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Roswitha M. King

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CONVERSATIONS WITH CIVIL SERVANTS:
East European Public Administration Reform in Search of
Socio-Economic Development

Roswitha M. King[1]

[1] Associate Professor of Economics, Østfold University College, N-1757 Halden, Norway and Senior Research Fellow, Centre for European and Transition Studies, University of Latvia, Riga, Latvia; roswitha.king@hiof.no; roswitha.king@gmail.com.

I. INTRODUCTION

Countries of central and eastern Europe find themselves in a position of making important choices about design and organization of their civil service. In many cases public administration reform was delayed, because it was judged to be of lesser urgency than the creation of a market economy. It is, however, increasingly recognized that an effective and professional civil service is an important precondition for a sustainable market economy as well as for socio-economic development in general, and the opinion is gaining ground that civil service and market economy should co-evolve.

Redesigning public administration has been a challenging task. The high degree of politicization under the Soviet regime had placed civil service in an entirely subservient position relative to political forces. Given these initial conditions, the transformation of civil servants into creative policy makers and professional policy implementers does not come easily, and it is not yet completed. This means that the way in which civil service will organize itself remains an open issue in many countries. This suggests that if trends for the future are to be detected, they may be best obtained through conversations with civil servants and politicians.

The interviews, which form the basis of this study, were conducted in 2001/2002. At that time, the aspiring EU member candidate countries were in hyper-drive to satisfy the requirements for the EU entry – including requirements for public administration. After the countries became EU members in 2004, an apparent reform fatigue set in – understandable for anyone who witnessed the enormous energy output prior to the EU entry. Judging from subsequent research by other authors, the key points of our findings remain valid[2] to this date[3] - not only for the target countries of our paper, but also (and prominently) for the 2007 EU entrants Romania[4] and Bulgaria, as well as the Balkan countries that formed after the break-up of Yugoslavia, and the

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[2] See for example:

For Russia: Nistotskaya (2009)

For Poland: Tatiana Majcherkiewicz (2006), in particular page 2 & 3.

For Estonia: Keris, Maria and Jako Salla (2006), in particular page 7.

For Romania: Ioniţă, Alexandru-Leonard (2006), in particular pages 6,7,8.

For the former Yugoslav states: Rabrenovic, Aleksandra and Tony Verheijen (2005), in particular pages 2 &3..

For Post-Communist Europe on the whole: Meyer-Sahling, Jan-Hinrik (2004).

For Hungary: Meyer-Sahling, Jan-Hinrik (2006).

[3] See UNDP/RCPAR (2011) midterm evaluation report of an ongoing development project for a demonstration that the concerns addressed in this paper have not gone away.

[4] Consider, for example the following quotes from Ioniţă, Alexandru-Leonard (2006) on the state of public administration in Romania:

 p. 6. "Generally speaking, the problems that were present during communist times did not disappear; some of them were not even openly addressed, leaving also political-administrative relations largely unreformed. Positions in the upper levels of the civil service continued to be distributed based on party loyalty, a practice known as 'political clientelism' ".

p. 6-7 "A related weakness of post communist political-administrative relations has been the exclusion of the civil servants from the policy development process. The potential role of civil servants as professional advisors on policy matters has been disregarded, as politicians have relied heavily on political advisers from outside the civil service when it came to policy development. Although the communist period has appropriate for the new circumstances, the true main cause for keeping the civil servants away from policy formulation was political clientelism. Administrators were granted positions of influence on the basis of their likely future use to a party or interest group powerful enough to maintain them, regardless of their managerial skills or other professional qualifications."

p. 7 "A general problem affecting the reform of political-administrative relations throughout the CEE is that of trust. Are new governments willing to work with the same civil service that they find in place once they gain power, or do they feel threatened by it, as they perceive it a Trojan horse of the former government that will systematically undermine their governance?"

Central and East European countries outside the EU. As a consequence little has changed in the public administration landscape since the time of the interviews – preserving the relevance of the findings to this date. In addition EU entry prompted an exodus of many of the countries' most experienced civil servants toward Brussels to fill commission and committee posts as representatives of their countries at the EU table – leaving behind an gap not so easily filled in some of the smaller countries.

In this contribution I am reporting on the findings collected during 56 conversations with civil servants and politicians in Estonia, Lithuania, Czech Republic and Poland. In particular I am reporting on the following important classes of relations:

Internal Relations
- Employment Relations/Internal Labor Market
- Evaluation of performance and outcomes
- Centralized versus decentralized decision making
- Rules versus discretion

External Relations
- Relations between the public sector and the private sector
- Relations between civil servants and politicians

One interesting finding is the relatively small variation in response profiles across the researched countries. This suggests that, starting from common initial conditions of extremely centralized decision making, as well as political dominance over public administration, countries are pursuing similar goals along similar trajectories. A strong equalizing force has been the countries' intensive preparation for joining the European Union (EU) - which they did on May 1, 2004. By imposing a common set of qualification criteria, including criteria for public administration capacity, the European Commission has focused the reform efforts of East European countries on a common, narrowly defined set of goals and objectives. Seen in this light, the similarity in response profiles to the interview questions should not come as a surprise. As a consequence, this contribution is centered on features that are common to the research target countries, with only occasional remarks directed at their differences.

II. INTERVIEW METHODOLOGY

During 2001/2002 fifty-six conversations took place, each conversation lasting between one and two hours. The protocol called for a standardized structured interview (each interviewee was presented the same list of questions), and a subsequent unstructured conversation.

