations that would be kept lean by the pressures of competition and that would need to be user-responsive and outcome-oriented in order to survive. These organisations would be expected to develop flatter internal structures and devolve operational authority to front-line managers. Professional dominance would be minimised to allow for the substitution of more cost-effective mixes of staff. The rationale is the shift of power from providers to users of public services, which is argued to produce benefits in flexibility, quality and cost effectiveness (Osbourne and Gaebler 1992).

Reformers face a number of challenges in repositioning public service recipients as customers. The limited experience of NPM in transition states suggests that there are *institutional constraints* with implications for the capacity of central agencies to manage the process. Questions are raised whether the new model has sufficient conceptual coherence to provide an alternative to public administration as either a theoretical construct for academic research or an approach to the management of public services (McLaughlin, Osborne and Ferlie 2002). Doubts are raised regarding its universal applicability for both public service and civil society failures (McCourt and Minogue 2002). Particularly, the applicability of the new model in the developing world has faced many problems, as many developing countries do not fulfil some preconditions for its effective implementation (Larbi 1999). There are also *socio-cultural constraints* in reforming the administrative system along the NPM model. NPM initiatives are difficult to implement where there are social and cultural inertia (Zafarullah and Huque 2001; Ray 1999). State-civil society relations also remain problematic. Civil society has not been able to put sufficient pressure on the state apparatus to implement reforms (Sozen and Shaw 2002).

Hence, the dynamic managerial model of social and economic development, which encourages building-up a customer-orientated, transparent, quality-driven and accountable government, has posed a fundamental challenge for a traditional model of administration in Kazakhstan which is characterised as inefficient, costly, corrupt and a patronage-based system (Cummings 2005; Emrich-Bakenova 2009; Perlman and Gleason 2007; Schatz 2004).

3. Research Sites and Methodology

Two single-window centres in Astana, the new capital of Kazakhstan, which were launched since November 2005, were selected as in-depth case studies. Compared to other OSS which were established one-two years later, selected case studies have accumulated the most experience in service integration by the beginning of this research project, and could provide rich empirical data. Each OSS has a manager who is appointed by the Minister of Justice, three deputy managers, supervisor of customer service and 25–30 front-line employees. In addition to the case studies to strengthen the external and internal validity of my data, 9 single-window centres at the regional level were examined to capture the general patterns of change processes.

Both case organisations are located in densely populated districts with easy access by public transport and limited parking space. The office buildings are visible from a distance because of their bright blue colour amongst the surrounding grey apartment buildings. The colour blue symbolising “freedom” for Kazakhs (the colour of sky), with yellow stripes symbolising “prosperity” (associated with “wheat”, “welfare”) is the corporate colour of the single-window centres, following the example of the Kazakhstani official flag. The workplace is split into five sections: waiting area for clients, front-line service area, back-office section (where chancellery and IT services are located), management office and open space for support services (banking, photo, notary and copying services). The opening times of the single-window centre (from 9 am till 8 pm, Monday to Saturday, without a lunch break) are more convenient than the working hours of the government departments (normally from 9 am till 6 pm, Monday to Friday, with a two-hour lunch break). In fact, the civil servants at the government departments also continue to work until very late (around 8 pm) exceeding official working hours; however, they do not interact with customers during this time. Within this environment, the single-window organisations serve around 800–1,000 clients on a daily basis. Table 1 presents the list of services delivered through the single-window centres from November 2005 to December 2008.⁴

The research questions required detailed, empirical data, best collected through in-depth exploration of the issues with the selected participants. A number of primary sources were used to generate data for this paper. Participant observation of the daily work practices within the case organisations provided first-hand insight into the challenges, tensions and contradictions of the front-line customer service. It is important to emphasise that the research was not limited to the selected sites in Astana. In addition to the examination of the work practices in the case organisations, interviews with 9 managers of the single-window centres from

4 This research does not cover the 32 new services which have been added to the scope of the OSS services since January 2009 after the fieldwork was finished.

different regions, 5 senior managers from the coordinating authority, and 25 front-line employees were conducted and analysed. The rich empirical data, combined with extensive secondary data in the form of policy documents, survey reports and mass media publications, provided an opportunity to grasp a broad overview of the policy implementation from the views of those who have introduced legislative changes and those who implemented policies in practice.

Table 1
List of OSS Services, November 2005–December 2008

Ministry of Justice (16 services)	Agency for Land Resource Management (4 services)	Tax Committee (4 services) (Nov 05–Dec 06)	Ministry of Defence (5 services) (from Jan 07)
Issuing a passport, ID; registration of residence; birth; death; marriage; property registration; business registration etc.	Land registration	Tax services	Registration of military officials in reserve; application for benefits for participants in World War II, Afghan war.

Anonymity and confidentiality were guaranteed to the research participants. Respondents were given a brief description of the research goals at the beginning of the interview and could refrain from answering questions. Semi-structured interviews, lasting for about an hour, were conducted in Russian, recorded and often followed up with telephone calls. Data collection also included relevant legislation and organisational texts such as standards and regulations. All this data was integrated and analysed in order to explore, in an inductive and contextual manner, the values and norms of managerial culture, and the processes of service integration versus interpretation by the managers and front-line employees.

Questions used in the semi-structured interviews included perceptions of the customer service, the challenges faced, and practices of managing service processes, as well as learning new ways of working. Questions were asked in the same way but in an open-ended manner without offering specific options for responses, so as to allow respondents to share their views in their own words. While the interview was structured around these standard questions, open discussions also developed around particular questions. Statements that were thought to indicate the respondents' views were extracted from the interview texts and categorised in a cross-case basis.

In the following stage of the analysis, the commonalities of each subject's narrative were interpreted further and compared with patterns identified during observations and in the organisational texts studied. Finally, in the contextualisation stage, the patterns that were noted were applied back to the subjects' narratives to reveal how the meaning of customer service management and learning changes

from participant to participant. The process of inductive categorisation showed that similar patterns were evident in both case organisations, as well as OSS across regions.

4. Key Stages of Policy Implementation

4.1 Policy Background

There are a number of features about Kazakhstan that make it both an interesting and important location for the research. Kazakhstan is emerging as the most dynamic economic and political actor in Central Asia (Dave 2007). It is the second largest country of the former Soviet Union, after the Russian Federation, and has rich natural resources, particularly oil and gas reserves, which are being exploited through massive foreign investment. Despite remarkable economic transformation under the leadership of President Nursultan Nazarbayev, in 2008 the overall poverty rate was estimated to be 15 per cent of the population, exceeding 60 per cent in some oil-rich rural regions (World Bank 2008). Kazakhstan has the lowest social indicators in the regions of Europe and Central Asia (for example, in terms of access to safe drinking water, incidence of tuberculosis and AIDS), which illustrate the poor quality of socially significant public services, such as health and social care. One of the significant challenges for Kazakhstan in improving public service quality at lower cost is its small population size (15.4 million people) spread over a vast territory which is equal in size to Western Europe (1 million square miles), with nearly half of the citizens, 43 per cent, living in the rural areas.

The political system of the country raises serious concerns among the academic community and is criticised for monopolising political power, clanism and nepotism (Cummings 2005; Emrich-Bakenova 2009; Perlman and Gleason 2007; Schatz 2004). General public dissatisfaction with the poor quality of public services delivered by the government bodies and public sector organisations (hospitals, schools, traffic police, tax bodies etc.) has resulted in the formulation of a negative image of the government (Jandosova et al. 2002; Jandosova et al. 2007).

The political leadership of Kazakhstan wants the country to become one of the world's top oil producers and to enter the top 50 competitive economies (Nazarbayev 2006a). Kazakhstan is under growing pressure by the international community to engage in political reforms, which include a modernisation agenda to improve the quality of public services (Knox 2008). Since January 2010, this is particularly significant in light of the present chairmanship of Kazakhstan in the OSCE, although serious concerns were raised that Kazakhstan could undermine the integrity of the OSCE's human-rights principles (Kucera 2009; Lillis 2009). Hence, implementation of the public service integration policy is particularly challenging for Kazakhstan,

compared to developed democracies given the transitional context of the country with its hierarchical, inertial and corrupt public sector.

The OSS policy was initiated by the President of RK, Nursultan Nazarbayev, who was surrounded by graduates from Western European and American universities (Nazarbayev 2005). A young generation of policymakers has brought from developed democracies new knowledge, skills and enthusiasm about the success of managerial reforms in those countries they have studied. Implementation of the OSS policy needs to be considered in relation to the changes that have taken place simultaneously in Kazakhstan within administrative reform. A range of new ideas, driven by the NPM ideology, such as development of performance standards, external audits of government bodies' performance, separation of strategic and operational functions, delegation of more autonomy to the managers, building partnerships between public and business sectors etc. have been initiated by the young and ambitious members of government. The assumption was that, "by paying more attention to clients, public service organisations will learn to deliver better results, and that clients will notice the change and experience increased satisfaction" (Pollitt and Bouckaert 2000, 116).

The OSS policy was driven, not only by aims to improve the cost-efficiency of administrative regulations and service quality, similar to other countries, but also by the political ambition to reduce the level of corruption. Given widespread corruption in the public sector, criticised by international observers, Nazarbayev announced the aims of the OSS policy with a strong emphasis on combating corruption and, then, service quality improvement in the following way:

All regulations and by-laws, which intentionally or unintentionally create conditions for corrupt activities of officials, must be re-reviewed. Business must be separated from the civil service. We need to fight with shadow businesses, their owners, shadow banking systems, multiplicity of permission documents, and those who give bribes to avoid the law etc. What can we do for this?

1. *It is necessary to create Public Service Centres based on the one stop shop arrangement, where in one place citizens can receive passports, national insurance numbers, driving licences, etc. It can be done this year on a pilot basis in Astana and Almaty. (Nazarbayev 2005)*

The vision of the OSS as an anti-corruption tool in the public sector was then reflected in the State Anti-Corruption Strategy in Kazakhstan for 2006–2010. At the Plenary Session of the Foreign Investors Board, the President of RK stated that the single-window centres were introduced to reduce personal contact between businesses and controlling authorities, and make the government more transparent (Nazarbayev 2006b). The draft Concept for OSS Development, which had still not

been approved by the end of the fieldwork, states that the main requirements for a priority list of services delivered at the OSS are:

- social and economic significance of the service (i.e. services aimed at protection of social, economic rights and legal interests of citizens);
- mass demand of the service by customers; and
- corrupt nature of the service.

All of these documents reflect the high expectations of the government on the OSS policy as a panacea from public service failures and corruption. Borrowing ideas from the NPM theory, the Kazakhstani OSS policy became a huge public campaign, through which the government intended to demonstrate to the international community, as well as to the public, its efforts to achieve a “more responsive and transparent bureaucracy”.

4.2 Stages of Policy Implementation

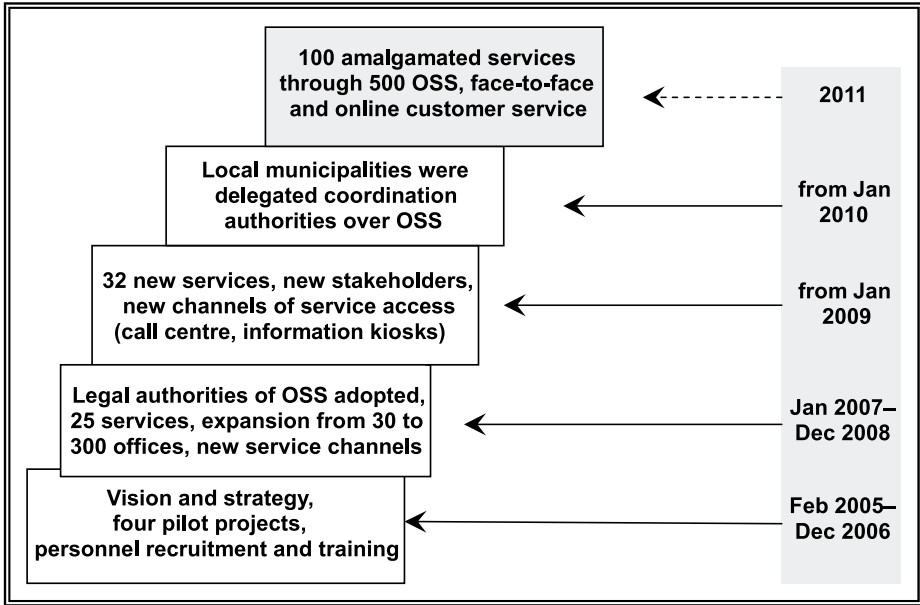
The OSS policy implementation process can be roughly divided into four stages (see Figure 1):

- design of the policy vision and launch of the pilot projects (February 2005–December 2006);
- the OSS were assigned legal authorities to deliver 25 services and expanded from 30 to 300 offices and new channels of service access were introduced (January 2007–December 2008);
- new stakeholders joined the OSS project with 32 services and new channels of service access were added (since January 2009);
- change of coordinating authority from the MJ to the local municipalities (since January 2010);
- combination of face-to-face and online customer service provision, 100 amalgamated services through 500 single-window centres.

Figure 1 illustrates that public service integration is a “policy-action continuum” with constant negotiation “between those seeking to put policy into effect, and those upon whom action depends” (Barrett and Fudge 1981, 25), in terms of types of services, methods of service delivery, and re-distribution of power authorities among key actors. The government has made large investments into civil service training to bring new knowledge on service integration from different parts of the world (Germany, The Netherlands, United Kingdom and Singapore) and adapt these ideas to the local political, societal, technological and economic situation. Many of the variations of this basic idea have been successful in other countries in reducing administrative burdens on businesses and the public, especially on licence and permit requirements. However, there was no universal concept of single-window

arrangements which were implemented in a vast number of combinations and variations across developed and developing countries.

Figure 1
Stages of OSS Policy Implementation



Traditional departments were accustomed to being separated by professional and organisational boundaries, in an environment of mistrust, lack of exchange of information, and in constant battle with political leaders over power and resources. There was a lack of literature on the managerial reforms available in Russian and Kazakh languages. Information on public service reforms was available only through the participants of the study visits, a few international consultants and Russian web-sources. The pilot projects were launched in the four single-window centres: two offices in Astana and two in Almaty.

4.2.1 Piloting a Single-Access Model of Service Delivery

Figure 2 presents a pilot model of the OSS as a single-access point of service delivery which functioned from November 2005 to December 2006.

Figure 2
Single-Access Model of the OSS

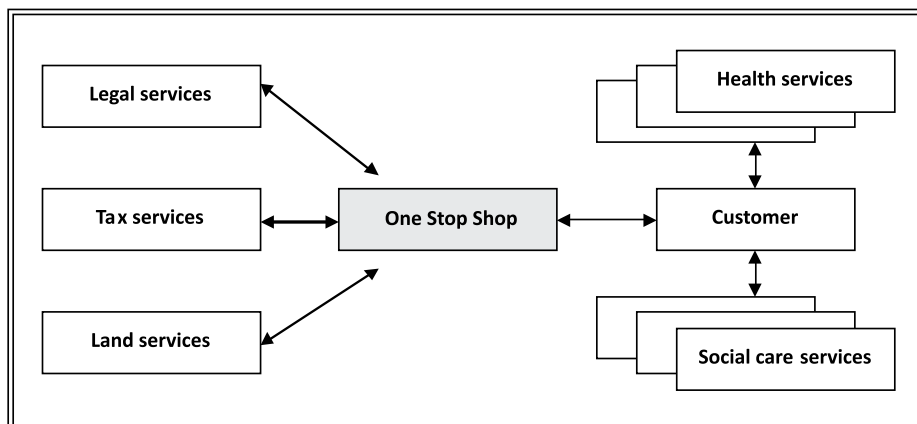


Figure 2 shows that the pilot OSS provided *single, amalgamated* access to the services of three stakeholder departments – MJ, ALRM and the Tax Committee. These stakeholders worked in close co-operation with the single-window centres; however, they were still reluctant to share information about clients with each other. The front-line staff did not make decisions on applications and then the emphasis was on the quick and correct acceptance of applications, and the delivery of documents. From the very beginning of policy implementation, technical functions were assigned to the front-line employees, who played a role of “mediators” between service providers and customers (Janenova 2008; 2009).

The strategic change from the earlier practice was delegation of front-line customer service to the OSS (consultation of customers, application submission), while other administrative processes on application review and decision-making remained in the traditional departments. A single access point at the OSS enabled clients to apply for a range of public services provided by the three stakeholders in one visit. It allowed customers to save time and costs, and avoid bureaucracy during their application for public services.

Large investments were put into the pilot projects, allocating the best resources in the public sector. The case organisations and other OSS, which were established at a later stage, were provided with modern offices, with new furniture and computer equipment. The stakeholders were obliged to send experienced staff to the new organisation as team leaders for the duration of the pilot projects. Team leaders conducted intensive training for newly recruited staff and managers of the OSS on a range of services from the three different areas (legal, tax and land registration). The foreign and local training institutions, as well as international consultants delivered

workshops on the international practice of service integration for the managers of the MJ and OSS.

Several important points regarding the impact of the service integration policy on the power dimensions between key actors need to be emphasised. First, in a certain way, the new single-window centres were competing with traditional departments in terms of better public service delivery. The OSS provided the same services, but their purpose was to provide better quality and transparent services in a more comfortable space and in more accessible ways. As was mentioned earlier, the opening times of the OSS (9 am–8 pm, Monday to Saturday without a lunch break) were more convenient than those proposed by the traditional departments (normally 9 am–6 pm, Monday to Friday with a two-hour lunch break). Politeness of the front-line employees presented a striking positive difference compared to the behaviour of the traditional bureaucrats who were generally perceived as indifferent, rude and unethical among the public (Jandosova et al. 2002).

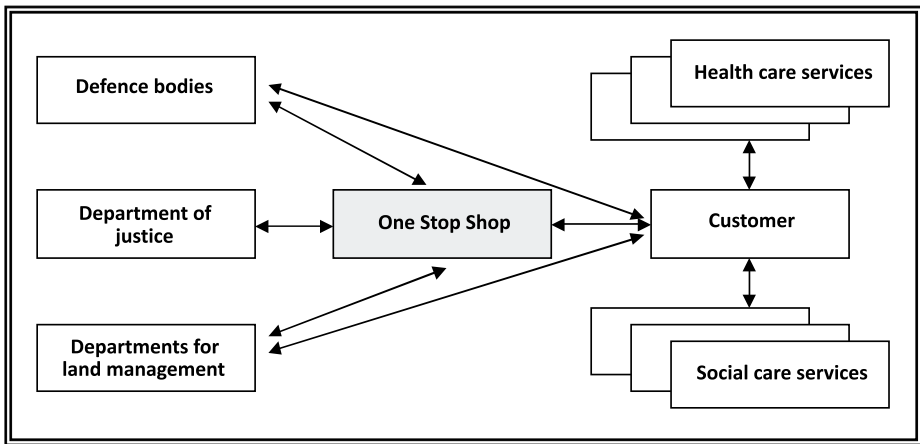
Second, by being a *single* access point to public services, the OSS were able to reduce personal contacts between civil servants and customers and corrupt opportunities for both sides. The front-line personnel were not able to influence the application review process, as they performed entirely technical functions by accepting and returning documents. The customers, as well as front-line workers, could not know *who* was going to review applications in the back-offices, as documents were distributed among officials on a random basis. This does not mean that government officials could not still seek bribes to influence the results of an application review; however, now they performed corrupt actions with a much higher risk of being caught by the responsible authorities. Thus, the new policy encouraged traditional bureaucracy to become more transparent, more accountable and more cost-efficient in delivering better quality public services.

4.2.2 *Shift Towards an Alternative-Access Model*

Service delivery through single access posed significant challenges for government officials, who were accustomed to working within strict professional and organisational boundaries. In the top-down, hierarchical and inertial public sector, civil servants were encouraged to shift professional organisational boundaries, initiate changes for service improvement and learn to work in close co-operation with a range of stakeholders, including the business sector and NGOs. It is useful to remember that each partner in a collaborative undertaking has something at stake and brings in a host of preconceived notions to the partnership. The stakes may be reputation, but often entail more substantive considerations as resources (people and funds), turf, autonomy, or control (Bardach 1998). Turf battles between politicians had a negative impact on the relationships between the front-office and back-office staff. The political managers, as well as administrative civil servants, were concerned about losing their power, authority and access to illegal payments. The ministers put strong pressure on the government to return their control authorities

over service provision, justifying their arguments by the low level of professionalism among front-line employees. The front-office workers were considered by civil servants as “semi-professionals” because they delivered a diversity of services without a university degree in these sectors, as opposed to the “professionals” who were educated and specialised within specific areas such as tax, land or legal services. As a result of the strong resistance from politicians, the government replaced a single-access model with an *alternative-access model* (see Figure 3) which seemed to suit the interests of the political elite most of all (Government 2007).

Figure 3
Alternative-Access Model of the OSS



The key difference between the single-access model (Figure 2) and the alternative-access model (Figure 3) was the emergence of two new arrows linking the government bodies (departments of defence and land resource management) and customers. From January 2007, public services were provided on an alternative basis, both at the responsible authorities and OSS. Only the MJ being a policy coordinator continued to deliver services entirely through the single-window centres. The concept of service integration policy has been undermined by this strategic change in the policy design. This model enabled the stakeholders to deliver services directly to the customers and through OSS, which left opportunities for corrupt activities and constrained service improvement in terms of social inclusion and accountability. During the two years of policy implementation from 2005 to 2007, the OSS still continued to deliver only 25 services, including 16 services of the coordinating authority. The government still did not have a clear vision of the service integration development, and the process of negotiations was characterised by the antagonistic and contradictory relations among the stakeholders.

The President of RK emphasised the need to increase the number of services delivered through OSS, which would enable a reduction in bureaucracy and make the work of the government more transparent. As a result, the government adopted the resolution that 32 new services of different state bodies would be provided through the single-window centres on an alternative basis from January 2009. The important observation is that the scope of new services included some *social care* services, such as the application for child benefits, registration for municipal housing, provision of health care benefits for disabled people and registration for public nursery care, thus, indicating positive progress in making services more customer-oriented.

The strategic changes made in the design of the OSS policy, replacing the single-access model with the alternative-access model, have significantly undermined the idea of service integration and service improvement. The MJ, as a single driver of the service integration reform, was unable to overcome the resistance of the traditional bureaucracy. Many political managers disliked the enthusiasm of the MJ about service quality improvement, given their concerns about the rising power authority of the OSS. The single-access model of service provision, which was successfully piloted, was replaced by the less challenging and more acceptable alternative-access model that enabled the government bodies to continue to provide services directly to the customers and through OSS on an alternative basis, and engage in illegal practices.

5. Pros and Cons of the Country-Specific Model

What are the political and social implications of the service integration policy? The new policy in Kazakhstan was driven by the NPM appeal of “better services for less cost”, combined with the political ambitions to reduce corruption in the civil service. The political leadership considered single-window arrangements as a panacea for public service failures and poor performance of the state apparatus. The new policy was also exploited as a demonstration of the government’s dedication to promoting transparency and public accountability for the citizens and, more importantly, international community.

Certain positive achievements in terms of public service provision have been made within a short period of policy implementation:

- information about public services has become more transparent;
- the physical customer service environment has significantly improved;
- selected services have become more easily accessible;
- staff have learned new knowledge and skills to deliver a diversity of services in one place and work across different professions and organisations;

- the consultation mechanism has become more transparent (involvement of international experts, political party and business association).

However, the research evidence shows that the government has stepped back in promoting public service integration by replacing the single-access model with the alternative-access model. Several important points need to be raised in this regard.

The introduction of the single-access service delivery model, where public services were accessible only through OSS, was a successful achievement of the policy at the pilot stage. The single-access model had real potential to reduce the risks of corruption by eliminating direct contact between service providers and customers, improve the quality of services by enabling equal access and social inclusion, and improving the accountability of the public sector by creating reliable monitoring systems of government performance data. However, the single-access model was replaced by the country specific alternative-access model which seemed to suit the interests of the political elite much better compared to the pilot model. The OSS seemed to offer a sort of choice for citizens to choose services at the new public sector organisation or traditional departments. They provided the same services as the traditional authorities, but in a more comfortable space and in more accessible ways. However, service quality has been improved in terms of accessibility and speed of delivery by putting services together in one physical location rather than making changes in the administrative processes in the back-offices. The traditional bureaucrats continued to work without challenging their work practices from the customers' perspective. Where many countries have introduced more result-oriented management and set up evaluation criteria for performance, the government of Kazakhstan really concentrated its attention on improvement of the front-line service delivery, without considering changes in the back offices.

In the NPM theory evaluation of customer satisfaction is one of the techniques to yield important data and improve quality. While the government declared the customer-orientation principle as a slogan for public service reform, the citizens continued to be ignored in the policymaking process. The OSS services were selected without an evaluation of customers' needs. The single-window centres introduced standards and regulations as performance measures following NPM ideology. However, performance evaluation could not provide transparent and reliable information, as it contained partial information because of the alternative model, which enabled the government bodies to avoid OSS when delivering services. The officials continued to have control over statistical data on their performance, with limited access both by the public and central government. Further, the traditional bureaucrats could continue illegal practices as they had direct interactions with clients and were able to influence the results of the application review.

The research findings show that the service integration policy has not been able to change service production processes, mainly because change, to a greater

extent, was not desirable for the traditional bureaucracy. Service integration policy has posed fundamental challenges to traditional bureaucracy:

- (1) it competes with the government bodies in the provision of the same services, but produces better quality, in terms of accessibility, speed of delivery and public accountability;
- (2) it has the potential to reduce corruption;
- (3) it can provide reliable and transparent information on the performance data of the stakeholders.

Hence, in the top-down, hierarchical and corrupt system, the service integration policy which promoted transparency, public accountability and social equality, has been constrained by the institutional framework and culture of the traditional bureaucracy.

6. Conclusion

The purpose of this paper was to analyse the implementation of the managerial ideas in Kazakhstan, using the case of the service integration policy. The research evidence shows that the extent to which NPM ideas were imported was limited and constrained by the institutional framework and culture prevailing in the Kazakhstani bureaucracy. The pilot model of the single-access service provision had more potential to reduce corruption and improve the quality of public services, compared to the existing alternative access model, which best suited interests of the political elite.

Serious questions were raised concerning the ability to initiate changes by the service integration approach in the inertial and centralised context. Because of the transition and political ambitions to engage in democratic reforms, there has been significant pressure from the political leadership to introduce a service integration governance agenda, without leaving sufficient time to analyse and adopt this idea in depth. The ineffective personnel management practices and the prevailing common values in the Kazakhstani civil service made the situation even more complex. The Kazakhstani government risks investing huge investments in public service modernisation and setting-up new technologies without any real cost-benefit outcomes in service quality for citizens, whose needs were ignored following the traditional administrative pattern. The overall conclusion for transition countries is that critical thinking and an in-depth analysis of the public sector and specific cultures are required before Western managerial reforms can be implemented. Otherwise the government risks falling into the trap of “fashionable approaches”, while overestimating the positive outcomes of the new ideas and underestimating the negative drawbacks.

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Factors Influencing the Choice of Public Service Provider

Markéta Řežuchová¹

Abstract

Local government guarantees a wide spectrum of public goods and services as a result of public choice. Within this concept, local governments must face pressure from their citizens on the quality and quantity of various public services. Therefore, public subjects are forced to look for the most efficient public service providing method because of limited public financial sources. Hence, public service (co)financing comes to the forefront. Private (co)financing is realised through different types of Public Private Partnerships (PPP). As this method has many pros and cons, it is quite difficult for local government to obtain the “best value for money”. This is possible only through a professional decision-making process of public service provision. As a result of much research in this field, the public sector-local government (especially municipalities) is lagging behind in this area.

The paper analyses how selected economic criteria of the decision-making process (such as public service characteristics, public service provision costs, public service demand) influence the choice of (1) the public services’ provider and (2) public services financing method. This contribution is based on the hypothesis that any public service guaranteed by a public authority (local government) can also be provided by private organisations. Therefore the choice of a relevant provider is logically focused on choosing the one who will guarantee better service quality and cost effectiveness (in other words, better value for money). The aim of this paper is to specify basic principles which the public service guarantor (local government) should respect during the decision-making process. This model is subsequently being tested for concrete municipal public services.

The first part of the paper identifies and discusses the crucial characteristics of public services, based on the relevant literature review. In the second part, the se-

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lected economic criteria are then analysed in order to specify the optimal provider (public/private; for profit/not for profit) for different types of local public services. The author designs a scheme which determines an optimal type of provider and an optimal financing method for local public services. This scheme is tested on Czech municipalities in the concluding part of the paper.

Key words: municipal public services, providing of public services, public-private partnerships.

1. Introduction

The system of public services in the Czech Republic, as well as in other post-communist countries, is typical of the wide range of services guaranteed by the state. This range includes goods that can be provided through the market, with respect to their features. Guaranteeing these goods is an outcome of public choice as well as the decision to finance them entirely or partly from public sources. Should we omit the controversy of this decision, a question arises: Why should these goods be provided publicly at the same time? Despite economic arguments and examples of good practice from abroad concerning the contracting out of these goods, rigidity and operational inefficiency is typical for providing local public services in the Czech Republic (with several exceptions).

Aversion from local-government bodies and a lack of motivation for the use of alternative ways of providing these goods is obvious. However, limited public financial resources, citizens' ever-increasing demands for quality and innovation of the service system, as well as the attitude of many economists or the optimism of some politicians, emphasise the requirement for a higher level of private sector participation in the provision or even funding of such goods. The use of public-private partnerships conveys not only the need to bring about changes in the current public-service management, but also brings demands that many, especially small, municipalities are currently unable to fully comply with. In 2004, the "PPP Centrum" for the support of using alternative ways of public-service provision (so-called PPP projects) was founded. The necessary legislative changes were made, namely the amendment of the law on public tenders and the licence law was passed.

This paper evaluates the current form of providing local public services in the Czech Republic. Selected economic criteria and their effects on the decision-making process concerning the form of providing a service are analysed. The author identifies the deficiencies of the system by using an example of concrete public goods, and in the final part, she makes a recommendation aiming at the guarantors of public services, especially at the municipal level. The objective includes the specification of concrete principles that should be respected in the process of deciding on the final producer of a service.

The defined recommendations stem from the analysis and synthesis of relevant studies (Nemec and Meričková 2007, Ochrana et al. 2007, Meričková and Kubišová 2005, Beblavý and Sičáková-Beblavá 2006, Pavel 2007) as well as the author's own research. The research was carried out in the form of a questionnaire survey, whose respondents were selected municipalities in the South-Moravian Region (a region in the Czech Republic). Foreign experience was also inspirational, such as examples of good practice, in this field.

2. Public services within the Czech Republic

According to the government of the Czech Republic, public services involve services produced, organised or regulated by a public administration body in order to secure the provision of these services in a way that can be understood as necessary for meeting society's demands, while respecting the subsidiarity principle. A wide range of guaranteed services includes the following, according to the analysis carried out by the Czech Ministry of the Interior (Hyánek et al. 2007):

- public services provided in the form of financial support,
- administrative activities in a broader sense, whether they are regulated by law or not,
- material public services organised by or provided by the state, region or municipality in the in-kind (material) form.

In this paper, attention will be paid to the material public services supplied at the local level by municipalities of the Czech Republic.

The system of supplying public goods in the Czech Republic is characterised by its fiscal decentralisation, i.e. the shift of competences and accountability for providing the largest possible range of services at the regional or municipal, level. This is conditioned by the fact that the provision of services at the lowest possible level is more efficient and able to react better to people's needs and preferences. Even control can be (at least theoretically) carried out more effectively at the local level.

After 2000, when legislation regulating competences of local-government bodies was passed², municipalities, as well as regions, became significant providers of numerous public services. They became guarantors of these services on the basis of legal regulations³, government decrees, or they emerged directly from the tasks of the organisation. Similarly, these services can result from a voluntary decision of a municipal body (the assembly of elected municipal deputies) on the basis of the demand or current need of citizens – the consumers of these services.

2 Law on municipalities number 128/2000 Coll., and law on regions number 129/2000 Coll.

3 The survey of public services is available in the supplement of the law proposal on standardisation of selected public services, which is accessible online at www.mvcr.cz.

Municipality financing in the Czech Republic is based on the combined model of fiscal federalism characterised by specific decentralisation elements (Provazníková 2007). Municipalities use financing from their budgets to supply public services. The most significant financial source is tax revenues⁴; their use is not defined by law, which means that municipalities themselves decide upon the allocation of this income. Unfortunately, in particular, the smallest municipalities face the lack of finances necessary for supplying services to their citizens, which is their primary concern. Another source of municipal income is represented by non-tax revenues (e.g. user charges, income from renting municipal property, income from municipal non-profit organisations, or profit from business activities), received transfers (e.g. subsidies from the state budget and state funds, subsidies from regional budgets, and other income – random gifts, etc.), and capital revenues. The possibility of using finances from European funds is important, especially for implementing investment projects. A municipal budget is designed as balanced for a period of one year. Municipalities manage their own property, which they received after 1990, on the basis of law number 172/1991 Coll., on the transfer of certain objects from state ownership to municipal ownership. By passing the law, the property of municipalities that was in state ownership after nationalisation in 1949, was returned. Within privatisation, transfers of small businesses or property of former budget and allowance organisations took place, as well as transfers of equities (company shares).

Municipalities are allowed to provide material public services through (Hyánek et al. 2007):

- public administration – i.e. villages, towns, cities, and associations of municipalities;
- public organisations – i.e. allowance organisations whose founders are municipalities, budget organisations;
- non-profit (private) organisations – public schools, public research institutions, civil associations, beneficial organisations and church organisations, foundations and endowment funds;
- profit-making organisations – commercial companies owned by a majority or partly by municipalities or other public subjects, or they can be in private ownership or owned by entrepreneurial subjects;
- household sector – i.e. citizens' self-help.

As mentioned above, both public and private sector subjects can participate in providing public services. Similarly, financing a service does not have to be necessarily connected with a guarantor's sources only. In most cases, a service is financed from public sources, but especially in recent years, the possibility of bringing in pri-

4 They are defined by law number 243/2000 Coll., on tax allocation of revenues from certain taxes to municipalities, regions and some state funds. Tax revenues include entrusted taxes, shared taxes, local (and regional) taxes, and administrative fees (taxes).

vate investments has been exploited. This approach is used through selected types of Public-Private Partnerships.

The government of the Czech Republic approved PPP as a standard tool used for providing public services and infrastructure in 2004. The aim was to acquire additional capital and use the managerial and implementing abilities of the private sector.

The Ministry of Finance set up the Department for Methodology and Regulation of PPP Projects to secure institutional needs. Its objective is to provide methodology for regulating and monitoring the occurrence of future PPP obligations for public budgets. It should also participate in elaborating the methodology for project preparation, evaluation and approval. This department is part of the Ministry of Finance and its operational costs are financed from the budget of this ministry. The Ministry of Finance serves as a regulator for fiscal discipline (the range of projects subject to regulation, as far as their records in government statistics are concerned), the process of project preparation and implementation, applying procedures for using financing from European Union funds, and it also acts as a legislative initiator.

PPP Centrum, a.s. should also contribute to the fulfilment of the government's intentions. This organisation was founded in order to manage PPP projects within the public sector. Its objectives involve creating opportunities for PPP projects, looking for investment partners, and project recording and implementation, including consultancy services. Its main objective works towards the benefit of the public sector.

Asociace PPP was established due to the initiative of the private sector and this association represents the private sector only, as well as its interests. This sector includes not only financial institutions and significant Czech construction companies, but also legal and consultancy firms. These subjects belong to the sphere of private-sector experts who have experience with project funding; they have also substantially participated in the implementation of similar projects abroad. Their objective is to popularise PPP projects in the Czech Republic and to eliminate the distrust of the public. The association closely co-operates with PPP Centrum, but the consultations work entirely on a methodological basis, as the association is not interested in being involved in concrete projects. However, the popularisation of PPP projects is their common interest. The legislative framework for the PPP project field in the Czech Republic is represented by Licence Law number 139/2006 Coll. (Law on Public Private Partnerships), which came into effect on 1 April 2006, and the Law on Public Tenders number 137/2006, which also came into effect on 1 April 2006. Initial pilot projects are currently being prepared (i.e. AirCon – the connection of the Ruzyně Airport with Prague's centre, including its operation and

maintenance, D3/R3 PPP Project – construction and funding of sections of the D3 highway and R3 motorway, and Ponava Sports Centre)⁵.

2.1 Public service provision by municipalities in the Czech Republic and the role of the private sector

Several empirical surveys have been conducted to discover the form of providing local public services, to what extent external suppliers (contracting out) are used and how such co-operation is regulated, etc. The objective of the surveys conducted by Ochrana et al. (2007)⁶, Pavel (2007)⁷ and Nemeč and Meričková (2007)⁸ was to find out the real form of providing the following selected public services: communal waste, burial services, greenery in public places and maintenance of local roads.

The outcomes of the survey (by Ochrana et al. 2007) include the following:

- Most of the researched public services are provided by the private sector. To be concrete, 90 % of expenses spent on supplying services such as public street lighting, maintenance of roads and the disposal of communal waste are allocated through contractual relationships, i.e. they are supplied by an external contractor or municipal company (their market share is approximately a quarter).
- The contractual relationship usually has the form of a contract with indeterminate duration (90 % in burial services and 60–75 % in other services). Measurable indicators that are included in contracts account for approximately 50 % of expenses. The contractual relationship is used primarily in the form of direct purchases from a supplier. Furthermore, open and limited procedures are used in services characterised by higher costs and the need for higher initial investments, such as cleaning waste-water.
- A relationship between the size of a municipality and the way of choosing a supplier was proved: the bigger a municipality is, the more it uses open procedures and the less it uses direct purchases. This means that a more transparent conduct

5 For more information, see www.pppcentrum.cz.

6 Authors of the survey: F. Ochrana, M. Šumpíková, J. Pavel, J. Nemeč et al. The objective of this survey was to analyse how organisational form influences the effectiveness of supplying public services. Several public services were researched (6 types of services in total that are provided at the local level – communal waste, burial services, greenery in public places, maintenance of local roads, public street lighting, and waste-water cleaning).

7 A research focusing on methods of supplying a selected range of services. Survey sampling was conducted on a sample of 100 municipalities in Slovakia. The survey dealt with selected services, i.e. maintenance of local roads (cleaning and taking care of roads), waste management, maintenance and operation of public street lighting, public greenery maintenance, and cemetery management.

8 In 2006–2007, a primary survey was conducted on a sample of 40 Slovak municipalities of various sizes. The authors tested the forms of providing selected public services (i.e. waste management, maintenance of local roads, maintenance of public street lighting, public greenery maintenance, and burial services).

concerning the choice of the final service provider can be expected with the increasing size of a municipality.

- The survey points to an obvious “ineffective conduct of municipalities – public service submitters” in the process of deciding on the way to provide public services. When choosing the form of supplying a service, municipalities most frequently follow “economic⁹ and other criteria” (60 %); only “economic criteria” are important for 30 % of municipalities while 15 % apply “other criteria”¹⁰. Other criteria are most important in services such as cleaning waste-water and burial services.
- The hypothesis that the system of providing public services in the Czech environment seems to be inflexible has been confirmed, as well as the presumption that the guarantors of public services lack the tendency and motivation to change the familiar system. If a municipality chooses the form of providing a service, it hardly ever reviews this form and the possibility of reviewing it diminishes with the decreasing size of a municipality, i.e. the smaller a municipality, the fewer reviews it conducts. Municipalities are motivated to review the system, if they do it at all, for economic reasons (which is more typical for bigger municipalities) or a combination of several reasons. The attitude of a municipality’s representatives or its citizens can also be a reason.
- The survey also examined how and if municipalities evaluate the quality and standard of services provided. The criteria that were used most often for assessing the quality and standard of services provided included economic indicators (e.g. the costs). However, the municipalities followed indicators showing economic efficiency (e.g. unit costs of a service) to a very limited extent. This situation is (negatively) supported by the system of recording costs through accounting documents.

