Public Sector Dynamics in Central and Eastern Europe

Edited by:
Juraj Nemec
Michiel S de Vries

NISPAcee

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Edited by:

Juraj Nemec
Matej Bel University,
Banska Bystrica, Slovakia

Michiel S de Vries
Radboud University
of Nijmegen,
Nijmegen, Netherlands

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Introduction to Public Sector Dynamics in CEE Countries

Michiel S. de Vries, Juraj Nemec

Introduction

For some time, the mainstream thought may have been that public sector reforms could only go one way and actually did only go one way. In Central and Eastern Europe after the fall of the Berlin wall and especially because of the collapse of the communist system and the need to replace old centralistic mechanisms, the main option seemed to be lying in furthering competition, marketisation, contracting out, downsizing government, reducing governmental controls and letting the invisible hand of the free market do what is thought to be best for all people. For most public sectors in the region, the main model towards prosperity was the market based "ideology" developed under the name New Public Management (NPM), encouraging government to transform, downsize and do things similar to the way they are done in the private sector.

At present, more than two decades have passed since the beginning of this transformation. Many central European countries have indeed become members of the European Union, which is based on the principles of the free market and minimal governmental controls (while simultaneously promoting comprehensive welfare states). Other countries, especially in the Balkans, but also in Eastern Europe, still strive to become EU-member states and are trying to fulfil the requirements set by the European Union. They want to be part of this prosperous system and especially now, during the time of the crisis and lack of public funds, there seems to be no escape from a continuing transition towards free market economies with a government that pulls back, preferably transforming into what some have called a hollow state.

Notwithstanding this expectation and main trends, this volume argues that the dynamics within the public sector in these countries have never been and still are far from the one-dimensional picture. As shown by Bouckaert et al. (2009) the early reform tracks have never been the same – with Estonia on the one side as the

most visible NPM proponent to, for example, the Czech Republic, as the country of dominantly incremental reforms at the start.

The same is valid now – the current public administration reforms going on in countries such as Hungary and Slovakia in the centre, but also Poland, Lithuania and Estonia in the north, Rumania and Macedonia in the south, or Georgia and Ukraine in the east are again, for many aspects, different and not just determined by the neo-liberal ideology of NPM. It may not come as a surprise to know that the most radical Estonia is, today, visibly switching from an NPM to a Neo-Weberian state (Drechsler 2009).

This book is full of critical essays and studies arguing that during the last twenty years contrary trends are visible. This is especially the case for intergovernmental relations. From the NPM idea that decentralisation of tasks and authority is optimal, one would expect a general trend towards decentralisation in which more autonomy, responsibilities and authority is transferred to local governments (Jenei and Szalai 2002). Especially because the context in which the transformation took place in the CEE region was characterised by huge dynamics and uncertainty and the literature on organisational design has taught that such a contingency structure asks for flexible, decentralised organisational structures. However, as the investigations in several chapters of this book argue, such a transfer of powers from general to local government is often temporary, and can be reversed in the opposite direction (as in Hungary today). When there is a tradition of centralised state control, it is not self-evident that decentralisation will be preferred by governments.

In addition, decentralisation does not work out in CEE the way it does in old democracies. Expectations that it would increase the choice, accountability, responsibility, efficiency, etc., did not prove to be the reality everywhere and in all cases. For example, the data by Swianiewicz (2001) indicate that the right of independent decision-making is the most important for local politicians, in many cases allowing them to serve small interest groups rather than the overall population. High territorial fragmentation in some countries (such as the Czech Republic or Slovakia), together with limited accountability (local corruption) might be the reasons why expected increased efficiency of decentralised public service delivery is also not proved by existing studies. Davey (2002, 35) argues on this: "Reform programs are challenged by the inability of such communities to provide administrative and financial capacity and the scale economics and catchment areas necessary for essential services."

The occurrence of different and sometimes really contrary trends of CEE public administration reforms and their results might be explained by many arguments (and may very much depend on the amount of resources available – without sufficient financial base, small states might be the only available option). In line with the ideas developed in the next chapters, this text focuses on three possible types of reasoning about NPM demise in CEE: rational considerations, changes in political

regimes and consequently, the political ideological discourse, and third, institutional reasoning, out of the bureaucratic apparatus itself.