61% of interviewees agreed to a meeting upon first contact. The remaining 39% agreed to be interviewed after several iterations of follow-up mail and telephone calls. This mix of people with initial high, and initial low enthusiasm mitigates possible self-selection bias.

The final selection of interviewees was taken from four groupings of the ministerial hierarchy in the following proportions:

- Vice-Minister, Secretary of State, Secretary General, Deputy Secretary General, and Director General: 28%
- Directors of departments: 42%

- Heads of subdivisions of departments: 15%
- Officials, Analysts, and Advisors of Civil Service Offices and other supra-ministerial units directing and monitoring civil service reform: 15%.

In accordance with the orientation of the research project the majority of interviewees, 85% were civil servants[5]. The remaining 15% were political people. The definition of civil service positions and political positions follows the respective civil service legislation.

While incumbents of political posts are subject to replacement after a formation of a new government[6], incumbents of civil service post are not to be replaced as a consequence of a change in government, in order to provide continuity of the state[7]. This is in accordance with the respective countries' civil service legislation. However, it was reported that in practice civil servants often are replaced after changes in government.

Politicians are included in the interviews because, although civil service legislation makes clear distinctions between political posts and civil service posts, in practice this line is blurred. Furthermore, a number of interesting developments are evolving at the dividing line between civil service and politicians. It also is of interest to learn how politicians perceive civil service, and compare it to civil servants' own perception.

The following institutions were visited:

- Ministry of Foreign Affairs
- Ministry of Agriculture
- Ministry of Labor and Social Affairs
- Ministry of Environment
- Ministry of Economy
- Ministry of Culture
- Office of Public Administration/Office of Civil Service/European Committee

To preserve confidentiality of sources this report avoids any links between statements and the individuals issuing or supporting the statements. Tape recorders were not used, in accordance with the interview protocol. The interview protocol was distributed to interviewees well in advance.

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[5] In this paper we define a **civil servant** to be a civilian career public sector employee working in a department of government. This category always includes such public employees at the level of national government, and may, depending on the country, also include those working at the regional or municipal level of government. By **'civil service'** we then mean a certain branch of governmental service, whose employees are hired and promoted on the basis of merit, and who are expected to deal with the public according to a code of ethics which includes impartially, transparency, accountability and professionalism. By comparison we define **public administration** more broadly as the design, implementation and management of government policy or branches of government policy. Public administration is meant to pursue the public good by bringing about and guarding social justice and by enhancing civil society.

[6] However, a number of instances were reported, where political people stayed on after a change in government.

[7] For example the "classical model" of public administration calls for a civil service, which is professional, independent of political parties, and responsible for the implementation of state policy. Whereas governments may change frequently, career civil servants remain, accumulate experience and skills, and guarantee continuity of the state.

The texts of respective countries' civil service laws served as an additional, and corroborating, source of information. With the exception of Czech Republic, the visited countries had, at the time of the interviews, enacted comprehensive civil service laws.

III INTERVIEW RESULTS

1. INTERNAL RELATIONS

A large part of public administration reform concerns relations, and modes of operation, inside individual institutions. It includes issues such as policies and practices of hiring and firing employees, career development opportunities, and other personnel policies. Furthermore, the degree of centralization or decentralization of decision-making, as well as rules versus discretion, belong to this category. Employee motivation, incentives, and quality control are further important concerns of internal relations. This is by no means an exhaustive list of internal relations themes, rather, it is determined by the scope of this project.

1.1 Employment Relations/Internal Labor Market

Definitions of clear human resource strategies are in an early development stage. Recruiting is, on average, conducted relatively passively, and often lacks pro-active initiatives to attract talented candidates.

There is a lack of mechanisms for allocating staff to areas with the greatest needs. This leads to observed mismatches. Some departments are overstaffed, while some are understaffed. All-too-often it is the understaffed departments that are charged with the most urgent tasks.

While civil service legislation provides the necessary legal framework for civil service reform, it is the organization, strategy, quality of personnel and leadership that drive the reform. Therefore, recruiting, retaining and developing good staff is of great importance.

1.1.1 Finding Qualified Staff

The majority of interviewees reported a shortage of qualified applicants for civil service positions. 69% of all interviewees[8] had repeatedly experienced serious difficulties in finding qualified staff. Vacant positions were reported to persist over significant periods of time. There was little variation between countries. There was, however, substantial variation between different types of ministries across the target countries. Of the 31% of interviewees, who reported no problems in recruiting staff, representatives of the Ministry of Foreign Affairs formed the majority. Applicants are attracted to this ministry through a combination of factors, such as opportunity of foreign assignments, the status that this ministry enjoys, and the successful cultivation of a certain esprit de corps.

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[8] When the term "x% of interviewees" is used, it means that all interviewees responded, i.e. # of interviewees = # of respondents = 56.

Representatives of the Ministry of Culture accounted for the second group of respondents that reported to have no problems in recruiting staff. Here the explanation lies in the severe scarcity of private sector employment opportunities for arts graduates, which drives large numbers of applicants toward every job opening at the Ministry of Culture.

Overall one of the most serious difficulties was reported to be the recruiting of lawyers, stemming from the salary differential between private and public sector lawyer positions. In the Czech Republic this shortage, reportedly, at times has been so severe that the Ministry of Foreign Affairs "rents out" its lawyers to other ministries.