Surveys by Pavel (2006a, 2007), and Nemeč and Meričková (2007) obtained similar results:

- The surveyed sample of municipalities showed imperfections as far as the methods of assigning a commission are concerned. Methods without the publishing of a tender prevail, which means that selected services are thus mostly provided, based on direct appointment or a tender without a public announcement (especially in the field of waste management).
- Commercial companies are represented in a relatively small number. In addition, they almost always win a contract without public tender and their capaci-

9 “It is impossible to find out from the gathered data what exactly municipalities use as the economic criteria and how they define and evaluate them.” (Ochrana et al. 2007, 67)

10 They involve among others the quality requirement and most frequently the accessibility of a service (the existence of a sole external interested subject for providing a given service).

ties are used mostly by medium-sized municipalities (5–20 thousand inhabitants) (Pavel 2006a).

Nemec and Meričková (2007) argue in favour of the private provision of public services. The analysis of results shows that the contractual supply of the majority of selected services is cheaper from the perspective of expenses of a municipal budget compared to internal provision. The only exception is public greenery maintenance, where contractual provision is a much more expensive form.

The above-mentioned surveys focused on the way of providing concrete public services, such as maintenance of local roads, maintenance of public street lighting, waste management, etc. The author of this paper obtained the same results in her own survey, conducted in 2007. The objective of this survey was to find out the share, or rate, of private organisations' participation in providing public services within selected departments of municipalities with authorised municipal offices in the South Moravian region. The research was also supposed to explain how potential co-operation with a private partner is regulated (type and duration of a contract, if and how public tenders are announced); in addition, it examined how this co-operation was assessed by a given department or its employee (what impact private provision had on the quality, extent and price of provided services). The outcomes of the present survey can be regarded as preliminary so far, although they are sufficiently representative to describe the way of providing local services. It also creates a starting point for another specifically focused research.

The questionnaire survey even included a supplementary part whose objective was to identify how individual municipalities (departments) are informed about PPPs and if they had used this method for providing services. The supplementary part also enquired as to how the municipalities co-operate with organisations that function as institutional guarantors of this issue at the national level (the Ministry of Finance, PPP Centrum, and Asociace PPP representing the private sector).

All municipalities (21) with an extended sphere of authority in the South Moravian region (a region in the Czech Republic) were addressed and subsequently visited. The questionnaire survey was predominantly conducted in five selected departments of the municipalities concerned. They included especially the department of transport, department of regional development, department of education, department of social affairs, department of the environment, and in some cases even the department of investment. The organisational structures of these municipalities differ and therefore, even their departments were not the same in the individual cases. However, the selection respected the similarity of activities that the departments have within their scope.

The outcomes of the questionnaire survey show that departments of the examined municipalities use private providers for supplying the following services: greenery and public space maintenance, maintenance and repairs, public street

lighting, transport, maintenance of municipal roads, waste management, domiciliary and assistant services, asylum services, free-time centres, organising educational seminars, prevention, etc.¹¹

The individual departments generally sign contracts with private organisations for a limited period of time and they are predominantly short-term contracts (up to 5 years). Only some of the departments use contracts with an indeterminate duration, and the services supplied in this way include public street lighting, maintenance of municipal roads, waste management, or maintenance and repairs (e.g. boiler plants and sports facilities). The departments were asked whether they intended to change the current way of providing services, and their answer was either negative or none. Only one of the departments was considering changing a private provider, and the reason given was that the provider was “expensive”. On the other hand, one department is considering extending the participation of the private sector.

The departments use private organisations mostly because of the lack of their own capacities (this reason was mentioned most frequently in the answers) and expertise (specialisation) that private providers possess. The responses often included arguments for using private organisations because of the faster supply of a service, higher quality of a service, lower price, but even due to the liquidation of a municipal (allowance) organisation that had provided a service before. Rarely do municipalities decide on the use of private organisations because of a reaction to the demand of inhabitants (supplementation of a service) and their efforts to increase competition.

3. Decision-making on the way to provide local public services – criteria of the decision-making process

Within the local level in the Czech Republic, it is practically impossible to track general rules of the decision-making process that would be binding and applied by all subjects. If municipalities find out that they need to provide a service through the private sector, and the reason for this can be the lack of their own capacities (departments, employees, and organisations) or they made this decision because of economic and other criteria, they are obliged to proceed in compliance with the law on public procurement number 137/2006 Coll. (or alternatively law number 39/2006 Coll. on licence agreements and licence procedures). In case of an under-limit commission, i.e. a commission that is worth less than 2 million CZK, a municipality can proceed on the basis of a so-called simplified procedure. However, the principles of law have to be respected, i.e. transparency, non-discrimination and equal treatment.

11 The list does not include services whose private provision is natural and widely accepted, i.e. services such as investment construction, project activities, land planning, or expert evidence.

According to a report by the Office for the Protection of Competition (OPC), the law is violated quite frequently. The main reasons include the fact that in many cases, the submitter either does not obey the law at all, or he/she addresses directly only one supplier, which means that they do not create a transparent competitive environment. This is also confirmed by the above mentioned surveys. There are cases when the submitter proceeds unrightfully with the simplified form of an administrative procedure without public announcement. Another serious violation is the illegitimate dividing of a commission to several smaller ones, which means bypassing the binding limits. Further shortcomings included situations when the assessment of bids did not follow the criteria and some of the applicants were excluded due to formal imperfections. (Annual Report, Office for the Protection of Competition, ÚOHS 2007, online) Inefficiency was found even in the way municipalities provide their services. Due to this inefficiency and the lack of transparency, losses at the municipal level in 2004 were estimated at 15 billion CZK. The losses are, for the most part, dependent on the selected methods of awarding commissions, according to Transparency International. Biggest losses occur with so-called awarding from a free hand, i.e. very frequently to a commercial company with the municipality's majority share. (Transparency International 2007)

Pavel (2006a), in his survey, points to the inefficient conduct of commercial companies which is connected to the non-transparent choice. He also states that the exploitation of commercial companies in the Czech Republic impugns the basic condition of an efficient use of external supplies, since the companies are used irrespective of the appropriate legislation. Lane (2000) points out that public organisations are frequently as inefficient as private monopolies. On the contrary, the provision of services by municipalities themselves (internal provision) need not necessarily be inefficient. Public providers can supply a given service at least as well as a private subject. As was mentioned above, the thing that creates inefficiency is the selection method for such provisions.

The criteria that a public subject should consider when deciding on the way to provide guaranteed services can be divided into three main groups (Beblavý and Sičáková-Beblavá, 2006: economic, political and other.

- Economic criteria include accessible sources (that a municipality has at its disposal within its budget), the quality of a provided service, effective allocation of sources, i.e. costs of service production. Ochrana (2007) includes the nature of a provided service¹² among the economic criteria that affect the method of provision.
- Political factors, or political risks resulting from a national or international political situation, have a significant impact on the choice of the final producer as well. These factors include situations where, for instance, a government changes,

¹² This means whether the goods are collective, mixed or individual.

or even a country's political orientation changes. This can have a negative effect, especially on long-term projects whose implementation was launched when a previous government was in office. A government change – or a change in political orientation – can result in the stopping of a project, which brings about financial losses for both sectors, i.e. public and private. Even the Czech experience with PPP projects can be viewed as evidence of this. The original excitement from the use of several PPP types (DBFO, i.e. Design Build Finance Operate, or licences) vanished and the originally proposed projects were reduced. The reason for this situation can be attributed to the lack of political will. Extensive and costly PPP projects represent long-term commitments, spanning over several election terms. Their preparation usually lasts several years and they can pose finance problems and energy spent in a useless way for those who decide on them in case a government changes.

- According to Beblavý and Sičáková-Beblavá (2006), so-called other factors include, for example, the occurrence and spread of innovations or an influence of the institutional environment, in which the subjects deciding on the production method function. Such an environment motivates them to make decisions leading to maintaining legitimacy within the scope of their activities.

Economic theories (Brown-Jackson, 2003, Savas, 2000) suggest that virtually any public service can be provided through the private sector. Therefore, municipalities should approach the provision of their services in compliance with this principle. This means that they should not consider private provision as the last resort, but they should perceive this service supply as equal to the internal provision through their capacities, employees, departments, or organisations. The method of provision should depend on the nature of the service a municipality wants to supply. Some of the provision forms even include the possibility to incorporate private investments to service funding. The nature of a service, measurability of outcomes and the requirements for specific assets determine whether the use of private finances is possible (licences, DBFO).

The demand for a service and its price elasticity also has a significant impact on the selection made from the individual forms of provision. Unfortunately, this is a very frequently neglected criterion in the Czech Republic (see below).

Another step should comprise research into potential users, i.e. who are the potential providers of a service? If there is competition between providers from the individual sectors, a non-discriminating and transparent form of competition should be provided for them. Bodies of municipalities should also participate in such competition, namely commercial companies majority-owned by the municipalities. Criteria for the selection of the final service producer have to be set precisely.

Effective allocation of public sources belongs to the main criteria of the decision-making process. This means a variant that minimises expenses for a public subject should be selected. The quality of a service should not be neglected either. The final method of provision should, in consequence, ensure value for money, requested so frequently. Under these circumstances, the competition among providers generates an optimal provider with whom a contract on co-operation is subsequently made. The task of a commission submitter is to define the conditions of co-operation precisely and also the output and sanctions if obligations, based on the contract, are violated. Public subjects (municipalities) have to monitor, control and evaluate the fulfilment of obligations stemming from the contract.

Individual criteria and stages of the decision-making process are discussed below. Attention is paid to the effect of the selected economic criteria: the nature of a public service, costs of supplying a service, competition among providers, and demand for a public service. Stages of the decision-making process considering these criteria are indicated in the Chart 1.

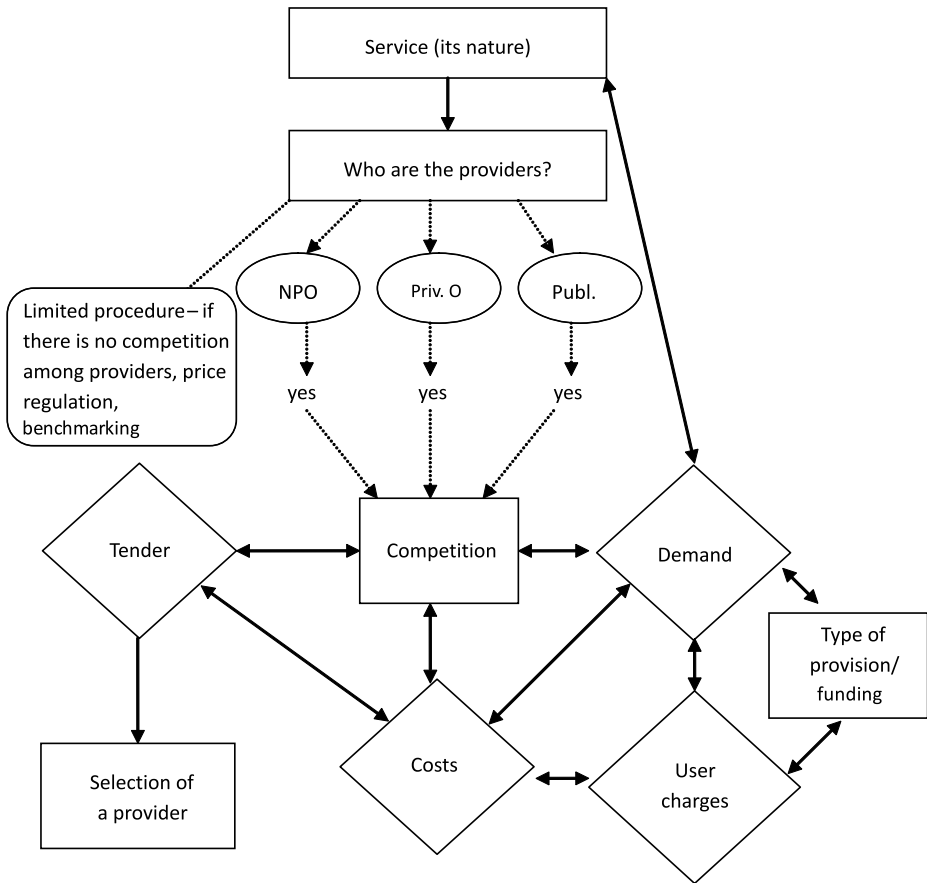
The nature of a public service

Private subjects can provide public street lighting, whose features include collective consumption and the technical impossibility (expensiveness) to exclude a consumer from consumption. This situation is illustrated by the provision of (not only) public street lighting in Prague. The project of transferred management of public street lighting is one of the biggest of its kind in the Czech Republic. The City Council of Prague made a contract with Eltodo, s.r.o. Company for the operation and management of public and festive lighting. The contract was for 14 years (1999–2013) and the ownership of the infrastructure remained in the public sector that checks the functioning of the lighting. It also reimburses payments to the private subject annually. The private subject made an investment amounting to 800 million CZK. The illuminating power and service availability in the long term exceeds 99.4%¹³ On the other hand, there is a wide spectrum of co-operation possibilities with a private subject; it differs by the extent of the subject's involvement: risk distribution, duration of the contract and their share of the funding of a public service. If a public subject considers involving private investments (DBFO, BOO, licences), the nature of a public service will have a significant impact on the decision of a possible co-operation form. According to Savas (2000), licences, for example, can be used only in cases where the public service has a form of individual good or a so-

¹³ see web pages of the City Council of Prague and the private company at www.eltodo.cz

called toll good¹⁴, i.e. if a service is consumed individually, it is possible to exclude the consumers from consumption (possibly through additional expenses), and the consumers can be charged for their consumption.

Chart 1
Decision-making process on the method of providing a service



Note: NPO – non-profit organisations, Priv.O – private organisations, publ.O – public organisations.

14 **Toll goods**, similarly to individual goods, can be offered on the market. Excludability is feasible in such a good and consumption can be paid (users pay for a service if they want to consume it). Even though toll goods, similarly to individual goods, can be easily (i.e. without any “technical” problems) offered and demanded on the market, they are in many cases offered by the public sector. Toll goods have thus become a problem of public choice, or a political problem, rather than an economic one. The way of their providing is, in this case, very often independent on their objective characteristics (Savas 2000).

Competition – transparent tender

The first possibility that a public subject usually thinks about, i.e. to provide a service through its own sources, does not necessarily have to be the correct one. Using public organisations that were established in the past and the aversion towards looking for other alternative sources leads to inflexibility of the system of private services and their inefficiency. Municipal organisations entail the negatives of bureaucratic “ailments” with all their consequences, such as automatic funding that lacks a link to the current demand of inhabitants, a lack of comparing inputs and outputs and constant growth in costs, etc.

It transpires that transparent competition among individual providers (if they actually exist) and the possibility to compete with each other can result in a more efficient allocation of public sources: lower service costs, higher service quality, and flexible reaction to consumer demand. Empirical studies suggest (Kitchen 1986; McDavid and Laliberte 1999; McDavid 2001) that the form of ownership does not have an impact on efficiency and achieving expected results (i.e. required amount and quality of a public service); instead, it is the creation and support of a competitive environment. Moreover, it does not necessarily have to be competition among private providers.

Ineffective activities of municipal organisations, frequent even in the Czech environment, is not caused by the fact that they are owned by a public subject (municipality) but because they often do not compete for a service provision with private-sector subjects, which tend to be more efficient. The following statement (Pavel 2006a, 29) supports this hypothesis: “municipal commercial companies do not have to waste their finances. In case competition is allowed and a municipal company wins a contract within a fair tender, its costs are comparable to those of external suppliers or even lower in some cases.”¹⁵

Great Britain took steps in this field as it introduced the system of CCT (compulsory competitive tendering) in the 1980s. By using CCT, Britain legitimised the requirement that certain services defined in advance can be provided directly (internally) only if the respective public organisations participate in a tender, i.e. in a competition. The objective of this regulation was to enable private companies to acquire a significant share of the local-service market, which had been occupied almost entirely by the public sector until then. Public organisations (including DSOs – direct service organisations) can keep on providing public services, but only after taking part in competitive tendering (Fortin and Hassel 2000).

However, there are many situations in practice when the number of providers available in given surroundings and able to compete for providing a service in a tender is insufficient. As Hartley, Parker and Martin (1991) claim, the number of

¹⁵ Outcomes of a research conducted on a sample of 100 municipalities in the Czech Republic in 2005.

providers is directly proportional to the density of population. This means that the higher the density is, the more providers are available and the higher the probability for the use of contracting is.

The service in question can be of a specific nature with high initial investment costs that prevent mutually competing providers from entering the market. Thus, the public subject can only choose from one supplier or a limited number of suppliers, in best case. An example of this is cleaning waste waters. In most municipalities of the Czech Republic, a private supplier who is also the only supplier in a large vicinity, supplies this service. This results in the insufficiently transparent selection or awarding of a contract through the limited procedure, since the open procedure is meaningless in these cases because of the absence of more potential providers (Ochrana et al. 2007). If a potential provider has a monopoly position, the public subject is in a situation where it has to negotiate conditions for providing a service, define the required output, compare the offered price (e.g. by the use of benchmarking), or even regulate the price.

Costs of production

As was mentioned, both public organisations and private profit or non-profit organisations can be a provider of public services. The public subject (municipality) generally decides on the final producer, based on the amount of costs, or price for which the service is offered. Minimising costs is usually the criterion used, or the submitter alternatively considers another method of evaluating projects.¹⁶ The total amount of these costs includes both the “offered price” and so-called additional costs that differ, according to the individual forms of providing a service. It is up to the submitter (municipality) to be able to recognise such costs and incorporate them in the total expenses necessary for providing the service. Without this, it is impossible to evaluate such a way of providing that would be able to secure so-called better value for money. In this respect we encounter several problems in practice. Should the public subject be able to compare individual variants, it has to be able to specify all costs connected with a given way of providing a service. However, the practice in the Czech Republic frequently lacks the necessary tools to do so, as will be indicated below. Similarly, it is impossible to make decisions based on initial

¹⁶ Methods of CMA (cost-minimisation analysis), CBA (cost-benefit analysis), CEA (cost-effectiveness analysis), CUA (cost-utility analysis) and other multi-criterial methods. For more information on these methods, see for instance Ochrana, Špalek, Soukopová, etc.

costs only. It is necessary to take into account costs connected with the operation of a service/facility during its whole durable life.¹⁷

Costs associated with external provision

Costs of contractual service provision include costs associated with supplying the service, i.e. expenses of the construction, operation and maintenance of facilities, as well as transaction costs – costs the public subject has to expend in connection with looking for the most suitable way of providing a service. They include costs connected with making contracts, costs of potential advisors, costs of checking the keeping of contractual obligations, etc. Although some of the types of provision can mean supplying a given service for a lower price, at the same time, they represent such high transaction costs for the public subject that the final expenses for supplying the service exceed those the public subject would have to expend if it provided the given service internally.

The amount of transaction costs is influenced by three factors: specificity of assets, measurability of output and frequency of submissions. Similarly, the more frequently a public subject will demand a potential provider – or the more often it will announce tenders for a public commission – the more expensive the contractual provision will be. In case of a service that has low specificity of assets and easy measurability of output (e.g. waste pick-up), the transaction costs, including transaction costs ex post (costs of monitoring, requisition, and adhering to the contract) are low. In case of a service that is characterised by high specificity of assets, but easy measurability of output (e.g. electricity, gas supply, water-supply services), the transaction costs are higher. However, private subjects to an increasing extent provide even these services in municipalities of the Czech Republic. Services characterised by difficult measurability of output and low or high specificity of assets (health services, police, and fire fighters) exhibit the highest transaction costs (compare Brown Potoski 2002, alterations Pavel 2006b). This suggests when it is suitable to provide a given service on a contractual basis.

The specification of transaction costs is, however, often problematic in practice. In most cases, these costs are not obvious at first sight and they cannot be

17 To evaluate PPP projects, a PSC (public sector comparator) is used. PSC “compares value-for-money supplied by a PPP project with the most effective way of providing the service by the public sector. The PSC value represents hypothetical total costs of an efficient public-sector organisation that are needed to supply an identical service for the planned duration of the PPP project. When making a comparison with PSC, different levels of risk are taken into account. It uses an analysis of discounted cash flow, which makes it possible to compare it with commercial offers. The total benefit for the submitter (value-for-money) is thus the difference between net present values of costs of a referential project and the PPP project after the risk transfer has been considered.” (Vyskočil et al. 2007) Despite their high initial investments, the so-called PPP projects, characterised by long-term duration, can become a method that may turn out to be the most suitable method in the end, after considering the total durability of the project. This means that it can be the least costly method that is able to supply services of a better quality.

separated because they tend to interfuse for individual activities (Meričková and Kubišová 2005; Pavel 2006a).

Costs associated with the internal provision of a service

In case of the internal provision, i.e. if a submitter and a provider are the same subject, bureaucratic costs and costs of creating and running the system appear (Williamson, 1979)¹⁸. Public-sector organisations have to face their internal inefficiency implied by their very essence, inability to assess their marginal productivity, and the existence of a bureaucratic management style. The government can barely check the efficiency of public organisations that are in some cases directly connected to a public budget. This means that costs necessary for running these organisations and costs associated with the very production of a concrete public service are not monitored. This can be illustrated by a situation in municipalities of the Czech Republic where the individual municipalities do not run cost centres that would serve for monitoring real costs of providing a concrete service (Ochrana et al, 2007), and therefore these costs are frequently underestimated. This situation makes it impossible to compare the individual methods of provision.

Demand for a service

The criterion that should be considered when deciding on the method of provision is definitely consumers' demands for the service. Unfortunately, this issue is not sufficiently treated in municipalities in the Czech Republic, although its significance has been constantly growing and municipalities are facing pressure to change the existing system. For example, Ochrana (2007), points out the necessity to change the existing system used in public services from its supply-based orientation to a demand-oriented approach. This type of approach represents a radical change in decision-making on supplying public services, it takes into account the demand of its inhabitants, i.e. consumers, and it thus increases their participation in the method of provision. However, municipalities of the South Moravian region (region in the Czech Republic) do not explore inhabitants' demands, and it can be estimated that the same is true also for other regions.¹⁹ The conducted research (Řežuchová 2009) shows that only two municipalities out of 21 reported that they tried to adjust their offer of public services (i.e. service quality, way of providing) to their inhabitants' demands. However, the responses do not indicate if and how these two municipalities investigate their inhabitants' demands.

18 Niskanen states that once bureaucracy is given the right to decide on public goods, it can turn into an uncontrolled process (popularity connected with the amount of provided public goods). This situation leads to deficit (debt) financing, according to Niskanen and Buchanan. They also point to additional costs that arise because of off-market provision of goods (costs due to the expansion of offices, costs of negotiations, etc.). The ratio of these costs shows whether it is suitable to separate the submitter (guarantor) from the provider (producer). (Hampl, 2001)

19 In case of investigating the demand, the WTA (willingness to accept) or WTP (willingness to pay) methods can be used. Both methods are based on a questionnaire survey (compare Ochrana 2007).

Knowing the demand is important for adjusting the offer to the needs of service consumers, as well as for the possibility to charge users for using the service. The existence of user charges and the knowledge of demand elasticity is the key factor for the choice of the method of providing, or for the decision, if it is possible to incorporate private-sector investments in service funding (compare Bailey 2004), and thus provide a service on the basis of DBFO or licences. In case of licences, a private subject operates the service (facility) for a stipulated period of time and is allowed to levy user charges that partly, or even entirely, cover the costs of service operation. Sometimes it also takes over the demand risk along with the construction and operation risk. This risk, sometimes referred to as the “attendance” risk, is typical for infrastructure projects, especially with brand new traffic constructions. The demand for such a service is quite difficult to determine, especially if a suitable substitute exists (e.g. an alternative free transport connection). Mistakes in demand estimates can lead to a project failure, no matter what the requested price is.²⁰

The following text discusses the possibility to use private investments, i.e. selected types of PPP, on the basis of demand elasticity and the existence of user charges, in cases of concrete public services in the Czech Republic.

Table 1
Division of public services based on demand elasticity and user charges
(Czech Republic)

Demand for service Existence of user charges	Elastic (significantly)	Inelastic (insufficiently elastic)
Yes	(A) The elasticity of service demand is high and a user charge is levied for the consumption <ul style="list-style-type: none"> • traffic infrastructure when a substitute exists • sports centres 	(B) The elasticity of service demand is low and a user charge is levied for the consumption <ul style="list-style-type: none"> • traffic infrastructure • waste management • burial services • water pipes
No	(C) The elasticity of service demand is high and a user charge is not levied for the consumption <ul style="list-style-type: none"> • municipal playground 	(D) The elasticity of service demand is low and a user charge is not levied for the consumption <ul style="list-style-type: none"> • public street lighting, municipal roads, public greenery maintenance (parks)

Source: Řežuchová (2009)

20 The Hungarian M1/M15 highway that was built through PPP can serve as an example of such a project. It turned out after putting the highway into service that traffic intensity did not meet the expectations that the project funding was based on. After two years of operation, the number of cars did not reach even half of the estimated figures, which led to a licensee’s inability to repay credits and resulted in handing the highway over to the ownership of a public subject.

The existence of user charges

A+C) If user charges exist, the possibility of private (co-)financing can be assumed. Paid services and the possibility to levy user charges based on licences enable a private provider (licensee) to cover costs of service provision.²¹ However, the extent of private participation in service funding will depend on the rate of its demand elasticity. If the demand is price-inelastic (insufficiently elastic), the private subject is able to finance the costs of service operation. In this case, the private subject, dependent on revenues from the use of a service, will request an amount of the charge that is able to cover the costs of maintenance and make a profit. Moreover, in this case the commissions need not necessarily be overpriced.

The private subject can implement economies of scale, and thanks to its effective behaviour, it can provide services whose costs within the project life cycle are lower, compared to the traditional ways of provision (public-sector provision, the use of traditional public commissions) and in case of maintaining comparable service quality.

Services that meet the criterion of the existence of charges and low demand elasticity include, for example, waste pick-up, burial services, water services, and traffic infrastructure (in case there are no substitutes) in the Czech environment. These services are commonly provided through DBFO or licences abroad.

However, if demand elasticity is high, purely private financing probably cannot be considered. If the amount of a charge is higher, the demand for a service can decrease. This drop in demand can be affected by the existence of substitutes. For instance, if the use of a highway section is charged and the user perceives the price of the road-toll as too high, they can use alternative roads, even despite higher indirect costs such as longer time spent on the road, or using public transport instead of one's own car, etc. The risk of decreased demand represents a threat to private subjects, as they may not levy a sufficient amount of finances in the form of user charges that would cover their costs associated with the service operation. In this case, it is important to make sure that the project is not jeopardised and the public subject should participate in the service funding. The public subject's financial participation can have the form of, for example, a shadow toll, regular payments for providing the service, or it can rest in the participation in initial investments.

21 It naturally depends on the price level of service charges, i.e. whether it was set on the level of average (marginal) costs (Ochrana 2007, Bailey 2004).

B+D) If user charges for service consumption are not determined and the demand for consumption is highly elastic²², the possibility of private funding is limited. Private financing of a service could be implemented only if the private subject was able to carry out additional commercial activities besides the given public service. These activities would have to guarantee not only sufficient profits, but at the same time, they would make it possible to cover the underfinanced costs of the services that should be provided free of charge.

The operation of a sports facility can serve as an example: a playground that could be used free of charge by the public for their leisure-time activities is part of the facility (although more frequently, such a service is charged). At the same time, the private sector would run a refreshment facility and build a tennis court whose use would be paid. It could also rent out the premises for cultural or private activities. These conditions make the participation of a private subject in service funding feasible. It is possible to find examples in practice when a project (service) was fully funded by a private subject; however, it is more common for both sectors to co-operate, i.e. to use public-private financing. Costs are shared between both the private and public sector, and the contribution of the public sector can have a form (and it is very common) of a donated lot (it is often a brownfield) that the facility should be built on. Children's playgrounds or the management of sports playgrounds can serve as a similar example, although the private subject has a considerably limited possibility to carry out additional activities here. Rather, in this case, funding from public sources can be expected.

Services, such as public street lighting or public greenery maintenance, that are provided free of charge and whose price-elasticity of the demand is low can easily be provided by the private sector, but this sector's participation in funding these services cannot be expected. The participation would be possible only if the private sector could provide additional activities (see above), which is not expected in these services because of their nature. Such services can be privately provided (although these cases are rather exceptional) but publicly financed. The project of public street lighting in Prague is an example.

The above-mentioned model situations suggest that if a charge is levied for a given service, i.e. a user charge has to be paid, the possibility of private funding exists. The elasticity of a demand for a concrete service determines whether a private

22 Such a situation leads to extensive wasting of money and high efficiency losses due to "over-consumption", according to Ochrana (2007). "Public-service or public-good provision free of charge will probably result in higher consumption than its effective level is. Citizens, as consumers, will request the given service (good) until they reach the point in which their marginal benefit equals zero, and they will not consider the fact that production costs are not zero." If the demand for a public service is relatively highly elastic, determining user charges for such services can serve as a tool to limit wasting in their provision. He gives an example of health services during the previous regime that were provided free of charge.

subject will just partly participate in service funding or whether the costs will be fully financed by the private sector and from user charges:

- If the demand elasticity²³ is low, the only possibility is to finance costs from private sources (e.g. based on licences).
- If the demand elasticity is high, it is desirable that even a public subject should participate in financing the costs (e.g. a percentage share or shadow toll).

If the use of a given service is not charged, the private sector's participation in financing costs and investments is very limited. This participation is possible only in exceptional cases when the private sector could carry out additional activities; however, it is also necessary to take into account the elasticity of the demand for these activities. The private sector's motivation for joining such a project will probably be low. In this case, public funding of the production of such a service can be expected, or alternatively, the private sector's participation in financing the costs can be considered. Funding by purely private capital can be excluded.

4. Conclusion

Municipalities in the Czech Republic guarantee a wide range of services. This range includes even goods (services) that could easily be provided by the private sector. Limited sources of public budgets, as well as ever-increasing demands of consumers for the quality of a service, including the method of its provision, create pressure on changing the attitudes of service guarantors and exploiting alternative ways of providing. Not only are municipalities insufficiently aware of possible ways of providing services guaranteed by them, but they frequently lack the motivation to change the existing inefficient way of provision. Outcomes of surveys show that municipalities do not proceed systematically when deciding on the method of providing a service. They make their decisions on service providers "intuitively", or, in the best cases, use economic and other criteria; however, according to the conducted surveys, they do not specify these criteria any further.

Competition among providers – choosing a provider

It is not possible to talk about the selection of a provider based on a competitive contest in case of providing local public services.

If a municipality has its own capacities (employees, departments, municipal organisations), service provision takes place through direct assigning, i.e. without assessing whether this type of provision is best in terms of achieving service quality and efficiency of spent finances. Recommendations leading to minimising such inefficient and non-transparent service provisions have been inspired by the British

²³ I discuss price elasticity here although there is no doubt that even income elasticity plays a key role too.

experience with CCT (compulsory competitive tendering), i.e. an obligation for a municipal organisation to participate in a competition for a public commission. In other words, a public service can be provided internally, but only if this provision has been won in a competition.

An equally non-transparent choice of a provider happens in the situation where a municipality is forced to demand service provision with private providers because it lacks its own capacities. The conducted surveys suggest that even in case of contractual provision by an external provider, the assigning of a commission takes place “from a free hand” (i.e. through the direct assignment of a commission to a concrete provider). This conduct is obvious, especially with small commissions, i.e. commissions that do not exceed 2 million CZK, which are carried out mainly by small municipalities. The Office for the Protection of Competition, which supervises the market of public commissions, does not have the right to check this type of commission, which means that the space for non-transparent conduct and corruption expands.

Comparison of individual provision variants

The external way of providing a service should be used only if the service can be supplied in better quality and with lower costs in this way. To be able to assess whether the external provision will ensure better value for money, it is necessary to compare both variants, i.e. the external and internal provision. However, there is no objective assessment in the current system. Municipalities do not monitor real costs of providing a service and they do not include costs associated with the operation of a facility that should provide the service in total costs. This means that the costs are usually underestimated in practice. A possible solution can be the introduction of so-called cost centres (Ochrana et al, 2007) as well as keeping track of costs per unit of performance in case of at least those services whose outputs are measurable.

The price of providing a service by non-profit organisations can be equally non-transparent. In the Czech Republic, this sector is typical of massive state support through subsidies; however, public submitters do not include these subsidies in the total costs of a service provided in this way. To improve the current situation, it would be necessary to change public policy towards these organisations, e.g. to subsidise the production of selected public services instead of supporting the legal form of an organisation (compare Hyánek et al. 2009). This would entail the “rectification” of competition conditions between non-profit and profit providers that compete for the provision of services in certain areas of the public sector (educational activities, social services, etc.).

Demand for a public service

The knowledge of the demand for a service is necessary for adjusting the supply of public services to inhabitants’ real needs and demands, as well as for increas-

ing inhabitants' participation in decision-making and even sharing costs through user charges. The identification of elasticity is equally important in cases when a municipality is considering providing services through DBFO or licences, i.e. those types of PPPs that are characterised by the involvement of private investments. A so-called supply approach that does not explore the demand of service consumers is typical for the system of providing local services in the Czech Republic. The improvement of this situation represents a radical change in the existing provision by municipalities, i.e. a shift to a so-called demand-oriented approach and the introduction of regularly exploring the demand by using, for example, questionnaire methods (compare Ochrana 2007).

A systematic approach of individual guarantors of public services is necessary for the efficient provision of public services. According to the author's proposal (see Chart 1), this approach should take into account competition among providers and creating transparent conditions for competition, the demand for a public service, and costs of service provision, so that it would be possible to compare the individual ways of providing a service. However, the conducted analysis suggests that this step requires systematic changes in all the surveyed areas.

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Section III

Controlling Corruption and Enforcing Accountability



Introduction

Accountability is one of the central values of democratic governance. Public bureaucracies are large, unelected and removed from much of the public. At the same time, however, these organisations and their individual members are crucial for delivering public services and also constitute the principal contact between the State and the public. There are any number of instruments that can be used to create greater accountability over public bureaucracy, but many contemporary administrative reforms (see section I) have reduced the effectiveness of many traditional instruments, and have therefore required reconceptualising accountability in the modern State.

Controlling corruption is a specific problem in accountability. Corruption appears to have been one of the legacies of the Communist era in Central and Eastern Europe, although that political and administrative ill is hardly confined to the CEE countries. A number of factors – a cultural inheritance from the former regime, low wages in the public sector, and rigid administrative systems – combine to make corruption convenient for citizens and lucrative for public officials. Also, introducing the reforms associated with New Public Management prior to institutionalising a Weberian administrative system has facilitated corrupt practices. Therefore, for administrations in CEE countries to be able to provide fair and responsible services to the public, existing levels of corruption must be controlled.

The papers in this section address accountability and the control of corruption in a number of CEE countries. One common issue in the control of corruption in the public sector is limiting political patronage and the general politicisation of public administration (Peters and Pierre 2004). Kaja Gadowska explores the roots of high levels of patronage appointment in Poland, tracking the development of the current arrangements for appointing higher public servants through political channels. She points to the disjuncture of legal standards and actual practice in a number of governments since the end of the communist period and discusses the root causes of these problems. This paper provides a strong warning to anyone who thinks that merely passing civil service laws is sufficient to produce an effective civil service.

To some extent, patronage can be seen as a democratic device, allowing elected politicians to exert more control over the implementation of their policies. Decentralisation is also seen as a democratic device, but Matei and Popa discuss the somewhat ambiguous relationship between decentralisation and corruption. By moving policymaking and implementation to lower levels of government, decentralisation may facilitate the influence of local interests and enhance corruption. On the other hand, local interests, if organised properly, may also be able to exert more control over potentially corrupt politicians and administrators. This careful review of the literature has been complemented by empirical research at the local level, but more work needs to be done to understand these complex interactions.

Accountability is a generic concept, but it also has to be understood in context. Özdemir, Bülbül and Acar discuss accountability in the context of the Turkish educational system. In this case, both the national context and the nature of the particular policy area appear to influence the manner in which accountability is enforced. Further, as in many policy areas within the public sector, there can be a conflict between ideas of accountability and appropriate behaviour based on professional standards and those based on strictly administrative criteria.

Finally, Andrei, Profiroiu, Profiroiu and Nedelcu attempt to provide some empirical estimations of levels of corruption in Romania and, to some extent, in other countries. This is an extremely difficult task, but this research does provide a basis both for scientific studies of corruption and for more practical attempts to eliminate corrupt practices. Understanding the complex dynamics of corruption is the first step in designing and implementing effective means of control and means of creating more appropriate forms of administration.

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Law in Action: The Problem of Political Patronage in the Process of Appointing High-ranking Posts in Civil Service in Poland

*Kaja Gadowska*¹

Introduction

In the 1990s, the central and eastern European countries, while concentrating on economic and political transformation, disregarded the reform of public administration and the process of establishing the civil service, which has led to an excessive politicisation of administration (Czaputowicz 2005; Kamiński 2004; Verheijen 2007). The first Polish Civil Service Act was passed as late as 1996. Two-and-a-half years later, it was replaced by the Act of 18 December 1998 on the Civil Service. Then, after over seven-and-a-half years later, the organisational principles for the civil service were changed once again due to the introduction of the Act of 24 August 2006 on the Civil Service and the Act on the State Staffing Pool and High-ranking State Posts. Finally, in October 2008, the Sejm approved another Act on the Civil Service, which came into force on 24 March 2009.

According to the Constitution of the Republic of Poland of 2 April 1997, the idea underlying the establishment of the civil service was that its servants carry out the state's policies in a professional, competent, objective and politically impartial manner. The aim of the civil service reform was to shape the civil service corps in such a way as to allow an independent, objective, apolitical and competent group of officers selected in open competition, to carry out their tasks with respect to the management and functioning of government administration bodies, regardless of any political changes. The formula for the civil service corps, described in the 1998 Civil Service Act, allowed the separation of political offices from administrative offices. The division into political posts staffed by every new governing party and civil servant posts, which, as a rule, were to be apolitical and stable regardless of the

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political orientation of the governments, was aimed at guaranteeing a continuity of the state administration's work.

However, in Poland, the political factors seem to prevail over the administrative factors. The interface between the political and administrative spheres is an area strongly penetrated by politicians who try to exert direct influence on the work of public administration. In practice, the staffing policy in public administration in Poland is such that every parliamentary election or change in the government coalition brings forth profound personal changes in the civil service, often reaching much further down in the hierarchy than department deputy directors in central government agencies and regional department deputy directors (in *voivodships*). Senior civil service posts are considered certain political spoils. The staff is replaced by "politically backed" people, even though decisions concerning staffing and promotion in the civil service should be taken independently of political criteria (Burnetko 2003; Filipowicz 2004; Raport NIK 2005). Such a selection process results not only in the incompetence of officials but also in political fickleness. According to the Polish custom of mutual concessions, a nomination is considered reciprocal. Thus, there arises a real threat that the servants who owe their appointment to political patronage and not to their qualifications will be eager to carry out the suggestions of their political patrons, even if it is contrary to the interests of the administrative body or the state. As a consequence, political patronage, cronyism and nepotism are a very serious problem in the Polish administration. The political colonisation of administration is fostered by the replacement of the notion of public good by a certain political pragmatism, particular interests of the political parties and party colleagues, as well as personal friends (Hausner and Marody 2000). The consolidation of this type of patronage linkages between the worlds of politics and administration can lead directly to corrupt pacts, designed to use public funds for private purposes. If such an approach becomes more prevalent, it may result in a breakdown of social trust for public institutions and a growing conviction about the popularity of corruption among high-ranking civil servants.²

The aim of this paper is to define the extent to which the actual relations between politics and administration have been in compliance with the principles contained in the consecutive Civil Service Acts. I begin with the assumption that a recruitment system, based on objective criteria, is of vital importance to the achievement of the basic goals connected with the formation of the civil service. In this context, particular attention needs to be paid to senior civil service officials. As Barbara Kudrycka states, their particular position results from the fact that they

2 The relation between the condition of administration, corruption and trust for the state can be illustrated by the results of various surveys. In 2003 as many as 91 per cent of the respondents felt that the Polish civil service was ridden with nepotism and cronyism, and 71 per cent were convinced that many high-ranking civil servants derived illegal profits from their public function (CBOS 2003). According to the respondents, the most frequent example of pathology in public life was the external criteria in the staffing procedure for high-ranking or strategically important positions.

serve as a type of bridge between politicians and the employees they lead. Their attitude may prevent politicians from succumbing to party interests, at the same time, becoming a model for their subordinate employees. In view of the high level of skills they have acquired, they should advise politicians, always bearing in mind the defence of the public interest (Kudrycka 2008, 285). The senior civil service appointments are associated with taking control of the human resource policies in the administrative offices. If the General Directors of offices are nominated on a political basis, there appears a well-grounded fear that their decisions with regard to the staffing of lower-rank posts in their office would also be of a political character. Thus the politicising of senior posts carries the danger of increased staff manipulations, driven by party or private interests with respect to lower-rank posts. In this article, I intend to demonstrate the concrete actions taken by leading political parties, which, often contrary to the spirit of the consecutive Acts, were aimed at staffing high-ranking civil service posts with political candidates. Such an analysis will allow for an evaluation of the practical influence of the respective Acts (especially, the provisions concerning the principles for staffing senior civil service posts) on the professionalisation of the Polish civil service. It will be followed by a short discussion of the sources of malfunction in the relations between politics and administration in Poland and suitable solutions for personnel policy concerning senior posts in civil service.