Table 1
Average size of municipalities in selected CEE countries

Country	% of municipalities below 1000 inhabitants	Average population of municipality	Average area of municipality (sqm)
Bulgaria	0	35 000	432
Poland	0	16 000	130
Hungary	54	3 300	32
Slovakia	68	1 900	17
Czech Republic	80	1 700	13

Source: Davey 2002, 36

Rational considerations

The first possible reason why many countries have turned away from the neo-liberal recommendations, as laid down in the ideas of New Public Management, is that it is not judged to be rational to proceed in this way. Also, in the modern public administration literature, fierce criticism on this school of thought is visible.

One argument is that NPM-reforms do not address the problems that are most pressing in the countries under review, but only a derivative thereof, i.e. the functioning of the public sector. This is argued, for instance, by Marija Risteska in this volume. In Macedonia, the most pressing problem within society was not to downsize the public sector, but rather the incorporation of ethnicities in society within the public sector and creating equal opportunities for all to become involved in public affairs (Risteska, this volume). Macedonia is a country with many different ethnic groups such as Albanians, Roma etc. Its government found out the hard way that it was not downsizing the public sector that would bring stability and progress to the country, but that it had to involve these minorities and develop recruitment procedures that would result in a more representative public administration. That such policies are difficult to accomplish and can result in trends opposite to what NPM recommends is aptly shown in this chapter.

A second line of reasoning in this regard is that the success of organisational reforms is contingent; that these have to take environmental conditions into account and have to retain or establish a fit between the organisational structure and the characteristics of the environment thereof. From contingency theories we know that there is no one best way of organising, but that the best way to organise de-

pends on the nature of the environment to which the organisation relates (Lawrence and Lorsch 1967; Scott 1995). The best way of organising is contingent upon internal and external features of the organisation.

Externally basic conditions have to be fulfilled in order to make reforms in line with NPM ideas successful. This is argued in this volume by Nikoloz Shekiladze, who analyses the contracting out and privatisation practices in Georgia. As Shekiladze argues, such privatisation, public private partnerships and contracting out may be sensible in a state where the level of corruption is low, where public authorities have credibility, where the mechanisms of checks and balances work properly, and delegation of power is acceptable. But when the causes of corruption are not eliminated, when there is a risk that individual interests predominate, the discussion about such types of delegation is unreasonable (Shekiladze, this volume).

NPM reforms were only partly successful in standard developed countries and, as many authors state, their "chance of success" in a specific CEE environment is significantly limited: "NPM is particularly bad if pushed upon transition and development countries because if it can make any sense, then it is only in an environment of a well-functioning democratic administrative tradition" (Drechsler 2005, 101). "The greater the shortcomings in a country's established management practices, the less suitable are the [NPM] reforms" (Schick 1998, 124).

What are the main important CEE region external environment features? We may argue, for example, that especially at the beginning of transformation, potentially competitive markets in transition countries are, in many cases, still under-developed, but characterised by monopolistic or oligopolistic structures and behaviour. Given this, it is rather optimistic to expect that competition may help to improve the performance of the public sector. Democratic institutions and norms cannot be fully developed in addition to the economic transformation that occurs during the short period of fast economic transformation. In under-developed democracies, rent-seeking behaviour of politicians and bureaucrats is fully effective (from an economic point of view), and the simplest way to maximise individual benefits, at least from a short-term viewpoint. In such an environment, corruption might flourish and data from many sources indicate this as the real problem (Table 2).

The possible success of NPM is also connected with the "quality of the state of law". If both governments and business circles apparently neglect the need to respect the law, NPM instruments may just provide more room for corruption.