1.1.2 Personnel Departments

Personnel departments were, on average, reported to be weak, inadequately staffed, under-utilized, and the object of complaints. This is unfortunate, given the difficulty in recruiting qualified staff.

Particularly in Poland and Lithuania the personnel departments were reported to do only what is required by law. This typically means that they are not vigorously competing for talent in the job market. Furthermore, once employees are hired, they typically receive little assistance from the personnel department in matters of career development.

If personnel departments are to engage in setting incentives to attract and retain capable personnel, they need to know what motivates people to enter public administration, and what motivates them to stay
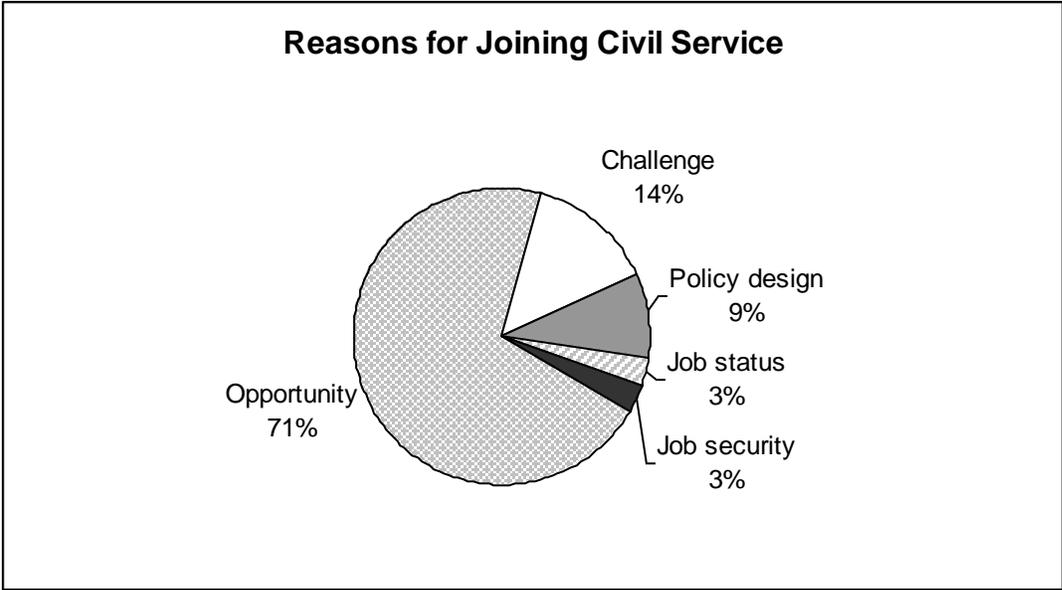
1.1.3 What Motivates People to Enter the Public Administration Profession?

70% of interviewees reported the *opportunity* for educational programs, and interesting contacts to be the main motivator for people to enter into public administration. This also points to a potential problem: high turnover rate at entry level positions. Many newcomers consider an entry level public administration position to be a good jumping board for subsequent application to private sector positions, which, on average, offer higher salaries.

14% of interviewees thought that the *challenge* of working on interesting and important matters was the key attractor for people to enter the profession. Many respondents reported a noticeable shift over the past decade. The challenge of "doing something for one's country" was an important motivator in the early years after political independence of the target countries. In the meantime more pragmatic personal reasons motivate job applicants.

9% of respondents listed the prospect of involvement in *policy design* as the principal attractor of their employees – emphasizing the creative element.

3% listed the *status* that a public administration position carries as the biggest attractor, and 3% listed *job security* as the principal motivator.

Reasons for Joining Civil Service

Challenge
14%

Policy design
9%

Job status
3%

Job security
3%

Opportunity
71%

1.1.4 What Motivates People to Stay in the Public Administration Profession?

Long-term career prospect was listed as the main motivator by 80% of respondents. This points to an important, but currently unfulfilled role to be played by personnel departments. Designing alternative career paths and providing career counseling would go a long way to meet career expectations of employees, while at the same time increasing stability and administrative capacity of the public institution, and reducing the reported high personnel turnover.

7% of respondents reported that *job security* was the main motivator, 5% named *challenge,* 4% *status* and 4% *policy design* as principal factors to motivate people to stay in public administration.