1. Research methods

The research, the results of which are discussed in this paper, has been financed by a grant from the State Committee for Scientific Research Grants by the Ministry of Science in Poland towards a research project entitled “Law in Action: The problem of politico-administrative relations in Poland after 1989 in the light of civil service reform”, which I have been directing during 2006–2009. In the course of the research, several research methods have been used. An analysis of a legal framework of civil service reform (consecutive Acts and Ordinances) was carried out. The results of the audits carried out by the Supreme Chamber of Control, as well as the reports of the Head of the Civil Service, were analysed. A database demonstrating the personal makeup of the high-ranking posts was created. Moreover, over 100 in-depth interviews with civil service corps members (servants and employees), politicians (ministries and deputy-ministers, *voivods* and deputy-*voivods*) and experts were conducted (half of them were conducted by the author, the other half by the students of Sociology at the Jagiellonian University). In addition, 3 focus group interviews with selected groups of respondents were carried out. The analysis was complemented by press analysis of the articles on politico-administrative relations published in newspapers (*Gazeta Wyborcza*, *Rzeczpospolita*, *Gazeta Prawna*) and weeklies (*Newsweek*, *Wprost*, *Polityka*).

2. Post-Solidarity governments 1989–1993. Lack of legal regulations on civil service³

Reforms aimed at establishing a professional civil service in Poland began rather late. Although in the first period of the post-Solidarity government two attempts were made to create a general legal regulation concerning the status of public administration in the form of an Act on State Civil Service (the first by Jan Krzysztof Bielecki and the second by Hanna Suchocka Cabinet), both failed, due to the fragmentation and instability of the Polish political scene and the frequent changes of the coalition governments. Nonetheless, a significant achievement at that time was the passing of the 1991 Act on the National School of Public Administration (KSAP) and the fact that in the same year, the Prime Minister granted the school official statute. The task of the new school, which had been modelled on the French *École Nationale d'Administration*, was to educate senior civil servants and prepare them for public service. This goal was particularly important in the face of a significant deficiency of politically impartial staff.

It is argued that in the initial period of the post-Solidarity rule there was no clear distinction between the political and administrative spheres, which resulted from the fact that both the political parties and the concept of reform, as such, were at a fairly early stage of evolution (Majcherkiewicz 2005, 128). However, it was already at that stage that the politicising tendencies in the central and regional administration began to gain significance. As one of the respondents, a member of the former democratic opposition, employed at that time in one of the ministries explained *it was quite understandable that we wanted to get rid of communist apparatchiks. We wanted to work with people who could be trusted* (PM3). However, for obvious reasons, the number of people with adequate experience was limited. *They [the post-Solidarity elites] were short of qualified cadres [...] Sure, they were, how shall I put it, very enthusiastic, but they didn't know much about functioning of the administration. Despite that they were promoted to high-ranking posts* (UM84).

3. Post-communist governments 1993–1997. The 1996 Act on Civil Service

The next period of post-communist rule meant a change in the public administration concept. In spite of declarations that personal changes in administration would be reduced to a minimum and that the coalition of the Democratic Left Alliance

3 For the analysis of politico-administration relations in *voivodships* under the consecutive coalition governments in Poland see Majcherkiewicz 2005. The analysis of the process of civil service development in the Third Republic of Poland can be found in Itrich-Drabarek 2005. The problem of politicisation of staffing policies towards senior civil service posts was analysed in Gadowska 2006 and 2009. In this paper, important empirical parts of those analyses are recalled. For the discussion of the phenomena of favouritism and protection in the recruitment and staffing posts in the Polish Civil Service see also Mikułowski 2009.

(SLD) and the Polish People's Party (PSL) would introduce a reform of the government administration, which would give it an apolitical character, in practice, the actions of Prime Minister Waldemar Pawlak led to an extreme politicisation of administration and personal interests, together with party membership, became the main recruitment criteria (Dudek 2004, 356). The personnel changes at the regional level were allied by an even more in-depth process of staff change in the central administration. Due to the lack of sufficiently qualified candidates from the PSL, some positions were awarded to former communist officials and party members (ibid., 364, Majcherkiewicz 2005, 129–130). It is often noticed that at that time the Council of Ministers' Office became "a state within a state". The decisions concerning employment policy in public administration were solely in the hands of the Head of this office (more in Jednaka 2000, 120–123).

When Józef Oleksy became Prime Minister, more staff changes at the central and regional level took place, resulting in a power shift into the hands of the SLD. However, the reform of the central level began only as late as autumn 1996, during the term of Włodzimierz Cimoszewicz's government. On 5 July 1996, the Civil Service Act was passed. The reform determined the division into political and administrative spheres. The Civil Service Act referred only to the government administration.⁴

The Civil Service Act provided that the Head of the Civil Service would be the central organ of government administration, competent in civil service issues and that the Head of the Civil Service was subordinated to the Prime Minister. The Head of the Civil Service acted through the Office of Civil Service. The Civil Service Council was established as an advisory and opinion-pronouncing entity for the Prime Minister, which was designed to create the civil service and supervise its functioning. Recruitment competitions for civil service were conducted by a Qualification Committee appointed by the Prime Minister. The Act also established the positions of General Directors who were to be responsible for the effective work of the offices, independently of Cabinet changes.

The Act established four categories of civil servants dependent on function, tasks and qualifications. The highest "A" category consisted of persons capable of assuming senior positions and holding an M. A. degree, as well as the knowledge of at least one foreign language, and at least seven years' practice in public administration. This last condition practically excluded the post-Solidarity candidates. Some of the respondents working at public administration offices at that time argued that *this provision closed the way to career development for the people with a Solidarity pedigree. Obviously, that was the aim of it* (UM42). Another person put it this way:

4 Solutions adopted in the Civil service Act were based upon an assumption that the shaping of the civil service would evolve. During the initial period, most staff were to be employed according to the former principles and legal regulations and then, gradually, as they gained qualifications and passed their exams, they were to be appointed to specific categories within the civil service corps (Rydlewski 2001, 32–33).

Well, in fact it was a restoration of the communist (UW31). However, persons sympathising with the then ruling party saw it as a means to push away incompetent Solidarity activists at last (UM47). However, one of the interviewed politicians pointed out that concentrating on looking for the examples of purges aimed at getting rid of Solidarity affiliates – that was evident – one can easily overlook the fact that there was constant wrestling between the coalition partners regarding staffing the offices with their own party supporters. [...] Not to mention what happened after the change of the Cabinet ... (PM17).

The implementation of the 1996 Civil Service Act began with the appointment of the Head of the Civil Service, the Secretary of the Council of Ministers and Director Generals of offices. However, it has been rightly emphasised that the 1997 appointment of 48 new General Directors in *voivodships* by the Minister of the Interior and Administration (then Leszek Miller) was politically conditioned. Both the opposition and the PSL pointed out that most of the newly-appointed General Directors who claimed to be politically non-aligned, were in fact persons who were previously associated with the PZPR (Polish United Workers' Party). At the same time, the promotion scheme for graduates of the National School of Public Administration was limited (Majcherkiewicz 2005, 132–133). Several respondents recalled that: *No one, virtually no one, who was in any way connected with Solidarity then had a chance for promotion. Rather, for being made redundant. Communists returned. [...] That's how it looked in voivodship offices. But, as far as I know, the practice in central offices did not differ that much from what was going on in regions (UW77). Apolitical directors? Don't make me laugh! The new General Director of the voivodship where I worked then – and I still do as you can see, I survived everything – was a former secretary of PZPR. Surely apolitical since the party no longer existed (UW9) – reported another senior civil servant.*

Another phase began with the launch of the civil service recruitment procedure. Some 115 individuals acquired civil servant status, and this number included 18 General Directors in ministries and central agencies as well as 32 General Directors of office in *voivodships* (Raport 1998, 5, 9; Sprawozdanie 1997, 10–12 after: Rydlewski 2001, 34). The recruitment and appointment process with regard to senior positions gained momentum just before the parliamentary elections and the change of government coalition, and continued after the elections. These actions led to accusations of civil service politicising, distortion of recruitment procedures by lowering requirements and honouring false language certificates (Burnetko 2003, 28). The subsequent Cabinet claimed that the results of the competitions were politically biased and not credible.

4. Post-Solidarity government 1997–2001. The 1998 Act on Civil Service

Similar to the former coalition, Jerzy Buzek's coalition Cabinet of Solidarity Electoral Action (AWS) and the Freedom Union (UW) began with radical changes of staff in central and regional administration (Dudek 2004, 455–456). The nomination process of those who were positively qualified was suspended and most General Directors were dismissed. The government decided to prepare its own proposal for the Civil Service Act which the opposition barraged as an attempt at politicising and subduing the civil service. The new Act on Civil Service was passed on 18 December 1998.

On 1 January 1999, the civil service corps (formed according to the Act of 5 July 1996) consisted only of 104 nominated civil servants. With the effect of the new legislation the number grew to 116,000 members, including 99 civil servants. At the same time, in the ministries and central and regional offices there were 1,630 senior positions (Sprawozdanie 1999, 2, 7).

The Head of the Civil Service became the central organ of government administration. He was subordinated to the Prime Minister and was appointed from among Civil Servants for a five-year tenure. The Office of Civil Service provided service to the Head of the Civil Service. An advisory and opinion-pronouncing entity for the Prime Minister was established in the form of the Civil Service Council.

The civil service corps members were divided into two categories: civil service employees and civil servants. Within the meaning of the Act, a Civil Service employee was a person employed on the basis of an employment contract in accordance with the principles determined by this Law, while a civil servant was a person employed by virtue of nomination in accordance with the principles determined in the Act.⁵

5 The recruitment for the civil service conducted by the General Director of the office was meant to be open and competitive. The civil service employees who had completed preparatory service, who could prove a duration of employment of at least 2 years with the civil service, who held an M. A. degree, and knew at least one foreign language, could take part in the qualification procedure organised by the National School of Public Administration. Those who successfully passed the exams received a **civil servant nomination**. Graduates of the National School of Public Administration were exempt from the qualification competition and automatically received nominations as civil servants.

Separate provisions defined the staffing principles of senior positions in the civil service.⁶ The Act provided that staffing of vacancies in senior positions occurred by way of competition and any civil servant could apply for these positions. However, according to Article 144, in a period of 5 years after the passing of the Act, persons who were not civil servants could also apply for these posts. This regulation was justified by the fact that when the Act was being passed there was an insufficient number of civil servants.⁷

Competitions for staffed senior positions in the civil service were run by the Head of the Civil Service. In order to hold such a competition, the Head of the Civil Service appointed a Competition Committee composed of at least 5 persons. Requirements concerning the position for the staffing of which the competition was held, were to be defined by the person in charge of running the competition, in consultation with the appropriate Minister, Head of central office or regional governor.⁸ The person selected in the competition for General Director of the office and General Internal Auditor assumed the position on the Prime Minister's decision, following the motion from the Head of the Civil Service, which was also based on the opinion of the competent minister, director of office or regional governor.⁹

The introduction of an open and competitive recruitment for all the civil service posts was an unprecedented phenomenon. The 1998 Act on Civil Service provided a basis for the establishment of a professional and politically neutral civil service. It was the first time that an obligatory open and competitive system of staffing was introduced in the Polish administration and it was also the first such to be

6 These were the following: General Directors of Office and General Internal Auditor, directors of departments (or equivalent units) and their deputies in the Offices of the Chancellery of the Prime Minister, the Chancellery of the Prime Minister, Offices of Ministers and Chairmen of Committees who are members of the Council of Ministers and offices of central agencies of Government administration, Government Centre for Strategic Studies, as well as those in headquarters, inspection offices and other organisational units which compose the structures in support of heads of unified *voivodship* services, inspections and guards, as well as Heads of District (*poviat*) services, inspections and guards.

7 The Act also provided for the possibility to allow persons who were not civil servants to take part in the competition if, in case of two competitions held to staff the position, no candidate from among civil servants was selected. This did not apply to the positions of the General Director of the office and General Internal Auditor. Furthermore, the Head of the Civil Service could give his/her permission to allow persons who were not civil servants to take part in the competition to staff the positions, if particular experience or professional skills were necessary to perform work in these positions.

8 In practice this solution has been used as a tool for blocking the possibility of organising a competition for the posts of Director Generals, which in turn allowed for politically backed persons to be employed as acting officers.

9 It appears though, that the adoption of a provision which enables ministers and regional governors (*voivods*) to give a final opinion on the candidate who won the competition, provided a certain pathway for politicising the post of Director General.

introduced in Central and Eastern Europe (Sprawozdanie 1999, 3).¹⁰ The introduction of the competition procedure was aimed at eradicating political clientelism in administration. However, even though the normative solutions adopted, with regard to the shaping and operation standards within the civil service, put Poland closer to the standards binding in those countries where democracy had been better grounded, the practice was different.

Nevertheless, from the very beginning, the provisions of the Act were being violated in order to achieve short-term political victories. Since Article 144 of the Act stated that in a period within 5 years of its enactment persons who were not civil servants, could apply for civil service positions if there were no candidates from the civil service corps, this provision was thus interpreted in such a way as to allow full freedom of staffing senior positions and consequently became a gateway for political clientelism exemplified by the 2001 appointment of the directors of the Committee for European Integration and the Committee for Scientific Research (Burnetko 2003, 34–36). The opinions on that differ. *I remember that in some central offices the competition procedures for staffing senior posts were omitted* – recalled one of the interviewed politicians, a member of then-ruling coalition – *But, in my opinion, it was justified by the fact that firstly, the number of civil servants was very limited, and secondly, there were not so many specialists with the appropriate qualifications interested in taking these posts. And organising a competition procedure would take long enough to discourage them* (PMf8). Other participants of the focus group argued, however, that *such practices undermined the very idea that stood behind adopting this Act* (PMf10), and that *a fear of taking part in a contest in fact disqualifies such a candidate* (PMf12).

In 1999, 20 personnel changes took place in the General Directors of offices, out of which 12 took place while the 1996 Civil Service Act was still binding. After the introduction of the new Act of 1998, the Head of the Civil Service recalled 8 General Directors of offices, out of whom 3 were dismissed on the motion of the relevant ministers, who argued that further co-operation with those General Directors was no longer possible (Sprawozdanie 1999, 10).¹¹ Some of the respondents, mostly those sympathising with Solidarity, interpreted it as *an objective necessity for getting rid of communist saboteurs* (PM61), while others argued that *what happened when AWS took power illustrates my thesis that every political party starts from deep purges at key posts in the civil service, regardless of declared 'ethos'. That was the practice of all consecutive governments, although – one must admit – to a different degree* (UM14).

In 2000, only 21 civil service posts were staffed by way of competition, but within the next year, 121 posts were staffed in this manner. Even though the compe-

10 More comparative studies on public administration in Bulgaria, Czech Republic, Hungary in Poland after 1989 in Goetz and Wollman 2001.

11 Pursuant to the administrative reform, on 1 January 1999, the number of General Directors of regional offices was reduced from 49 to 16.

tition procedure was shortened, there existed a danger of procedural delays caused by matter-of-fact actions. That was firstly because sometimes a General Director of an office did not report a vacancy upon the request of a minister or regional governor, which allowed a civil service member to function as the acting officer, as a consequence of which the Head of the Civil Service could not open the competition procedure. Secondly, the procedures were delayed by some offices which applied tactics of conscious prolongation of the work of such acting directors. Thirdly, the delays resulted from the fact that the Head of the Civil Service was not able to agree upon the formal requirements for the candidates with a given minister or regional governor. Finally, delays appeared because the political superiors did not approve of the candidates who had won the competition (Sprawozdanie 2000, 5–7, 10–11; Sprawozdanie 2001, encl. 14; Burnetko 2003, 36). In this way, already from the moment when the Act came into force, clearly visible attempts were made at subordinating the Polish civil service to political goals. As one of the former ministers explained: *I wanted to co-operate with a director who could be trusted. Good co-operation between the minister and the director is crucial for efficient work* (PM89). Other respondents argued, however, that *the practice of hiring as acting directors politically trusted persons who, in numerous cases, did not have experience in administration, in fact paralysed the work of the office for a couple of months* (UM33). *I can tell from my quite long experience in administration that if a General Director was politically backed, he was more likely not to report vacancies in his office but at the same time hiring selected persons as acting directors* (UMf22).

It is worth adding that until the end of Jerzy Buzek's Cabinet, i.e. until autumn 2001, 857 persons were nominated to civil servants' positions, including 319 graduates of the National School of Public Administration (Sprawozdanie 2001, 2, encl. 1).

5. Civil service under post-communist governments 2001–2005. Amendments to the 1998 Act on Civil Service

After the 2001 parliamentary elections, post-communists came to power in Poland. During the tenure of Leszek Miller's Cabinet, the process of politicisation of higher administrative staff became even more widespread than before. It has been demonstrated that in the political culture of that period, the communist *nomenklatura* traditions came back to life with regard to politicisation of administration.¹²

When Miller took power, out of about 1,700 senior members of the civil service corps, only slightly more than 100 were nominated by way of competition (Burnetko 2003, 35–36). In December 2001, the Sejm passed an amendment to the 1998 Act introducing article 144a, allowing the staffing of senior civil service posts (on

¹² For a detailed analysis of politico-administrative relations under Miller's government see Majcherkiewicz 2006.

the basis of a contract of employment) by non-members, without the need for the competition procedure.¹³ The legal justification quoted stated that there were a high number of vacancies in government administration resulting from the fact that there were insufficient candidates who could meet the recruitment criteria (*ibid.*, 35). It was officially argued that the introduction of Article 144a was aimed at lowering the requirements for the candidates for senior civil service posts in order to accelerate the recruitment process. However, in fact, the introduction of this provision resulted in the abandoning of competition procedures, which shook the notion of an apolitical civil service. In practice, the renouncing of the binding legal principles provided a means to staff senior positions by political appointees, who very often were frightfully under-qualified for such posts. The wide-scale staffing of senior posts in the civil service with party affiliates as acting officers constituted the most negative aspect of the personnel policy in that period and it became an obstacle in the process of civil service formation (see Raport NIK 2005). During the year that Article 144a was in force, 86 persons were employed on the basis of its provisions, out of whom 16 were those who acted as General Directors of ministries, central and regional bureaux and 70 acted as directors of departments and sections and their deputies (Sprawozdanie 2002, 20). The most important staffing criteria for senior posts was political loyalty, because in most cases, the persons nominated were connected with the political parties of the presiding ministers or regional governors (*voivods*). Half a year after Article 144a had been repealed by the Constitutional Court, 13 senior posts in government administration were still staffed by persons acting as General Director, nominated on the basis of the said provision. Such problems occurred, for example, in the Ministry of Interior and Administration and in the Office for Public Procurement. Those acting as directors were also to be found in 8 regional governor's (*voivodship*) offices (Burnetko 2003, 42–43).

At that time, the post of General Director in the Prime Minister's Chancellery was not staffed. The acting director was, at the same time, a department director. It is worth pointing out that in Miller's Chancellery, only 3 director posts (out of 22) were staffed according to the provisions of the 1998 Act. Moreover, in the Ministry of Interior and Administration out of 17 directors, 10 were employed as acting. A similar situation occurred in the Ministry of National Education and Sports, Ministry for Science and Information Technology, Central Statistical Office and in four regional governor's offices. The percentage of acting officers in regional governors' offices grew alarmingly, as about two-thirds of the directors there were nominated outside the competition procedure (*ibid.*, 56–59). The majority of the respondents agreed that during Miller's tenure, the politicisation of the civil service arrived at an unprecedented scale (UW18). *That was a comeback of the worst communist tradition*

13 Such employment was allowed until the vacancy was filled by way of competition, but it could not last longer than 6 months.

(PM86).¹⁴ *Senior posts were then staffed according to political credentials and not real qualifications. The Prime Minister's Chancellery itself set the worst example (PM101). It disheartened many people. I know quite a number of great people, great servants, dedicated to their work who decided to quit their career in administration at that time. Many people lost heart for work in administration. [...] There was an atmosphere of passivity (UM6).*

After Miller came into power, a wave of purges swept across the senior positions in the civil service. Articles 51 and 52 of the 1998 Act on Civil Service were used to justify the shifts to other positions in different offices because such was to be “the interest of the civil service”. At the same time, employment contracts of those holding senior civil servant posts for which they had not been nominated, were being terminated. Political purges were also conducted under the pretext of office reorganisation. Heads of State offices resorted to structural changes within their subordinate units in order to employ persons outside competition or to dismiss an inconvenient person. Another way to avoid competition was the creation of sections in place of departments in central bureaux. While a department director had to be employed by way of competition, this regulation did not apply to the Heads of sections (Sprawozdanie 2002, 4–5). *Getting rid of people who owed their post to their predecessors, I mean, Solidarity-backed ones, was quite easy in the case of those working in proxy [acting officers]. Contracts with them were simply terminated and that was it. They were sacked. More complicated was the case of nominated servants. Theoretically, they were irremovable. However in case of office reorganisation ... And one could always try to transfer a disliked servant to another office justifying it by ‘in the interest of the civil service’. In such circumstances, some servants ‘of their own free will’ resigned from their posts. Or hid behind a fern awaiting better days. [...] And believe me, all those methods were used (UM74).*

From autumn 2001 until June 2002, out of 16 General Directors (or those acting as such) in regional governors’ offices, 12 were replaced. Towards the end of 2003, only 5 out of 15 General Directors of offices in ministries (from among those who were appointed in the years 1997–2001) remained in posts. In 30 central bureaux there remained 15 such persons, while in regional governors’ offices the number fell to 2 (Sprawozdanie 2003, 4).

During Miller’s rule, Ministers and Heads of central bureaux blocked competitions for senior positions in the civil service. Much abuse took place in the Energy Regulatory Office, whose President, from 2001 until 2004, did not approve the requirement list for Director General of the office, even though the person acting as director had been appointed in accordance with the repealed Article 144a of the 1998 Act. An analogical situation took place in the Office for Public Procurement. In the Central Statistical Office, a department director acted as General Director.

14 A large number of interviewees argued, however, that *political clientelism in public administration came to its apex during the Law and Justice Rule that followed right after (UM32).*

Until the end of 2003, the competition requirements for the posts of Director Generals have not been approved in the Ministry of the Treasury and the Ministry of Foreign Affairs and the formal competition requirements for the posts in the Prime Minister's Chancellery were not agreed until the end of 2004 (Burnetko 2003, 48, 59; Sprawozdanie 2002, 8; Sprawozdanie 2003, 4; Sprawozdanie 2004, encl. 14; Raport NIK 2005, 36–51). Both during Buzek's and Miller's administration there were situations when the Prime Minister refused or postponed the nomination of a person selected by way of competition. In some cases, the winners could not assume their duties because of a negative opinion expressed by the Prime Minister or a Regional Governor (Sprawozdanie 2003, 4 and enc. 16).

Procedural improprieties were also to be seen in the competition procedures themselves. There appeared to be difficulties in finding competition committees, due to late nominations of the Prime Minister's representatives or the representatives of Director General of an office or due to such nominations of representatives whose political neutrality could be questioned or the appointees' future subordinates. The ethical attitude of the competition committees was also questioned as they often overtly favoured certain candidates or those who were acting officers in the post for which the competition was being organised. There were cases when the requirements were being set by persons who were then running for the positions in question. There were numerous cases when those acting as directors won competitions after their allowed 6-months' tenure, as they were the only candidates for the posts (more in Filipowicz 2004).¹⁵ One of the reasons underlying the limited number of those willing to enter the competition was a conviction that the final result of the contest had already been predetermined through political connections. The contest criteria were defined in such a way that they privileged a specific candidate. Many respondents revealed in interviews that they resigned from participating in the contest for a senior position due to the belief that they did not have a chance, as a pre-determined candidate would win anyway, which later was confirmed after the results of the employment contest. The individuals who decided to participate in the employment contest discussed their negative experiences. Even though they possessed the appropriate qualifications and experience, and their merit-based competencies were highly evaluated, they lost to individuals "brought in the briefcase." They claimed that everything pointed to the fact that the decisions were already made earlier at the political level and that the employment contest was itself fiction. *I took part in a contest once. I met all the requirements, my qualifications were evaluated very highly and everything went very well at both stages [of the contest] except for the fact that the competition committee finally selected someone else. [...] I learned later that everything was agreed in advance. What I lacked was political back-*

15 Out of 11 offices (where nominations were given pursuant to the repealed Article 144a) controlled by the representatives of the Supreme Chamber of Control, 9 had General Director s of office who were selected by way of competition having earlier acted as directors (Raport NIK 2005, 43).

up (UW33). A considerable number of the respondents expressed the opinion that *in many cases the contests did not serve as selection of the best candidate but simply legalising a person who had already occupied the post [as acting officer]. [...] It could discourage potential candidates* (UM76). Nevertheless, from another perspective, positive opinions of contest results were also found, in which individuals won who were previously employed in positions for which contests were held in the character of acting officers. It was argued that in the process of fulfilling their responsibilities, they acquired experience and competences, which counter-candidates did not possess. What is interesting is that these types of opinions most frequently came from individuals who won employment contests and who were earlier employed as acting officers in the position which it pertained to.

It is often argued that during Miller's rule the civil service actually became a service of acting officers and those in replacement of the former. In December 2001, as an inheritance from Buzek's Cabinet, out of 1,758 senior posts, 440 were held by acting officers, while already a year later out of 1,498 senior posts, 693 were held by acting officers. The following year the number increased to 696 (out of 1,553) and then in the year after some positive changes took place. In December 2004, out of 1,590 senior civil service posts, only 557 were held by acting officers (Sprawozdanie 2001, encl. 5; Sprawozdanie 2002, 3 and encl. 10; Sprawozdanie 2003, encl. 10; Sprawozdanie 2004, 3 and encl. 14; Raport NIK 2005, 36–51). This was due to the fact that as of 1 July 2004, the five-year transition period providing for specific regulations, concerning the staffing of senior posts, ended. The negative tendencies in the staffing policy were curbed, together with a change of Prime Minister.

2002 marked a violent fall in the number of senior civil service posts to be staffed by way of competition, as it was reduced to a total of 64 posts. During the next year, this tendency was changed and 175 posts were staffed by way of competition and in 2004, the number of posts thus staffed increased to 254 (Sprawozdanie 2003, encl. 16; Sprawozdanie 2004, 14 and encl. 14). In practice, during the Miller

administration, only 20 per cent of senior civil service posts were staffed by way of competition.¹⁶

After the fall of Leszek Miller's Cabinet, due to a wave of political scandals, the mission for a new Cabinet was assigned to Marek Belka. During the tenure of his Cabinet the Sejm passed the Act of 17 June 2005, on the Change of the Act on Civil Service. This Act introduced new regulations providing for obligatory openness of competition procedures with regard to senior civil service posts. Information on the candidates who entered the competition was to be made public (Januszewska and Majewska. *Rzeczpospolita* 2005).¹⁷

It has to be noted that during the post-communists' rule, 1,337 persons were nominated as civil servants, including 163 alumni of the National School of Public Administration (Sprawozdanie 2004, 20 and encl. 8), while 2005 marked a record in the number of the candidates who entered the qualification procedure.¹⁸

6. Civil service under the rule of Law and Justice (PiS) 2005–2007. Amendments to the 1998 Act on Civil Service. The 2006 Acts on Civil Service and on the State Staffing Pool and High-ranking State Posts

The 2005 parliamentary elections brought victory to Law and Justice (PiS) which formed a government coalition with the League of Polish Families (LPR) and Self-Defence of the Republic of Poland (Samoobrona). It again opened up a carousel of

16 It is worth adding in this context that despite an insufficient number of well-qualified servants there prevailed an atmosphere of reluctance towards employing and promoting National School of Public Administration alumni, best exemplified by the fact that in 2002 the graduates of the School did not receive relevant job offers in public administration (see Burnetko 2003, 61–63; Sprawozdanie 2002, 30). A good illustration of this attitude was provided by one of the respondents. *Well, that was really a hard time for me. I started to work at the ministry under the AWS government. I was lucky because next year, when Miller came into power, some of my colleagues were a long time waiting for job offers relevant to their qualification. [...] There was an atmosphere of reluctance towards KSAP graduates, generally. Not to say hostility [...] The previous director of my department was given notice, the new one was politically backed. He favoured his own people. And I felt they were waiting for my mistakes. They let me know I was not trusted. I was kept far from important affairs (UM3).* Another servant put it this way: *In my opinion, during Miller's rule political barriers were created against promotion of people in any way connected with Solidarity or perceived as such as in the case of KSAP alumni. I would say that their school credentials were holding back their careers then. It was clearly visible, at least at the level of ministries. [...] Every ruling party relies on its own cadres (UM15).*

17 The new Act also limited to 14 days the term in which an opinion regarding the nomination of the candidates selected by way of competition had to be given to the Prime Minister by the relevant Minister, Head of central bureau or regional governor. This provision further restricted the prolonged procedures stating also that no opinion was equal to approval.

18 In 2002, 374 persons entered the competition; in 2004–1406 persons and in 2005 there were 4176 candidates (Sprawozdanie 2005, 28). In 2002 nominations were awarded to 291 persons, including 62 graduates of the National School of Public Administration (KSAP); in 2003–447 persons, including 52 KSAP graduates; in 2004–599 persons, including 48 KSAP graduates.

staff changes in state administration. Already the first months of the government showed a clear tendency towards politicisation of the Polish civil service and a return to the discretionary staff selection model. The new Cabinet, under Kazimierz Marcinkiewicz, embarked upon procedures aimed at avoiding competitions for high-ranking posts in the civil service. The venture was explained by the fact that the new provisions were to introduce mechanisms which would allow a flexible and rational staffing policy in public administration. The Act of 10 March 2006, on the Change of the Act of Self-government Employees, the Act on the Supreme Chamber of Control and the Act on Civil Service allowed for civil service posts to be assumed by persons delegated (re-stationed) or transferred in accordance with specific acts to perform duties outside their organisational unit if it was in the particular interests of the civil service. The Act provided further that within a period of three years from its coming into force, civil service corps members who were not civil servants could apply for senior civil service positions.

The Act received a negative opinion from the Civil Service Council and many experts. According to the opinion of the Civil Service Council, the introduction of these provisions violated the constitutional principle of equality, openness and transparency of the civil service recruitment procedure. The critics pointed out that the Act opened up the way for under-qualified persons, with strong political backing, to enter the civil service corps. The opposition argued that the reason for these changes was a deficiency of qualified staff loyal to the PiS and the amendment was written in order to legalise the transfer of President Lech Kaczyński's confidants from the Warsaw municipal council and the Supreme Chamber of Control (Uhlig. *Gazeta Wyborcza* 2006b).¹⁹ At the same time, the PiS dismissed the acting officers because of an alleged lack of qualifications and the political character of their nomination. 14 department directors were dismissed behind closed doors of the Ministry of the Treasury. Similar situations occurred at the Agency for Restructuring and Modernisation of Agriculture and in the Customs service. At the same time, the Minister of Interior and Administration assured, during press conferences, that there was neither a spoils system nor any scramble for power in the government administration (w. *Gazeta Wyborcza* 2006). The Civic Platform (PO) and the Democratic Left Alliance (SLD) brought the new provisions before the Constitution Tribunal.

In July 2006, Jarosław Kaczyński became Prime Minister. On 24 August 2006, the governing coalition voted for two new Acts which changed the system of the civil service. These were the new Act on Civil Service and the Act on the State Staffing Pool and High-ranking State Posts. The first of these Acts basically constituted a renouncement of the basic institutions and procedures within the civil service. It cancelled the Head of the Civil Service and liquidated the office providing attend-

¹⁹ Lech Kaczyński was the Mayor of the City of Warsaw from 2002 until 2005 and from 1992 until 1995 he had been the president of the Supreme Chamber of Control.

ance to the Head of the Civil Service, and the tasks of the Head of the Civil Service as well as the Office of Civil Service were assumed by the Chief of the Chancellery of the Prime Minister with the Prime Minister's authorisation. This move awoke the fears of civil service politicisation.

The 2006 Act on Civil Service maintained the division into civil service employees and civil servants and the qualification procedure for civil servants' nominations was to be carried out by the National School of Public Administration. However, pursuant to the second Act, the State Staffing Pool was established, consisting of Heads of central government administration offices and their deputies, Presidents of state agencies and their deputies, Presidents of Management Boards of State Funds and their deputies, Directors of state organisational units reporting to the Prime Minister, or relevant ministers and their deputies, General Directors of offices or persons in equivalent posts, as well as Heads of departments or equivalent units in ministries and central offices and offices providing services to Chairmen of committees making up the Council of Ministers, the Chancellery of the Prime Minister, *voivodship* offices, state organisational units and their deputies. These posts were to be staffed by way of appointment, as the new regulation cancelled the provisions about competitions for high-ranking posts.

The SSP was comprised of civil servants with at least five years' service, persons who passed the examination to the SSP organised by the National School of Public Administration, and persons who won the competition announced by the Prime Minister. With entry into force of the Act, in the SSP were also included civil servants and individuals who filled high-ranking administrative posts and those who were acting in positions covered under the regulations of the Law. At first, membership in the SSP was to last for a period of five years from the day of entering it; however, it was later extended to ten years.

Pursuant to the discussed Acts, the senior positions in the civil service became political posts to be staffed by appointment and not by way of competition. However, as experts have pointed out, this regulation did not meet the constitutional requirements because it did not introduce any institutional guarantee of staffing competitiveness, professionalism, impartiality or political neutrality (Stec. *Tygodnik Powszechny* 2006). According to the new Acts, the Prime Minister and his ministers were free to nominate their political associates. Substantiating the need for introducing changes, the Law and Justice politicians emphasised that this solution would be a guarantee, not only of the civil servants' competence, but also of their political loyalty, indicating that in the competitions held up to now, in many cases these were fictitious and that there were certain groups of civil servants who had blocked the government's work. They argued further that thanks to the proposed changes, the government would be able to efficiently and effectively realise its programme (pi. *Gazeta Wyborcza* 2006). Analysts, however, warned from the very beginning that, in practice, the adoption of this solution might result in the creation of a class of

political officers pre-disposed to authority and fulfilling the functions of their posts in accordance with the interests of the party, which singled them out (Uhlig. *Gazeta Wyborcza* 2006a). The opposition drew attention to the fact that high-ranking civil servants would be even more dependent on their political patrons and their ability to defend their own views would be weakened due to the fact that they might be recalled at any moment. As one of the respondents, a director of a department in one of the ministries, graphically described: *Now, in essence, at any moment I expect to hear "Get out of here!"* (UM39). Another respondent wondered: *One day you are appointed. And if you do not obey your political master, next day you are recalled. I am wondering how far certain people will go to secure their posts* (UM68). It has been indicated, that the system introduced would create a lack of stabilisation in employment. In the opinion of SIGMA experts "[t]he introduction of a State Staffing Pool and the conversion of senior civil servants into political appointees contributed to a re-politicisation of the civil service and introduced a great deal of insecurity and uncertainty among civil servants" (2009, 74). The critics of the introduced changes have pointed out that the *ad hoc* benefits acquired by Law and Justice in this respect, were only temporary and, after the new parliamentary elections, the current solutions may well be used against their authors. As a consequence, the opposing parties brought both the aforementioned acts before the Constitution Tribunal.

In accordance with the predictions, the liquidation of the employment contests and the introduction of rules for filling the senior positions through the process of appointing individuals from the State Staffing Pool resulted in the strong politicisation of the civil service. The elimination of the contest mechanism for selecting high-ranking personnel and replacing it with the rules of political clientelism, impacted negatively on the quality of work of the administration. As Krzysztof Burnetko rightly noticed, the party politicisation of administrative structures increased an attitude of servitude among civil servants, a lack of initiative and a little-understood legalism (2008, 80–81).²⁰

The press published occurrences of hiring as acting directors, those individuals receiving the support of the governing parties, just before the entry into force of the new law. In this way, for example, three individuals affiliated with the Self-Defence, who were hired in the Ministry of Construction, entered the SSP. As an acting deputy director of the newly formed Department of International Co-operation, the son-in law of the Head of Self-Defence's experts' team was hired, even although he was not a civil service official, and did not possess any experience in

20 Authors of a report on "The Presence of Zones of Corruption in the Management of Polish Governmental Administration", prepared for Ernst & Young, argued that from the perspective of the dangers of corruption, the introduced changes represented a softening of the selection system and there was an increasing inclination of personnel into corruption. They found that the strategy used by the Law and Justice Party, increased external dependence, in particular the political dependence of ministerial civil servants also decreased the ability of the personnel placing system to filter officials who were potentially dishonest and without competence (Heywood and Meyer-Sahling 2008, 46).

the administration. The responsibilities of Director of the Ministerial Secretariat were taken over by the daughter of the Vice-Marshall of the Sejm, replacing a civil service official with many years of experience. In turn, the position of Director of the Public Information Department was filled by a recent assistant in the political office of the Minister of Labour (Grochal. *Gazeta Wyborcza* 2006). One of the respondents expressed the opinion that: *The press focuses on the central administration level. But believe me, what is going on at regional level is even worse* (UW28). A large number of officials, including persons with many years of experience, when asked about an assessment of the consequences of the new legal solutions, expressed the belief that they led to a decline in ethical standards in the administration, as individuals without the support of strong party backing, have practically no chance for advancement in the administration. *Political connections! That's all that counts now as regards staffing senior posts in the civil service. [...] Civil servants should serve the state and not the interests of the political party that appointed them. It will eventually result in a complete collapse of civil service ethos* (UW99). Many respondents expressed the concern that a result of the introduced institutional changes would be the destruction of the civil service system, which has been built over years. *What strikes me most is their lack of respect for the Constitution. With the new regulations, the civil service falls prey to the ruling parties. One cannot talk about an apolitical civil service anymore. [...] Undoubtedly, those regulations hamper the process of the development of an autonomous civil service* (UM36).

According to the Department of Civil Service and State Staffing Pool by the Chancellery of the Prime Minister, from 1 November 2006 until 16 April 2008, in the form of appointing/recalling from office, there were 3,375 changes in high-ranking state positions and within this number, 1,215 ministerial changes (of which 301 were changes in positions of directors of organisational departments, and 230 changes in positions of deputy directors of organisational departments (Ocena funkcjonowania 2008, 18–20). In the period from 27 October 2006 until 15 November 2007, from the moment of entry into force of the Act on State Staffing Pool and High-ranking State Posts until the end of the Law and Justice governments, the number of calls for positions comprising high-ranking civil service posts, in the understanding of the Civil Service Act from 1998, amounted to 2,018 appointments and 682 recalls. In the positions of general ministerial directors, there were 28 appointments and 11 recalls, for the positions of General Directors for central administrative units there were 34 appointments and 10 recalls, and for the positions of General Directors of regional administrative units there were 19 appointments and 3 recalls (Information 2009).