Table 2
Transparency International Corruption Perception Indexes:
leaders and CEE/NIS countries, 2011

Country rank	Country	2011 CPI score
1	New Zealand	9.5
2	Denmark	9.4
2	Finland	9.4
4	Sweden	9.3
29	Estonia	6.4
35	Slovenia	5.9
41	Poland	5.5
50	Lithuania	4.8
54	Hungary	4.6
57	Czech Republic	4.4
61	Latvia	4.2
64	Georgia	4.1
66	Croatia	4.0
66	Monte Negro	4.0
66	Slovakia	4.0
69	Macedonia	3.9
75	Romania	3.6
86	Bulgaria	3.3
86	Serbia	3.3
91	Bosnia and Herzegovina	3.2
95	Albania	3.1
112	Moldova	2.9
120	Kazakhstan	2.7
129	Armenia	2.6
143	Azerbaijan	2.4
143	Belarus	2.4
143	Russia	2.4
152	Tajikistan	2.3
152	Ukraine	2.3
164	Kyrgyzstan	2.1
177	Turkmenistan	1.6
177	Uzbekistan	1.6

Source: http://cpi.transparency.org/cpi2011/results/#CountryResults

Internally, reforms have – in order to be successful – to take internal limitations of the organisation into account. This applies, for instance, to processes of decentralisation. The basic conditions under which decentralisation might flourish are

sometimes simply not available. Jolanta Urbanovic argues this aptly when analysing the decentralisation tendencies in the school system in Lithuania. Lacking capacities among school leaders, a lack of tradition in the local communities to become involved in decentralised policy making and the resulting lack of integration of local schools in local communities are the expected outcome. (Urbanovic, this volume). Second, the consequences of such decentralisation are not always perceived to be positive. This becomes visible when studies tune in on stakeholders at the local level after decentralisation reforms. It is argued by Michaela Batorova for Slovakia that after decentralisation, some stakeholders, i.e. mayors at the local level, do not even understand the impacts of decentralisation, while those mayors experiencing real change because of decentralisation practices, transform into technocrats with a preference for more technocratic decision-making, preferably without a politicised council, just treating all problems in a managerial way (Batorova, this volume).

Within such conditions, it is to be expected that the outcomes of decentralisation tendencies are disappointing and when this is recognised also by the stakeholders themselves, sometimes even a return to old fashions is seen. As Georg Sootla and Sulev Lääne argue in this volume, in Estonia, for instance, the balance between local autonomy and decentralisation has indeed swung to the other side, that is of increased centralisation, less autonomy for local governments, i.e. a growing dependence of local government on central government (Sootla and Lääne, this volume).

Mariana Dimitrova provides similar arguments on the example of the introduction of the performance management schemes in the Bulgarian civil service. She indicates the main barriers for its successful functioning – especially the fact that legislators and actors are not prepared to draft and implement the necessary schemes and approaches – the result is a trial and error method of development (Dimitrova, this volume).

Changing political discourses

The transition that took place in CEE countries also implied regular elections with the more or less regular alternating of political parties governing the countries. This would not be so bad in principle, but it is common that when a change of government coalition occurs, this is also connected to a change in reform policies – and as indicated above, there is almost no political continuity and politics dominate policy in CEE. (Bouckaert et al. 2009).

Many CEE governments have been unstable and generally short-lived coalitions of different political groups and the ministers responsible changed frequently. The relationship between politicians and bureaucrats in CEE is not standard or professional and a sustainable system of bureaucracy was therefore not established; administrative structures changed when the government or the minister changed.

The frequency of changes and lack of professionalism limit significantly the chances for effective reforms and represent almost non-existent long-term policies.

For example, according to Lauristin (2003, 613), the reasons why Estonia does not have comprehensive and effective policies are not just because of a scarcity of economic resources or poor administrative capacities, but especially because of a lack of sufficient political support. Rivalry between political parties has led to constant changes in the administrative reform agenda as well as to a lack of consistency in the chosen strategies.

In CEE countries, frequent political change also implies a discontinuity in the professional base for preparing the reforms. Almost all public servants in top positions are replaced with the new government in power – as confirmed by all the papers and the discussions during the 2012 Trans-European Dialogue (TED) in Budapest (the best papers will be published in the winter 2012 issue of the NISPAcee Journal). In such a situation, evidence-based continual policies cannot be expected. Moreover, independent policy making advice is really limited – when most existing "think tanks" in CEE are clearly connected with a certain political party and its ideology (Bouckaert et al. 2009).