Reasons to stay in Civil Service

Security
7%

Challenge
5%

Long term career
80%

Status
4%

Policy design
4%
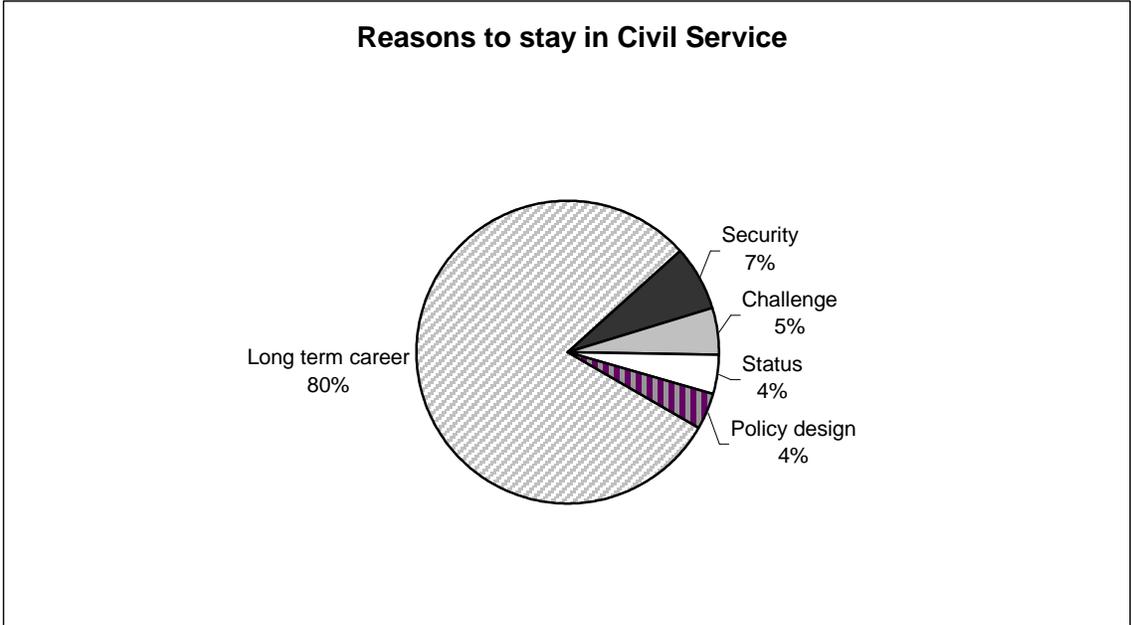
1.2 Evaluation of Performance and Outcomes

Evaluation mechanisms are in their infancy, both with regard to evaluation of outcomes and evaluation of individual employee performance.
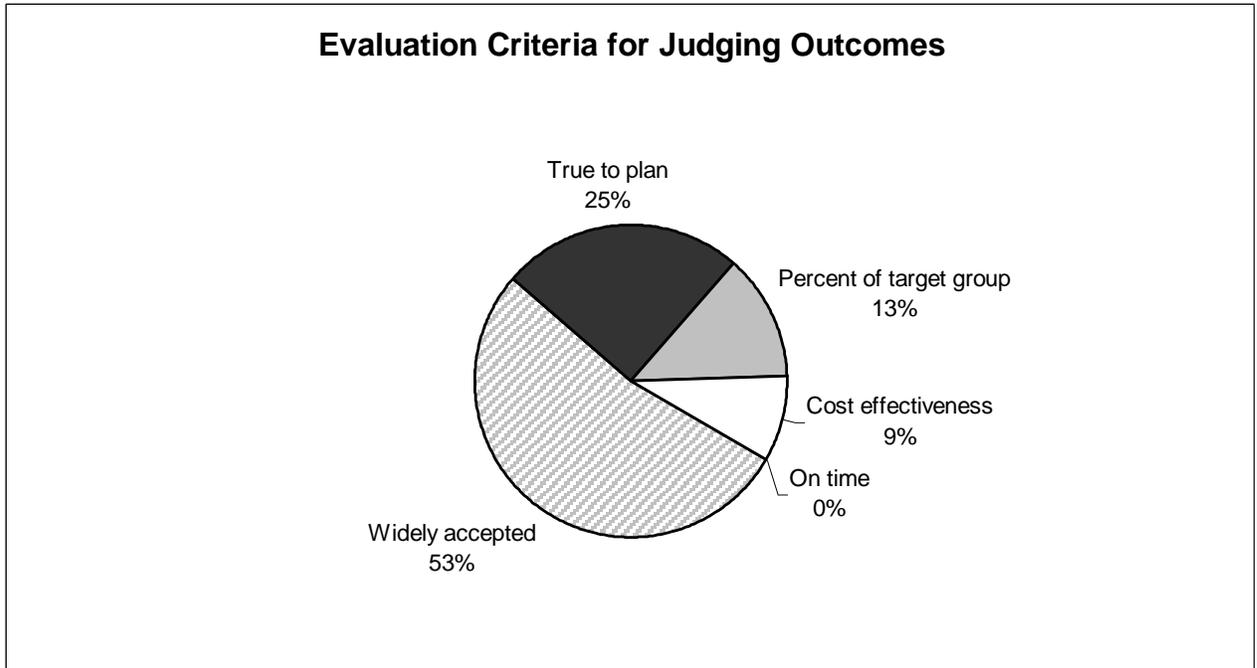
On the employee evaluation side a comprehensive performance management system is still lacking in most cases. In conjunction with weak accountability systems this means that quality of results and performance are only weakly linked with remuneration. As a consequence motivation systems are non-transparent and highly discretionary. Furthermore, a dependence between evaluation, remuneration and budget, in most cases, is completely lacking.

Among the target countries of this research Estonia appears to have gone the furthest in matters of evaluation of performance and outcomes. A set of evaluation criteria and indicators have been developed. But statistics are, often, collected without being processed. So they have little effect on subsequent decisions.

To get an impression of the weights that are placed on different classes of indicators, interviewees were asked to rank the following criteria according to their importance:

- on-time performance
- true-to-plan implementation (rather than "watered down")
- cost-effectiveness
- widely accepted (policy approval)
- percent of target group reached

80% of interviewees responded to this question and gave a ranking. Of this group of respondents 53% stated that the most important criterion was that a policy was widely accepted. 25% stated that an implementation that was true-to-plan was the most important thing. 13% considered that reaching the largest possible number of people in the relevant target group was number one concern, and 9% listed cost effectiveness as the highest priority. None of the respondents listed "on-time" as the highest
priority.