Changes to the Civil Service Act, introduced in 2006, significantly decreased any interest in obtaining the status of a nominated civil servant. In qualification proceedings in July 2005, at the end of the Democratic Left Alliance government, a record number of 4,176 persons took part. In December 2005, 1,498 persons received the nomination of civil servant, with 58 graduates of the National School of

Public Administration. Thus, the number of civil servants increased to over 3,600. However, in July 2006, only 3,455 members of the civil service corps entered into the qualification proceedings and of those, 1,784 received nominations. Along with 61 graduates of the KSAP, the total number who received nominations amounted to 1,845 appointments during that year. A reason for the decline in participation in the qualification procedure became, aside from increased requirements pertaining to foreign languages, the uncertainty caused by the newly-introduced and proposed further changes in the civil service (See also *Sprawozdanie 2005*, 28–30 and encl. 8). A drastic reduction in the number of persons interested in becoming nominated civil servants occurred one year later. Only 718 persons entered the qualification procedure in June 2007, of whom only 159 passed the exam. Including 60 graduates of the KSAP, that year only 219 persons received civil service nominations. One of the major reasons for that serious decline in interest to achieve the status of a nominated civil servant was allowing the taking over of high-ranking positions in the civil service by way of appointment by persons included in the SSP. Another reason for this limited interest was a result of changes announced at this time in the Tax Administration, which involved separating it from the civil service core.²¹

To conclude, it is worthwhile remembering the personnel policies carried out during the period of the Law and Justice governments in the Tax Administration. There was a large-scale change of Heads of the Tax Offices, including known experts, in order to put into their positions, while avoiding qualification contests, entrusted individuals. At the same time, changes were undertaken in the positions of Directors of Regional Tax Chambers. The requirement to carry out contests for the position of Directors of Tax Chambers and Heads of Tax Offices had existed since 2003.²² The regulations of the law, however, allow the possibility of the Minister who has competence on issues of Public Finance to appoint individuals who will serve as acting officials in these positions until a Director of the Tax Chamber or a Head of a Tax Office is appointed, as a result of a competition. The new governing coalition, composed of the Civic Platform and the Polish People's Party (PSL), declared a desire to regulate the personnel situation in tax administration. In order to illustrate the scale of the problem, it is necessary to remember that at the beginning of November 2008, there were 201 out of 401 positions for Heads of Tax Offices waiting to be filled through employment contests. At the same time, 14 out of the 16 Directors of Tax Chambers were serving as acting directors. A portion of these persons had already taken over their positions during the governing period of the new coalition (see Leśniak. *Rzeczpospolita* 2008; Skwirowski. *Gazeta Wyborcza* 2008; Odpowiedź podsekretarza stanu 2008).

21 In the face of uncertainty, employees of the Tax Administration, comprising over 40 per cent of the members of the civil service corps in general decided not to enter into the qualification procedure.

22 Act of 21 June 1996 on Tax Offices and Tax Chambers with later changes.

With the background of negative changes introduced into the civil service during the governing period of Jaroslaw Kaczynski, the introduction of the responsibility to describe and value positions in the civil service deserves a positive assessment as a new tool to manage human resources.

7. The Governments of the Civic Platform and the Polish People's Party 2007–2009. 2008 Civil Service Act

In November 2007, after winning early parliamentary elections, the government was taken over by the Civic Platform and the Polish People's Party coalition. The rebuilding and expansion of the range of activities of the civil service was one of the election promises stated by the Civic Platform. The Party promised to restore a series of critical solutions that were present in the 1998 version of the Act on Civil Service, which included leading to an open and competitive selection of candidates to the public administration, including senior positions in the civil service, strengthening the role of General Directors of administrative units and repealing the Act on State Staffing Pool and High-ranking State Posts, introduced by the previous government.

However, as could have been foreseen, the governing coalition, from the very beginning, made use of the regulations of the current law, in order to get rid of officials who had a political affiliation with the Law and Justice Party and to replace them with their own trusted personnel. As the leadership of specific administrative units comes from appointment of the political opposition, it is easy to suspect these officials of eventual disloyalty to the new government and a lack of competence. Resigning from the practice of employment contests and introducing, in exchange, the principle of appointing individuals to high-ranking positions from the State Staffing Pool, the Law and Justice gave their successors the arguments to change the managing personnel of administrative units and, at the same time, the tools to carry it out. The process of "cleaning up after the previous team" came to be, in many cases, the introduction to positions by their own protégés. Usually, the new political Heads of specific administrative units wish to hire a group of their own trusted co-workers, frequently from their previous place of work. It is without a doubt, however, that those taking over managing positions need time to become integrated into their responsibilities. It happens that they have a completely different conception of government's function from the previous one. Changing the General Director, directors of departments, frequently vice-directors as well, leads to a paralysis of work in the administration. This schematic repeated itself after the government of Donald Tusk took over.

From the moment of taking over power by the new coalition government, that is from 16 November 2007 until 26 January 2009, the number of appointments for high-ranking civil service positions, in the understanding of the 1998 Civil Service

Act, amounted to 655 (preceded by an equivalent number of recalls). However, 15 General Directors of ministries were recalled, and 17 were appointed. Only in 2 of the 17 ministries were there no changes in the General Director position. Simultaneously, there were 11 appointments (and 11 preceding recalls) for General Director positions in regional administrative units (*voivodships*). Only 6 General Directors remained in their positions. Moreover, 9 of the 28 General Directors of central administrative units were recalled (Information 2009).

As already mentioned, in the light of the then in-force regulations, higher state positions could only be entrusted to individuals registered in the State Staffing Pool.²³ The Civic Platform found, in connection with this hurdle, their own method to bypass the need to appoint persons registered in the SSP to high-ranking civil service positions, hiring 4 of the 20 department Heads in the Prime Minister's Chancellery as "managing persons". This type of solution was applied in the Centre of Government Information, the Department of Control and Supervision, the Administrative Bureau, as well the Office of the Agent for Equal Treatment. Hiring persons from beyond the SSP also had its place in the ministries, including the Ministry of Finance, The Ministry of National Education, the Ministry of Infrastructure and Ministry of Sport (*Newsweek.pl*, 2008b; *Newsweek.pl*, 2008a; Grochal and Uhlig. *Gazeta Wyborcza* 2008). Even though the argument was made that it was not possible to find in the SSP individuals with the appropriate qualifications, nothing stood in the way of undertaking employment contests for these positions.

It is worthwhile, in this context, to draw attention to the fact that the number of nominated civil servants is successively rising. Although only 887 persons entered the qualification procedure in 2008, 597 persons passed the exam with a positive result. Nominations were made to 56 graduates of the KSAP. Together, in the years 1997 through 2008, on the basis of regulations in the Act on Civil Service from 1998 and the next from 2006, 6,294 officials received civil servant nominations, of these 716 graduates of the KSAP. 116 persons achieved nomination on the basis of the Act on Civil Service from 1996. Taking into consideration that 233 persons left the civil service, for each high-ranking position in the civil service, there are almost 4 potential candidates from this group (Ocena funkcjonowania 2008, encl. 2).

It should be noted that the government of Donald Tusk led the proposed changes to the Civil Service Act. The project of the Act on changes to the Act on Civil Service was introduced to the Sejm on 30 May 2008.²⁴ In October 2008, the

23 Aside from officials of the civil service and persons occupying high-ranking state positions or those employed as acting officers (in proxy) in these positions at the moment of entrance of the new law in force, there are also those persons who won the employment contest for senior state positions called by the President of the Council of Ministers and those who passed the pertinent exam organised by the KSAP

24 In addition, a new act on Local Government Employees was prepared with the goal of harmonising the solutions from the area of local government workers with solutions required in the civil service.

Sejm approved two new Acts, the Act on Civil Service, which came into force on 24 March 2009 and the Act on Local Government Employees, which went into force on 1 January 2009.

A fundamental change introduced by the new Act on Civil Service pertains to the liquidation of the State Staffing Pool and again, including high-ranking civil servants posts, to the civil service corps.²⁵

The Act returns a central administrative organ of an apolitical Head of the Civil Service who is directly subject to the Prime Minister. However, a separate administrative unit has not been created at his or her disposition. The provisions of the Act are to be insured by the Chancellery of the Prime Minister. A solution that depends on reinstating a Head of the Civil Service should, without a doubt, be understood as a step in the right direction; nevertheless, the lack of a separately operating administration unit at his or her disposal and the dedication of the service to the Chancellery of the Prime Minister appears to indicate a desire to maintain political control over the civil service. Moreover, the Civil Service Council, as an opinion-making and advisory organ, was established by the Prime Minister.

In the new law, the division between workers and officials of the civil service is retained.²⁶ Furthermore, the law introduces an open and competitive recruitment for the position of General Director of administrative units. However, the recruitment of the remaining senior level positions in the civil service is to be made aside from competitive recruitment, through transfer or re-stationing (delegation). In the case of recruitment for the position of General Director of an administrative unit, the recruitment is undertaken by a competition committee that is called by the Head of the civil service. This team is to be composed of at least 5 members of

25 The following positions are again included in the civil service: the positions of General Directors of administrative units, directors of departments and equivalent offices in the Chancellery of the Prime Minister, administration units of ministers, administration units servicing chairpersons of committees entering into the composition of the Council of Ministers, administrative units of central governmental administrative organs, and directors of departments or equivalent offices in regional administrative units and also the positions of their deputies, as well as the positions of regional veterinary doctors and their deputies, those managing organisational offices in the Registry of Medical Products, Medical products and Biocidal Products, and the Office of Forest Seeding, as well as the positions of their deputies.

26 An individual can apply for a nomination to civil servant if he or she is an employee of the civil service, has at least a three-year length of service in the civil service or obtained the approval of the General Director of the administrative unit for entrance to the qualification procedure before the fulfillment of this term, however, not earlier than after two years after having established an employment relationship with the civil service. This individual must also possess a Master's degree and know at least one foreign language from among the working languages of the European Union or Arabic, Belarusian, Chinese, Icelandic, Japanese, Norwegian, Russian or Ukrainian. One can assume that widening the spectrum of qualification languages will result in an increase in the number of individuals interested in participating in the examination. The qualification procedure for civil service employees applying for nomination is led by the National School of Public Administration. Nominations are also achieved, as until this time, by graduates of the KSAP who are exempt from participation in the qualification proceedings.

the civil service corps. In the case of recruitment of the remaining senior positions in the civil service, called by the General Directors of the administrative units, the team is to be composed of at least 3 members from the civil service corps. As a result of the open recruitment procedures, a maximum of two of the best candidates are to be selected, and then introduced appropriately to the head of the Chancellery of the Prime Minister, the appropriate minister, the chairperson of the committee falling into the composition of the Council of Ministers, the Head of the central administrative organ of the governmental administration or the Regional Governor (*voivod*) – in the case of a General Director, and to General Directors – in the case of directors of departments and their deputies in the Chancellery of the Prime Minister, the administrative units of ministers and central administrative units and directors of departments and their deputies in regional administrative offices.

The introduction of qualification contest procedures is undoubtedly a step in the direction of de-politicising the civil service. In contrast, the solution of selecting two candidates, from which the person calling the competition committee arbitrarily chooses a new employee, raises concern of the possibility of a politicised decision. As one of the respondents noticed: *There exists the threat that decisions concerning staffing the posts of General Directors of the offices, will then have a purely political character* (UM70). Even of more concern is the ability to seed the remaining high-ranking positions in the civil service through transfers and re-stationing (delegation). As the authors of the report of Anti-Corruption Coalition of Non-Governmental Organisations (AKOP) on “Realisation of Election Promises Pertaining to Counter-Corruption Submitted by the Political Parties during the 2007 Election Campaign” rightfully notice, with the memory of the lack of a desire by the preceding governments for contests, one can assume that transfers and re-stationing will become the most frequently used form of recruitment to senior positions (2008, 15). This view was also shared by the respondents. *Bearing in mind personnel politics [concerning senior posts in the civil service] carried out under the previous governments, the fear of overusing the solutions that make it possible to avoid contest procedures seems to be justified* (E51).

An especially critical change from the perspective of depoliticising the civil service, introduced by the new Act, is the prevention of the filling of senior posts through acting directors. This form of employment allows for the bypassing of employment contest procedures for recruitment to high-ranking positions in the civil service and has been most frequently used during previous years. Even though recruitment through an open and transparent employment contest increases the transparency of actions of public institutions and insures against politicised personnel, cronyism, nepotism and corruption, it is difficult not to agree with the conclusion of the AKOP’s report, that the proposed changes by the Civic Platform stop half-way, and do not give great hope to a speedy construction of an apolitical and independent civil service (2008, 16).

8. Sources of malfunction in politico-administrative relations in Poland and suitable solutions for personnel policy concerning senior posts in the civil service²⁷

When analysing the processes of institutional changes in Poland after 1989, Antoni Kamiński points to two factors which had a negative effect on the functioning of the public administration (Kamiński 2004, 25–26). One of the basic sources of malfunction lies in the historically grounded domination of private values, which favour informal obligations and reciprocity; as a consequence, the actions of public servants are being affected by outside commitments which rule out a sense of loyalty to the office and orientation towards the public good. This leads to the spread of patronage, cronyism and nepotism, which, at the same time, provides a favourable atmosphere for corrupt practices. This in turn results in the fall of the citizens' trust for their state.

A second source of disruption in the functioning of the civil service is connected with the domination of parliament over the administration, which allows politicians to use their position to influence the administration. Kamiński refers to the research results published by Eva Etzioni-Halevi who demonstrates that the extent of corruption depends on the political manners of the governing elite and the evolution sequences of the political system structures. If the political parties manage to gain a strong position in the governing structures before public administration achieves the sufficient degree of autonomy that is necessary for defining its competences and strategic interests (just as it happened in Poland), we arrive at a permanent and direct interference of political and party interests in administrative decisions (Etzioni-Halevi 1999, 287–304; Kamiński and Kamiński 2004, 262–265). This leads to the strengthening of political patronage and to the colonisation of administration by the political sphere.

The low moral level of Polish politicians constitutes a great obstacle to the effective implementation of the public administrative reform. Due to political capitalism, the political scene has been dominated by informal liaisons which are damaging to the public interest (Staniszki 2000; 2003). The conviction that politics has to serve the common good seems to have been discarded. Politicians often put their own or party interest before the public interest and, as a consequence, the top political class does not have a consistent long-term scheme for domestic policy. Such a situation is also the result of the instability of the Polish political scene and the continuous fragmentation of political parties, which does not provide the proper atmosphere for thinking about broad state-oriented plans (Wesołowski 2004). Most often, these plans are limited to just one term. Politicians do not become preoccupied with the potential effects of blocking necessary reforms or the consequences of solutions inspired by short-term party tactics. Social analysts point out that a lack of

²⁷ A short discussion of these issues was firstly presented in Majcherkiewicz and Gadowska 2005 and then developed in Gadowska 2006.

understanding of the idea of the civil service, and its role in the functioning of modern states, is a considerable obstacle in the building and strengthening of the Polish civil service. The majority of the barriers which inhibit the formation of the civil service result from the conscious conduct of our politicians, because the creation of a civil service is clearly being opposed by those representatives of the political class who are afraid of losing their influence (Burnetko 2003, 75).

Another obstacle in the effective implementation of civil service reform has been grounded in experiences from the communist period. For several dozen years, under the rule of the Polish United Workers' Party (PZPR), the principle of the *nomenklatura* i.e. staffing of public administration offices through party decisions and with party members was a firm practice in the People's Republic of Poland (Górski 2002). At the same time, favouritism, cronyism, and also nepotism in recruitment for work in public administration were socially tolerated as an inevitable phenomenon (Mikułowski 2009). The weakness, passivity and incompetence of the then party-ruled public administration resulted in a lack of social understanding for the role of the civil service as a guarantee for politically impartial administration. In Poland, as in the other post-communist states, the inheritance of the former system of governance has proved very difficult to escape (see Verheijen 2007).

The specific experiences of Poland and other countries from the former communist bloc most importantly call for the selection of the best model of politico-administrative relations, including a personnel policy in the civil service. Challenges posed before contemporary states by such phenomena as globalisation, accompanied by an increase in the scope of tasks performed by modern states, result in a transformation from the classical 19th century model of bureaucracy and career system, in which the work in administration based on a gradual promotion scheme is perceived as a life choice (see Weber 2002, 693–726; 1999, 179–198; 1998), into a new public management model and position system, based on competition and open to managers hired for special tasks (see Hausner 2008).²⁸ Some experts warn, however, that the adoption of the above model may result in the strengthening of the political influence in administration (Izdebski, Kulesza 2004, 275–280). They argue that in the case of a post-communist country such as Poland, where the civil service, for over forty years, was far from political impartiality and consequently lost its ethos, the open system, which favours an inflow of individuals who have never had anything to do with administration into the offices, can increase the danger of politicisation. Although, undoubtedly, the open recruitment system allows a greater elasticity in the search for candidates with sufficient qualifications, the disadvantages of this model are the weak connection of the civil servant with the institution and susceptibility to external factors, which are not always meant to be beneficial to the state. Moreover, Antoni Kamiński points out that the staff fluctuation connected with an administration scheme modelled on private companies, can

²⁸ For a discussion of career system vs position system see Bossaert and Demmke 2003, 27–34.

result in losing the function of the state memory and limiting the time horizon of the decisions. The adoption of corporate models, to some extent, may influence the state's efficacy in a positive way, but it may also result in a certain degeneration of the civil service ethos in favour of a managerial one (2004, 16–17). According to this concept, a civil servant has to be a manager of public matters and achieve the best results with the smallest financial means. It cannot be doubted that the public sector is based on different values, norms and interests than free market private businesses. Thus, a new concept of ethical management in administration gains importance. While it does not reject the achievements of the new public management advocates, it emphasises the necessity of thinking in the categories of social good in the decision-making process, which should speed up the process of restoring public trust for the state (Dębicki 2001; Kudrycka 2008, 286–288). Recent research on civil service reforms in Central and Eastern Europe, 5 years after EU accession, shows that civil servants themselves are closer to the principles of the new public management than to the European *Rechtsstaat* tradition (SIGMA 2009, 65–82). The actual practices of personnel policy, however, suggests that Poland, Hungary, Czech Republic, Slovakia, and to a lesser extent Slovenia, combine new public management principles with politicisation of the civil service (*ibid.*, 77). The senior bureaucracy in Poland is considered to be the most politicised (*ibid.*, 32).

While designing new institutions, one must take into account the importance of common experience and the collective learning process. Common mental models, the cumulated experience of future generations, culturally defined actions, language and behaviour schemes, specific social habits, as well as particular constellations of interests, influence the practical functioning of the adopted formal solutions (North 1998; 1990).²⁹ Culture and informal norms demonstrate the ability to transform the formal rules. For this reason, one must remember that the adoption of certain formal solutions can bring completely different results in different societies. On the other hand, these informal norms keep changing and mental models evolve as a result of the new experiences.

Thus, the building of an efficient and politically impartial civil service in a country, in which for almost half a century, administration was completely dependent on politics and the qualifications of the staff were very low, should rather be based on a classical career model that constitutes a reflection of the normative approach with its attachment to administrative procedures and hierarchy, with formalised recruitment procedures, permanent employment guarantees and an officially regulated system of remuneration. The postulate of de-politicisation contained in this model becomes of special importance.

The solutions contained in the 1998 Act used the elements present in the two primary models for the civil service, with a tilt towards the closed system, which

29 In other words, “the heritage of earlier stages is coded in social consciousness and carried forward” (Sztompka 2005, 216).

created a basis for stable career development, promoting administrative practice, and launched recruitment to senior posts by way of competition, which was open only to civil servants (see Czaputowicz 2005). Undoubtedly, a stabilised employment system for high-ranking officers offers a better guarantee of political neutrality. Moreover, this method of staffing senior posts reinforces the professional situation of civil servants, giving them a better standing to use their expertise to counter unreasonable plans of the government. The 1998 Act on Civil Service was to be one of the fundamental elements of the political restructuring process, which was aimed at creating a firm pillar in the body of civil servants who possess the best qualifications and who act independently of political changes (Jednaka 2000, 117). However, despite that in the declaratory sphere the majority of the governing groupings appeared to share the belief that the civil service was not to serve the particular interest of those currently in power, but the state and its citizens, from the beginning of the enforcement of the law, various gates were used to bypass the employment contests for senior level positions in the civil service. Aside from the employment contests, temporary or parallel solutions were implemented, allowing for the staffing of senior civil service positions with persons from the political reserves of the governing parties. During the government of Leszek Miller the common form was to staff senior civil service posts with acting directors. In the later period, the opportunity to fill higher positions through transfer and re-stationing was introduced. Although, as it was demonstrated in the article, there was a huge system gap between legislative intentions and the practice of staffing policy in the Polish civil service, after over seven years from the introduction of the Act, some positive effects could already be seen, even although the building of the corps was still an unattainable task. However, the introduction of the new Acts in 2006, which reflected a definitely different concept, resulted in squandering the achievements in the field of civil service professionalisation. Among all the ruling parties, only the Law and Justice entered upon open questioning of the political neutrality of officials, resigning from contests and introducing, in exchange, the principle of appointing to high-ranking state positions from persons on the State Staffing Pool list who received the support and trust of those governing. Nevertheless, the Civil Service Act of 2008, introduced by Donald Tusk's government, restores a series of solutions, critical for the development of the civil service that were present in the 1998 Law.

Undoubtedly, in many cases, the employment contests did not fulfil their given function. Irregularities which took place during the contest proceedings for senior positions in the civil service should not, however, lead to the erasure of this idea and resignation from competition as a method of filling high-ranking posts. Only an employment contest system, which is based on objective, meritocratic criteria for the recruitment of candidates to senior administrative positions, can become a

guarantee to protect against politicisation and to realise the constitutional goals of establishing the civil service.³⁰

9. Concluding remarks

Political clientelism, cronyism and nepotism are serious problems in the Polish civil service. It has been demonstrated that politicians misunderstand the idea of the civil service and its role in the functioning of a modern state, as well as in the consolidation of democracy. This fact seems to be a significant obstacle in the process of building and strengthening the Polish civil service. The majority of barriers for the implementation of the civil service system results from intentional political actions. The politicians mount resistance to the building of the civil service, as they are afraid to lose their influence on the functioning of the state (Burnetko 2003, 75). Having said that, one cannot expect an improvement in the administration, without an improvement on the part of the political class.

The governing parties' non-democratic desire to gain control over administration poses the most considerable threat to the functioning of the Polish civil service. Institutional solutions, forming the framework for the activities of civil service, are, without a doubt, extremely important. However, even very precise regulations can be avoided or violated. For the effective defence of the state against attempts to subordinate the civil service by subsequent governing groups, aside from introducing appropriate legal regulations, societal control of the functioning of the administration is necessary i.e. pressure from the media and non-profit organisations, as well as individual citizens (Burnetko 2008, 77–78). A basis for strengthening the civil service may become the social objection to political clientelism in the administration. For this, however, an increase in social awareness of the importance of the civil service to the functioning of the modern state is required.

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30 For an interesting discussion of the problem of politicization of civil service see Rouban 2007.

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Estimation of Corruption and Non-Academic Behaviour in the Romanian Public Sector: Public Administration, Health and Education Sector

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Abstract

Due to the impact corruption has on the political stability and economic development of a country, the quantitative research of this negative phenomenon plays an important role in contemporary economic research. Most studies use national indices in order to analyse corruption. One example is the corruption index, calculated by the International Country Risk Guide (ICRG) and the Corruption Perceptions Index calculated by Transparency International (TI). An important aspect in the study of the level of corruption is choosing the most appropriate econometric models in order to estimate the effects of the corruption on various sectors.

In the study we carried out in Romania, we assess the perception of corruption at the level of important sectors of society, such as local and central public administration and the education and health sector. The results obtained after processing the data series allowed us to make several comments relating to the following aspects:

1. Evaluation of a sector's level of corruption from the perspective of the employees (auto-evaluation of the sectoral corruption level and the dimensions of non-academic behaviour);

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2. Evaluation of corruption at national level and the comparison of the obtained results with the ones reported by Transparency International (TI);
3. Estimations of the effects corruption has on the public sector;
4. Estimations of the quality of the reform process in the local and central public administration and health sector and its impact on the level of corruption.

The data series user for assessing the above mentioned aspects were collected through statistical surveys carried out in Romania between 2005 and 2008. In order to investigate the data series we made use of econometric methods, such as regression models, simultaneous equation models and binary variable models, etc. All of them helped us evaluate the impact of corruption on important aspects related to the selected public sector domains.

In order to guarantee the comparability of the data obtained during the analysis with the data used to measure corruption through the Corruption Perceptions Index, we used the transformation Corruption index (IT) = $2(5 - \text{Corruption index})$.

The corruption index, calculated using the data from the sample and based on the results reported by each of the five institutions, has the following characteristics:

- The corruption index evaluated using the IT scale is equal to a 3.52, value, which is included in the trust interval of the Corruption Perceptions Index calculated by Transparency International.
- The distribution of corruption, defined on the basis of the COR variable data series is a symmetrical one.

There are significant differences between the distributions of the variable used to calculate corruption in different activity fields. Rather similar profiles have resulted in the case of the data series for education and health, as well as for public administration and politics. Moreover, education and health, as well as the public administration and politics register have quite close scores.

1. Research area

Most studies in the field of corruption analysis make use of indicators that are calculated at the national level. Thus, the most commonly used indices are the Corruption Index calculated by the International Country Risk Guide (ICRG) and the Corruption Perception Index, calculated by Transparency International (TI). The study of corruption is based on measurements aimed at determining the level of corruption and identifying the causes and the features of the mechanisms that produce it within the system. The process for collecting the data used to characterise the above mentioned aspects can consider measuring the corruption level from the people's corruption perception perspective or the features of the mechanisms that generate it. It is recommended that the calculated indices be universal and based

on objective statistical measurements. Most indices used, in order to measure corruption, are based on the perception various categories of people have of it. Their objective character may be affected by a series of factors such as mass media press campaigns and political class actions aimed at reducing the corruption in society, etc. The second approach is more likely to be the more precise assessment of corruption, but it is also more difficult to implement due to the great volume of activity and the lack of coherent statistical data for measuring the aspects regarding this phenomenon.

Most studies in this field propose the characterisation of certain national aspects, without taking into consideration the features of corruption from various public sectors. The study assessed important aspects related to corruption, existing in three public sectors: local and central public administration, education and health. The results obtained after processing the data series are aimed at drawing comments regarding the following aspects:

1. Corruption assessment for every considered sector, from the perspective of the employee's perception on corruption (self-assessment at the level of sectoral corruption and the non-academic behaviour dimension);
2. National corruption assessment and the comparison of the results obtained with the ones reported by Transparency International (TI);
3. Estimation of corruption effects on public sector activity;
4. Estimation of the quality of the reform process from the local and central public administration and health sector on the corruption dimension from the sector.

The data series used in order to characterise these four aspects were obtained after statistical surveys carried out in Romania during 2005 and 2008 at the level of the three public sectors. The features of the samples used are presented in the following table:

Table 1
The characteristics of the survey based research

No.	Research activity	Year	Target population	Sample volume
1.	Analysis of the characteristics of the PA reform process in Romania	2005	Town mayors	302
2.	Analysis of the non-academic behaviour in universities from the university centre of Bucharest	2006	Students from the university centre of Bucharest	1240
3.	Service quality and corruption assessment in the PS	2007	Civil servants from the local and central public administration	971
4.	Public health sector reform	2008	Doctors from Bucharest	407

In order to process the data series we used packages of statistical programmes SPSS and Eviews, and methods such as:

1. descriptive statistical analysis;
2. econometric methods as regression models, simultaneous equation models and binary variable models (Logit and Probit).

2. Corruption study

Due to the importance corruption has in assuring the political stability and economic development of a country, quantitative researches in the corruption field play an important role in contemporary economic research. Although there are many important research directions in this field, we will only mention three of them.

Estimation of the corruption level in a country or in certain activity sectors

All over the world, various indicators are being used in order to measure corruption, each of them expressing certain aspects of this phenomenon. We would mention the corruption index calculated by the International Country Risk Guide (ICRG) and the Corruption Perception Index calculated by Transparency International (TI), etc.

Identification of the causes and mechanisms for corruption transmission within an economic and social system

Some of the most important classic papers in this research field were written by Krueger (1974), Rose-Ackerman (1975), Mauro (1995), Tanzi (1998), etc. Literature identifies four categories of factors which directly influence corruption within a system: political and juridical factors, historic factors, social and cultural factors and economic factors. In the category of political and juridical factors we include the quality of the political system, the characteristics of the juridical system (Leite and Weidmann 1999), and most of all, the legislation and the specialised institutions for fighting corruption, the quality of the democratic system, the characteristics of the electoral system, the administrative system's features and the level of administrative decentralisation, etc. Various studies such as those of La Porta (1999), Treisman (2000), etc. highlight the influence that traditions and historical factors have on a country's level of corruption and on the characteristics of the mechanisms that generate and disseminate it. Social and cultural factors play a special role in highlighting the features of corruption in a country (Treisman 2000). At the same time, religious factors play an important role in disseminating corruption within a social system. Economic factors, such as the openness of an economy (for example Treisman 2000, Wei 2001), the dimension of the public sector (Tanzi 1998, Treisman

2000) and the wage level in the public sector (van Rijckeghem 1997), etc. directly influence a country's level of corruption.

Estimation of the economic and social impact of corruption

Another important aspect for the study of corruption related to choosing the most appropriate econometric models for estimating the effects of corruption on certain activity sectors. Among the most important research directions, aimed at estimating the effects of corruption on the economic and social environment, we would like to mention:

- (i) Measuring the effect corruption has on economic growth in general (Mauro 1995, Abed and Davoodi 2000, Krueger 1974);
- (ii) Corruption's effects on the development of various national economic sectors (Tanzi 1998, Wei 2001).
- (iii) The decentralisation process effects on the level of corruption and on the transmission mechanisms of corruption within a system (Shah 2006 etc.);
- (iv) The consequences corruption has on various financing systems in different activity fields, such as the military (Gupta, Mello and Sharan 2001) and on public sector wages (van Rijckeghem 1997);
- (v) The impact of corruption on the industrial policies in a country (Emerson 2002, Bhagwati 1982) and on the efficiency of investments (Sarkar 2001, Mauro 1995)

Most of these papers, which estimate the impact of corruption on certain national, sectoral or regional economic and social aspects, usually make use of the regression models, simultaneous equation models, VAR models and analysis techniques for co-integrated series, etc.

For example, Kaufman, Kraay and Zoido-Lobaton (1999) and Andrei, Matei and Rosca (2008) suggest using the simultaneous equation models in order to estimate the effects of corruption on the processes within public administrations, which are undergoing reforms. In this case, the variables of the model are separated into endogenous and exogenous variables and the parameters are estimated with the two-stage least squares method (TSLS) and the General Method of Moments (GMM). The advantage of this approach, compared to regression models, is that it takes into account the causal relationships that exist between the different variables used.

In Romania, several estimations of corruption and its effects on the public administration reform process have been made (Andrei, Matei and Rosca 2008, Profiroiu and Andrei 2005), as well as estimations of corruption in the Romanian universities (Teodorescu 2008a, 2008b) and the effects of corruption on the quality of financing schemes in various activity sectors (Andrei 2004 and Matei 2007).

3. General aspects related to non-academic behaviour

Within a public institution, a corruption mechanism includes, among many other elements, the staff working in that entity. It is for this reason that within a corrupt system, in which the state's institutes positively respond to the political and economic environment pressure, the political transformations brought about by democratic elections are, most of the time, accompanied by massive changes at the level of the technical staff from the local and central units of the public administration.

We can certainly state that mutations within the public institutions' management are a frequent practice in corrupt systems. The excessive politicisation of the management structures in public institutions favour corruption and indicate the level of a society's corruption.

In order to measure the aspects related to the corruption phenomenon, the questionnaire we used for the staff working in public administration and the health sector included question aimed at assessing the dimension of technical staff changes, based on political criteria.

For example, the questionnaires for doctors and public servants included a series of closed questions which evaluated the following more important aspects aimed at measuring corruption and non-academic behaviour in the public sector:

- changes at the management level, based on political criteria;
- transformations within the public health system that occurred after the local and parliamentary elections;
- the staff point of view on the level of corruption within the system;
- identifying important factors which may contribute to a reduction of corruption in the system.

In order to assess the level of corruption perception in different systems we used measurement scales with five values: value 1 is attributed if the respondent considers corruption does not exist at the level of the analysed sector; value 2 is attributed if corruption exists, but its level is insignificant; value 3 if the level of corruption is moderate; value 4 if corruption is high and value 5 if the analysed sector is characterised by generalised corruption.

4. Aspects regarding corruption in the health sector

In the study we carried out with the staff from the health sector, the following outcomes and comments resulted.

The level of corruption in different domains in the opinion of medical staff with higher education working in sanitary units is presented in Table 2. In order to perform our calculations, we took into consideration only those questionnaires

with valid answers for all five questions. In these conditions, the number of valid questionnaires was 375.

Table 2
Level of corruption in different activity fields

Education	Health	Politics	Public administration	Institution where the doctor works
3,16 (0,975)	3,28 (0,992)	4,29 (0,840)	4,02 (0,866)	2,47 (1,081)

Observation: under each average we wrote in parenthesis the standard error

In order to assure the comparability of the data obtained after our analysis with the data used for measuring corruption with the Corruption Perception Index calculated by Transparency International, we used the transformation: Corruption Index (IT) = $2(5 - \text{Corruption Index})$.

A small value of the IT index indicates a high level of corruption within the system. The values' domain ranks from 1 to 10. The interpretation of the results must take into consideration that in 2007, the corruption in Romania, according to the methodology of Transparency International, was 3.7, meaning it ranked 30 in Europe. The estimated confidence interval for this is (3.4–4.1). In the international chart, Romania ranks 69.

After using the above mentioned transformation, the following results emerged for the sectors taken into consideration.

Table 3
Level of corruption in different activity fields

Education	Health	Politics	Public administration	Institution where the doctor works
3,78	3,44	1,42	1,96	5,06

The corruption index, calculated on the basis of the data from the sample, for the five institutions, has the following characteristics:

- The Corruption Index estimated after the IT scale is 3.52, a value which is included in the confidence interval of the Corruption Perception Index calculated by Transparency International.
- Corruption distribution, defined on the basis of the data series of the COR variable is a symmetrical one.
- There are significant differences between the distributions of the variables used to calculate the corruption in various activity fields. Quite similar profiles are

registered for the data series for education and health, respectively public administration and the political field. Besides, for education and health, as well as for public administration and the political field, the registered values are almost equal (see the graphics in Figure 1).

5. Aspects regarding corruption in public administration

The information collected after the application of the questionnaire, for staff working in public administration, is reflected in a series of aspects related to the level of corruption, the factors that generate it and the economic and social consequences of corruption. The questions from the questionnaire helped us to define two categories of variables, depending on the level of aggregation:

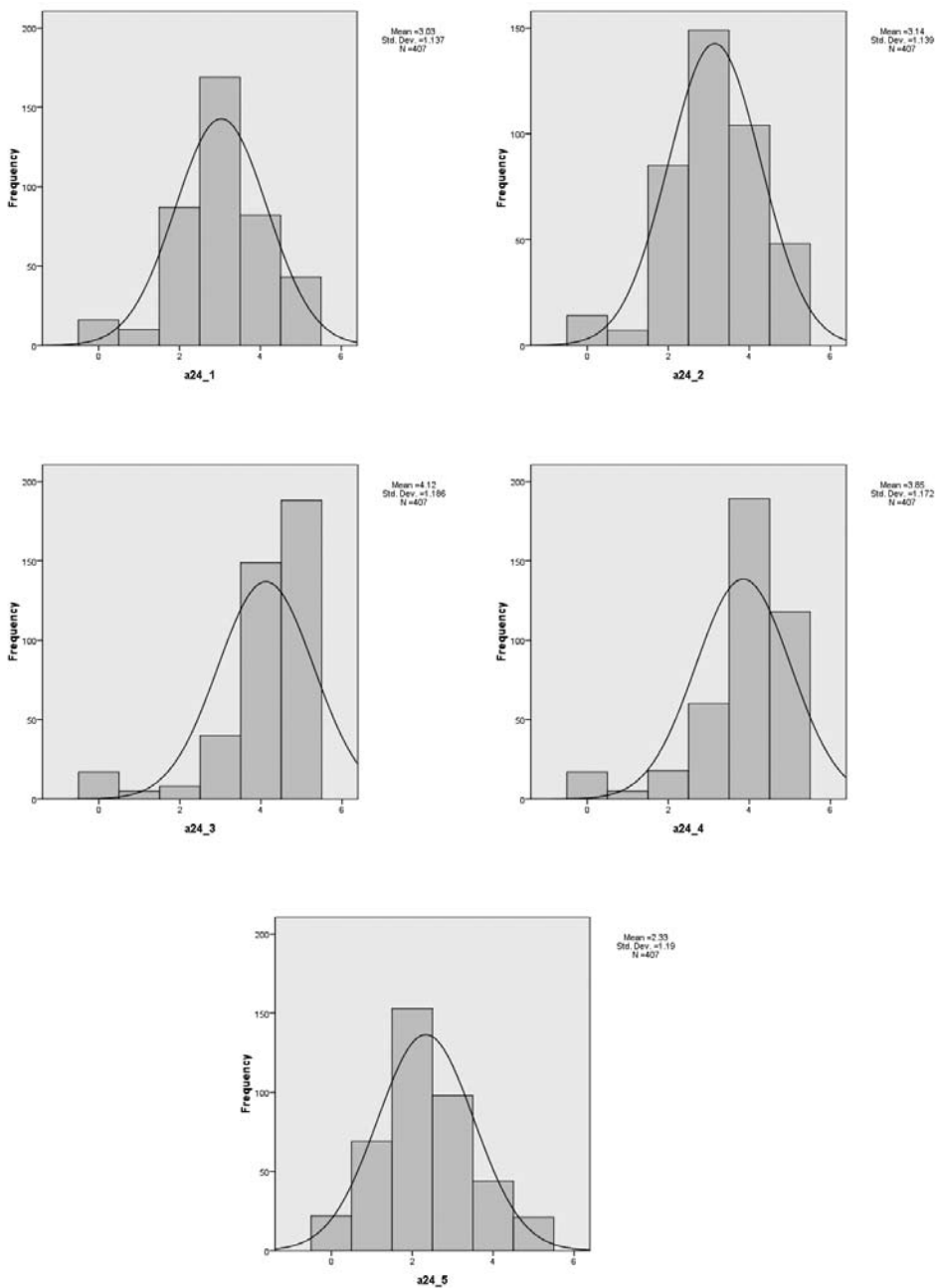
- Primary variables, which are directly defined on the basis of the questions in the questionnaire. These variables usually have at most five values and are used for calculating descriptive statistics;
- Aggregated variables are calculated on the basis of different primary variables, for example, by using the arithmetic mean operator. These variables serve to estimate the parameters of econometric models, which are used to analyse the various aspects linked to the corruption phenomenon.

In order to measure a society's corruption level we defined the aggregated variable C1, which represents the arithmetic mean of the five primary variables used to measure corruption in the education, health and political sectors, local and central public administration and own institution. In order to define the primary variables, a measuring scale with five values was used, where 1 corresponds to a low level of corruption and 5 indicates the existence of generalised corruption. The average level of this characteristic, evaluated on the basis of the data from the sample is 3.20, and the standard deviation is equal to 0.80. In order to assure the universability of this value, we measured corruption using the Transparency Corruption Index (TCI) scale and the following relation:

$$(5 - 3.2) \cdot \frac{10}{5} = 3.6.$$

The obtained value is 3.6 and shows that the estimation is similar to the one obtained by Transparency International. In recent years, the values for the corruption index calculated by Transparency International ranged between 3.2 and 3.6, ranking Romania among the countries with the highest level of corruption in the European Union. In order to assess the opinion of the PA staff related to the negative effect of corruption on the economic and social environment, the questionnaire included a series of questions which helped define the primary variables necessary for quantifying the negative effect of corruption on local and national development, quality of education, public health system, political environment quality, local and

Figure 1
Distribution of answers regarding the level of corruption
from various activity fields



central public administration quality and image. The variable that measures the negative effect of corruption on the economic and social environment is C_2 . This variable is assessed with a scale from -2 which corresponds to a very negative effect of corruption, to 2 , which indicates the situation in which the respondents consider that the corruption phenomenon has various positive impacts on the socio-economic environment. The average level of aggregated variable is -1.06 , which indicated a negative impact of corruption on the economic and social environment in Romania. The standard deviation of this variable is 0.91 .