The different studies presented in this volume judge the consequences of such elections and trends to be of the utmost importance. For instance, Gyorgy Hajnal (this volume) argues how it transpires that administrative reforms, at certain times, just turn into contrary directions and that the visible reforms and changes in this regard are mainly due to the whims and moods of individual politicians, who suddenly come to power after general elections, and who sometimes push administrative reform into the expected direction, but just as often in the opposite direction. Reforms in such cases are not caused by rational analysis and deliberation. Neither is there an evidence-base for such changes. The changes, rather, are based on ideology, self-interest, and even, sometimes, forms of nepotism.

This explains why contrary developments take place simultaneously in different sectors or different parts of the countries involved. Nana Sumbadze (this volume) argues the varying attention of politicians, and their concern for receiving support from their voters. The support they receive varies between urbanised and rural areas and so do their policies. Politicians are sometimes just plain stupid and do not understand the rationale behind public administrative reforms (Batorova, this volume). Sometimes they are only concerned with their own power position (Sootla and Laane, this volume) or see every change as a new opportunity to cash in money and develop new ways of corruption (Shekiladze, this volume). Furthermore, the next election date is often close, inducing them to take short-term policies and changes so they can tell their voters that their term in office did make a difference. This is problematic because as Monica Sidor argues in this volume, reforms take time to mature. This is seen, for instance, for the institutionalisation of democratic procedures. As Sidor argues for Poland, the introduction of the local referendum

went through a long process of trial and error, and the analysis thereof needs to take into account the legal, social and political aspects (Sidor, this volume). That reforms often do not have the time to mature is seen in the decentralisation tendencies in different countries in the CEE-region, such as Estonia, where changes in policies already occurred before the previous policy was voted on and an opposite direction was already taken before decentralised policies could prove their worth. (Sootla and Laane, this volume). The reforms are also not sufficiently evidence based – Marcin Sakowicz, for example, argues that the regulatory impact assessment, after many years of the process of its implementation in Poland, is still very much in its early phase (Sakowicz, this volume).

Institutional resistance

Of course, the critical reader might reply that developments in public sector reform are also impeded by institutional resistance. In theoretical literature this is a well-known phenomenon. Such institutional resistance is caused by the traditional rationality dominating many organisations, inertia, and hard-to-change value systems. Change brings about uncertainty and ambiguities, whilst the public sector, especially, is known for its predictability and continuity. This results in both individual and institutional resistance to changes (cf. Agocs 1997). "Individuals are said to resist change because of habit and inertia, fear of the unknown, absence of the skills they will need after the change, and fear of losing power. Organisations are said to resist change because of inertia, sunk costs, scarce resources, threats to the power base of the old dominate coalition, values and beliefs, conformity to norms, and inability to perceive alternatives." (Agocs 1997, 918). Some scholars even argue that resistance to change is an unavoidable and natural part of human behaviour (Bovey and Hede 2001). Although such resistance does not have to be judged negative, per se, because it may show that a change is not sufficiently evidence-based (Pederit 2000) or may reveal weaknesses in proposed reforms and may result in superior alternatives.

Such resistance also effectively blocks reforms in the CEE region. Two dimensions of this are worthy of mention in relation to the region. First, most CEE countries decided not to (were not able to) replace the old "post-socialist" civil service staff or change their attitudes and approaches sufficiently. Second, many reforms that were prepared and implemented by ministries or special bodies with limited influence, were boycotted by implementing agencies and this fact may be one of the reasons why most reforms were poorly implemented and planned outcomes and impacts not achieved (Bouckaert et al. 2009).

Such resistance is also seen in the studies presented in this volume. For instance, in the Macedonian case, where the policy was to recruit more ethnic minorities in the public sector, in reality the public sector only hired them in name. The

minorities received a salary, but not a job. However, in other countries, the administrative apparatus seems to be more accommodating. Whether it concerns the processes of decentralisation, outsourcing, or privatisation, the apparatus often does what it is expected to do. Therefore Armenia's Androniceanu and Simona Sora (this volume) conclude that a successful reform needs the support of civil servants and it requires their entire commitment. Due to their importance, civil servants should be well trained, efficient and motivated to do their job and be satisfied in their job as it is and as it develops through organisational reform. Job satisfaction brings with it increasing individual performance, less conflicts, creativity and cost effectiveness in a period when financial aspects are very problematic due to the global financial crisis. Androniceanu and Sora see commitment of workers as an essential condition for successful public institutions.