Evaluation Criteria for Judging Outcomes

True to plan
25%

Percent of target group
13%

Cost effectiveness
9%

On time
0%

Widely accepted
53%

1.3 Centralization versus Decentralization of Decision-Making

Given the initial condition of extreme centralization of public administration under the Soviet System, the post-soviet trend clearly has been toward decentralization.

Interviewees were asked whether they considered decision-making at their institution to be centralized or decentralized. 91% of interviewees responded to this question. Of this group of respondents 20% thought that decision-making was centralized, while 80% described it as decentralized.

The high response rate describing the conditions as "decentralized" has to be kept in perspective. It is to be expected that many respondents use the extreme centralization of administrative relations of the past as a reference point. Against such an extreme point of reference the tendency to overstate the current situation as "decentralized" should not be ignored.

When asked, whether decision-making was too centralized, too decentralized, or just right, responses were as follows: 19% of respondents considered it to be too centralized, 2% considered it to be too decentralized, while the majority, 79%, considered it to be just right. (Reference group for this question: 52 respondents; 93% of interviewees). Several comments are in order: Among the group, who considered the degree of decentralization "just right" was a sub-group, which qualified the response in an interesting way. They considered the situation "just right for the moment, given the capacity limitations of lower-tier staff ". According to their description, delegation of decision authority to lower levels had come to a halt, necessitated by the lack of staff with the requisite qualifications. But in the absence of this binding constraint, further decentralization was considered desirable. Particularly in Poland and Lithuania a number of

senior officials, as well as department heads, reported aggravation about work overload that should (but at the moment could not) be delegated to lower level staff.

1.4 Rules versus Discretion

It is difficult to disagree with the view that there should be rules as well as room for discretion. There is, however, perennial disagreement on the "right" proportions of rules versus discretion. While rules, at the minimum, set the legal framework for the policy environment, discretion is credited with providing necessary variation for different human and social situations, as well as providing creative space.

There was wide agreement, expressed by 91% of respondents, that there is sufficient room for creativity. (Reference group: 55 respondents; 98% of interviewees). Furthermore, 97% of interviewees reported that they did not feel too restricted by rules, leaving only 3%, who had experienced rules to be too restrictive.

It is, however, interesting to note that 41% of interviewees expressed a desire for more rules, while 59% did not want more rules. Among the reasons behind a desire for more rules are the perception of too much discretion given to people with insufficient competence and experience. In the eyes of respondents there is a direct link between too much discretion given to inexperienced officials and erratic policies, aborted policies and other indicators of an immature policy-making and implementing process. Another reported reason for wanting more rules is the perceived inefficiency of having to "re-invent the wheel" again and again, in matters that should be treated as routine. Furthermore, inconsistency in the treatment of similar cases was identified as a major reason for customer dissatisfaction with public sector services, leading to alienation of citizen from the public sector in general.

By "more rules" respondents typically meant a more systematic way of formulating policy goals and the means to achieve them, and more cooperation on identifying best practices. Tools and processes for systematic knowledge sharing and transfer of best practices are typically absent or in the early stage of development. This is a serious obstacle to organizational learning.

2. External Relations

2.1 Public Sector – Private Sector Relations

What tasks in a society should be performed by the public sector, and what tasks by the private sector? Different countries at different times have attempted to answer this question based on ideology, on practicality, according to egalitarian principles or on grounds of efficiency, to name only a few of the criteria.

In Central and Eastern Europe, starting from an initial condition of unchallenged state ownership and control of virtually all societal, economic and political processes, the trend has been decidedly toward reducing the influence of the state, and increasing the role of the private sector. But where should this process stop? Which tasks should remain in the hands of the public sector?

And how much communication and feedback should there be between policy makers and those who are affected by the policy?

2.1.1 Outsourcing

Outsourcing, in our context, is a practice of delegating previously publicly provided services to the private sector, with the overall responsibility and oversight remaining with the public agency. Outsourcing has been embraced by the public sector on grounds of efficiency gains.

84% of interviewees reported that their institution has been engaged in outsourcing, while 16% reported not knowing of any outsourcing activities at their institution. In particular representatives of the Ministry of Social Affairs and the Ministry of Culture reported successful outsourcing experiences, with what can be called essential services. In many instances this represents handing over service provision and management to the local level, in collaboration with non-governmental organizations (NGOs).

As to be expected, representatives of the Ministry of Foreign Affairs, which are principally engaged in "sovereign transactions", reported very limited incidence of outsourcing, or none at all. If outsourcing occurs it is reportedly limited to public relations campaigns, web-site construction and management, as well as educational services.

When asked whether at their institution there was too much outsourcing going on, 21% of interviewees reported "yes", and 79% reported "no". When asked whether their institution should do more outsourcing, relative to the current level, 16% answered in the affirmative, while 84% responded with "no". So, the majority of respondents expressed satisfaction with the level of outsourcing occurring at their institution.

A similar pattern of responses is observed, when interviewees were asked, whether in general, in their country, more tasks should be transferred from the public sector to the private sector. 14% of respondents voiced the opinion that more tasks should be shifted to the private sector, while 75% said there should be no more transfers to the private sector, and 11% were unsure.

The interesting thing is what lies behind the differentiated responses.