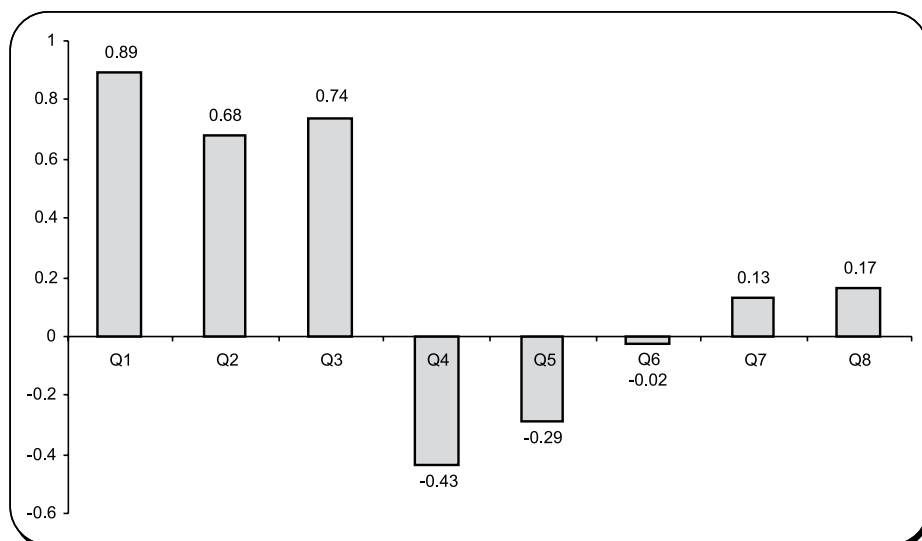
In order to reduce a country's level of corruption, several strategies can be developed, aimed at creating new institutional structures and at improving the legislative framework for fighting corruption, making more efficient the state's structural activities, both by creating at central and local level, efficient institutions, but also by modernising the civil service, creating and developing civil society non-governmental organisations, which support the fight against corruption, etc.

The mass media also plays an important role in the corruption reduction process, by supporting most of the times the improvement of the public decisions' transparency. The cultural factors and the mentalities in a country or in a certain geographical region directly contribute to maintaining the level of corruption.

In order to measure the influence of several factors on the reduction of corruption, several variables were defined on the basis of the questions. These variables quantify the opinion of public servants related to the influence of mass media (Q_1), school (Q_2), Church (Q_3), central level political class (Q_4), local level political class (Q_5), central public administration civil servants (Q_6), local public administration civil servants (Q_7) and citizens (Q_8) on the corruption reduction process. In order to measure the above mentioned primary variables, we defined a scale with five whole numbers, from -2 (corresponds to the case in which the effect of the considered factor does not help corruption reduction) to 2 (corresponds to the situation in which the considered factor highly impacts the corruption reduction).

Based on the above considered variables, an aggregated variable was defined, aimed at measuring the efficiency of the factors in reducing corruption C_3 . The average level of this characteristic is 0.22 and the standard deviation is 0.82 . The average level of this characteristic indicates quite a positive influence of the fighting factors against corruption in Romanian society. The positive influence in fighting corruption is assured by the mass media, schools and church, while local public administration and citizens have a moderately positive impact. On the other side, the central level political class does not at all encourage corruption reduction.

Figure 2
Contribution of various factors to corruption reduction



The perception of the three characteristics is different for the various categories of personnel. These differences are highlighted by using the ANOVA method. The categories of personnel are represented by the following criteria:

- (1) type of institution where the civil servant works (central public administration – CPA, county councils – CC, prefectures – P and decentralised public services – DPS);
- (2) gender (masculine – M and feminine – F);
- (3) staff category (management staff – MS and execution staff – ES).

The results are presented in Table 4.

6. Aspects related to corruption in the education system

In the education field in general, and in the university field in particular, corruption exists if this phenomenon is present within the country itself (Rumyantseva 2005). Corruption in the education system causes a series of problems related to financing and using public money, if corruption exists within ministries and other institutions that assure the administration of the education sector, but it can also directly impact the system of values of young people and on the cultural model within a region or a country, if we take into consideration the corruption acts that directly impact the student. These consequences are difficult to quantitatively express in the

Table 4
The characteristics of C1, C2 and C3 variables

	C_1	C_2	C_3
Institution type			
CPA	3.36(0.82)	-1.08(0.97)	0.22(0.82)
CC	2.97(0.74)	-0.87(0.95)	0.30(0.75)
P	2.98(0.75)	-0.99(0.88)	0.88(0.78)
DPS	3.19(0.80)	-1.13(0.86)	0.21(0.81)
<i>F</i> Statistics and <i>p</i> value	4.863 (0.001)	2.241 (0.07)	-
Gender			
M	3.09(0.74)	-1.04(0.88)	0.25(0.84)
F	3.24(0.83)	-1.09(0.92)	0.20(0.78)
<i>F</i> Statistics and <i>p</i> value	3.496 (0.03)	-	-
Staff category			
ES	3.22(0.83)	-1.10(0.90)	0.80(0.81)
MS	3.11(0.74)	-1.02(0.92)	0.27(0.79)
<i>F</i> Statistics and <i>p</i> value	3.544 (0.06)	-	-
PA	3.172(0.81)	-1.07(0.91)	0.22(0.81)

short-term, but can determine a reduction in a scholar's performance and lower economic competitiveness in the long-term in those areas where corruption in the education system is obvious. According to a study by the World Bank –2003 (cited on Rumyantseva 2005), carried out in Kazakhstan, the correlation between the perception of the quality of the education system and corruption within the education system is -0.27 .

We will present the characteristics of a logistic model, used to identify the factors that determine a student cheating in an exam: i) gender (x_1); ii) level of corruption within the university induced by the professor (x_2); iii) weekly time allocated by students for studying (x_3) and the student's opinion regarding their colleagues' level of training (x_4), iv) quality of the university's didactical activity, appreciated in terms of courses' relevance (x_5) and students' attendance at courses (x_6); v) spending spare time outside the university campus, by taking into consideration the weekly time allocated for a job outside the campus (x_7) and for leisure time activities (x_8); vi) tendency to cheat in an exam by taking into consideration the cheating in exams practice in high school (x_9).

The dependent variable of the model expresses the cheating in an exam by a student who copies from a colleague or uses other sources, excluding the situation in which there is a direct or indirect intervention of the teacher. The information was collected on the basis of the registered answers for the question "Think for a moment that there is no chance of passing a certain exam. In such a situation would you try to copy from a colleague of yours or copy from other hidden sources (scraps or text books)?" This is defined as a binary variable: value 1 equals the situation in which the student's answer is "Yes" and value 0 stands for the situation in which the student's answer is "No" or "I don't know".

The main characteristics of the independent variables mentioned above are the following:

- A. **Level of corruption within the university induced by the professors.** The information was collected after processing the answers to the questions "Did a professor ask for or accept money from students in exchange for them passing an exam or giving them a mark they wanted?", "Did a professor ask or accept money from students in exchange for them passing the admission exam?" and "Did a professor expressly request students to buy a book or textbook he wrote?" Using the three data series, a new variable was defined, as the mean of the values of the three characteristics expressed by each student. The new variable helps measure the corruption component in the university system, which the students perceive as being induced by the professors.
- B. **Students' level of training** is measured using the variables: C1. Number of hours assigned for individual study during weekdays; C2. Student's opinion regarding their colleagues' level of training.

- C. **Quality of didactic activities within universities** is measured using the variables: relevance of university courses for a future career; courses and seminars' attendance defined as a mean of students' responses to the questions "During the academic year 2004–05, how often did you attend the courses at your faculty?" and "During the academic year 2004–05, how often did you frequent the seminars/laboratories at your faculty?"
- D. **Spending time outside the university campus** is quantified using the following dimensions: job outside the campus and how spare time is spent, which is defined as a mean of three variables that express the time allocated for internet surfing, video and computer games.
- E. **Level of cheating exams in high school.** The tendency to cheat in exams during high school is quantified on the basis of the answers to the following questions "In your opinion, what proportion of your high school colleagues used illegal methods in order to obtain better marks?"

The estimations for the logit model and its characteristics are presented in the Table below:

Table 5
The characteristics of the logistic model

Variable	B	S.E.	Sig.
A. Gender (x_1)	-0,0261	0,191	0,172
B. Level of corruption within the university system (x_2)	0,203	0,089	0,022
C. Students' level of training			
C1. Individual study (x_3)	-0,238	0,067	0,000
C2. Students' judgement regarding their colleagues' level of training (x_4)	0,183	0,110	0,097
D. Quality of education within the university			
D1. Courses' relevance (x_5)	-0,224	0,087	0,010
D2. Courses' attendance (x_6)	-0,543	0,164	0,001
E. Spare time spending			
E1. Job outside the campus (x_7)	-0,133	0,044	0,003
E2. Leisure time activities (x_8)	0,268	0,070	0,000
F. Inclination to copy in high school (x_9)	0,268	0,094	0,064
Constant	0,488	0,749	0,515

Using the above results, the followings conclusions emerge: (1) The characteristics that quantify the number of hours assigned for individual study during

weekdays, the courses' relevance and students' course attendance generate a reduction in the probability of cheating in an exam. (2) Students that regularly perform an activity outside the university campus are less tempted to cheat in an exam. (3) On the other hand, leisure time activities, such as parties with friends and time allocated for internet surfing and video and computer games tend to favour cheating in an exam. The more time a student assigns to these activities, the more he tends to cheat in exams. (4) A lack of objectivity in assessing colleagues' level of training determines an increase in the tendency to cheat in an exam. (5) The respondents' gender does not have any significant relevance. However, male students tend to be less willing to cheat in an exam than female students.

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Impact of Decentralisation on the Corruption Phenomenon

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Abstract

The main objective of this paper is to attempt to establish the measure in which the phenomenon of decentralisation has an impact over the phenomenon of corruption. Decentralisation is a complex phenomenon with implications on the social, administrative and political level. According to this phenomenon, the political power is distributed to the lowest decisional level from the local communities. Several times, in anticorruption theories, the decentralisation has been seen as medicine for corruption, a method through which corruption can be reduced, as opposed to centralisation, seen as one of the main causes of corruption. The present paper attempts to offer an answer to this issue.

The methodology refers to the critical analysis of the literature, and various case studies. In the case of analysing the situation of decentralisation in Romania, this paper uses the sociological instrument, the sociological questionnaire.

Concerning the results, the analysis accomplished during this paper has made us consider that in most cases, decentralisation leads to an increase in corruption. The existence of several decisional centres, close to the local communities and the existence of social cultures and ethnic relations, increase the occurrence or the growth of corruption. The political culture represents another aspect that has an influence over corruption and decentralisation.

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1. General aspects

Decentralisation is seen as an indispensable corollary of democracy, having, for the organisation of public administration, the same weight as representative democracy has for constitutional organisation. In fact, the issue of the relations between democracy and decentralisation was quite often under specialists' scrutiny. The territorial citizens' collectivities represent intermediary bodies, interposed between the individual and the central power, determining rules adapted to each geographic frame and personalising state authority, depending on the local problems. Modern society, characterised by contradictions and pluralism, implies a large variety of social behaviour and, therefore, making decisions at the central level is not sufficient, but their adaptation to the local specific is required. In developing countries, the objectives of the decentralisation process are, generally, focused on improving efficiency, equity, accessibility and quality of the services supplied, as well as the degree to which they cover the local needs. In fact, decentralisation is very clearly linked both to economic development and to the democratic governing systems. (Andrei, Matei and Rosca 2009)

Through decentralisation, one aims to improve the performance of a certain service by changing the authority and responsibility between key-actors; the improvement of the informational flow for establishing decisions and assessing performance and the establishment of accountability mechanisms and of motivation modalities for all actors, to be responsible in fulfilling their duties.

2. Conditions of decentralisation

“Decentralisation represents an administrative organisation system that allows human collectivities or public services to self-administer, under the control of the state, which grants them legal personality, and allows the establishment of their own authorities and endows them with the necessary resources.” (Ioniță 2007) At present, there is a global tendency towards re-examining the role of the different levels of governance existing in a country, for the purpose of transferring as many competences and resources to those levels that are closer to the citizen and to involve more consistently the private sector and civil society in the public decision-making process. (Manor 1999)

This tendency, which was felt in the last decade, both in the developed and in the developing countries, manifests as a combination of political, administrative, and fiscal reforms. Political decentralisation (devolution) – the only real one, as the analysts consider – presupposes the transfer of tasks and afferent decisional powers to local levels of government and the implicit limitation of the central intervention capacity. Thus, decentralisation constitutes an important change in the plan of the formal institutions in a state. Fiscal decentralisation presupposes the crea-

tion of mechanisms for the transfer of financial resources at the local level. Many times, it goes hand in hand with political decentralisation, but not always. To try to measure the political decentralisation degree solely through the percentage of public resources spent at the local level is deceiving, because many times, the local administrations simply receive instructions to execute from the centre, precise tasks, sometimes accompanied by resources with this well-defined destination, but this does not mean that their decisional power increases.

Finally, there is a third aspect, called deconcentration: the transfer of tasks from the central institutions to organs subordinated to them, physically located outside the capital (for example, territorial directions and inspectorates of ministries, prefects' offices etc). Strictly speaking, deconcentration is not decentralisation, because it refers only to a reassignment of functions within the central state administration, without affecting the local levels of governance, which are not subordinated to it. "However, in practice, it indirectly affects local communities because decentralisation and deconcentration most often go hand in hand, being able to even have a common legislative ground." (Ioniță 2007)

This global tendency to bring political decisions and the supply of public services "closer to the citizen", according to the principle of subsidiarity, is that in this way, politics will translate more faithfully into public action the real needs of the communities, and the services will be more efficiently supplied. In addition, many times, decentralisation is promoted by its adepts also for the reason that it would reduce corruption in administration, especially due to bringing the decisional act closer to the directly affected community.

But, what was taken for a long time as postulate, proved to be less clear when putting into practice. Decentralisation proved that it can sometimes settle local decision issues, has eased access to information of a local nature, has made certain services more efficient and has made citizens feel politically better represented.

In fact, the impact on the level of corruption is one of the most interesting aspects of the decentralisation process, still insufficiently researched. The promoters of decentralisation usually place the limiting of corruption among the benefits to be expected, this being for them, an argument in favour of speeding up the process. On many occasions, it is believed that the simple transfer of tasks and resources from the centre to other levels of government will settle the issue. But reality has proven to be more complex – many times, decentralisation seems to be accompanied by an increase in the cases of corruption, at least as indicated by anecdotic depositions, as well as by an increase of public concern towards this phenomenon. Some recent comparative studies even reached the conclusion that, in total, more decentralisation means, in fact, more corruption. (Treisman 1999)

3. Decentralisation and corruption

There are many studies that argue that the promise of decentralisation to bring more responsibility and transparency to the political process is difficult to fulfil. If local officials come into contact more often with citizens, this does not necessarily mean that they will better represent their interests, as usually argued. On the contrary: in particular environments, or where a defective public decision-making process is predominant, in fact, the personalisation of interaction is even more encouraged, and the professionalism and neutrality of the public services can be reduced. (Tanzi 1995) Prud'homme (1994) lists several reasons why this is happening:

- the influence of the local groups of interests increases, while in particular societies, these groups control, to a large extent, local public life. The higher degree of influence on political life by the local elite in traditional communities, including vote attendance and the results of the vote, support this idea;
- empirically it is seen that the local elected tend to have been, in general, longer terms, re-elected more often, when the decentralisation degree is higher;
- the pot of the local political game is higher when the control of the resources is decentralised;
- the possibility to control through media disclosures and moral pressure from the public decreases, because the political actors are now much more numerous, and the public's attention is a limited resource;
- the possibility to monitor the central independent agencies decreases. This last point is not a trivial one at all: an analysis of a grant programme for local communities destined for road building, assigned by the Indonesian government to the local authorities, indicated that the audit of the central institutions – even just knowing a full audit is a possibility – discourages fund embezzlement more than the involvement mechanisms of the local community with respect to monitoring the use of the funds, which is a central concept of participative democracy, often encouraged by the international assistance institutions. (Olken 2007) Treisman (1999) supports the above conclusions: he performed a statistical analysis on 85 states, from which transpired the fact that federal states are perceived as being more corrupt than the average. This happens because, generally:
 - they are larger;
 - they tend to have authorities for the control and application of the law placed on several layers, both centrally and locally, hence easier to subject to “asymmetric pressures”; in addition, the jurisdictions overlapping in applying the law create the motivation for “excessive feeding” in extracting undue benefits;
 - they tend to have an upper parliament chamber with veto powers over decisions, which is elected on a regional basis (which increases the probability that local politicians will develop special relations with their representatives at the centre).

“Political decentralisation seems to be a factor of corruption in the economic reform process in Russia, but not in China.” (Ioniță, 2007) The authors comparatively analysed the role of local authorities in the two cases and reached the conclusion that, in China, it was a beneficial role in the industrial restructuring process, while in Russia it was generally negative. Over-taxation, plus abusive and uncoordinated regulations, introduced through a local initiative, would at least be partly responsible for the degradation of the economic environment and the proliferation of corruption in the second case. The difference between the two situations is, therefore, identified by the authors in the political component of decentralisation, present in Russia, but absent in China.

There are numerous other such demonstrations, but given the complexity of the phenomena, weak points can easily be found. For instance, the conclusions of Treisman’s statistical analysis can be overturned by including dummy variables, such as some of those he reports as explanatory factors: the respective size of the state (population); or the existence of local police forces separate from the central force. “If these two variables are taken out of the definition of federalism, then the correlation between it and corruption disappears.” (Lambsdorff 1999) Also, the analysis on the cases of China and Russia ignores the fundamentally different role that institutions with similar names play in the two countries and which have political regimes which are difficult to compare. In China, many trading companies are under the legal ownership of the local authority, including suppliers of social services (kindergartens, schools, households). In this way, they are, in fact, extensions of the local administration. The relationship is completely different between the two actors in Russia, where the local and the regional administration are separate from economic activities, the companies do not fulfil social functions, and the public authority has an interest in exploiting the commercial agents in any way possible. Contradicting Treisman, other statistical comparative studies identify a negative correlation between the level of decentralisation of a country and the perceived level of corruption. Fisman and Gatti (1999) measure decentralisation through the percentage of public resources spent by means of the local budgets (fiscal decentralisation), and for corruption use three sets of data, all results of perception surveys. The authors say that their results show that the decentralisation of public expenses significantly correlates with a lower level of perceived corruption, even in conditions where the influence of other factors, such as those mentioned by Treisman, is controlled. Huther and Shah (1998) have also performed a trans-national statistical study and their conclusions converge with Fisman’s and Gatti’s: fiscal decentralisation seems to be associated with better governance, understood as citizens’ political participation, the transparency of public institutions, social equity and a lower level of corruption perceived by the public. The assignment of resources tends to be better in the long-term, especially in developing countries, where centralisation was especially disadvantageous for the financing of the social sectors, such as education and health (where corruption, although present, usually takes more benign forms).

So, there are at least as many counter-examples to the cases mentioned in which the transfer of the decision and resources at the local level actually increases transparency and makes the political system more accountable towards the citizen. Political competition encourages innovation and transfer of good practices, and, at least in some fields (although not in all), the citizens are truly better informed with respect to the public matters of local interest. Hence, it is possible that what seems at first as a proliferation of corruption generated by decentralisation is only an increase in the public's interest and the general familiarisation degree with the political mechanism.

Crook and Manor (2000) studied the situation closely in India, Bangladesh and Ghana and reached the conclusion that "the localisation of the decision has led to an increase in concern regarding public matters, which also increased the frequency of reporting acts of corruption, hence distorted the perception measurements made through opinion surveys. In fact, the authors indicate that the total resources controlled through obscure means, by a small number of persons with influence in the administration, have decreased, but that before decentralisation, these persons were not very visible at the local level."

It is true that decentralisation increases the number of decisional centres and makes direct monitoring more difficult. However, on the other hand, it diminishes the benefits associated with the act of corruption, by reducing the number of persons involved in a certain decision, which reduces the number of "thresholds" that must be overcome through dishonest means. Analysing all these factors, Wildasin (1995) concludes "that the local officials who have well-established duties are less likely to engage in acts of grand corruption, unlike the large, non-transparent central bureaucracy." He even launches the idea that decentralisation, in general, reduces the level of corruption, unlike deconcentration, which can increase it.

In short, there is a long list of factors that might act on the relation between corruption and decentralisation, in both directions. On the one hand, decentralisation may lead to a reduction of corruption because:

- the locally-elected know better than those at central the real needs of the community, hence, it is less probable for them to act simply as performers of duties indicated from the centre, whose utility they doubt (fertile ground for cynicism and corruption);
- on the contrary, in certain conditions, citizens know more about the decision-making process and become more involved;
- competition occurs between the local administrations: through the quality of the package of taxes and services supplied (in principle, the citizens being thus able to move in order to opt for the package they agree with the most); through the image of local governance, moral pressure is exerted for the most corrupt administrations to act, in order to remedy the situation;

- promoted in a judicious combination with deconcentration (but, most often, to the detriment of the latter), decentralisation may lead to the limitation of the action power of the bureaucratic extensions of the central government in the territory – usually, the most opaque and non-responsive part of central administration.

On the other hand, decentralisation may lead to the proliferation of corruption because:

- where the costs of information and civic participation are high, and tradition in this sense is weak, the citizens may know more of what is happening at the centre than at the local level; the few existing civic competences focus in this direction;
- an increase in the decisional centres, correlated with the inexistence or weakness of the horizontal control mechanisms between public institutions (horizontal accountability), may encourage discretionary behaviour and breaking of the law by local political elites;
- where there are several levels of intermediary governance between the centre and the local communities (regions, districts etc.), an adequate balance of power is difficult to achieve between all administrative levels of the state, such as the intermediary levels to not abusively exercise the newly obtained powers to the detriment of the local administration at the base (the actual local authority);
- where a chamber of the national parliament is elected on explicitly territorial principles (to represent regions, districts etc.), and these circumscriptions coincide with strong intermediary levels of governance, there is a high chance that obscure interest coalitions form between the regional leaders and the central representatives.

The fundamental issue posed by “adequate” decentralisation in the political plane is, therefore, that a level of governance too close to the citizen may be more easily confiscated by illegitimate influences. More than two centuries ago, James Madison clearly expressed this idea (Ioniță 2007):

The smaller a society is, the fewer will probably be the distinct factions and groups of interests that make it up; the fewer these groups are, the more frequent a majority of the same faction will be found; and the smaller the number of individuals making up a majority, the easier it will be for them to coordinate, in order to put into application their oppression plans. Enlarge the sphere and include a higher diversity of factions and interest groups; in this way, you make it less probable that a majority unites around a common cause and breaches the rights of other citizens; or, if such a cause exists, it will be more difficult for those joining it to discover their own strength and to act together. (Federalist Papers, no. 10).

In continuing Madison's observations, recent studies show how, for instance, decentralisation of the decision-making to the local authorities in India has strengthened the traditional power structure of an insufficiently modernised society (Bardhan and Mockerjee 2002). Thus, the local elites obtained a formal instrument, through which they institutionalised their, until then, informal domination over the community, gaining, in addition, supplementary resources they can control in order to strengthen patronage and social control networks. These unwanted evolutions at the local level must, however, be put in balance with the other tendency, just as damaging, of the central bureaucracy to create obscure assignment mechanisms by means of which considerable public resources are misappropriated for the benefit of several well-connected groups or individuals. Probably the worst thing that can happen, in fact, in a society, is for the two tendencies to potentate – and not cancel – each other. The interesting thing to know in this case is when and why this is happening. Bardhan and Mockerjee are concerned, especially with the complex movement of these contradicting tendencies in particular circumstances (different states in India). Not at all surprising, the connection they find between decentralisation and corruption is an ambiguous one.

The idea is not a surprise. In order for the potential benefits of decentralisation to be achieved in practice, a reasonable level of transparency and accountability is necessary from those locally elected, together with a reasonable level of interest and competence of citizens. Civic involvement, even at a minimal level, presupposes the payment of certain costs of information and coordination of public action. According to Putnam, certain institutional arrangements are better than others, because they reduce these costs. The state-towns in northern Italy, unlike the communities in the south, have developed in the 11th and 12th centuries, promotion mechanisms of strong civic accountability, which proved to be a winning scenario in the long-term, which explains the differences in the quality of the governance perpetuated up until today.

In general, it is a matter of establishing contractual-type relations between leaders and citizens, relatively free and equal access to public information and decisions and transparency in using common resources.

4. Decentralisation and corruption in Romania

The decentralisation process represents a direct effect of globalisation in the public sector (Matei and Matei, 2007). Several specialised papers and studies have already approached the connection between decentralisation and corruption. Without ignoring Rose-Ackerman's contributions and other outstanding contributions, the core ideas of our brief analysis take into consideration a recent study presented in The Policy Research Working Paper Series, by Shah (2006). For Romania, Andrei, Matei and Rosca (2009) completed a relevant study.

In Romania, public administration reform in the area of decentralisation and devolution includes three major elements: continuing decentralisation by the transfer of competences and administrative and financial responsibilities from central to local public administration authorities; continuing the devolution process by delegation of responsibilities in the territory, depending on the needs at the local level, within the same administrative structure (the devolved services are subordinated to the ministry that delegated the responsibility); transforming the devolved services in the territory, depending on citizens' needs, into decentralised services under local authorities' responsibility. It is unanimously recognised that the decentralisation process and corruption could determine significant negative effects on the economic and social level, on medium- and long-term.

Andrei, Matei and Rosca (2009) carried out a study aimed at determining some characteristics of corruption in local public administration. The research was achieved on a representative sample of mayors of Romanian localities during November–December 2005.

In order to create the sample, a cluster-type technique was used, the volume of the sample representing 9% of the total population of mayors. All mayors from seven counties were interviewed; the counties were randomly extracted. The error for estimating the parameters at the reference population level is plus/minus 1.2%.

The questionnaire comprised questions on measuring the mayors' opinions about actual issues concerning public administration reform, namely: civil service management, civil servants' in-service training, local public administration reform by continuing the decentralisation process, ensuring the training of elected officials on topics specific to local public administration, corruption, changes in the technical body from administration under the pressure of the political factor and quality of communication in the reform process etc. We will use the database from the prospect of analysing the characteristics of corruption phenomenon in local public administration and identifying some characteristics of the decentralisation process. A logistic model will be defined for corruption analysis. The analysis on the database aims to identify the mayors' position related to corruption in local public administration, thus estimating the amplitude and causes.

Within the framework of the study, based on the data recorded for the sample, the corruption phenomenon is signalled especially by those mayors who consider citizens to be directly involved in relevant decision-making at the community level. Thus, Pearson's correlation coefficient between the two variables is 0.315, significant for a threshold of 1%. This characteristic emphasises the direct cause for the occurrence and maintaining of corruption phenomenon, namely a lack of transparency in decision-making in public institutions from local public administration.

In the context of decentralisation, the study states: "corruption, together with other factors contributes directly to a low quality of service provision by a local public administration". The study defines the derivative variable: "Extent to which

local public administration achieves its core functions” (Q5), as the average of four variables, defining core functions: a) administrating and managing public goods and funds at local level (Q1); b) ensuring basic services at local level (health, social security, education, culture, military etc.); (Q2); c) prognosis and economic-social development (Q3); and d) organisation (Q4). In order to quantify the mayors’ opinions related to the extent to which local public administration achieves its core functions, a scale of ordinal measure was defined with the following items: 1 – very low extent, 2 – low extent, 3 – great extent, 4 – very great extent. Table 1 presents the characteristics of the four primary variables and derivate variable.

In the current study on decentralisation, the mayors’ visions are that local public administrations can fulfil their core functions only to a low extent; the less favourable situation is the low capacity of prognosis and economic-social development at local level, and ensuring basic public services. The low capacity of local administrations in basic service provision is determined directly by inadequate administration and management of public goods and funds at the local level (Pearson coefficient is 0.549) and low organisational capacity (0.563).

Table 1
Characteristics of the variables Q1 ... Q5

Variable	Average	Standard deviation	Matrix for correlating the primary variables			
			Q1	Q2	Q3	Q4
Q1	2.79	0.701				
Q2	2.38	0.755	1	0.549*	0.317*	0.521*
Q3	2.27	0.798		1	0.534*	0.563*
Q4	2.70	0.779			1	0.515*
Q5	2.53	0.600	•	–	–	–

* Significant value for a threshold equal to 1%.

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Challenges Associated with Administrative and Professional Accountability in the Turkish Educational System¹

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Abstract

The Turkish national educational system has long been criticised for operating inefficiently and ineffectively. The Turkish Ministry of National Education (MEB) is, in fact, at the heart of the problem. Its critiques charge that the MEB has a cumbersome, centralist and inefficient organisational structure and that main policies, decisions, and operations of the MEB lack due levels of openness and accountability. Besides, the performance of the public school system in the country, generally speaking, has yet to meet the expectations of the main stakeholders in society.

While there have been a number of changes in the national educational policies and practices in the country, the public and its representatives are yet to be given a more complete picture regarding the impacts of the recent reforms vis-à-vis the management and performance of the educational system as a whole. One aspect of the recent debate relates to the accountability policies and practices in the Turkish educational system and is the topic of the current paper. This paper thus aims to join the debate about the most recent changes and challenges regarding accountability and performance in the Turkish educational system and services.

The paper first touches upon the importance and types of accountability in the public administration context. Then it attempts to identify and discuss the overarching characteristics of administrative accountability and professional accountability

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in the Turkish education system. Finally, the authors speculate about whether and how a 360-degree accountability system for performance can be made possible in the national education system in the country.

Introduction

The Turkish Ministry of National Education (MEB) has about 57.850 schools, 19.936.000 students and 735.000 teachers. The budget of the Ministry corresponds to around 11 % of the Central Government's Budget (MEB 2008). The ministry has 17 general directorates, 10 central departments and 6 advisory and inspection units. The central organisation of MEB can be imagined as a *gigantic tree* with multiple branches coiling around each other. This makes one wonder whether and how the educational system and services in Turkey can function effectively and efficiently to meet the citizens' performance expectations. In fact, performance of the public school system in the country, generally speaking, has yet to meet the expectations of the main stakeholders in society.

The MEB has long been criticised for and suffering from organisational and functional problems. Its critiques charge that the MEB has a cumbersome, too-centralised, inefficient, and ineffective organisational structure and that main policies, decisions, and operations of the MEB lack due levels of openness and accountability (Fretwell 2001; Özdemir 2007; Şahin and Şimşek 1996).

While there have been a number of changes in national educational policies and practices in the country, the public and its representatives are yet to be given a more complete picture regarding the impacts of the recent reforms vis-à-vis the management and performance of the educational system as a whole. One aspect of the recent debate relates to the accountability policies and practices in the Turkish educational system and services. It is the topic of the current paper. Our paper thus aims to join the debate about the most recent changes and challenges regarding accountability and performance in the Turkish educational system and services.

In the following pages, we will first briefly mention the importance and types of accountability in the public administration context. Then we will identify and discuss the overarching characteristics of administrative accountability and professional accountability in the Turkish education system. Finally, we will speculate about whether and how a 360-degree accountability system for performance can be made possible in the national education system in the country.

1. Accountability in the Turkish Educational System

In the public management context, accountability means that public organisations and public servants should ultimately be answerable to the public through their representatives for their actions and decisions. Many different mechanisms can be

used for accountability such as review by courts, inspection by a special board or commission, and scrutiny by a parliamentary committee or investigation by an ombudsman (OECD 1999, 12).

As Cendon (2000) noted, different scholars have used in their analyses various categories of accountability ranging *from* “administrative”, “legal”, “political”, “professional”, and “moral” *to* “hierarchical”, “legal”, “professional”, and “political”, *from* “hierarchical”, “personal”, “social”, “professional”, and “civic” *to* “parliamentary control”, “managerial accountability”, “judicial” and “quasi-judicial review”, “constituency relations”, and “market accountability” (see also Pawlowska 2008; Robertson and Acar 1999). In this paper, we will examine the accountability challenges in Turkish Education System from the perspective of “administrative accountability” and “professional accountability.” We will then discuss the potential for a 360-degree accountability system in Turkish educational system.

1.1 Administrative Accountability

Generally speaking, administrative accountability has two dimensions: vertical and horizontal. In the vertical dimension, administrative accountability links inferior administrative positions with superior political or administrative ones. In the horizontal dimension, not only other external organs of supervision and control such as inspection bodies, audit organs and ombudsmen exist for administrative accountability, but also citizens as the potential or concrete users of public services do (Cendon 2000).

The supervision sub-system within the Turkish Education System consists of two categories: Authority of Supervisory Board (Central), which is directly attached to the Minister, and Primary Education Supervisory (Provincial), which is attached to Governor, through the provincial director of national education. Supervisors mainly conduct supervision, assessment, examination and investigation in schools and take the necessary measures in order to remedy any deficiencies and defects determined during inspections (Eurydice 2007, 224).

The ministerial supervisors generally supervise upper-secondary education institutions while primary school inspectors supervise people and processes in, amongst others, public pre-school educational institutions, primary schools, and special education institutions, as well as private educational institutions and complementary classes and courses at primary and secondary levels of education. The major functions of the primary education inspectors are guidance and in-service training, inspection and assessment, research, and investigation (Eurydice 2007, 224).

Given their mandates and responsibilities, the number of inspectors is really insufficient (TED 2007, 68). There are approximately 400 Ministry-level Inspectors (Eurydice 2007, 42). They inspected 436 high schools out of 8,280 (or around 5 % of all high schools) and 4,627 teachers out of 191,041 (or around 2 % of all high school

teachers) in 2008 (MEB 2008, 55). By looking at these numbers, one might claim that many high schools enjoy a long period of time without experiencing the hassles associated with supervision/inspection, while some teachers working therein retire without any serious supervision/inspection! There are approximately 3,300 primary school inspectors who are responsible for supervising 37,693 pre-schools and primary education schools and 456,271 teachers (MEB 2008, 55). Furthermore, “old inspection forms and formulas” for teachers and school administrators are still being used by those inspectors, despite the fact that a new curricula has recently been developed for primary schools, aiming to emphasise the need for “new competencies” for teachers and school administrators. Perhaps, that is why Bursalioglu (2002, 130) stated that supervision and inspection units are the most conservative and out-dated units in Turkish Education System.

There are some other inspectional problems as well. Most inspectors are selected from senior teachers with 8–10 years of experience in teaching, after successfully passing a written exam and an interview stage. The would-be inspectors are not required to have a university degree or a certified training on supervision and inspection per se. They are given some sort of in-service education by the Ministry after they start working as inspectors. Akbaba (1997) concluded that teachers in Turkey feel that supervisors are more concerned with strict control, investigation and inspection rather than guidance and improvement. Besides, the teachers held the view that supervisors employ arbitrary methods and do not follow the supervisory guidelines. A report by the Turkish Education Association (TED) pointed out that control and formal inspection weigh more than guidance and developmental activities in the educational evaluation and supervision carried out by education inspectors (TED 2007, 67). The preferences and opinions of the other stakeholders (students, parents, etc.) are not sufficiently taken into consideration. In the report, entitled *The Problems of Primary Education in Turkey* (TED 2007, 70–71), 71 % of teachers believe that the evaluation system does not function properly and 85 % of teachers think that the evaluation system must be reorganised in respect of the principal of educational guidance.

Generally speaking, in *accountability sideways or horizontally*, organisations are largely responsive to the wishes of their members and report to them (Mahony 2000, 145). It is safe to say that in the Turkish Educational System the perceptions and evaluations of parents, students, and teachers on the school’s operation, achievement and performance are not collected and utilised systematically. Only inspectors or superior managers who might be able to observe and evaluate the school for a very limited time have the determining authority as to how well that school functions. Besides, reports of the inspectors on schools are not open to the public, despite the fact that today’s advanced information and communication technologies make it a lot easier to be open and transparent if the authorities choose to be so. Instead, those reports are treated with a strict formality and confidentiality, and thus end up being too limited in terms of their access and usefulness.

Lack of openness and transparency is another factor for insufficient citizen participation and ineffective accountability mechanisms. Openness and transparency have an instrumental role in enhancing accountability of both the business and government sectors (OECD 2003, 14). Openness makes the administration available for outside scrutiny (OECD 1999, 11) while transparency means that “*letting the truth be available for others to see if they so choose, or perhaps think to look, or have the time, means, and skills to look.*” Yüksel (2005, 7) underlined that the intensive culture of secrecy in Turkish administrative system contributes to, if not causes, the unethical behaviour of public officers and transgressions of the rules and laws. He emphasised the importance of transparency for more effective accountability in public organisations. However, budgets and expenditures of the central and provincial education authorities and schools are not open and transparent enough in Turkey despite the fact that the majority of the educational organisations and schools have their technological facilities and websites in place. Erçetin (1998) found in her research that in the view of school administrators in Turkey, parents’ interest in schools and their participation in school activities are insufficient. We think that one of the major reasons for this insufficient public participation and support to the public schools in Turkey is the opaque and secretive tendencies of schools and educational authorities rather than the existence of disinterested parents.

Ryan (2004) suggests that schools should practise democratic accountability by way of adopting democratic evaluation approaches involving the communities within which they operate and survive. School personnel and major stakeholders should build a community that will join together in evaluating how well the current policies and school programmes are implemented. Moreover, they should produce critical reflections regarding possible claims, even complaints, vis-à-vis unequal distribution of financial and human resources across the schools. She also proposes that evaluators can serve public interests in at least two ways. First, they can keep the school and community focused on examining the strengths and possible means of improving the school playing an external role as evaluators and meta-evaluators. Second, they can help the community develop self-monitoring, making knowledge about education accessible and widely circulated within the public discourse.

Internal auditing, as a new supervisory mechanism, has been established recently in Turkish Education System. Internal auditing as a tool for providing internal accountability has been used effectively for years in many European countries. The Internal Audit Coordination Board in Turkey, affiliated with the Ministry of Finance, was established via article 66 of Public Financial Management and Control Act (Law No. 5018) which has entered into force on 24 December 2003. The act sets major arrangements related to budget and financial management of public sector institutions. The arrangements also bind the MEB (Eurycide 2007, 27). Therefore, Internal Auditing Unit was established in MEB. However, the roles and authorities of MEB internal auditors are not at all clear and internal auditing is not operating effectively. Yaman’s field research (2008) revealed that managers and internal

auditors of MEB indicated that they had medium adaptation about the application standards of the internal audit model, where more time and efforts are needed to implement fully all the features of the Act.

1.2 Professional Accountability in Education

Professional accountability requires a set of norms and practices which have technical and ethical dimensions such as criteria which govern the attitudes, behaviour and performance of members of the profession. These criteria are integrated in the organic structure of public administration. Therefore, members of the professions are also compliant with the normative set embedded in public administration. However, the primary criteria for their professional accountability are their behaviour and performance coming from their professionalism (Cendon 2000).

Educational accountability in Turkey at the central, provincial and school level are generally employed in a traditional context which is very linear, unidirectional and upwards. The implementation of accountability in that way reflects on educational staff's understanding, attitudes and behaviour. The findings of the research on English and Turkish teachers' conceptions of their professional responsibility – a comparative study – by Karakaya (2004) revealed that in Turkey, teachers feel responsible to students, parents, and head and teacher colleagues for more limited and more classroom (subject)-focused actions and teaching than their English counterparts. The reason for this difference could be rooted in the tradition of central control in Turkey and the fact that Turkish teachers' duties are strictly defined by the Ministry of Education. The research also showed that Turkish teachers generally feel accountability to their superiors, while their English colleagues feel accountable more to their students, colleagues, parents and the school.

Weak professional accountability, including unclear ethical codes, could lead to some unfair practices. In recent years, some studies focusing on Turkish students' perceptions about the Turkish Education system have been conducted. For instance, Akengin (2008) found that half of the students in Turkey believed that children suffered injustices. Aydogan's (2009) findings indicated detailed results on unfairness in schools: students believed that their friends whose parents have economically better conditions, or whose parents were friends or relatives of the teachers, or have similar political opinions with the teachers are favoured by the teachers.

The Turkish Education System also suffers from the incapable educational administrators and inspectors. Needless to say, the low-capacity educators negatively affect the whole system's performance. In order to train and educate more capable educational administrators and inspectors, the National Education Academy was established on paper in 2005, but the legislation establishing the Academy has not been fully implemented. There has been no official announcement at Ministry level as to why the academy has not yet been activated. One might speculate that the lack of a proper and practical approach to the National Education Academy speaks

loudly about the significance of the need for improving professional accountability in Turkey.

1.3 360-Degree Accountability

With 360-degree feedback as a performance evaluation system, an employee's performance information is gathered from not only his/her superiors but also from himself/herself, subordinates, peers, customers and suppliers (Dessler 1999). Therefore, 360-degree feedback allows everyone to see how his/her effectiveness as an employee, co-worker, or a group member is evaluated by others. To make the 360-degree feedback more effective and useful, it must be based on the behaviour that other employees observe (Heathfield 2009). 360-degree feedback applications, indeed, could be used to foster accountability in different types of organisations. While Atwater (1998) notes that some companies, such as NORTEL and Texaco, used this process to promote accountability, Behn (2001) discusses the ways on how 360-degree feedback can be used to improve performance in public organisations.

The Turkish Ministry of National Education planned to evaluate school administrators' and teachers' performances using the 360-degree performance evaluation system, but it has not yet put this into practice (MEB 2006). The reasons for that could be: the strong objections by some education unions to similar implementations such as total quality management at schools; potential resistance of the school personnel who have been accustomed to being evaluated traditionally for years; possible injustice in the evaluations of some evaluators based on nepotism, cronyism, and patronage. These, and similar factors, can be considered as really important and must be changed for the better. On the other hand, such an evaluation system, which does not cause cuts in wages or similar disadvantages for personnel, but provides organisational and individual development giving useful feedback within democratic processes can be functional for schools.

Few research studies have been carried out on 360-degree evaluation in education in Turkey. Bülbül (2006) discovered that school libraries are not regulated and developed sufficiently by school administrators, based on the students' perception on school administrators' performance. Students are the first stakeholders who benefit most from the school services. Thus, their evaluations must be taken into consideration when making a school development plan.

There are some other reasons to establish multi-directional accountability for schools. In today's rapidly changing context, schools are obligated to establish cooperation with other institutions from different sectors. In such partnerships, hierarchical and unidirectional accountability does not function normally and properly. According to a research on public-private partnerships, the roles and functions of accountability, as perceived by practitioners, are increasingly organised on the process of continuous learning and mutual adjustment. Besides, public managers need to integrate accountability with strategic management. Therefore, they may

find ways in which to respond to accountability pressures and transform them into management strategies (Acar et al. 2008).

As schools have more autonomy and power in decision-making, therefore more responsibilities, school principals must be well prepared to lead and manage the changes, addressing the needs of the pupils by planning appropriate learning strategies in the context of continuous transformation of the school. Furthermore, their responsibility is increasing to establish more permanent and firm relations with families and communities for providing a funding source, especially in developing countries where very limited sources from the central budget are allocated to schools. In order to achieve this, politicians, school principals and teachers should encourage and provide meaningful parents' participation in school management (World Bank 2005, 197).

It can be said that the current regulation on Teacher – Parent Associations aims to promote the involvement of parents in schools. However, Çelik (2005) found that family-school relations are not at a satisfactory level. Parents are interested in their children's course achievements rather than social and emotional attitudes and they negotiate with the school only when there is a problem about their children. The results of Kaya's (2002) study indicated that although parents were open to collaboration and support for pre-school education institutions, their participation was not fully realised. Only a few schools organised training activities for parent education. Karayaman (2007) concluded that there is no study aiming at school-family co-operation in Primary School Social Sciences Course Education Programme applications. The current state of inadequate co-operation between school and families in Turkey can be attributed in part to the fact that public schools in the country do not consider themselves accountable to parents and the community within which they live. Alternative performance and accountability systems can be useful to make schools more responsive and feel more responsible and accountable to the people and institutions in their environment. However, when it comes to education, we should not forget the responsibilities of the others as well. Sullivan (1973) underlined that education is the primary business of not only the educators, but also of all society. Although we might easily blame the educators for the failures of the educational system, the responsibilities of other stakeholders, including governing politicians and bureaucrats, should not be forgotten, especially during times of crisis, when educators are not provided with adequate resources.

In Lieu of a Conclusion

The Turkish Education System is suffering from many organisational, political and administrative problems. It is not sufficiently effective to meet public expectations. Students usually fail to achieve high national and international standards in exams. In fact, the MEB is at the heart of these problems with its cumbersome, central-

ist and inefficient organisational structure. Besides, the Ministry lacks the power and courage to initiate the necessary regulations and policies for setting high performance and effective accountability standards. The currently operating supervision and evaluation system is ineffective, inefficient and very traditional: it cannot and should not be thought of as a substitute for a modern, effective accountability mechanism in the educational system in Turkey.

Nevertheless, in the end, we opt to be optimistic: Turkey's Candidacy for EU membership, coupled with the demands coming from different segments of society, will put more pressures on politicians and bureaucrats to do more to create a democratic, effective, and accountable education system in the country. As was emphasised in a World Development Report (2004):

If the underlying problems are not solved, neither bureaucracy nor market will work well. Increasing client power, by creating mechanisms for communities and parents to improve their local school, is important. But this short-route accountability is not enough. Improving services also requires stronger mechanisms of long-route accountability—accountability of politicians and policymakers for education and improved proficiency in public administration with accountability of the education bureaucracy for outcomes. (114)

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Section IV

Health Policy



Introduction

All governments face significant political and managerial problems providing adequate health care for their citizens. Not only are there real problems in providing care in a policy area that has a constantly evolving technology, but the costs also continue to escalate. This policy area, perhaps more than others, demonstrates the conflicts between various interests of providers, funders, regulators and recipients. These groups have conflicting interests but must find some means of co-operating in order to provide effective health care. In Central and Eastern Europe these political problems are exacerbated by the relative lack of funds when facing international prices for many products needed in providing care, and also facing an increasingly open labour market within the European Union.

The two papers in this section demonstrate these issues in health care very clearly. First, James Björkman discusses health care reform in a very broad comparative and historical context. While many contemporary health care issues may appear novel, they may not be and governments continue to struggle with the familiar trinity of cost, access and quality. As Björkman points out, these problems are greater when social and economic resources are scarce and the medical care system has not been well institutionalised. Adequate health care is an important developmental issue for less-developed countries and is also relevant for economics and for politics in more affluent systems,

Zuzana Darmopilová discusses the more specific case of health reform in the Czech Republic. She has engaged in interesting primary research on the economics and politics of health care in one country, but it has substantial relevance for understanding health politics in the remainder of the region. She identifies the range of interest groups involved in influencing health policy, and the various strategies that they have adopted in attempting to influence that policy area. Although health policy in the Czech Republic remains dominated by government actors, there is substantial influence from interest groups. The economic groups are especially influential in the political process and consumer interests remain relatively less influential. That finding is not dissimilar to those from other countries, but it does point to important political issues in providing this crucial public policy.

Economic Interests in the Czech Healthcare Sector: Empirical Study

Zuzana Darmopilová¹

Abstract

Healthcare reform policy has been a crucible for the majority of European countries for more than a quarter of a century. One of the reasons can be seen in the so-called “power dimension” of healthcare (see i.e. Malý 1998, Freeman and Moran 2000). Healthcare is perceived as an object of conflict between those who use health services, those who provide them, those who pay for them and those who make the rules. The healthcare arena can be seen as a dense network of institutions, all representing a set of actors trying to influence healthcare policy orientation. Logically, the process of reform brings about changes in the power and authority of these institutions and their associated interests (often antagonistic). From this point of view, one of the conditions of successful health reform enforcement is the position of key actors and their support towards proposed reform measures.

The paper is inspired by the situation in the Czech Republic in the field of healthcare reform. The aim is to determine the influence of different interest groups in the Czech healthcare sector. First of all, the healthcare actors are identified. For doing this, the author mostly uses the reputational method. Second, in order to determine their influence; there is a set of managed interviews with representatives of selected groups. These interviews enable to specify the position and the influence/power of interest groups which are trying to shape Czech healthcare policy.

Introduction

Different interpretations of health reform process struggles in the Czech Republic can be put forward. First, the political environment is not sufficiently stable and/or the political culture is relatively young. Ministers of Health change very quickly.

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In fact, from 1990 there were 15 Ministers and nearly 20 reform proposals were prepared. Even if some parametrical changes were adopted in the Czech healthcare system, the real long-term reform had not yet begun.

Second, it is possible to claim that Kingdon's (1984) "window of opportunity" – which was opened after the 1989 regime change in terms of some general agreement on the need of dramatic, rapid health policy transformation – has re-closed. Even if Czech and foreign² health specialists are in accord with the necessity of a health system reform and Czech citizens expressed their support to such reform, the current Czech situation can be described as "many words, no real action". Like elsewhere, the Czech healthcare sector reform remains a very sensitive topic. It seems that the willingness of political parties to find some consensus is relatively small. Moreover, the latest pro-reform government paid the price for their health transformation attempts – their defeat in the 2008 regional elections contributed to the government's collapse during the EU presidency.

Third, healthcare reform always means a relatively significant social change. Of necessity, it implies anticipatory negotiations among interest groups concerned by the health reform policy. Thus, the absence of dialogue between the governmental authorities and different interest groups present in the healthcare area could have a direct influence on the reform process.

The author concentrates on the latest interpretation of the Czech Republic reform process struggles. The roots of repeated healthcare reform failures are explored in the lack of communication among the most important players in the healthcare market. Hence, while analysing the potential success of any healthcare reform from the interest groups' support viewpoint, it seems necessary: (1) to identify the groups in the healthcare sector; (2) to define their economic and non-economic interest, as well as to specify their role and position in the system and (3) to determine the influence of each group.

This paper represents the results of an empirical study carried out during the spring of 2009. Managed interviews with elite representatives of selected interest groups were conducted; they consisted of structured and semi-structured questions that gathered information about influence reputations, informal communications, coalitions, and other strategic behaviour. For the purpose of this paper, only data serving to determine the influence of the different groups are presented. In other words, **the aim of the paper is to identify the groups in the healthcare sector and to determine their influence in the Czech healthcare system.** This preliminary study will be followed by a more complex research which aims to quantify the reform support of key actors and to evaluate the different reform measures' chances of being successfully enforced.

2 For example World Bank Report (2004).

The above mentioned research topics outline the structure of the paper. The paper is divided into two parts. In the first part, the theoretical background is presented; the list of interest groups is settled and the methodology of the research is outlined. The survey questions are pointed. How the data was collected is described. The Czech interest groups are classified according to Howlett and Ramesh (2003), into three main categories (state, social and political actors). In each group category, representatives of several groups are chosen for the managed interview. These interviews represent the core of the research.

In the second part of the paper the results of the research are presented. The purpose of this part is to determine the influence of interest groups in the healthcare sector. The category of “influence” is a challenging one. The problem of how to measure the influence is evident. The author, according to Knoke (1990), determines so-called “relative influence” – see below. In this part of the paper, the relative influence of Czech interest groups is revealed.

I. Theoretical background

An interest group³ is considered to be a traditional participant on the supply side of the political market. There are many definitions of the “interest group” concept; the author’s approach is based on a so-called functional definition of interest group⁴ which says that it is more an interest or pressure than a formal group that prevails in the concept of an interest group. This definition makes it possible to include corporations, individuals or ministries in interest groups since they share identical features of conduct in the political process. The mentioned definition is not restricted to citizens’ membership in a group, which is – according to standard textbooks of politology – one of the common features typical for interest groups.

Thus, in the case of healthcare policy, an interest group can be any subject participating in forming and implementing healthcare policy. This means any participant trying to influence final public policy within the framework of the political process. We understand the notions of participant, subject, interest or pressure group as synonyms.

Interest groups are very influential, especially where the public is relatively poorly informed about what is happening. Politicians do not have feedback from their voters at their disposal in these situations and therefore they look for attitudes towards a considered reform from other sources. A situation where it is impossible to find the unambiguous preferences of the public⁵ is very common for healthcare reforms. If patients have little information about a reform that is being prepared,

3 Player, interest group, actor are used as synonyms.

4 See e.g. Jordan and Richardson 1987.

5 The public itself could be regarded as a significant interest group (patients).

they can be expected to try to identify themselves with some of the interest groups (which influence public opinion).

Influence, the key category for measuring significance (or power) of an interest group, can be defined in several ways. Song and Miskel (2002) list several variant views out of which Knock, Bacharach and Mudel's view is closest to our concept. They perceive influence as an informal expression of power, consisting of attempts to influence relevant or decision-making people in favour of a certain decision in a given area, based on an interest group's wish.

The influence of an interest group is usually derived from the following factors: size, resources, cohesiveness, leadership, and techniques, especially the ability to contribute to candidates and political parties, as well as the ability to fund lobbyists. But, the actual power of an interest group stems from the manner in which these elements relate to the political and governmental environment in which the interest group operates.⁶

An interest group tries to influence policymakers towards the preferred view of this interest group. A success or failure of an interest group at defending its interest is fundamentally dependent on its relative influence. Relative influence of an interest group is then derived particularly from the feeling (or assumption) of policymakers and other people affected by this influence. Therefore it is not so important whether a given group is really influential; it is sufficient if it is perceived to be influential.

It is the relative influence of Czech interest groups that is the subject of this case study.

List of Czech Interest Groups

There exist many approaches on how to sub-divide the interest groups. Differences in these diverse classifications are not immense and different sub-divisions do, in fact, fade into one another. Table 1 shows some of them. Different approaches were chosen in such a way that the table reflects the main tendencies in the interest groups' classifications.

The author chose the Howlett and Ramesh (2003) classification for the identification of interest groups which are trying to influence Czech healthcare policy. In co-operation with the Czech healthcare specialists, a list containing more than 100 groups was prepared. The basic list of Czech interest groups is presented in Table 2 (for the detailed list – see Appendix 1).

⁶ Similar typology is presented by Song and Miskel (2002). The authors do not consider this list to be comprehensive.

Table 1
Interest Groups Classification

classification principle		Group type
Heywood	Type of interest	Sectional groups
		Promotional groups
	Attitude toward the government	Internal groups
		Outsider groups
Olson	Market principle	Market firms
		Non-market firms
	Size	Large
		Small
Kadeřábková and Spěváček and Žák	Degree of organisation	Organized
		Latent
	Type of mission	Professional
		Civic
		Ideological
	Attitude towards the political system	Pluralistic model
		Model of policy network
		Corporative model
	Type of communication with the government	Cooperative
		Neutral
		Militant
	Howlett and Ramesh	State actors
Appointed bureaucrats		
Social structures and actors		Political and economical structures
		Companies
		Employees
Political structures and actors		General public
		Research institutions
		Political parties
		Mass media
		Interest associations

Source: Assorted by the author according to Heywood (2004); Kadeřábková, Spěváček and Žák (2003); Howlett and Ramesh (2003)

Table 2
Identification of Czech healthcare Interest Groups

state actors	Central bodies of the state administration	Ministry of Healthcare and other ministries
	Municipal bodies	Regional corporations
		Municipalities
	House of Parliament of the Czech Republic	Chamber of Deputies
		Senate
	Government	
Other institutions	State Institute for Drug Control	
	Czech Accreditation Institute	
	National Institute for Public Health	
socail actors	Political and economical structures	Employees and Occupational Insurance Companies
		General Health Insurance Company of the Czech Republic
		Health facilities
	Companies	Pharmaceutical Companies
	Employees	Employees of Health facilities
Employees of various organisations and companies mentioned in this table		
political actors	General public	
	Research Institutions	Educational institutions
	Political Parties	
	Mass Media	
	Organised interest associations with a voluntary membership	Patients organisations
		Unions of Health Insurance Companies
		Associations of Hospitals
		Trade-Union organisations
		Different associations connected with a pharmaceutical industry
		Associations of employees by domains
		Associations related with a domain of medical devices
	Organised interest associations with an obligatory membership	Czech Medical Chamber
		Czech Dental Chamber
		Czech Chamber of Pharmacists
	Other organised associations	National Reference Centre (NRC)
Physicians for Reform		
Czech Medical Association of J. E. Purkyně		
Czech Healthcare Forum		
Citizen Association, c.a.		

Source: Author

II. Data collection

The aim of this paper is to determine the influence of interest groups which are trying to control Czech health policy. To do this, the method of managed interviews with representatives of selected interest groups was chosen. The inspiration for this method comes from Heaney (2005).

The research design involved two parts. The first phase determined which organisations would be included in the research (managed interviews) as it is impossible to include all active interest groups in the study. The goal was to produce a sample of groups that are (or are among) the most prominent in the Czech healthcare domain. Two criteria were applied while selecting interest groups for the managed interviews. First, it was necessary to include interest groups from all three basic Howlett and Ramesh (2003) categories – state, social and political actors. As the majority of interest groups belong to the political actor category, the number of selected groups for managed interviews is higher than the number of groups belonging to the two others categories. Second, the preliminary list was circulated among the ideologically balanced panel of health policy experts. They were asked to nominate important organisations.

The second phase of the research involved interviews with elite representatives of these groups. The informants were drawn from top management of selected groups; in fact, the majority were the most important people in the organisation. In all, twenty organisations were contacted, 18 of whom agreed to be interviewed for this study. 16 interviews are analysed in this paper; 2 later interviews are planned but they could not be included in the paper.

To establish contact with representatives of selected groups, the author relied heavily on referrals to secure interviews. For the groups for which it was not able to find a referral, the organisation was contacted by email or telephone. The interviews were conducted in person between March and April 2009.

I asked respondents to look at the list of interest groups and to answer 20 questions. The aim of the interview was two-fold: (1) to define groups' interests and (2) to determine the relative influence of groups on the list. With respect to the aim of this paper, the author concentrated only on the determination of the relative influence of Czech health interest groups. In this context, the informants were asked:

1. Rate the influence of an interest group as a key mover, important player, active group, unimportant on health issues, or unknown. For each category, specify from one to five groups.
2. Which organisations do you meet regularly or occasionally?
3. Which organisations are especially well organised?

4. From time to time, organisations form coalitions, for the purpose of collectively advancing their objectives in the policy process. Can you tell me which health policy-related coalitions your organisation has been a part of?

The categories of “key mover”, “important player” and “active group” were explained to the informants as follows. Each category is always related to the capacity of groups to really influence the direction of healthcare policy and to what level the group is successful in advancing its interest.

Groups which are perceived as very influential and able to shape health policy in the direction they like are called “key movers”. They are cited by other groups as “key movers” because they are perceived as very influential, strong and/or very important.

Groups which are perceived as influential and which participate in shaping health policy are called “important players”. They are rated by other groups as “important players” because they are perceived as influential, relatively strong or important.

Groups which are perceived as less influential, but which actively participate in shaping health policy are called “active groups”. They are rated by other groups as “active groups” because they are perceived as not being as influential as the groups described above, but they are active in the field of health policy

Data analysis

Due to the data structure, the data analysis had some specifics. The results mostly rely on a univariate analysis, characterised by the usage of frequencies and means.⁷ As our respondents were allowed to mark more than one player in the same category (key mover, active group, important player, etc.), there is more than one way to express frequency tables. For more detailed surveying, the responses to basic frequency counts were employed:

- Percentage of responses – the ratio of how many times the particular group was mentioned in the category (key mover, active group, important player, etc.) to the total responses. The sum of all groups mentioned should equal 100 per cent. This indicator measures the relative importance of a particular group in the category.
- Percentage of cases – the ratio of the number of overall mentions of the particular group to the total number of mentions of the whole group set. This indicator shows how many respondents rank a particular group in the particular category (key mover, active group, important player, etc.).

Frequencies are computed for a particular category, and more specifically for the first place ranked groups in the category, i.e. how many times was the particular group mentioned as most key, most important, most active, etc.

⁷ For more details see Špalek (2007 a).

III. Results

Interest groups influence – the dependent variable in this study – is measured by two different indicators. First, it is a sum of simple counts of the number of times an interest group is cited as a “key mover”. Second, it is a simple count of the number of times an interest group is cited as an “important player” by elite representatives of interviewed interest groups.

Informants had the possibility to cite as a “key mover”, “important player” or “very well-organised group” from one to five groups. The results of the study are presented for key mover, important player and unimportant group, respectively. The first two categories are used for the interest group’s influence determination; the last category (unimportant group) is presented to give a more complex view of different groups’ perception.

a. Key movers in the Czech healthcare system

The groups which are cited as “key movers” are perceived by the informants as very influential, able to advance their interests and really shaping Czech healthcare policy. Data gathered from the interviews are used to generate rankings of “key movers”. Table 3 shows 10 key players⁸ cited by health policy elites during the interviews.

Table 3
Key movers in Czech Healthcare Policy

Rank	key actor	Number	Percent of Cases
1	Ministry of Health (MH)	11	68.8
2	Government (G)	10	62.5
2	Chamber of Deputies (CD)	10	62.5
4	General Health Insurance Company of the Czech Republic (GHIC)	6	37.5
4	Senate (S)	6	37.5
4	Pharmaceutical Companies (PC)	6	37.5
4	Czech Medical Chamber (CMC)	6	37.5
8	Producers of medical devices (PMD)	3	18.8
8	Union of Health Insurance Companies of the Czech republic(UHIC)	3	18.8
8	Trade-Union Association of Health and Social Care of the Czech Republic (TUAHSC)	3	18.8

Source: Author interviews with Czech health policy elites (2009)

8 The complete version of the Table can be found in Appendix 2.

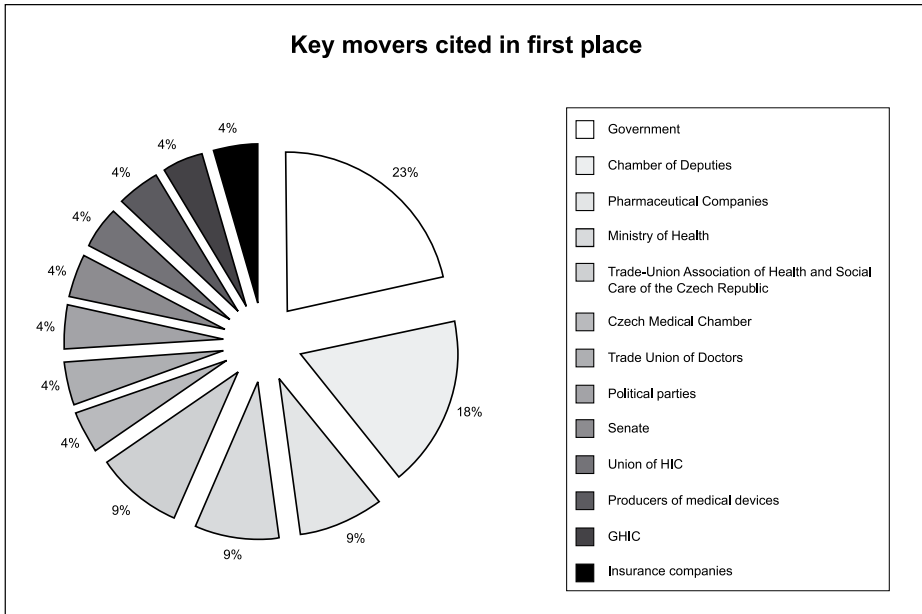
Table 3 shows the “most influential” groups, regardless of being cited as first or fifth place among key movers. It is probably more appropriate if only the key movers cited in first place by health policy elites during the interviews are presented (reported in Graph 1).

As it is possible to reveal from Graph 1, 13 interest groups were cited as the “first” Czech key movers. It is possible to divide these players into four groups, depending on the percentage of citations: (1) government (31.3% of all cases); (2) Chamber of Deputies (25% of all cases); (3) Pharmaceutical Companies, Ministry of Health, Trade union Association of Health and Social Care, (each 12.5% of all cases) and (4) Czech Medical Chamber, Trade Union of Doctors, Political Parties, Senate, Union of HIC, Producers of medical devices, GHIC and Insurance Companies (each 6.3% of all cases).

In all, the government was cited as the very “first” key mover in the Czech Republic. This group gained 23% of citations.

Apparently, each group mentioned in Table 3 was also mentioned as the first key mover. There are “first” key movers which are not mentioned in Table 3 – Trade Union of Doctors, Political parties and Insurance companies.

Graph 1



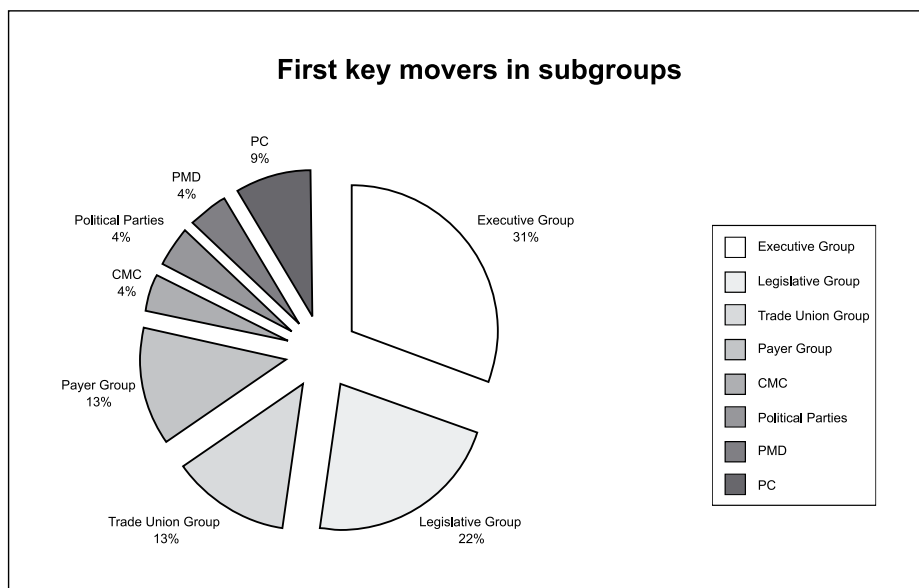
Source: Author interviews with Czech health policy elites (2009)

The ranking in Table 3 and Graph 1 is not the same. The Ministry of Health is perceived as less influential in the “first key mover” category, dropping from first to third position. On the contrary, the position of pharmaceutical companies is strengthening, gaining the same position as the Ministry. The Czech Medical Chamber, perceived as an important key player (37.5% in the Table), is ranked in the same place as the other 6 players whilst analysing the “first key mover” category.

For more lucidity, some artificial sub-groups among the “first key movers” are created. Some groups mentioned in Graph 1 belong to the same healthcare category. These artificial sub-groups are:

- **Payer Group** which comprises the Union of Health Insurance Companies (UHIC), Health Insurance Companies (HIC) and General Health Insurance Company (GHIC).
- **Executive Group** which comprises the Government (G) and the Ministry of Health (MH).
- **Legislative Group** which comprises the Chamber of Deputies (CD) and Senate (S).
- **Trade Union Group** which comprises the Trade-Union Association of Health and Social Care of the Czech Republic (TUAHSC) and Trade Union of Doctors (TUD).

Graph 2



Source: Author interviews with Czech health policy elites (2009)

As we can see in Graph 2, key movers in the Czech healthcare policy are the executive and legislative groups with, between them, more than 50% of citations. If the basic Howlett and Ramesh (2003) categories are used, it is possible to claim that the state actors (executive and legislative group) are the most key actors among the Czech key movers. In second place there are the social actors (payers, pharmaceutical companies and producers of medical devices) which together have 26% of citations. The third place belongs to political actors (trade unions, Czech Medical Chamber and political parties) which had a total of 21% of citations.

b. Important players

The groups which are cited as “important players” are perceived by the informants as influential, able to advance quite well their interests and participate in shaping Czech healthcare policy. Data gathered from the interviews are used to generate rankings of “important players”. Table 4 shows 10 important players⁹ cited by health policy elites during the interviews.

Table 4
Important players in Czech Healthcare Policy

Rank	Important player	N	Percent of Cases
1	Regional corporations (RC)	5	31.3
1	State Institute for Drug Control (SIDC)	5	31.3
3	Health facilities (HF)	4	25.0
3	Pharmaceutical Companies (PC)	4	25.0
3	Faculties of Medicine (FM)	4	25.0
3	Trade-Union Association of Health and Social Care of the Czech Republic (TUAHSC)	4	25.0
3	Czech Medical Chamber (CMC)	4	25.0
3	Czech Dental Chamber (CDC)	4	25.0
9	Chamber of Deputies (CD)	3	18.8
9	Association of Physicians – Private Ambulatory Specialists (AS)	3	18.8

Source: Author interviews with Czech health policy elites (2009)

Table 4 shows the “influential” groups, regardless of being cited in first or fifth place among the important players. It is probably more appropriate if only the important players cited in first place by health policy elites during the interviews are presented (reported in graph 3).

As can be seen from Graph 3, 16 interest groups were cited as the “first” Czech important players. It is possible to divide these players into three groups depending

⁹ The complete version of the table could be found in Appendix 3.

on the percentage of citations: (1) pharmaceutical companies (18.8 % of all cases); (2) Chamber of Deputies; Ministry of Health, Insurance Companies (each 12.5 % of all cases) and (3) Regional Corporations, Senate, State Institute for Drug Control, GHIC, health facilities, political parties, mass media, International Associations of Pharmaceutical Companies, Private Ambulatory Specialists, Czech Medical Chamber, Czech Dental Chamber, Czech Chamber of Pharmacists and health providers (each 6.3 % of all cases).

In all, pharmaceutical companies were cited as the very “first” important player in the Czech Republic. This group gained 14 % of citations.

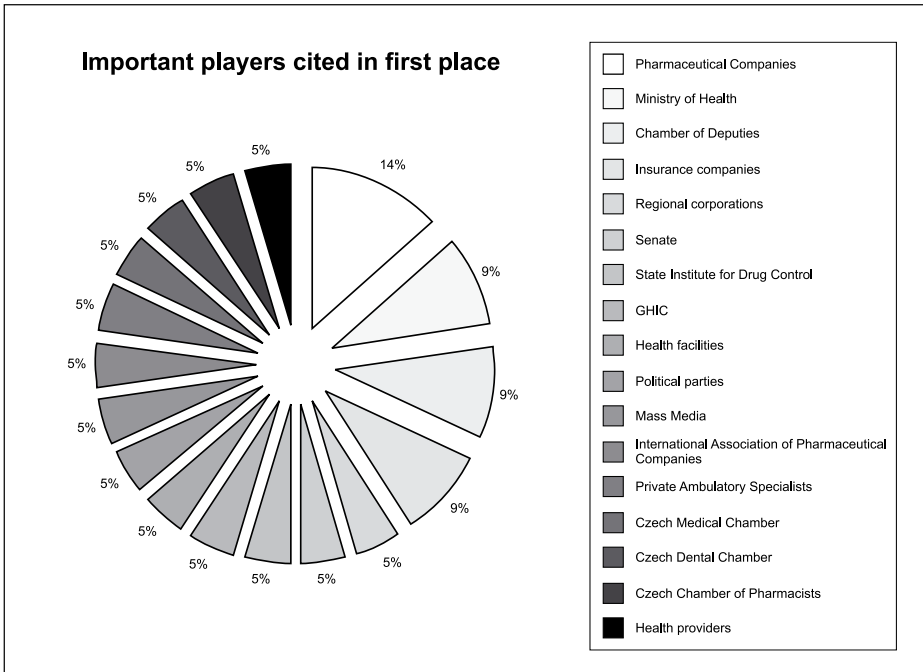
It is apparent that there is one group mentioned in Table 4 which was not mentioned as a first important player and this is the Faculties of Medicine. There were “first” important players which were not mentioned in Table 3 – Political parties, Ministry of Health, GHIC, International Associations of Pharmaceutical Companies, Health providers and mass media.

The ranking in Table 4 and Graph 3 is not the same. Regional companies and the State Institute for Drug Control are perceived as less influential in the “first important player” category, dropping from first to third position. The “most important” among important players (Table 4) are now ranked in the same place as the other 11 groups. On the reverse side, the position of pharmaceutical companies is strengthening, in first position among the important players cited in first place. The Ministry of Health and Insurance companies, for example, are not mentioned as an important player in Table 4 but, at the same time, it is ranked among the groups which are in second position in the “first” important players.

For more lucidity, some artificial sub-groups among the “first important players” are created. Some groups mentioned in Graph 3 belong to the same healthcare category. These artificial sub-groups are:

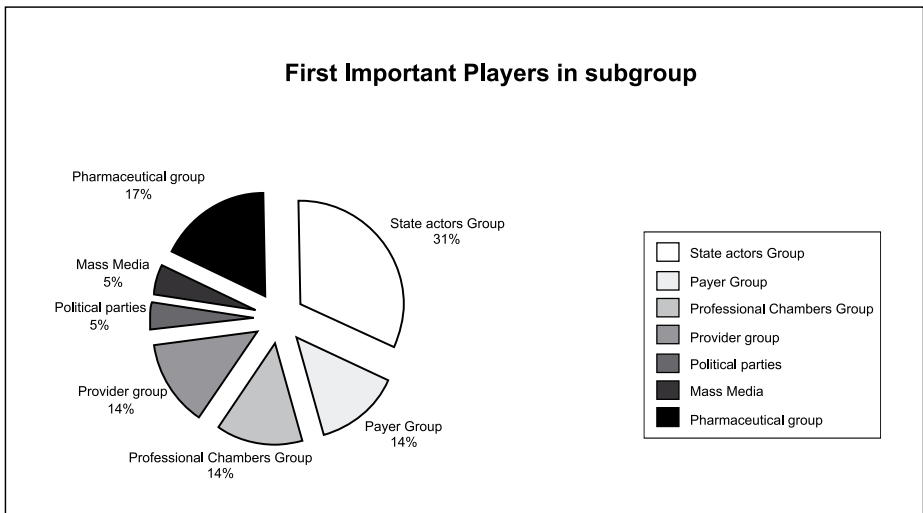
- **Payer Group** which comprises Health Insurance Companies (HIC) and the General Health Insurance Company (GHIC).
- **State actors Group** which comprises the Ministry of Health (MH), the Chamber of Deputies (CD), Senate (S), Regional Corporations (RC) and State Institute for Drug Control (SIDC).
- **Professional Chambers Group** which comprises the Czech Medical Chamber (CMC), Czech Dental Chamber (CDC), Czech Chamber of Pharmacists (CCP).
- **Pharmaceutical group** which comprises the International Associations of Pharmaceutical Companies (IAPC) and pharmaceutical companies (PC).
- **Provider group** which comprises health providers (HP), health facilities (HF) and private ambulatory specialists (PAS).

Graph 3



Source: Author interviews with Czech health policy elites (2009)

Graph 4



Source: Author interviews with Czech health policy elites (2009)

As can be seen from Graph 4, important players in the Czech healthcare policy are payers, providers and pharmaceutical groups with a total of 45 % of citations. With a slight simplification, it is possible to include these groups in social actors while using the basic Howlett and Ramesh (2003) categories. In second place we have state actors with 31 % of citations. The third place belongs to political actors (professional Chamber group, mass media and political parties) which had a total of 24 % of citations.

c. Unimportant groups

The groups which are cited as “unimportant players” are perceived by informants as non-influential, not really able to advance their interests and not shaping Czech healthcare policy. Data gathered from the interviews are used to generate rankings of “unimportant players”. Table 5 shows all unimportant players cited by health policy elites during the interviews.

Table 5
Unimportant players in Czech Healthcare Policy

Rank	Unimportant players	N	Percent of Cases
1	Patients organisations (PA)	8	50.0
2	Citizen Association, c.a. (CA)	2	12.5
3	Regional Corporations (RC)	1	6.3
3	Municipalities(M)	1	6.3
3	Senate(S)	1	6.3
3	National Institute for Public Health(NIPH)	1	6.3
3	General Public(P)	1	6.3
3	Czech Association of Nurses(CAN)	1	6.3
3	Czech Medical Association of J. E. Purkyně(JEP)	1	6.3
3	Physicians for Reform(PR)	1	6.3
3	Czech Healthcare Forum(CHF)	1	6.3

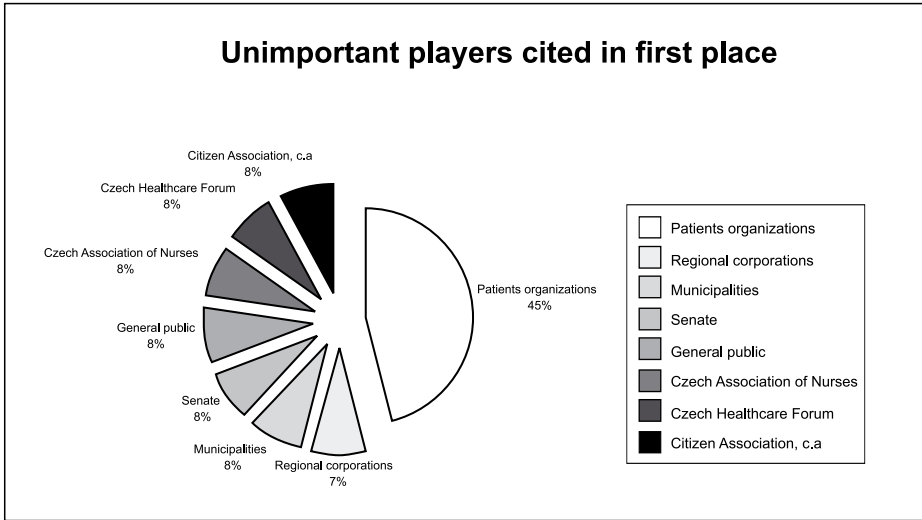
Source: Author interviews with Czech health policy elites (2009)

Table 5 shows the “non-influential” groups, regardless of whether they are in first or fifth place among the unimportant players. It is probably more appropriate if only the unimportant players cited in first place by health policy elites during the interviews are presented (reported in Graph 5).

As we can see from Graph 5, 8 interest groups were cited as the “first” Czech unimportant players. It is possible to divide these players into three groups depending on the percentage of citations: (1) patient organisations (50% of all cases); (2) Municipalities; Senate, General Public, Czech Association of Nurses, Czech Health

Forum and Czech Citizen Association, ca (each 8 % of all cases) and (3) Regional Corporations (7 % of all cases).

Graph 5



Source: Author interviews with Czech health policy elites (2009)

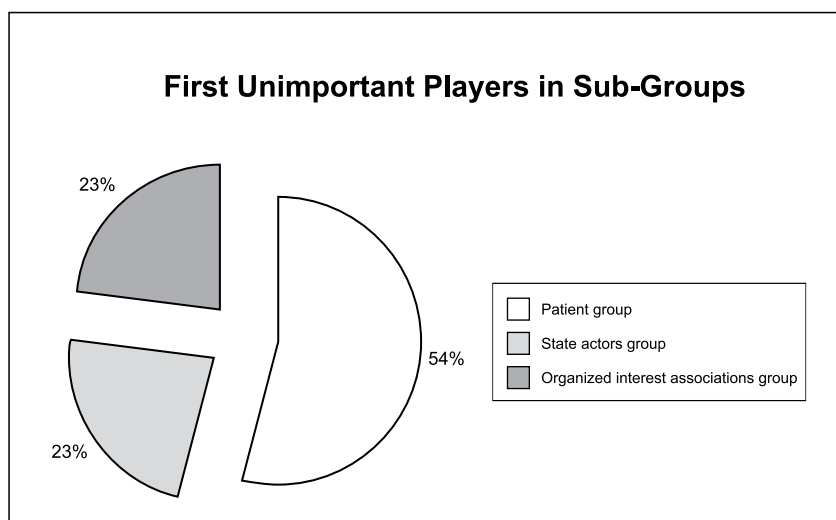
In all, patient organisations were cited as the very “first” unimportant players in the Czech Republic. This group received a total of 45 % of citations.