2.1.2 Outsourcing and Efficiency?

The most frequently heard argument in favor of transferring tasks to the private sector is efficiency. Some schools of thought in public administration, in particular "New Public Management" consider private management to be categorically superior to public management. The main reason for their judgment is the perceived higher efficiency of private management relative to public management. The focus of these schools of thought on the issue of efficiency is so strong that it sometimes has led to mistaking efficiency for a goal, rather than recognizing it as an attribute of the means for reaching a goal.

When asked whether there are efficiency gains from outsourcing to the private sector only 27% of interviewees responded with "yes", while a surprising 73% responded with "no". After probing for the reasons behind the answers the following picture emerges.

The majority of the 73%, who responded that there were no efficiency gains from outsourcing, reported that they had come to this opinion relatively recently, and a few years earlier would have

voiced a more favorable opinion about efficiency and outsourcing. Reportedly, there were initial efficiency gains through outsourcing in the sense of providing services at lower cost. But these gains were short-lived. Soon the contracted private service providers ran into budget problems. These budget problems were dealt with by either raising the prices they charged for the services, or by eliminating a number of services, and often both. This means that in the end fewer services were available, many of them at higher prices (relative to the imputed prices of the initially publicly provided services). Some respondents went so far as to voice a sense of "betrayal". A high incidence of private companies invoking escape clauses, built into their outsourcing contract, is observed - an event, which had appeared very remote, at the time of the signing of the contract.

Of the 27% who reported efficiency gains from passing on services to the private sector, there were representatives from the Ministry of Social Affairs and Ministry of Culture, who, as mentioned above, had successful outsourcing experiences to private service providers and NGOs. This group also included those, whose institutions had outsourced only non-essential services, such as website construction, or preparation of public relations brochures, i.e. tasks, for which there was no dedicated in-house expertise. Among the 27% reporting efficiency gains was also a group, which operated with a peculiar definition of efficiency, which can be summarized as: "Efficient is that which reduces the public institution's budget." This is not the economists' definition of efficiency. This last point deserves some attention, as there seems to be considerable confusion about the meaning of efficiency in the public administration environment.

The following serves as our working definition of economic *efficiency*:

We say that practice A is more efficient than practice B if

   (i)   Practice A provides the same output (qualitative and quantitative) of services as
            practice B, but practice A uses less (or less costly) inputs than practice B
   or

   (ii)   Practice A provides more output (qualitative and/or quantitative) of services as
            practice B, while using the same amount of (or value of) inputs.

Some of the respondents looked only at the input side, saying that private services are more efficient because they use less inputs. But they forgot to look at the simultaneous reduction in output (services). At the other extreme were some respondents, who looked only at the outputs, claiming to observe a reduction in services (outputs) after outsourcing, while neglecting to look at the input side, which had also been reduced.

The assessment of efficiency of transferring tasks to the private sector is complicated by a number of factors. Outsourcing may reduce public sector budgets. But if quantity and/or quality of services are also reduced – how do we evaluate that? Reduction of the public sector budget by itself certainly is not a proof of efficiency.

This does not mean that it is bad to evaluate the need for given services. As societies change, so changes the mix of desired service. Identifying obsolete and redundant services, as well as discovering new needs, should be an ongoing process in any system of public administration. So, reduction in services, by itself, also is difficult to judge.

The question is whether or not, or to what extent the market is the best forum to decide which needs are important and which are not. Important to whom? Different societies have passed judgment on this in different ways.

2.1.3 Private Sector Participation in the Public Policy Process

Central and east European countries reportedly suffer from a lack of constructive dialogue between the public sector and the citizenry. Or, put in a different way, there is little communication between policy makers and those who are affected by the policy, <u>before</u> a policy is implemented. 72% of interviewees listed the lack of dialog as a serious concern.[9]

There are exceptions, such as some of the Ministries of Agriculture, which may reportedly have gone too far in the opposite direction, and may run the risk of being "captured" by special interests. Of course the ministry of agriculture, in many countries, is cast into the dual role of cheerleader for the industry, while at the same time performing the role of policeman through its various regulatory programs.

But in general, there is a reported need for public hearings and comment periods, during which segments of the population that will be affected by a proposed policy have the opportunity to voice their concerns. In the absence of an early comment period, the population's outlet for opinion is typically in the form of complaints after the policy is in force. Improvement in the quality of policies, and a reduction in implementation problems are expected from such a participatory approach. In particular, timely communication is expected to reduce the above mentioned incidences of abrupt policy reversals, and aborted policies, thereby promising to lift the image of public administration professionalism. Both sides are bound to win.

2.2 Relations between civil servants and politicians

The reform of public administration is facing formidable obstacles. Owing to a history of political control over civil service people had grown accustomed to seeing civil service in an ancillary position relative to political power. (Verheijen 1998, pp.207-219, Hesse 1993, pp.65-74). This former "feudal" culture of patronage-based relations conditioned people to accept loyalty to the patron, rather than professionalism, as the most important attribute of a successful civil servant. Turning around this role perception, and transforming civil servants into creative policy designers, who take responsibility for their own decisions, is a task that is by no means completed.

The urgency of de-politicizing civil service is not only perceived by observers and analysts, but, as the interviews show, also by civil servants themselves, as well as by the politicians participating in this research project. 100% of interviewees expressed an opinion on this issue. The opinion was unanimous: Civil Service career positions should be kept out of the direct influence of politicians. Furthermore, 100% of interviewees reported that civil service and politics were at present NOT kept sufficiently separate in their country. (See Nistotskaya 2009 for more on this issue for the case of Russia)

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[9] See for example (UNDP/BRC) (2007) for an assessment of the sorry state of ex-ante policy impact assessment in South-Eastern Europe.