For more lucidity again, some artificial sub-groups among the “first unimportant players” are created. Some groups mentioned in Graph 5 belong to the same healthcare category. These artificial subgroups are:

- **Patient group** which comprises Patient organisations (PA) and General Public (P).
- **State actors** group which comprises Regional Corporations (RC), Municipalities (M), Senate (S).
- **Organised interest associations group** which comprises the Czech Association of Nurses (CAN), Czech Health Forum (CHF) and Citizen Association, ca (CA).

As can be seen from Graph 6, the most unimportant players in the Czech healthcare policy are patient groups gaining 54 % of citations. In second place we have state groups and organised interest associations, both with 23 % of citations.

Graph 6



Source: Author interviews with Czech health policy elites (2009)

IV. Interpretation of results

The above mentioned results are interpreted for key movers, important players and unimportant players, respectively.

a. Key movers

As can be seen from the above mentioned analysis, the key movers in Czech health-care policy are the executive and legislative groups with more than 50 % of citations. If the basic Howlett and Ramesh (2003) categories are used, it is possible to claim that the state actors (executive and legislative group) are the most key among the Czech key movers.

In other words, this means that the Czech key players are government (23 % of citations), Chamber of Deputies (18 % of citations), Ministry of Health (9 %) and Senate (4 %). It is possible to add Pharmaceutical companies (appertaining to Social actors) which also obtained 9 % of citations. This result is not surprising because state actors are responsible for the creation and implementation of health (or reform) policy. What might be unexpected is the fact that these players are perceived as the most influential in the healthcare sector but they did not succeed in starting a real, long-term health reform. The explanation might be as follows:

- (1) There is no political will to begin the reform. The Czech system is not in crisis; it still functions relatively well and therefore the key movers have no real

motivation to reform. This situation can change rapidly because of the current global financial crisis.

- (2) There is a political will to begin the reform but the position of the government (Ministry of Health) is not strong enough in comparison with the House of Parliament (the opposition parties are stronger than the governmental parties). The politicians are not able to find a consensus about the reform design.
- (3) The position of key movers is not “key” enough:
 - a. They need more support from the most influential group, that of state actors. This is the case for pharmaceutical companies. If the state actors co-operated with the pharmaceutical companies, their relative influence would be about 64%. Additionally, the pharmaceutical companies were cited as one of the best organised groups in the Czech healthcare system; this fact increased their relative influence. The problem is that the economic and non-economic interests of state actors and pharmaceutical companies do not need to match long-term. Moreover, the interviews reveal that only one group among the key state movers regularly meets the pharmaceutical companies and pharmaceutical companies are much more oriented towards communication with European politicians than national politicians.
 - b. They need more support from other group categories (social and/or political actors). In other words, key state movers need a “coalition partner” and/or a broker¹⁰.

If state key movers need more support from other group categories (social and/or political actors), there are two possibilities: (1) to look for some coalition partner(s) and/or (2) rely on a broker. A coalition partner could be found amongst the key social and/or political actors. As we can see from the above analysis, the second most key movers are the social actors (payers, pharmaceutical companies and producers of medical devices) which have together a total of 26% of citations, followed closely by political actors (Trade unions, Czech Medical Chamber and political parties) which had 21% of citations. The case of pharmaceutical companies has already been described above; it is thus possible to look at the situation of the remaining groups.

Potential coalition partner

Let us begin with the payer group; this group comprises the Union of Health Insurance Companies (UHIC), Health Insurance Companies (HIC) and General Health Insurance Company (GHIC). The position of HIC is different for the GHIC and the Employees and Occupational Insurance Companies. HIC are part of UHIC.

¹⁰ Interest group with the ability to mediate an agreement or negotiations between other (uncommitted) groups.

GHIC is managed by the Ministry of Health; its position could be described as dominant in the payer market (more than 50 % of clients). The Employees and Occupational Insurance Companies are somewhere in between public and private bodies, having a special legal form. Even if a deep analysis of HIC roles in the system is not given in this paper, it is evident that the interests of the two categories of HIC are not identical. It means that key state actors cannot rely on the payer group because their interests are not homogenous. It would probably be easier for state actors to co-operate with the Employees and Occupational Insurance Companies because GHIC is managed by the Ministry of Health directly; this means that GHIC is more dependant on state actors and with a degree of simplification; GHIC could be included among them. In accordance with the author's previous findings (Darmopilová and Špalek 2009), it can be said that in 2008 (the Julínek reform) Employees and Occupational Insurance Companies were cited, to some extent, as the only real "coalition" partner¹¹ of the state actors because in principle, they agreed with the direction in which the Czech healthcare system would develop after the reform. As already mentioned in the introduction, this reform proposal has not been successful. So, the state actors probably need more partners than the Employees and Occupational Insurance Companies. Moreover, it is good to remember that the Employees and Occupational Insurance Companies were seen as a coalition partner in 2008 but could not be seen as a long-term coalition partner of the state actors (this depends on the direction of health policy the Minister wants and Ministers change very quickly in the Czech Republic). From a political point of view, they can be seen as a coalition partner in the years 2006–2008.

The case of medical equipment producers is analogous to the pharmaceutical companies' position. The economic and non-economic interests of state actors and medical equipment producers do not need to match long-term. Moreover, we learned from the interviews that there is no group amongst the key state movers that regularly meets medical equipment producers and that these producers are much more oriented towards communication with European politicians than national politicians.

Concerning the Trade unions, the Czech Republic is a country in which relatively strong unions are typical. The results from the interviews showed that state actors regularly meet the trade unions. They could be earmarked as a coalition partner in the years 1998 to 2006 when the government was left-oriented.

Another possible coalition partner for state actors is the Czech Medical Chamber (CMC) which associates all providers. Its aim is to defend by law the rights and professional interests of all physicians who execute their medical profession in the Czech Republic. Physicians are typically indicated in literature (Kwon and Reich 2005, Tuohy 1999, Wilsford 1995 etc.) as the strongest group whose (lack of) sup-

11 Even though they expressed many remarks on the proposed reform intentions; see Darmopilová and Špalek (2009).

port strongly influences the success (or failure) of healthcare reforms. The analysis made in this paper confirms the important position of CMC among healthcare players. It can be seen from the interviews that CMC is perceived very negatively by the majority of Czech healthcare players. The reason is two-fold: (1) CMC does not fulfil the aim for which it was established (quality of providers and care), the CMC acts more as a professional organisation than as some kind of trade union and (2) CMC is seen by 20% of the interviewed elites as the real blockers of the reform. In all, CMC has been seen as a partner of state actors especially during 2000–2002. On the reverse side, there was almost no communication between CMC and state actors during 2006–2008.

In summary, we can see from the above described situation that state actors in search of a “coalition” partner are not in an easy position. All groups (pharmaceutical companies, payers, trade unions, medical equipment producers and CMC) have, according to the interviews results, almost the same relative influence. With a certain degree of simplification, it is possible to claim that they advance very different interests, i.e. CMC and payers’ interests can be described as almost antagonistic. On the contrary, the interests of CMC and trade unions can be characterised as similar. In the author’s opinion, if state actors really want to begin any reform, they need to balance these antagonistic interests and need to communicate with all the above-mentioned groups.

Potential Broker

Where state key movers require more support from other groups (social and/or political actors), they can also rely on broker(s). This means that they need to find a group which is very well organised, does not need to be a key or important player but which has a very strong capacity to communicate with everyone and is able to find or to arrange a consensus between antagonistic interests.

According to the interviews, there are three groups that have the potential to become such a broker: pharmaceutical companies (18.8% of citations); Association of General Practitioners of the Czech Republic (12.5% of citations) and the Czech Dental Chamber (12.5% of citations).

From the above mentioned, we can see that the potential is the highest in the case of the pharmaceutical companies. Moreover, they are also cited as one of the key players. The broker problem is not analysed in this paper, but will be analysed in a separate study.

b. Important groups

As already described, the key players in the Czech system are the state actors. They are looking for a potential partner in order to increase the capacity to launch healthcare reform. It is logical to search such a partner among the groups which are relatively influential – key movers (see above) or important players.

As the results from part III of this paper show, the important players in the Czech healthcare policy are payers, providers and pharmaceutical groups which have together 45 % of citations. With a slight simplification, it is possible to include these groups in the social actors' group whilst using the basic Howlett and Ramesh (2003) categories. The case of payers and pharmaceutical companies is analysed above, therefore the situation of providers will be described here.

Healthcare providers represent a group which is very inhomogeneous. Different interests are promoted by private physicians (sometimes even interests within this sub-group differ; practitioners have different interests from specialist physicians) and others by physicians-employees. Some of the interests of providers are almost antagonistic (there is competition between private physicians and hospitals) whilst others are common to all providers – especially in efforts to obtain a salary increase, even although the way to achieve this goal is different for each group. As already mentioned, physicians are indicated in literature as one of the most influential groups and this study confirms this hypothesis. In accordance with the interviews results, the most influential among the healthcare providers are hospitals and ambulatory specialists. It is thus necessary for the key state actors to meet regularly with these healthcare providers and to balance their interests in order to increase the chances of beginning the reform.

c. Unimportant players

As can be seen from Graph 6, the most unimportant players in the Czech healthcare policy are patient groups with 54 % of citations.

The case of unimportant players is added to the paper in order to give a more complex view about the Czech interest groups' perception. This result is not surprising as the position of patients in the Czech health system is often characterised as weak. There are at least two reasons: (1) the Czech democracy is relatively young and the patient groups are steadily building up their position in the system and (2) patient organisations are not perceived by the general public as really representing their interests.

There are, of course, specialised patient organisations defending the interest of patients with some concrete disease and here, the situation might be somewhat different. But, in accordance with the interviews results, these specialised patient groups were not cited at all or only as unimportant players. The same situation is valid for general patient groups.

The only exception amongst the patient groups is the Czech Coalition for Health. This was cited as a very well organised group (6.3 % of citations), so it is a potential broker.

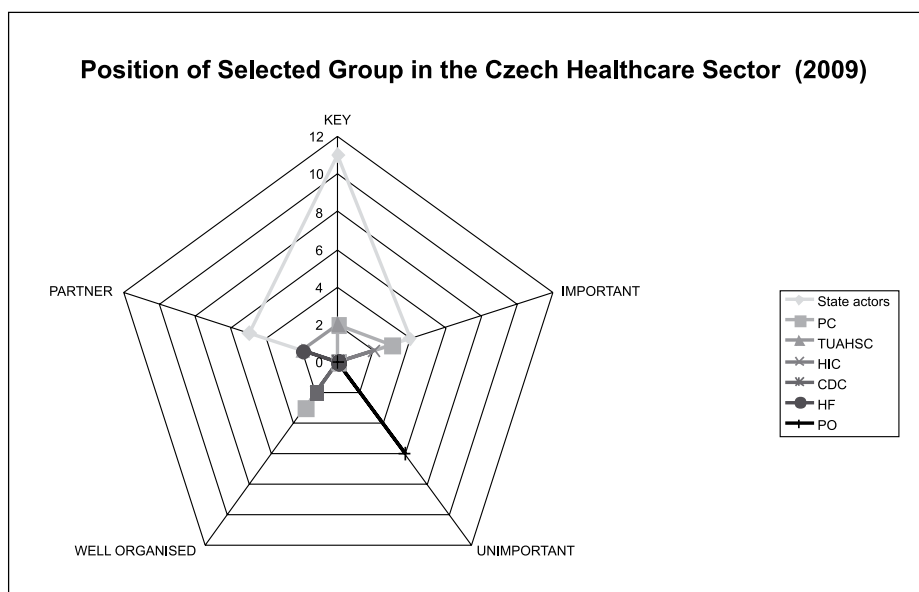
Conclusions

The necessity of healthcare system reform has been discussed in the Czech Republic over the last decade. Even if some parametrical changes were adopted in the Czech healthcare system, the real long-term reform has not yet begun. Different interpretations of health reform process struggles in the Czech Republic can be seen. In this paper, the roots of repeated healthcare reform failures are a result of the lack of communication between the most important players in the healthcare market. **The aim of the paper was to identify the groups in the healthcare sector and to determine their influence in the Czech healthcare system.**

This paper represents results from an empirical study carried out during the spring of 2009. Managed interviews with elite representatives of selected interest groups were conducted; they consisted of structured and semi-structured questions that gathered information about influence reputations, informal communications, coalitions, and other strategic behaviour.

A list containing more than 100 interest groups was compiled. The general interpretation of the interview results can be found in Scheme 1. This shows the position of nine selected Czech interest groups. These are the most influential players (key movers and important players); the most frequently indicated well-organised groups (potential brokers) and the most frequently cited regular partners (the group that players are meeting regularly) and patient organisations as the representative of unimportant players. Namely, these groups are: state actors (government, Ministry of Health, Chamber of Deputies), pharmaceutical companies, Trade-Union Association of Health and Social Care of the Czech Republic (TUAHSC), Health Insurance Companies, the Czech Dental Chamber, health facilities and patient organisations.

Scheme 1



Source: Author interviews with Czech health policy elites (2009)

As can be seen from Scheme 1, the key players are the state actors. They also represent a regular partner for other groups. At the same time, key players are not cited at all as a well-organised group. Even if their position is strong (more than 50 % of citations), health reform has not yet begun. Different explanations for this situation are studied in the paper: (1) no political will to reform; (2) government (Ministry of Health) not strong enough within the government coalition to enforce the reform; and (3) need of more support from other players.

Whilst analysing the choice of potential partner(s) that enable the state actors to begin the reform, the case of players which figure in Scheme 1 is discussed in the paper. First, the position of pharmaceutical companies is analysed. It is the most influential key mover after state actors and moreover, it is cited as the first of the well-organised groups (potential broker¹²). Trade unions confirm their traditionally strong position in the Czech system. They belong among the key movers and are also cited as regular partners for other groups. This is also the case of health providers. They are perceived as an important and regular partner. On the reverse side, the position of payers is less important than the author originally believed. They are among the important players but they are cited neither as regular partners nor

¹² The second potential Czech broker is Czech Dental Chamber which is not perceived as a key player.

as well-organised groups. The scheme is completed by patient organisations which represent the “very first” unimportant player.

This preliminary study continues with more complex research. Questionnaires were sent to all interest groups in the above mentioned list. The data from the questionnaire survey will be used to (1) verify the results of the managed interviews and (2) to quantify the reform support of key actors, which enables an evaluation of the different reform measures’ chances of being successfully enforced.

Appendix 1

Participants Partaking in a Formulation of a Health Policy in the Czech Republic

Central bodies of the state administration	Ministry of Healthcare and other ministries		http://www.mzcr.cz/
Municipal bodies	Regional corporations		
	Municipalities		
Parliament of the Czech Republic	Chamber of Deputies		http://www.psp.cz/sqw/hp.sqw
	Senate		http://www.senat.cz/

Government		http://www.vlada.cz/	
Other institutions	State Institute for Drug Control	http://www.sukl.cz/	
	Czech Accreditation Institute	http://www.cai.cz/	
	National Institute for Public Health	http://www.szu.cz/	
Health Insurance Companies	Employees and Occupational Insurance Companies	Czech National Health Insurance Company	http://www.cnzp.cz/
		Occupational Health Insurance Company for Employees of the Banking, Insurance and Building Industries	http://www.ozp.cz/
		Metallurgical Occupational Health Insurance Company	http://www.hzp.cz/main/index.php
		District Fraternal Treasury, health insurance company	http://www.rbp-zp.cz/
		Military Health Insurance Company of the Czech republic	http://www.vozp.cz/default.aspx
		Health Insurance Company of the Ministry of Interior of the Czech republic	http://www.zpmvcr.cz/
		Occupational Health Insurance Company ŠKODA	http://www.zpskoda.cz/cs/
		Health Insurance Company METAL-ALIANCE	http://www.zpma.cz/
	Health Insurance Company Agel	http://www.zpagel.cz/	
General Health Insurance Company of the Czech Republic		http://www.vzp.cz/cms/internet/cz/	

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Companies	Pharmaceutical Companies		
	Employees of Healthcare organisations		
Employees	Employees of various organisations and companies mentioned in this Table		
Research Organisations	Educational institutions	Faculties of Medicine (universities)	http://www.mzcr.cz/Pages/328-lekarske-a-farmaceuticke-fakulty.html
		Institute of Postgraduate Education in Health Service	http://www.ipvz.cz/
Political Parties			
Mass Media			

Organised interest associations with a voluntary membership	Patients organisations	ARCUS – ONKO Centre	http://www.arcus-oc.org/
		POLIO Association	http://www.polio.cz/
		AUTISTIK	http://www.volny.cz/autistik/
		Czech Alzheimer Association	http://www.alzheimer.cz/
		Czech ILCO – Association of Ostomates of the Czech Republic	http://www.ilco.cz/
		Czech Society for Metal Health	http://www.csdz.cz/
		Czech Union of Haemophiliacs	http://www.hemofilici.cz/cs/uvod
		ESET-HELP	http://www.esethelp.cz/
		FOKUS Praha – Association for Mental Healthcare	http://www.fokus-praha.cz/
		Haima – Union for helping children with blood formation disorder	http://www.haima.eu/
		Club of People Suffering from Bechterew's Disease	http://www.klub-bechtereviku.com/
		Club of Parents and Friends of Children with Down's Syndrome	http://www.downsyndrom.cz/
		Coalition for Health	http://www.koaliceprozdravi.cz/app/zpravy/uvod.php
		Anti-Cancer League Prague	http://www.lpr.cz/
		MAMMA Help	http://www.mammahelp.cz/
		Association of Citizens for Patient Protection	http://www.darius.cz/ag_nikola/index_pac.html
		Association of Celiacs of the Czech Republic	http://celiac.cz/
		Czech Society of Young Sclerotics	http://www.klubsms.cz/
		Association for Help to Chronically Ill Children	http://www.chronici.cz/
		Association for Allergic and Asthmatic Children	http://saad.davi.cz/
		Association for rehabilitation of persons after stroke (CMP)	http://sdruzenicmp.cz/cz/
		Association of Parents and Friends of Diabetic Children	http://www.diadeti.cz/
		Association 'E', Czech Epilepsy Association	http://epilepsie.getweb.cz/
		Society for Aleurone-free Diet	http://coeliac.cz/
		Society of Psoriatics and Atopic Eczemats of the Czech Republic	http://www.brailnet.cz/spae/
		Union of Diabetics of the Czech Republic	http://www.diabetes.cz/
		Czech Association of Patients	http://www.pacienti.cz/
		Association of Disabled People	http://www.brailnet.cz/szpoajp/
Roska Union – Czech Multiple Sclerosis Society	http://www.roska.eu/		

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Organised interest associations with a voluntary membership	Unions of Health Insurance Companies	Union of Health Insurance Companies of the Czech republic	http://www.szpcr.cz/
		Open Association of Health Insurance Companies	
	Associations of Hospitals	Association of Hospitals of the Czech Republic	http://www.ancr.cz/index.php?nid=1834&lid=CZ&pic=MAIN
		Association of South-Bohemian Hospitals	
		Association of Czech and Moravian Hospitals	http://www.acmn.cz/index.php?nid=1140&lid=CZ&pic=MAIN
	Trade-Union organisations	Trade-Union Association of Health and Social Care of the Czech Republic	http://osz.cmkos.cz/
		Trade Union of Doctors	http://www.lok-scl.cz/
		Professional Trade-Union Organisation of Sanitarists from Bohemia, Moravia and Silesia	http://www.qnet.cz/pouzp/
	Other associations connected with a pharmaceutical industry	Czech Association of Pharmaceutical Firms	http://caff.tradecentrum.cz/
		Association of Pharmaceutical Medicine	http://www.cta-cz.cz/
		Association of Bulk-Distributors of Pharmaceuticals – Avel	http://www.avel.cz/
		Cepha s.r.o. (Centre for pharmacology and Analysis)	http://www.cepha.cz/
		Panel of Pharmacy Owners	http://www.gmlcr.cz/
		International Association of Pharmaceutical Companies	http://www.mafs.cz/cz/index.php
		Association of Producers of Freely Purchasable Pharmaceuticals	http://www.svoapl.cz/
	Associations of employees by domains	Czech Association of Nurses	http://www.cnna.cz/
		Czech Homeopathic Association	http://www.homeopati.cz/
		Czech Urological Society	http://www.cus.cz/
		National Centre of Nursing and Non-Medical Health Branches	http://www.nconzo.cz/
		Czech Association of Special Foods	http://www.casponline.cz/
		Union of Obstetrical Assistants	http://www.unipa.cz/
		Association of Citizens Practices	http://www.praktikcz.eu/
		Association of Physicians and Therapists Using Unconventional Diagnostic Methods	http://www.nekonvencni-medicina.wz.cz/Information_NM.htm
		Association of Physicians of Physiatry, Balneology and Therapeutic Physiotherapy in the Czech Republic	
		Association of Physicians – Private Ambulatory Specialists	
		Association of Ambulatory Specialists of the Czech Republic, o.s.	http://www.sasp.cz/
		Association of Private Gynaecologists of the Czech Republic	http://www.ssg.cz/
		Association of General Practitioners for Children and Juveniles of the Czech Republic	http://www.detsky lekar.cz/cps/rde/xchg/dlekar/xsl/index.html
		My Emergency Room	http://www.mojeambulance.cz/default.aspx
		Association of General Practitioners of the Czech Republic	http://www.splcr.cz/
	Czech Chamber of Classical Homeopathy	http://www.homeopathy.cz/	
	Union of Dental Technicians of the Czech Republic	http://www.zubnitechnik.cz/	

Organised interest associations with a voluntary membership	Associations related with a domain of medical devices	Association of Manufactures and Suppliers of Medical Devices	http://www.medtechnik.cz/
		Association of Manufacturers and Dealers of Devices for Stomatology (CzechDent)	http://www.czechdent.cz/
		CZEDMA – Czech branch of European Diagnostic Manufacturers Association	http://www.czedma.cz/
		CzechMed – Czech Association of Medical Device Suppliers	http://www.czechmed.cz/cz/hlavni-strana
		European Confederation of Medical Devices Associations	http://www.eucomed.be/
		Institute for Testing and Certification	http://www.itczlin.cz/
Organized interest associations with an obligatory membership	ČLK	Czech Medical Chamber	http://www.lkcr.cz/
	ČSK	Czech Dental Chamber	http://www.dent.cz/
	Česká lékárenská komora	Czech Chamber of Pharmacists	http://www.lekarnici.cz/module.php?module=36

Other organized associations	NRC – Národní referenční centrum	National Reference Centre (NRC)	http://www.nrc.cz/
	Lékaři pro reformu	Physicians for Reform	http://www.lekariproreformu.cz/
	Česká lékařská společnost J.E.Purkyně	Czech Medical Association of J. E. Purkyně	http://www.cls.cz/
	České zdravotnické fórum	Czech Healthcare Forum	http://www.czf.cz/
	Sdružení občan, o.s.	Citizen Association, c.a.	http://www.sdruzeniobcan.cz/index.php?cmd=page&id=6&LanguageID=1

Source: Author

Appendix 2

Key Movers in Czech Healthcare Policy

Rank	Key movers	Number	Percentage of Cases
1	Ministry of Health	11	68.8
2	Government	10	62.5
3	Chamber of Deputies	10	62.5
4	General Health Insurance Company of the Czech Republic	6	37.5
5	Senate	6	37.5
6	Pharmaceutical Companies	6	37.5
7	Czech Medical Chamber	6	37.5
8	Producers of medical devices	3	18.8
9	Union of Health Insurance Companies of the Czech republic	3	18.8
10	Trade-Union Association of Health and Social Care of the Czech Republic	3	18.8
11	Employees and Occupational Insurance Companies	2	12.5
12	Association of General Practitioners of the Czech Republic	2	12.5
13	Political parties	2	12.5
14	Regional corporations	2	12.5
15	Czech Dental Chamber	2	12.5
16	Czech Chamber of Pharmacists	2	12.5
17	Health facilities	1	6.3
18	Insurance companies	1	6.3
19	National Institute for Public Health	1	6.3
20	State Institute for Drug Control	1	6.3
21	Association of Physicians – Private Ambulatory Specialists	1	6.3
22	Health providers.	1	6.3
23	Open Association of Health Insurance Companies	1	6.3
24	Municipalities	1	6.3
25	Mass Media	1	6.3
26	Trade Union of Doctors	1	6.3
27	Czech Accreditation Institute	1	6.3
28	Associations of employees by domains	1	6.3
29	Association of Hospitals of the Czech Republic	1	6.3
Total		100	557.0

Source: Author interviews with Czech health policy elites (2009)

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Rank	Important player	N	Percent of Cases
1	Regional corporations	5	31.3
2	State Institute for Drug Control	5	31.3
3	Health facilities	4	25.0
4	Pharmaceutical Companies	4	25.0
5	Faculties of Medicine	4	25.0
6	Trade-Union Association of Health and Social Care of the Czech Republic (TUAHSC)	4	25.0
7	Czech Medical Chamber (CMC)	4	25.0
8	Czech Dental Chamber	4	25.0
9	Chamber of Deputies	3	18.8
10	Association of Physicians – Private Ambulatory Specialists	3	18.8
11	Ministry of Health	2	12.5
12	Senate	2	12.5
13	Employees and Occupational Insurance Companies	2	12.5
14	General Health Insurance Company	2	12.5
15	Mass media	2	12.5
16	Union of Health Insurance Companies	2	12.5
17	Trade Union of Doctors	2	12.5
18	Association of General Practitioners	2	12.5
19	Czech Chamber of Pharmacists	2	12.5
20	Insurance companies	2	12.5
21	General public	1	6.3
22	Political parties	1	6.3
23	Association of Hospitals of the Czech Republic	1	6.3
24	Association of Czech and Moravian Hospitals	1	6.3
25	Pharmaceutical Associations	1	6.3
26	AIFP	1	6.3
27	Panel of Pharmacy Owners	1	6.3
28	Czech Medical Association of J. E. Purkyne	1	6.3
29	Citizen Association, c.a.	1	6.3
30	Health providers	1	6.3
31	Producers of medical devices	1	6.3
32	Associations of Regions	1	6.3
33	Professional Trade-Union Organisation of Sanitarists from Bohemia, Moravia and Silesia	1	6.3

Source: Author interviews with Czech health policy elites (2009)

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Comparative Perspectives on Health Sector Reform¹

James Warner Björkman²

Abstract

Given the problematic nature of attempts to reform national delivery systems for health care, the paper reviews the context and logic of reforms in the health sector. After a background on approaches to building capacity within three generations of public sector reforms, it examines the reforms applied to financing, organising and delivering health services and suggests strategies for reform which take capacity into account.

Keywords: reform, health care, public sector, national systems, strategies

At its core, reform seeks to modify the way arrangements are currently organised. Reform seeks to change “form” and, in so doing, re-arrange the distribution of costs, benefits and valued resources. In the health sector, three issues regularly appear among proposals for reform: cost, access and quality – or, phrased otherwise, reforms in financing (revenue as well as expenditure), reforms in services (who gets what, when, where, how), and reforms in assurance that professionals are delivering competent care. Decades of experience suggest that reform isn’t always a good thing but reform, like beauty, is often in the eye of the beholder. Because attempts at reform are inevitable as long as health care delivery systems remain problematic, this essay reviews strategies for reforming the health sector which take capacity into account and describes patterns of reforms applied to the delivery of health services.

Approaches to reform evolved during the past half-century (Whyte 2004). The 1950s and 1960s were characterised by “Institution Building”, an approach focused on individual organisations. These organisations were modelled on – if not directly transferred from – the developed countries of the world. During these decades

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many public sector institutions were initiated, including state-owned enterprises with a strong emphasis on state-based delivery of social services. By the late 1960s and early 1970s, the initial emphasis on Institution Building had softened into concern for strengthening institutions that already existed. This shift to “Institutional Strengthening” sought to provide tools that would improve performance rather than to initiate wholesale change.

The 1960s and 1970s were also the heyday of Development Administration (currently called “Development Management”), which sought to reach neglected target groups and especially to improve delivery systems in order to reach such targets. Great reliance was placed on the role of government agents, particularly civil servants, for achieving these ends. Development was increasingly focused on people rather than on institutions and, during the decade of the 1980s, the nomenclature shifted again – this time from Development Management/Administration to Human Resource Management. The key sectors to be targeted were education, health and population, and the concept of people-centred development emerged.

During the 1980s, Structural Adjustment emerged as a composite of policy reforms that were based on requirements or “conditionalities” of economic and social changes by the recipients of donor funds. Capacity building broadened to include private as well as associational efforts in addition to government action, and there was greater attention to the international environment as well as to national economic behaviour. This “New Institutionalism” – interchangeably called “Capacity Development” – expressed concern about the sustainability of capacity-building and, in the 1990s, particularly about a paradigm of “governance” that re-united public administration with political participation. The 1990s were also characterised by a reassessment of technical co-operation and its limitations, plus the emergence of local ownership as a vital factor for development.

Now, in the first decade of the 21st century, the internationally endorsed Millennium Development Goals have become the key driver for change, based on results-oriented management and long-term investments. The age of the “quick fix” is hopefully over, and the recognition of – indeed, the appreciation of – the “long slog” has begun. Given the spread of information technology, the emphasis today is on knowledge-based networks that emphasise continual learning as well as on synergistic adaptation through increased participation in capacity building.

For several decades, public sector reforms have been premised on the assumption that improving the ability of government to manage its business will lead to improved social and economic progress. The first generation of reforms sought to cut public expenditures and to revive the private sector. Measures included budget cuts, tax reforms, limited privatisation, liberalisation of prices and, most conspicuously, efforts to downsize the public sector. The latter was almost invariably described as “bloated” and therefore in need of surgery, followed by a strictly enforced diet.

It quickly became evident that the transformation of government would require a long time and that the savings from reduced bureaucratic costs would be insufficient to provide even basic levels of public services. A second generation of public sector reforms then sought to improve the efficiency and effectiveness of government. While the first generation reforms stressed downsizing, contracting and improved control over budgeting and public expenditures, the second generation reforms advocated decentralisation to sub-national levels, the creation of semi-autonomous agencies in the central government, and reforms of human resource management (recruitment, selection and training).

More recently, the agenda for reform has refocused yet again as a third generation of reforms seeks to improve social outcomes through better service delivery. This strategy emphasises sector-wide approaches, particularly in health and education, in order to produce a coherent programme for delivery of services that involves both governmental and non-governmental organisations. While these generations of reforms are overlapping rather than strictly sequential, all reforms have been driven by a combination of external and internal agencies. Multilateral and bilateral aid entails conditionalities that require a (commitment to) change in governmental behaviour before money can be transferred. In turn, national planning commissions and ministries of finance require line agencies to adopt reforms that may include a combination of these generations.

Public sector reforms range across a repertoire of policy instruments: streamlined budgets, staff reductions, raised tariffs, contracting out and other forms of privatisation. Reform of the health sector has focused on four main options, none of which is mutually exclusive, and all of which may occur at the same time. These are the establishment of autonomous organisations, the introduction of user-fees, contracting out of services, and the enablement and regulation of the private sector.

Most countries share basic goals in health policy: universal (or near-universal) access to health services, equity in sharing the financial burden of illness, and good quality health care. Given the growing share of public money in funding health care, governments have become concerned about efficiency and cost control. Patient satisfaction, patient choice and the autonomy of professionals are important goals too.

National arrangements for financing health care vary widely. On the one hand, the major share of health care funding may be financed by general taxation as in Scandinavia, Italy and the United Kingdom. On the other hand, systems of health insurance are the major source of funds in Germany, France and continental countries. In all countries, patients pay some proportion of health care costs out of their own pockets through co-payments or deductibles. In most cases, however, governments mitigate the effects of user-fees by exempting certain groups or by setting annual limits on how much families must pay.

Variations in funding and contracting models in health care can be traced to country-specific historical developments, but two events in Europe play a crucial role as models for policy. The first was the introduction of mandatory social health insurance for industrial workers and their families in Germany in 1883. Several countries in Europe – and others in Asia and Latin America as well – followed the German example of state-sponsored (but not state-administered) mandatory social insurance to protect the family income of industrial workers against the risks of illness, disability, unemployment and old age. The mandatory membership enforced by social insurance meant that the so-called “sickness funds” had stable revenue streams and could create wider pools of shared risk. In the 20th century, these non-governmental funds became core actors in the public policy arena by sharing the responsibility for social policy-making but under ever greater government regulation.

The second major innovation in the funding of health care was the establishment of Britain’s National Health Service in 1948. The NHS extended the German insurance model by providing coverage to the entire population with costs paid out of general taxation. Although hospitals were nationalised, family physicians remained independent as practitioners.

During the first half of the 20th century, many European countries followed the German example by establishing separate income protection schemes for certain groups in society (e.g. disability and unemployment benefits for industrial workers). Only after World War II, however, did the full range of modern welfare state programmes appear including old age pensions, disability and unemployment benefits, health insurance, sickness pay and child support. In the first decades of post-war reconstruction, there was popular support for this expansion of state-sponsored schemes. Some countries followed the German example of employment-based schemes; others preferred the population-based NHS model.

The spread of the two models was not restricted to Europe. Nations across the world sought to implement similar arrangements to protect the incomes of their populations (or population groups) against the financial risks of illness, disability and old age. By the end of the twentieth century, funding for health care in most countries had become hybridised by adopting elements from both the British and German models. Employment-based arrangements for certain categories of workers were combined with population-wide and tax-based universal schemes.

The 1970s saw a shift from expansion and popular support for welfare state arrangements to reassessment and retrenchment (Timmins 1995). Economic, demographic and ideological factors contributed to the reshaping of the popular notion of the welfare state from a solution for social problems to that of an economic burden and a cause of economic stagnation (Wilensky 2002). After the oil crises of the 1970s, economic stagflation with persistently high levels of unemployment meant that state revenues stagnated or declined, while public expenditures con-

tinued to grow. Moreover, as the end of the post-war baby-boom became visible, demographers realised that they had to revise their earlier demographic projections downwards – and future pension outlays upwards.

In addition, ideological views about the role of the state had gradually changed. On both the left and right of the political spectrum, critics agreed that state powers had become too intrusive in the lives of individuals. Growing discontent over fiscal burdens and disappointing results of public programmes, rising consumerism and patient advocacy groups claiming a stronger say in the allocation and organisation of health care – all challenged existing arrangements for providing welfare. Governments sought alternative models of governance to reduce the dominant role of the state and decentralise decision-making, with more room for individual choice and entrepreneurial ideas (Ranade 1998; Cutler 2002). Some countries took hesitant steps to introduce market competition in health care by reducing state control over the funding and planning of health care services. They also sought to broaden patients' choice of provider and health plan. Other countries turned to traditional tools of controlling public expenditure by setting strict budgets, reducing the scope of public insurance and increasing direct patient payments.

Factually, despite the rhetoric of increasing the role of the private sector and of “down-sizing” government, the private sector for the delivery of health care in all countries is already extensive. Indeed, in most countries, the private sector is often larger than the public sector – but, due to ideological blinkers or what we sometimes call “group think”, the private sector has not been acknowledged and therefore not measured, at least in public data sets. Financed primarily by out-of-pocket payments, the private sector in health is also largely unregulated. Consequently, instead of “downsizing” the number of staff – a reform usually applied to the civil service, most reforms found in the health sectors of developing countries emphasise internal reorganisation of the public sector – particularly through decentralisation and outsourcing.

Health sector reforms have a significant parallel with civil service reforms. In most cases, reforms have been stimulated by economic recession and by severe fiscal problems in the state treasury rather than by an ideologically driven taste for reform. Declining government budgets have adversely affected service delivery, even in those countries which previously had reasonably well-performing systems for the public delivery of health services. Pressures for reform of health care, therefore, often emanate from central ministries, such as finance and planning. In many cases, the Ministries of Health struggle to reinterpret and to respond to policy directives outside of their control. In Colombia, strong political leadership, plus outside experts from Harvard University, forced reforms that integrated the health system with a wider social security network (Bossert et al. 1998). But “demand” from the beneficiaries was conspicuously absent.

Economic realities of recession and fiscal crises affect not only the types of policies that are implemented, but also reactions to them by the users, beneficiaries and citizens. The stage of raising revenue through the introduction of user-fees in order to supplement government budgetary resources was critical for many governments because of the endemic economic crisis. But, the success of the policy, no matter how logical in theory, was constrained by the dwindling capacity of citizens to pay for health care. Furthermore, the administrative cost of collecting user-fees and of monitoring exempted categories of users often exceeds the revenue collected. The initial reform, however well-intended, had not considered inevitable transaction costs.

While reforms have been widely espoused in international arenas, as well as by technical experts, their implementation has been much more limited. It is difficult to assess the real potential for reforms in the health sector because more time is needed for assessment. Frequently, however, and rather ironically, countries with the most radical reform agenda appear to be those with the least capacity to implement them – or, as Caiden and Wildavsky (1980) commented caustically some decades ago about planning and budgeting: the smaller the capacity, the greater the ambition, and vice-versa. Perniciously the depth of the economic recession in such contexts requires a radical approach in terms of policy pronouncements, yet reduces the ability to implement such a radical agenda.

Other types of capacity constraints have been identified, none of which is unusual. Human resource constraints in terms of the number of skilled staff available, and the motivation of staff to carry out their assigned tasks, are widely prevalent problems. Organisational culture often militates against the effective operation of the new modes of government. In organisations that favour hierarchy and command over initiatives and team development, the autonomy formally granted to government entities may not be fully acted upon. While the New Public Management emphasises the importance of linking performance to rewards, parallel informal systems often undermine the formal reward systems. For example, promotions are often made on the basis of patronage and favours in the traditional patrimonial system, rather than on objective assessments of performance. Key systems, such as management information systems, frequently fail to function effectively. Another significant barrier is the lack of incentives for individuals within the health care sector to plan or to monitor their work in terms of the information that is produced. In other words, there is almost no feedback system for self-correcting action.

A further sign of weak capacity is poor coordination among different actors (Akukwe 1999; Cooper 1997). Governments experience great difficulty in translating their broad policy statements into concrete strategies for implementation. As a consequence, there are problems in specifying and then enacting the details of decentralisation policies. It is not clear, for example, as to the level of government at which financial rights and responsibilities lie. Likewise, it is not clear which or-

ganisation should report which data to whom. These are all simple, but disastrous, problems in coordination.

Some of the constraints on capacity are, of course, rooted in the broader public sector rather than only within the Ministry of Health or similar agencies. This is particularly true of human resource management, but applies to other systems as well. For example, until recently, all revenues generated from user-fees had to be returned to the national treasury – thus providing little incentive for their collection. Such a disincentive more or less ensured that such fees had zero impact upon the quality of health care. In contrast, when local hospitals are allowed to keep the user-fees that they collect rather than returning them to central coffers, not only do those hospitals have a better record for collection of fees but they also re-invest the surplus in such long-term benefits as higher quality equipment, more reliable stocks of pharmaceuticals and medical supplies, and even lower (or exempted) fees for the truly destitute (Björkman and Mathur 2002).

Another factor influencing capacity that is outside the control of health ministries is the limited extent of private sector development. Limited development or inadequate depth of the private sector in health care hinders the efforts by government to contract services. More importantly, it implies that government has few local examples of effective management practices in organisations from which to learn. There is a limited reservoir of management skills in the broad economy upon which to draw.

When describing health sector reforms, relevant questions include the types being applied (or at least recommended) and whether they are working in local or even national contexts. When addressing these questions, one has to be aware that generalisations – or their opposite: limited particular examples – tend to caricature reality. The world is vast and diverse, so one seeks tangible evidence that health sector reforms are working.

Internal and external pressures for change encouraged national governments to seek solutions and new ideas elsewhere, which stimulated a proliferation of cross-national studies in the field of health policy. Most of those studies consist of descriptive cases and lack a common vocabulary. Terms such as “health reform”, “managed competition” and “consumer-driven health care” are regularly used but rarely operationalised. While comparative studies aim to analyse processes of health reform across the globe, very few focus conceptually on what they seek to explain.

A common problem is the assumption that policy as stated in law or formal government documents is the same as policy actually implemented. For a variety of reasons, the outcome of reform often differs greatly from the original policy intentions and statements. Faced with public discontent over unintended results, governments feel pressured to adjust their policies.

“Health reform” marks major shifts in decision-making power over the allocation of resources and over financial risks in health care funding, contracting, ownership and administration. Such shifts include the abolition or reinstatement of selective contracting with providers, changes in the authority over capital investments, and expansion or contraction of entitlements of public health insurance as well as restrictions on medical decision-making imposed by practice guidelines. Decision-making power and financial risks can shift from the national level to regional and local governments (or vice-versa) as well as from government control to individual insurers and individual patients and the insured.

Empirical experience with goals and means for health reform indicate potential global convergence on patterns of performance, but countries implement change within their own institutional legacies and within the restraints of existing national institutions and political boundaries. The timing and speed of change of the health reform processes vary as well. In some countries, governments implement major change rapidly. In other countries, characterised by strong opposition by organised state-holders, reform efforts are adjusted, delayed or even abandoned.

Any health care system can be described in terms of a country-specific mix of public and private funding, contracting and modes of providing services (OECD 1992, 1994). There are five main sources of funding and three dominant models of contracting. The major funding sources are general taxation (general revenues, earmarked taxes and tax expenditure), public and private insurance, direct patient payments (co-payments, coinsurance, deductibles and uninsured services) and voluntary contributions. For some developing countries, external aid is also a major source.

Among the three basic contracting models, the “integrated model” places funding and ownership of services under the same (public or private) responsibility. The best-known example is the original British National Health Service that provides tax-funded health care for all. The “contracting model” allows governments or other third-party payers (usually administrative agencies for social health insurance, but sometimes private health insurers) to negotiate long-term contracts with health care providers. The third model, common in private insurance, is reimbursement where a patient pays the provider and then seeks reimbursement from his insurance agency. Consequently the ownership and management of health services can be public, private (both for-profit and not-for-profit) or a mix of those. Moreover, there are country-specific mixes of formal and informal care, traditional and modern medicine, and medical and related social services.

Combinations of those core elements – funding, contracting (including payment modes) and ownership – determine the allocation of financial risks and decision-making power among the main players in health care. Government ownership and tax-funded services require strong government influence, whereas private funding (insurance and direct patient payments) combined with legally independ-

ent providers, restricts the role of the state even though governments can – and often do – impose rules to protect patients or safeguard the quality of and access to health care.

These terms help to characterise features of health care systems and policy-making but they do not explain the causes or the effects of policy change. In order to understand why countries embark on particular reform paths, one must investigate not only external and internal pressures for change, but also structural features of social policy-making that enable politicians and policy entrepreneurs to change the system. Of course, institutional legacies and popular support for existing policy arrangements create powerful barriers to change.

Some reforms being proposed for the health sector are Structural Adjustment measures in disguise. They are often complicated and mostly “top-down”. Other measures seek major changes that are politically unsavoury and require strong determination to get underway. Because just getting started is often a problem, elaborate plans for implementation tend to remain on the drawing board.

More importantly – overshadowing the above constraints – the proposed reforms have come to mean “market oriented” interventions in the health sector. The concept has been promoted by a paradigm of health reforms that parallels and is embedded within the so-called Washington Consensus. While the latter is contested, it is important to address the underlying assumptions of market-oriented reforms because it is contended that a more decisive market orientation in the existing public health sector will increase efficiency. Evidence that market-oriented health care systems are more efficient than public health care systems, however, is absent, even in countries such as the United States, with its market-oriented health care system (Marmor 1998). Almost twice as many financial resources (approximately 16 per cent of GNP) are required in the US to provide the same type and quality of care available in Western European countries that spend only seven or eight per cent of their GNP – a comparison which indicates that great inefficiencies remain in the most market-oriented health care system in the world.

One major reason for this pattern is that it remains profitable to provide unnecessary care; another is that – in systems where private-for-profit health insurance companies play a major role – transaction costs (administrative and other) are very high, in the order of 20–40 per cent. Consequently, even using pure traditional efficiency criteria, evidence from many countries indicates that public health care systems can be not only more equity-oriented, but also more efficient than market-oriented health care systems.

This observation does not, however, imply that all public health care systems are efficient. The point is that inefficient public systems can be made more efficient by improving relevant public policies. A market orientation is not, by definition, the preferred way out to improve health care for people. Yet, reforms intended to strengthen public health policies and public financing of health care via taxes are

gratuitously dismissed as “non-viable”. This dismissal is reinforced by the theoretical contention of mainstream health economists that the role of government is “to adjust the market failures” found in the health sector. The underlying assumption is that a “perfect market” – one with no failures – will provide the best health care system. But this idealist model implies that demand, as expressed by purchasing power, should ultimately determine the supply and utilisation of health care services. It is thus, by definition, impossible for a perfect market to provide health care services according to need – regardless of ability to pay. Only if the groups with the greatest need for care would also be those with the most resources for buying the care they need would the “market forces” be a possible regulator of access to care.

In reality, the opposite is true. The economically least privileged groups are those experiencing the greatest disease burden, thus having the greatest need for care. Given this reality – and the objective remains to provide health care according to need – ways must be sought to improve the public health care system that caters to the health and nutrition needs of those with less ability to pay. This contention does not exclude a role for a parallel private for-profit health care sector that follows market forces, primarily catering to the needs of the most privileged groups, but the consequences of such an “exit” option must be balanced against the public interest.

Deep structural changes need to be enforced to get reforms in the health sector on a sustainable track. Such a track has to lead to outcomes that ensure minimum care for all citizens. Unfortunately, public hospital care in many countries has become unaffordable for the poor due to steep user fees. Additional hidden costs complicate this situation – “under the table payments” to doctors being just one type (Avetisyan 2002; Baru 1999). Subsidising such a system, instead of reforming it, will only channel additional funds to the wrong (non-poor) recipients.

Health sector reforms have been used as crutches to pretend that one is changing the system, but basically staying the course or even regressing. The issue is not whether people should share the costs – because the people always end up paying. The real issue is who is to pay more and who is to pay less or nothing at all. What arrangements would be more effective and sustainable?

Equity-oriented policy measures in the health sector have to be implemented from the central level. Until the equity situation improves, public health services need to be primarily financed by governments (central and local). The financing of health care should move away from regressive fee-for-service schemes and towards prepayment schemes where the whole population – not only the sick – contributes. Direct and indirect progressive taxes constitute the financial base for an efficient, equity-oriented health care system. Government funds can then be used to fund public health services or subsidise social health insurance schemes that will gradually cover the whole population. General tax revenues are a source to obtain financial resources for the health sector. And the use of existing resources (human, material, organisational and financial) should be rationalised to adapt them better

to actual needs. This policy will entail reallocating (or even shedding) personnel as well as mobilising more resources for outreach work. This strategy is linked to medium-term reforms that bring health staff income up to minimum standards of living, based on a system of monetary and non-monetary incentives.

Reforms of the public health care sector need not be biased overwhelmingly in the direction of the private sector. The often touted non-service-mindedness of the public sector is not a given. While the public system has many flaws, it also has many strong points. As its core is streamlined and strengthened, ancillary services can be contracted to the private sector – provided there is a fair system of competition in place. The core of a delivery system must ensure equity as the highest priority. This observation brings us full-circle to the old “political will” issue that is not really an issue of “will” as such: it is an issue of “choice”, of political choice and subsequent commitment. And being an issue of choice, the responsibility to move towards appropriate reforms remains squarely that of the respective governments.

In 1993, the World Bank acknowledged that “government policies which promote equity and growth together will therefore be better for health than those that promote growth alone” (World Bank 1993, 7). Moreover, the better health of the population contributed significantly to further economic growth. Medical interventions are absolutely necessary to deal with the problems of infectious diseases and acute ill health, but greater socio-economic equity is vital to tackle the challenge of health.

The human right to health requires political commitment at all levels to remove global, national and local inequities, including unequal access to health services and medical care. Without political commitment, the socio-economic conditions that make “Health for All” realisable do not, and cannot, exist. Action is needed far beyond health policy because health inequalities are rooted in socio-economic structures. Action is needed in all social policies, so it is important to analyse and understand the roles of actors influencing the health of the population. It is particularly important to develop a conceptual framework of social policies in order to promote health effectively. Such a framework must be capable of adjusting to changes in ideas, investigations or proposed interventions, and it must be ensured by political commitment.

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Section V

NISPAcee Best
Graduate Student
Paper Award



Building a Metropolitan Area Model for the Romanian Administrative Space

Catalin Daniel Dumitrica¹

Abstract

The Romanian administrative system needs to enhance its ability to face the challenges brought about by the still fresh accession into the European Union. One of the latter deals with the metropolitan areas is a concept with rather recent use in Romanian literature and the practice of local self-government. So far, the implementation of the metropolitan concept has been put into practice in terms of different administrative territories, associating and co-operating to achieve efficiency in local development processes.

This paper, however, builds upon the existing European and American literature on metropolitan areas and aims at designing a new partnership-based model of metropolitan areas suitable for the Romanian environment. In this respect, based on the European principles (namely: economic and social cohesion, specialisation, exclusivity and subsidiary), this model will analyse the mutations emerging with the changes in the local decision-making processes. The transfers of competences, as well as the manner in which the administrative system resists change, will be taken completely into consideration.

The objective of this paper is to analyse the application of those principles inside the Bucharest Metropolitan Area – an area which is still under construction. The conditions that must be implemented inside the Metropolitan Area, the objectives and domains of co-operation, and the solutions that must be applied in order to obtain the compatibility and performance of the administrative units which make up this metropolitan area will also be taken into consideration.

The formation of metropolitan areas replies to a need determined by the organic development of settlements. The process of urbanisation in Europe has led

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to the interdependent development of metropolises with the settlements in their area of influence, already forming primary metropolitan realities, which, even if not known as metropolitan areas, virtually operate as unitary areas, relatively independently. Thus, we can look at the first features of metropolitan areas as representing distinct forms of human settlements, consisting of a large number of people living within or around a high density centre. (Miles 1970)

Many of the strategic urban planning issues at the European level cannot be treated directly, except at the level of metropolitan areas, which facilitate the production, trade and consumption of goods' development in Europe, so as to avoid not only the barriers due to excessive localism, but also to centralism at the national level. It is, in essence, a matter of the formation of the metropolitan areas as growth or development poles and regions in Europe, included within national and trans-national strategies. The development of the metropolitan areas facilitates the integrated territorial planning at the regional level, so as to reduce the imbalances between the centre and adjacent zone, caused by the dispersion or marginalisation generated by the isolation of settlements lacking opportunities and by the removal or reduction of such imbalances leading to the improvement of quality of life.

The identification of common trends of development and co-operation of settlements in the area, as well as the creation of new forms of institutional organisation and administration, of representing interests externally, will strengthen their ability to cope with competition. Therefore, increasing the economic competitiveness of localities in the metropolitan area, compared to neighbouring regions, will be assured. Performing development policies is usually achieved through good co-operation between localities in the fields of territorial planning, housing, infrastructure, economic development, environmental protection and use of human resources. The most efficient measures are, usually, those related to public transportation, water supply, waste processing and implementation of investment projects.

The political, social and economic life of the city and that of the surrounding region have always been connected. The symbiotic relationship between the compact city and the low demographic density suburbs consists of the manner in which the economic and political destiny of the suburban areas, caused by economic growth, influences the economic and political success of the city (Ledebur and Barnes 1993, 45). The construction of the metropolitan area in the Romanian administrative space presupposes the emergence of a series of administrative "mutations", in the light of the administrative model adopted, as well as a series of implications regarding the local and regional development process.

The use of the concept of metropolitan areas or metropolitan regions entails the clarification of notions such as "zone", "area", "region".

In 1973, Stanislaw Czamanski made a clear distinction between these terms as follows:

“**Zone**” is the generic term for any part of the bi-dimensional space, which is useful in a socio-economical analysis, for example the concept of a zone of attraction for a market, meaning the geographic space in which a manufacturer’s production is sold;

“**Area**” was, in the beginning, just a technical term, representing a transversal strip cut off a sphere; now, this term is used to define a surface with different characteristics in relation to the surrounding space, for example, the administrative and business area (so-called Central Business District) in a large metropolis;

“**Region**” is a much more precise term, implying a surface within the national economic space, sufficiently structurally comprehensive to work independently, although, in reality, it has, of course, close links with the rest of the economy. (Nicolae and Constantin 1998, 16)

From an administrative point of view, metropolitan structures are dependent on political, social, economic, historical and geographical factors and, therefore, cannot be designed and executed as a finite form in a laboratory/office. The administration of metropolitan areas may raise a number of challenges, thus assuming a series of “changes in development patterns of low density territories by voluntary co-operation between the existing local administrations, by state intervention in the provision of some urban services, through public-private coordination, through the existence of regional agencies, in addition to the administrative structures, and by providing public facilities aimed at stimulating regional institutionalisation.” (Downs 1994)

In the structure of the metropolitan areas, three major components can be identified: “cultural identity, an economic and social basis necessary for the support of the area development and a form of power regarding the decision-making”, which are only several of the elements necessary to constitute public and private “development coalitions” (Keating 2008, 157), alongside territory, leadership, external relations and development strategies.

The functioning of metropolitan areas requires a careful analysis of the administrative implications as regards metropolitan coordination, as well as an analysis of the economic implications that such a structure may generate.

Based on these clarifications, the metropolitan areas² represent urban agglomerations formed on the basis of partnerships between municipalities and cities, together with urban and rural localities within the area of influence. Metropolitan areas are private law co-operation structures with a legal personality, established, under the law, by the administrative-territorial units, for the joint execution of de-

2 The concept of metropolitan area covered by the Romanian legislation as “Intercommunitary Development Associations” – Art. 1, letter b of the Law on local public administration no. 215/2001, published in the Official Gazette, Part I, on 13 September 2006.

velopment projects of local or regional interest or for the joint provision of public services.³

A metropolitan area refers to a territory that contains a number of autonomous administrative units, placing equal emphasis on metropolitan independence and metropolitan affairs' coordination. (Mello 1993)

The term "metropolitan area", conurbation, or large urban areas, are defined as a continuous urban territory of large dimensions, working as a single multi-functional region. The metropolitan area is a single physical urban reality with numerous sub-systems and with a population of over one million inhabitants. (Nientied 1996, 5)

Together with the territory and the administrative organisation, a new metropolitan element is identified – the population.⁴

In accordance with French legislation, "an agglomeration of communities represents a public entity which regroups several municipalities that form a geographical zone occupied by at least 50,000 inhabitants. At least one of these localities must be occupied by a minimum of 15,000 inhabitants. The entity's mission is to formulate a joint programme of urban development and planning of the use of land."⁵

In Romania, the definition of a metropolitan area is regulated in the legislation as: "An area established through the association, based on voluntary partnerships, between the major urban centres (the capital of Romania and level I municipalities⁶) and urban and rural localities in the immediate neighbouring area, at distances of up to 30 km, among co-operative relations developed on multiple plans"⁷. The

3 Art. 1, letter c of the Law on local public administration no. 215/2001 published in the Official Gazette, Part I, on 13 September 2006.

4 Current standards require that each new metropolitan area statistically includes at least: one city with a minimum of 50,000 inhabitants and a metropolitan population of over 100,000 inhabitants.

5 Chevenement Law. 1999. France.

6 *Rank* – expression of the current and immediate perspective importance of a city within the network, from the administrative, political, social, economic, cultural etc. point of view, in relation to the size of the polarised area of influence and with the decision level the allocation of resources implies. This importance should also find its correspondent in the level of modernisation. Municipalities of rank 0 and I are development centres that have a significant number of inhabitants: at least 200,000 (except Bacau), direct access to the major pan-European communications network (road, rail, maritime and air), a high technological level and flexible economic bases (secondary sector, manufacturing, socio-cultural and informatics services), universities, institutes of higher education and a rich cultural life.

Also, municipalities of rank 0 and I are the only municipalities that can establish metropolitan areas in Romania, together with the urban and rural localities in their immediate vicinity, at distances of up to 30 km, among which are co-operative relations developed on multiple plans.

7 Law no. 351/2001, Annex 1, section 11, published in the Official Gazette Part I, no. 408, 24 July 2001.

legislation also indicates the functioning manner of metropolitan areas, stating that: “Metropolitan areas work as independent entities without a legal personality.”⁸

The configuration of the metropolitan areas can be achieved through: “amalgamation; main city boundaries’ expansion; local administration organised on two levels; voluntary co-operation; creation of partnerships on programmes/services; creation of metropolitan authorities in the planning and development domains and contracting of private companies for the provision of public services of metropolitan interest”. (Davey 1993, 14.) The organising of the metropolitan areas can also be achieved from the perspective of co-operation achieved at the level of development agencies. In essence, these can be classified as follows: “forms of administration formed as a result of voluntary agreements between autonomous administrative entities; forms of administration that put emphasis on the functional aspects and delegate to an agency the implementation of these functions; administrative structures organised on two levels of decision and administrative forms under a single authority created through a merger of the existing local authorities”. (Mello 1993)

Beginning from the nature of the relations established and developed in the metropolitan areas, three types of metropolitan area can be identified:

- “homogeneous metropolitan areas – characterised by uniform internal structure; the economic activities carried out within them being similar to one another” (Dincă 2005, 23);
- “nodal metropolitan areas – nodal regions (polarised), when interest in uniformity is minimal and cohesion is the result of internal flows, the relationships and interdependencies are usually polarised by a dominant centre (node);
- metropolitan area for planning (programming), where the unit derives from a particular institutional-administrative framework and from the application of specific regional development policies and programmes”. (Nicolae and Constantin 1998, 16)

The metropolitan area thus represents a favourable environment for the application and development of what François Perroux called “the Theory of growth poles”. According to this theory, the emergence and development of metropolitan areas occurs as an imbalanced, yet hierarchical process within the development region, in which a certain number of economic units play a crucial role, which makes them stand out. These units which manage to stand out are called “growth poles”, in the category of those units belonging to large enterprises, industrial platforms, important infrastructure elements such as harbours and airports, which succeed, through their mere existence, to attract and facilitate the emergence and existence of numerous activities or even the emergence of an urban centre that has its own activity. It is presumed that the existence of these growth poles will carry forward the entire met-

8 Law no. 351/2001, through Art. 7, para. 2, published in the Official Gazette Part I, no. 408, 24 July 2001.

ropolitan area or even the entire economy. Acting like a magnet, the growth poles will be able to attract the existing innovation and development capacity.

However, the quality of the diffusion from the poles to the centre areas must be analysed. In the case of metropolitan areas, the quality of such diffusion effects can lead to a generalisation of the persistence of imbalances and to the cumulative increase of inequalities in development. Since, at the level of the growth poles, there is a higher innovation and competition capacity, the developed areas can create a type of continuously polarised development. At the same time, there is a possibility of the occurrence of filtering phenomena regarding the activities diffusing regional development, so that imbalances will persist. The metropolitan area thus becomes an economic-administrative development model, based on the central places theory.⁹

Christaller believes that the main function of the city is to distribute goods and services for the space that it is part of. Extrapolating, the metropolitan area can meet all the requirements necessary to satisfy metropolitan general interest. The existence of metropolitan determinants¹⁰ is vital if one wishes it to be functional. The existence of this market facilitates the emergence of a theory that claims that each point of the theoretical territory (rural, homogeneous, and on which the population is uniformly distributed) has access to all possible goods and services. However, the goods and services offered by the metropolitan area are not all of equal importance, but they are ranked, according to the consumers' demands and the daily, weekly, monthly, and occasional needs. Their hierarchy brings forth the central places hierarchy, as well as that of the corresponding areas of influence.

Metropolitan areas will accumulate items of value, whilst having a tendency to outsource to the less-developed areas within the region the uncomfortable, embarrassing and unwanted activities, involving tiring, crude work, in decline, with low skill levels and outdated technologies. The filtering of these activities may be determined by environmental considerations or performance criteria.

In the absence of barriers on the population and labour force migration, significant movements of the population, which constitute other economic-demographic issues, may accompany the emergence of such "growth poles". In most cases, the direction of the movements of population is from the weakly developed areas to the developed ones, and concerns the young and average age population, as well as the highly trained. From here, it is obvious that the developed areas impose filtering processes of the work force input streams.

9 The central places theory is one of the most developed models of space analysis. It is claimed that without this theory "it would not have been possible to speak of a theoretical geography, independent of other sciences." In the development models focusing on the central spaces theory, we would like to mention – Christaller's Model, Losch's Model, Zipf's Model

10 By determinants understanding access to transport infrastructures, service provision and the possibility of private agents to conduct economic activities.

A de-population, especially qualitative, of the weakly developed areas around the metropolitan area occurs, influencing and changing the pace of **demographic evolution, birth rate, number of marriages**, stressing **demographic aging** and, implicitly, a decrease in the region's competitiveness.

The main contribution of this to the development of economic theory consists of the conception of spaces, not only as a restriction, the distance between two places and a cost generating source for economic agents, but especially as a territory on which people live, who have the right to decide on their own development.

Metropolitan areas should not be a basis for the development of the endogenous theory, based on selective regional autarchy¹¹, which may not exceed a certain utopia because isolationism may lead to a decrease in labour productivity and, ultimately, to the slowing down of the development pace, with direct, negative repercussions on the people's standard of living.

Based on the configuration and association modality, three models of governance for the metropolitan area can be identified:

- a) metropolitan authorities who have **full powers** as regards the social, economic, infrastructure, environment and territorial planning fields. These authorities are responsible for effectively and completely planning and implementing harmonious development strategies in the metropolitan areas;
- b) appointed or elected authorities, with **selective powers**, with which to plan and apply strategies to resolve key issues;
- c) appointed or **complementary organised** metropolitan agencies, empowered with strategic planning responsibilities and consultative application functions. (www.eurometrex.org)

The option for one of the governance models proposed by the "Metrex" must be consistent with a series of characteristics revealing the organisation and functioning of public administration in Romania. The complexity of the social requirements poses the administration a series of problems to be solved. Society has seen a continuous process of multiplication and diversification of the administration tasks, which imposes continuous improvements in the structure and activity of the administration, by using modern methods and techniques. Public administration decisions are binding, without the consent of those to whom they apply. Public administration, unlike the private sector, may use, when necessary, state means of coercion. Public administration is part of the public activities sphere, being a social activity, carried out in the general public interest and under the public power regime. Professor Antonie Iorgovan defines public administration not only as an activity consisting mainly of organising and ensuring performance, but also as the

11 Policy through which one tends to the creation of a closed national economy, isolated from the economy of other countries; state that practices autarchy; economic self-isolation condition of a state.

direct execution of the provisions of the Constitution, of all regulations and other legal acts issued by the authorities of the rule of law, and activities performed by the public administration authorities. We notice, on the one hand, the position of public administration within the various activities of state or local communities' authorities, and on the other hand, we can see the two indispensable elements of public administration, namely: the structural-organic element, and the functional element. (Iorgovan 1993, 1–3, 80–83)

Beginning with general observations, the following functions of public administration within the global social system can be found (Gournay 1978):

- a) In the foreground (determined by the position that the administration has in relation to political power) is the function of intermediary execution mechanism, which has the mission of organising and ensuring execution – ultimately, using its authority or even coercion. This primary function has several sides, namely:
- the function of preparing political decisions or even of collaborating in their adoption;
 - the function of organising the execution of political decisions;
 - the function of direct, material execution of political decisions;
 - the function of ensuring the execution of political decisions, which is achieved either by persuasion or, if necessary, using constrained force;
 - function of a spoke-person for the demands, wishes and needs of society before the authorities competent to adopt decisions regarding them.

All of these features, which represent nothing more than multiplications of the primary function that the public administration has, of intermediary mechanism for the execution of political values, underline the role of public administration as a collaborator of the political power in an organisation society, regulating its functioning.

- b) In the background, the derivate functions of public administration can be outlined, which refer to the aims of the actions performed by it. Under conditions of the rule of law, public administration has as its purpose the achievement of political decisions, reflected in laws and the other normative acts of state and local communities' authorities. In this plan, we can distinguish:
- the function of a conservation instrument for the material and spiritual values of society. This function provides the continuity and durability of society. Through this feature, theoretically, the administration may be subjected to a certain inertia and immobility tendency, in the sense that it may manifest a refractory spirit against novelty, being in favour of maintaining the established order;

- the function of organisation and coordination of the adaptations necessary because of the transformations that inherently occur in the evolution of different society components, especially in its economic structure.

The characteristics of public administration in Romania, as well as the functions exercised, make the option in favour of one of the governance models proposed by “Metrex” to be a particularly difficult one. The option for the first model would entail a restructuring of the form of organising the current administrative system, composed of communes, towns, and counties. The third model is already functional in the Romanian administrative space, having been applied in Oradea, Baia Mare, Iasi and Constanta metropolitan areas, but its focus on voluntary association makes it insufficient for the Bucharest Metropolitan Area.

The model of the French legislation: “The Association of Local Communities”¹² offers us a new example of the applicability of the third model of metropolitan administration which supports the association action of local authorities in metropolitan structures having as their main objective the development of an economically, socially and culturally solid territorial community. The manner through which the association will achieve these objectives is project-based territorial co-operation. This objective requires the existence of a form of territorial-administrative management of the contracts on the basis of which projects are carried out. The contract will provide the localities’ responsibilities, the competences transferred to the Association of Local Communities and the association’s budget, constituted from transfers from the government, the county and the localities in the metropolitan area.

Taking into account the characteristics of the Bucharest Metropolitan Area, its size and nature of economic and social relations that can be developed, we believe that the Bucharest Metropolitan Area could be functional through the creation of a model of metropolitan area that could be located at the intersection between governance model numbers (2) and (3), thus facilitating the emergence of a metropolitan structure focused on the right to voluntary association of local authorities, but which have a series of authorities appointed or elected, to exercise

12 This model is inspired by the French administration practice. In the French practice, from 1890 until 1996, 4 modes of communal co-operation were developed, which attempted to overcome the problems generated by the needs for investment and equipment for communal territorial development. The first model, known as “Inter-communal Syndicate with Single Vocation”, was established by law on 22 March 1890, for the purpose of investing in water supply, electrification, etc. Through the decree of 20 May 1955, “Joint Syndicates” were established, which allowed the association of public interest companies. Through the Ordinance of 5 January 1959, “Inter-communal Syndicate with Multiple Vocations” were created and open to the association of communes on the basis of the possibilities of joint execution of several works of a distinct character. A special category was the inter-communities with own fiscality. Through the law of 5 January 1988, “à la carte Syndicates” were created, offering the communes the opportunity to associate on certain services performed by the syndicate. In 1992, through the Law of the Territorial Administration of the Republic, the process of achieving regional co-operation through the creation of public territorial associations was expedited, registering an increase from 250 associations, to 1,241, during 1998.

several selective powers, on the basis of competencies which have been delegated by the authorities of local public administration. Such a metropolitan structure may constitute an approach towards a new administrative system in which the metropolitan areas would have greater administrative competences, exercised by metropolitan administrative bodies.

The option for a model characterised by the emergence of intermediate bodies with selective powers, requires a careful analysis of the coordination relations that must be developed in order to avoid administrative-managerial failures. The nature of relations between the authorities of the local public administration and the new metropolitan structures will constitute a challenge for this new form of metropolitan governance.

This metropolitan structure will develop the role of mediator, acting as an intermediary institution or as a “middle government” that guides and shapes central policy into local versions and vice versa, representing the needs of the local communities at the level of central government. The existence of such a metropolitan structure will have as its primary objective the achievement of a connection between the various spheres of government and the private sector, in shaping common strategies.

In the model proposed, the competences regarding the implementation of concrete projects are decentralised to local authorities. The main advantage of such a metropolitan structure consists in the development of planning strategies and the coordination of administrative activities with a series of simultaneous decisions within major projects of metropolitan interest, with impact on the local level, as well as in the organisation of communication between all stakeholders.

The advantage of this type of model consists of the avoidance of failures generated by a series of misunderstandings that may occur between the local level and the central administration.

The Romanian legislation model for the metropolitan area is that of “Associations for Regional Development”, in accordance with the provisions of Law no. 215/2001¹³, Government Ordinance no. 26/2000¹⁴).

From this perspective, the definition of the Bucharest metropolitan area represents the surface defined through PATN¹⁵ and PATJ¹⁶ as being urban or rural, composed of legally established administrative-territorial units, with own general urban plans and within which relationships exist or are established, in certain

13 Law on local public administration in Romania, published in the Official Gazette no. 204/23 April 2001.

14 Government Ordinance regarding the associations and foundations published in the Official Gazette, Part I, no. 39 of 31 January 2000.

15 The plan for development of the national territory, acronym in original.

16 The plan for development of the county territory, acronym in original.

circumstances or conditions, or mutual public interest activities are performed, in the socio-economic, infrastructure, public services and environmental protection fields.

The model of the Development Agency is used as a form of coordination of administrative fragmentation (management forms) with the functional one (of public services), for the purpose of finding an answer to the increase in the size of economic services and of the metropolitan territory equipment. This model provides continuity of projects run on the medium-term, regardless of changes generated by the electoral cycles. The Development Agency represents an organised form, through which local authorities delegate to an organisation outside the local administrative structure, certain competences of local interest. This organisation can be a newly created one or an existing public organisation that has gone through the privatisation process. During its operation, the Development Agency observes the international statutory conditions containing the legislation, the forms of local authority and the state's de-concentrated organisations in the territory. The Agency for Zonal Development capitalises on the local economic potential of the metropolitan area for which it is created and attracts financing sources external to the area, for the purpose of promoting its economic and social development. The manner through which this organisational structure is created is that of public-private partnership, through which an organisation with private legal status is obtained, but which acts, through the structure of the Board of Directors, in the public interest. The weight of the vote of the administration's representatives is determined by the importance of the economic development strategy of the area.

The Agency for Zonal Development is an organisation resulting from a public-private partnership and is made up of members belonging to the public and private sector, having common development goals. From a legal point of view, the Agency for Zonal Development can function as a stock company, as a limited liability company, or as an association, depending on the mission of the agency.

The functioning of the Agencies for Zonal Development has the main purpose of reducing the separate management of localities in the metropolitan area, which produces a series of imbalances in costs for the public services provision, against the city, and consumptions of natural resources and pollution to the detriment of the communes. Lack of joint planning, based on active collaboration and a joint decision-making process by the local councils, determines the irrational use of natural resources and may lead to unjustified migration. The lack of coordination of local sectoral policies may lead to inefficiency in the functioning of the labour market and in the coordination of policies on education and research.

The functioning of metropolitan areas is achieved within the existing legislative framework, under conditions of preserving the administrative and political autonomy of each locality in the area. The collaboration manner is regulated through

acts and administrative procedures developed, seen and approved within the legislative context.

The organisation and functioning of the Bucharest metropolitan area cannot lead to: “the creation of enclaves of an economic, social, cultural or ethnic character; the emergence of forms of segregation, of an economic, social, cultural or ethnic type and to unequal distribution, on income groups, of the benefits of the programmes/projects executed in the co-operation area”.

Relationships of mutual interest are defined through the plan of territorial co-operation policies/programmes/projects defined by PATZ – Bucharest Metropolitan Area. From the economic point of view, the relations of mutual interest represent the “supply-demand” of metropolitan public services which will be provided by an organisation of metropolitan interest, determined by the composing administrative-territorial units, and which will provide distinct services on the basis of a price analysis per service/public utility.

From the point of view of the relations established in the fields of infrastructure and public services, the limits of the metropolitan area will not represent a border set on the limits of the administrative territory of the settlements that make up the area, but which it will be able to develop in the future, on the basis of certain economic, social and environmental analysis (the economic and social cohesion principle). The local councils in the metropolitan area, empowered to perform certain competences within the area, will not be able to act, except in the field/fields of competence transferred by the member local councils (principle of specialisation). When a council transfers one or several competences to the metropolitan area management, this council will immediately and completely cease exercising that competence (the exclusivity principle). The local councils will not transfer to other councils/organisations other competences than those which they are not able to provide themselves (the principle of subsidiary). From the organisational point of view, the metropolitan area can operate in one of the following forms: association, public-private partnership with legal status or an administrative form. In any of these situations, a metropolitan area is defined as the voluntary will, of associative nature, between local councils, for the purpose of achieving joint development objectives.

Organisation and operation of metropolitan structures, based on the four principles mentioned, require some conceptual demarcations regarding the terminology of “administrative competences”.

The competences of public administration are defined as being the entirety of tasks established by the Constitution or law, which confers rights and obligations to carry out, in its own name and in performing public power, a certain administrative activity. Competence is thus characterised by legality, obligation, and autonomy. The successful operation of metropolitan structures depends on

outlining, as clearly as possible, the main three types of competences: “territorial, material, and temporal”.

Territorial competence designates the territorial limits of action of the public administration bodies, i.e. the limits in space, within which the tasks conferred by law can be exercised. This competence delimits the scope of application of competences in the metropolitan areas. The territorial competence of the public administration authorities can be local or general. The general territorial competence manifests itself when the territorial area of action of the authority is not limited depending on the state administrative-territorial organisation, hence, when acting throughout the state territory. As regards the local territorial competence, it must be stated that depending on the human community to which the activity of public administration is addressed, and on the principles of organisation of public administration, this form of competence manifests itself differently in the territory and, respectively, at the level of the territorial-administrative units.

Material competence designates the scope and nature of the tasks of a public administration body. Material jurisdiction competence is the basis of the division of public administration authorities into authorities with general competence and public administration authorities with specialised competence. General competence allows action in any field or branch of activity, while the special or specialised competence is assigned to actions in a particular area or field of activity, for which the type of competence the metropolitan structures are responsible.

Temporal competence represents that limitation in time of the exercising of certain tasks or duties. In the case of metropolitan structures, this competence is unlimited in time because of the organisation and functioning on the basis of the exclusivity principle, which no longer permits the exercising of duties and tasks already delegated at the level of the metropolitan structures by the bodies that have initially delegated them.

From the perspective of the delimitation of competences, the fourth principle is perhaps the most representative. Subsidiarity is currently one of the words that are used by everyone, giving it different meanings depending on the circumstances and the political will. The term thus varies between defining it as a criterion for delimitating the powers and legitimacy of power-levels, on the one hand, and as an ambiguous form used in evasion of any kind of obligations on the other. (Alexandru 2002)

The concept of subsidiarity is a political-legal philosophy that has as its foundation the idea that the state power should not intervene, except where society as a whole or at its different levels cannot satisfy its various requirements. This concept is considered to be an institutional organising principle that applies first and foremost to the relations between the individual and society and then to the relations between society and institutions, in view of assigning the competences on the institutional scale, between the base and the top.

Therefore, this principle, asserted especially at the European and local level, finds its definition in the European Charter of local autonomy, according to which the exercising of public responsibility must preferably belong to those authorities which are the closest to the citizens. The assignment of responsibilities to another authority should take into account the extent and nature of the task and the efficiency and economy requirements.

Thus defined, the principle of subsidiarity appears as a general principle of institutional organisation which tends to favour the base, compared to the top. Subsidiarity presupposes that the focus and the weight, in making a public interest decision, goes down towards the base level as much as possible, and to the extent to which a series of competences have been delegated, they have to be exercised by the organisations assigned in this sense.

The application of the subsidiarity principle at the level of the Romanian public administration is expressly stated in art 7. para. (1) and (2) of Law no. 215/2001¹⁷, according to which “the exercising of the competences and tasks assigned by law, is due to the authorities of the local public administration which are the closest to the citizen.”

Taking into account the special competences that can be delegated at the level of metropolitan structures this allows them, on the basis of the subsidiarity principle, to act in settling community problems, on the basis of the tasks and duties that have been delegated to them.

The subsidiarity principle, defined by the “Local autonomy Chart”, is a viable and real solution, already applied, to a certain extent, in the Romanian local public administration in a constitutional context and the context of the legislation in effect in this field, even more so since it does not presuppose anything other than the ample development of local autonomy in favour of the local communities, with direct influence on the local economic development process.

Subsidiarity analysed from this perspective must be seen as the answer to the citizens’ wishes to participate more and more in the elaboration of the decisions that directly affect them. These decisions, in which civil society is encouraged to take part, may influence, when they rely on the population’s support, the possible directions of local development.

The principle can also be understood as an invitation to change the state’s manner of intervention, in the sense that it must not only help or aid local communities, but also favour the initiative to settle problems at the adequate level, rather than the state settling them.

The Council of Europe offers a series of recommendations and interpretations with respect to the application of the subsidiarity principle. According to the

¹⁷ Law of local public administration in Romania, published in the Official Gazette no. 204/23 Apr 2001.

recommendations, the subsidiarity principle is a permanent principle which must guide the legislators and the leaders, especially with regard to foreseeing a sectoral reform. At the moment of applying the subsidiarity principle the existence of the other principles of the state's organisation and functioning must be taken into consideration, especially its unity of action, efficacy, unity of application and solidarity. The subsidiarity principle is an essentially political principle, since it aims to bring decisions as close to the citizen as possible. This underlines the necessarily political character of administrative decentralisation, which can only be expanded in favour of the elected authorities, endowed with their own competences, preferred to the competences through delegation.

Beyond stating the principle in itself, certain consequences are worthy of note, especially at the level of the assignment of competences in their direct application.

The subsidiarity principle also implies a less formal vision, in the sense that the initiative can be left at the level of each local community, through the participation of local and regional authorities in defining their own powers (competences). The principle contributes in this way to the delimitation of the local competences and to the delegation of certain competences to the metropolitan structures, for their better functioning.

In conclusion, we can say that regardless of the form of organisation of the "Bucharest Metropolitan Area", metropolitan structures can contribute to the development of the co-operation fields at the level of the metropolitan area, depending on the needs existing at the moment of its establishment, as well as according to the development strategy for the metropolitan area. The general objective of co-operation is that through the functioning of the metropolitan area, the local entities create, and later use, an institutional advantage for improving the quality of life, for increasing the development of the area and to offer, by redistribution, to disadvantaged groups, access to the benefits of economic and social development.

The specific co-operation objectives at the metropolitan level can be territorial, economic, social, cultural and environmental and are part of the PATZ-Bucharest Metropolitan Area. The administrative entities in the metropolitan area cooperate, for the purpose of removing the disparities between localities in conditions of indicators, elements and the endowment level indicated in Law no. 351/2001, for the improvement of the quality of life and for increasing the economic competitiveness of the localities in the metropolitan area, compared to the neighbouring regions.

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The 17th NISPAcee Annual Conference: “State and Administration in a Changing World”, organised in co-operation with the Government of the Republic of Montenegro, the Human Resources Management Authority, was attended by more than 260 participants from 40 countries from all over the world. The participants came from 20 CEE countries covered by NISPAcee’s institutional membership.

Three panel sessions, two working sessions, seven permanent working groups and one forum were included in the conference programme. The overall objectives of the conference were the presentation of results from numerous projects, as well as enabling and facilitating an exchange of views, experiences and good practices among participants, institutions and countries.

The main theme of the conference was reflected by many important contributions, and its importance is unquestionable. The general principle for this was underlined in the introduction of the main speech, delivered by Jacek Czaputowicz:

“There is nothing more constant than change. It is happening all around us, almost on an everyday basis. Usually, we don’t like changes, because it is difficult adjusting to new trends and new mechanisms – sometimes even painful. Normally we get comfortable doing things in the same old way.

At the same time we must accept the flow of variations and adjust to it. And a public sector is among those bodies that must do the adjusting, adopting new approaches and new tools in various areas of its activity. The shape of administration is changing, unavoidably, but even desirably in many respects.”

The general principle of change is becoming even more important, when public administration systems everywhere in the world must be able to respond to challenges from global crisis. This conference was able to offer important advice on how to manage this task, although future meetings of NISPAcee will continue to investigate these issues and consider ways to make public administration perform better.



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