One of the consequences of high politicization of civil service is an observed high turnover rate in senior civil service positions, stemming from frequent changes in the composition of government. This high turnover is on collision course with the desire for greater administrative stability and stronger administrative capacity. Interviewees expressed strong opinions in these matters. 98% of interviewees considered it very important to shield civil service from direct political interference, 95% of interviewees considered it very important to establish a culture of civil service professionalism, and 91% considered it very important to achieve administrative stability.

2.2.1 High Turnover of Civil Servants

94% of interviewees reported to have observed civil servants replaced after formation of a new government. The allegedly politically motivated replacements typically occur in the highest civil service positions. However, there is significant variation in the affected levels of the ministerial hierarchy. Occasionally, politically motivated replacements were reported to include the level of department directors[10]. But, regardless of the point of incidence within the administrative hierarchy, the practice of politically motivated replacements of senior officials increases personnel turnover. It also tends to drain expertise from the system, as, frequently, more experienced people are replaced by less experienced people. Whether politically motivated or not, high turnover in civil service presents a serious obstacle to the building of administrative capacity.

One might think that politicians like to see civil service under the control of political power. However, the politicians interviewed for this research expressed a preference for a civil service that is independent of direct political interference.[11] They were found to value a stable and professional civil service, because without it policy implementation does not function well.

There is also a cynical point of view: After politicians of the governing party or coalition have filled key civil service positions with people loyal to their cause, of course they are for stability and continuity of civil service, so that their people stay in place, even if the opposition wins the next elections.

2.2.2 Adverse Consequences of Politicization

Politicization of civil service is known to have a number of adverse consequences. First of all it hampers the building of high administrative capacity. Given the frequent changes in government, civil servants, who only last as long as the current government, simply do not stay in their jobs long enough to accumulate experience. 93% of respondents reported the adverse effect of high turnover on administrative capacity and professionalism as a very serious situation.

High turnover in civil service positions destroys continuity of the policy-making and policy-implementing process. 88% of respondents reported incidences of aborted policies or abrupt policy reversals. Thereof 69% saw a direct link to personnel changes in key civil service positions.

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[10] For example, this was reported to have happened at the Estonian Ministry of Agriculture.

[11] We recall that 100% of interviewees expressed the view that civil service and politics should be kept separate. This includes politicians, which constituted 15% of all interviewees.

The negative impact of policy discontinuities is twofold. First there is the encumbered policy process itself, and the danger of serious mistakes. Second the perception of the public deserves attention. If policy makers are perceived to be erratic, unpredictable and willful, this will promote neither dialogue nor trust. Needless to say, an erratic policy behavior is a serious obstacle to the creation of a professional administrative culture.

2.2.3 Civil Service Legislation

At the time of the interviews, civil service laws were in place (among the target countries of this research) in Poland, Lithuania and Estonia, while in the Czech Republic comprehensive civil service legislation was still awaiting parliamentary approval. These laws typically explain the rights and duties of civil servants. They also draw the line between civil service positions and political positions, and usually state that the incumbents of civil service positions should not be replaced due to political reasons.

It is not surprising to see a marked difference between what the civil service laws prescribe, and what is practiced – the typical implementation problem.

More disturbingly, civil service laws have taken on a "proprietary" character. A particular civil service law is "our" civil service law, or "their" civil service law, depending on whether we take the perspective of the current government or its political opposition. Particularly in Poland and Lithuania, it was reported that an incoming government will want to quickly rid itself of "their" law, and put in its place the "own" law. In this way civil service laws are, reportedly, used as political tools, to facilitate the placement of party-loyal staff into key positions, whenever there is a new edition of civil service law.

This also points to immature political and administrative processes, in particular, a serious weakness in current coalition politics. The idea that a parliamentary majority should share governance with the parliamentary minority is ill understood. Consequently, the opinions of the opposition parties, with regard to appointments to key civil service positions, are typically ignored. Opposition parties, resentfully, wait until it is their turn at the government table. Then it is their turn to ignore the opinions of the parliamentary minority.

IV POLICY IMPLICATIONS

The interviews that form the basis for this research clearly reflect a number of high priority policy goals, as well as preferences and criteria for the means by which the goals are to be pursued.

First and foremost the need for de-politicization of civil service can hardly be overemphasized. The political dominance over civil service, together with significant remnants of the "feudal" culture of administrative relations, often referred to as the "patronage system", form the principal retarding element to the building of high administrative capacity. The fallout of politicization comes partly in the form of high turnover of senior civil servants. This prevents senior civil servants from accumulating the necessary experience to be effective. Moreover, it sets incentives to reward the wrong people for the wrong reasons.

Interview results clearly reflect an understanding of this issue among civil servants. As a matter of fact there was consensus about the high priority of creating a professional civil service, independent from political control.

The key policy question is: What mechanism will de-politicize civil service and lead to a professional civil service corps?

Two competing schools of thought are vying for attention. *New Public Management*[12] *(NPM)* emphasizes "market-like" structures, including remuneration schemes that consist of a base salary plus substantial bonuses and commissions, as well as vigorous outsourcing to the private sector. The philosophy is that self-interest is a powerful motivator. The energies released by self-interested behavior are to be harnesses by reward schemes, and bundled into market-like competitive structures with high output and high efficiency.

However, applications of this model, have shown a tendency to re-establish political control over civil service – exactly the opposite of what 100% of interviewees of this study considered desirable for their country.[13] So, in the important aspect of relations between civil servants and politicians, the NPM approach appears to be unsuitable, given the current needs.

Given that 98% of interviewees considered the shielding of civil service from direct political interference to be very important, 95% considered it very important to establish a culture of civil service professionalism, and 91% of interviewees considered it very important to achieve high administrative capacity, this points to the *classical model*[14] of public administration as a suitable candidate. The so-called classical model of public administration displays the features of self-management of public administration, clear separation between civil service and politics with strict rules of non-interference by politicians in civil service matters, high job security for civil servants, and a career system that relies on merit and seniority.

The perceived inefficiencies of the classical system may be a small price to pay, if in return we get a professional civil service corps that understands whom it is to serve.

These considerations, together with the interview results reported in the preceding chapters, lead to the following principal policy implications.

● Given the current state of civil service and its relation to politics, the market-like incentive structures associated with *New Public Management* appear to be ill advised.

● Sequencing is important: Only after the steps of de-politicization have been completed, and after the vicious circle of patron-client relations has been broken, and a sufficient level of transparency and accountability have been reached, does it make sense to consider pay for performance, bonuses, and other incentive structures.

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[12] Examples of public administration systems that adhere to this school of thought are England, New Zealand, and Australia.

[13] We recall that 100% of Interviewees expressed the opinion that civil service and politics should be separate, while at the same time they reported that currently civil service and politics are not sufficiently separate.

[14] Examples are France and Germany.

- Prematurely implemented market-like structures are a retarding element for public administration reform and are to be avoided. They tend to reward the wrong people for the wrong reasons. More destructively, they tend to preserve and nurture old structures of patron-client thinking. This puts them on direct collision course with the goals of public administration reform.

- The *classical model* of public administration presents itself as a suitable system, given the current needs. Market-like incentive schemes may be introduced in the future, after a stable and professional civil service has been established.

Furthermore, interview results point to the following subsidiary, and more specific, policy implications:

- Personnel departments need to be strengthened. They must learn to aggressively compete for talent in the labor market. At the same time personnel departments should provide professional career counseling in order to retain and nurture good employees. The idea of alternative career paths needs to be developed.

- Performance evaluation and tracking systems, as well as general accountability systems need to be designed and implemented. This, first, requires an understanding of what appropriate criteria for good performance are. There should be criteria for individual performance, as well as group performance.

- After accountability systems and performance criteria are in place, motivation systems linking promotion and remuneration to performance should be designed.

- Outsourcing to the private sector should be carefully considered.

- Participation of the public in the policy-making process should be encouraged. In particular, it should become more common practice to conduct hearings before implementation of a policy. This allows for comments particularly by segments of the population that will be most affected by the policy.

V CONCLUSION

Public administration reform in the countries of Central and Eastern Europe has had successes as well as failures. On the whole, the target countries of this research are pursuing similar goals along similar trajectories. This seeming convergence originates from the necessary compliance with EU criteria that was required as a precondition to their 2004 entry into the European Union. By imposing a common set of qualification criteria, including criteria for public administration capacity, the European Commission focused the reform efforts of East European countries on a common set of goals and objectives.

Of the three types of relations examined in this report, (public-private sector relations, civil service and politics, and employment relations) the relation between civil service and politics emerges as the most crucial and consequential. The other two relations are seriously affected by it. This is given recognition by the fact that 100% of respondents perceived this relation to be flawed, in that politicians wield too much direct influence over civil servants. The related high turnover rate in civil service retards the raising of the level of administrative capacity, as well as

the stabilization of civil service. As 95% of interviewees considered the establishment of a culture of civil service professionalism to be very important, and 91% considered administrative stability to be very important, de-politicization of civil service appears to hold a central position in the reform process, as it is a pre-condition for other reform processes to be effective.

The sequencing of reform steps appears to be crucial. Market-like incentive schemes for civil servants are ill advised, before civil service has been sufficiently de-politicized, and before a credible accountability, and performance evaluation system is in place. So, reducing political influence on civil service will also benefit internal employment relations.

Judging from the interview responses, and considering the features of some of the dominant public administration paradigms, a public administration system that preserves the major features of the "classical model of public administration" appears advisable.

A competing paradigm, known as "New Public Management" (NPM), which has attracted attention through its emphasis on efficiency and "market-like" competitive structures, has also shown a tendency to re-introduce political control over civil service, which is exactly the opposite of what 100% of interviewees of this study considered desirable for their countries.

There is much unfinished business in public administration reform. The task of *simultaneously* building markets, political institutions, and civil service structures has put enormous pressure on resources of all kinds.

An encouraging sign is the high awareness among civil servants of the major problem areas. A particularly positive signal is the pragmatism that characterizes many reform efforts in Eastern Europe. In a rather eclectic way, many designers of public administration systems are focusing on "what works", given the country's priorities and goals. They are refreshingly disinclined to attach themselves to particular ideologies. Unfortunately, sometimes they had to learn this "the hard way", after detrimental results owing to misguided trust in western advisors, who arrived as salesmen of their own favored ideologies.

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