Possible solutions

Basically, the studies in this volume argue the same thing, namely that one cannot just copy and implement simple directives and recommendations from other countries – even though they seem desirable – without taking the specific nature, traditions and path dependencies of the country under consideration into account. There is a huge difference between desirability and feasibility and each of the studies in this volume points to the self-evident fact that to try to reform parts of the public sector in a direction which might look promising but is not feasible, does not make sense and is likely to result in the opposite of what one is trying to accomplish.

The CEE region provides a really interesting situation to study reforms. Local policy making and especially policy implementation capacity, is really limited. Previous NISPAcee books already describe this element in a comprehensive way (for example The Capacity to Govern in Central and Eastern Europe: dealing with policy making capacities and Implementation – the Missing Link in the Public Administration Reform in CEE, 2006: dealing with policy implementation gaps).

In such a situation, externally proposed or even externally enforced reforms are very frequent, but only rarely have the capacity to succeed. Many, if not most reforms, in countries looking forward to EU accession have been pushed and pulled by the EU accession process, frequently as compulsory or semi-compulsory measures. The important questions are whether these reforms would also have happened without EU pressure; did they succeed (by improving processes and their results), and why some of these reforms have already regressed (Slovakia and the Civil Service System as an Example – see OECD 2009).

The EU paid and pays considerable attention to the administrative capacities of the candidate countries in many areas in the accession process, especially to civil service creation. Oksana Mejere and Rita Toleikiene appreciate the impact of the EU on the quality of the Lithuanian civil service in their chapter of these proceed-

ings, but simultaneously leaves other issues, such as public management models, out of its main interest. This provides space for other international organisations and their own specific ideologies and "solutions", which are often not suitable for specific CEE conditions, if they are suitable at all. Pension reforms based on the World Bank ideology about the necessity of the second (capital) pillar to balance systems (the World Bank is already deviating from this approach) are (in the light of today's situation) a clear example of promoting changes with limited chance for real success, but creating too many hard financial burdens for governments (almost all CEE countries already redesigned their second pillar schemes with Hungary on top, "nationalising" it during the crisis).

In Eastern Europe, where most countries do not have accession ambitions, most reforms happen because of pressures from several international donors, and relatively few of them have been evaluated as a success. As Hovsepyan and Khudav-erdyan (2006, 28) mention, "the piecemeal nature of this assistance, probably as a response to the extraordinary complexities of the public administration structures and associated political environment, and the need to disaggregate the field into manageable domains, has resulted so far in a fragmented approach to the reforms and the potential loss of a strategic perspective."

In such a situation the question about the quality of external advisors is also of the utmost importance. Shakarashvili (2005, 13–14) points to this:

> Especially in the early phases of the post-Soviet reforms, these countries were strongly attracted by the idea of 'westernisation' and were open to close collaboration with international (predominantly Western-funded and Western-influenced) organisations. Often, this collaboration resembled a teacher-pupil type of relationship, when governments would not object to following the recommendations of external partners and without questioning their validity or appropriateness for the local context, whilst the Western agencies were not shy to reveal the 'consultant knows it all' attitude.

Therefore, the implementation of popular concepts, connected with new public management or governance should not be carried out "by force", as the constant strengthening of the already existing and functioning institutions of local government is just as vital (Radzik-Maruszak, this volume).

If that is not the solution, what ways out are there? At the end of this volume this topic is addressed. Leif Kalev and Mari-Liis Jakobson (this volume) point to the need of trans-nationalisation. As they argue, the emergence of trans-national spaces at first sight only creates a challenge for governance as the people's opportunity structures expand and societal variety increases. Yet, there might also be opportunities for governing via these spaces, if addressed adequately. The relevance of such

problems is clearly visible in the current context of diversification of national policy strategies in response to globalisation.

Marcin Sakowicz (this volume) points to the needs and problems involved in more rational decision-making and the promises of impact assessment, evidence based policies, and rational decision-making. In a similar way, Mariana Dimitrova (this volume) points to the need for technical, evidence based solutions, involving changes in the legislation and communication policy, increasing the objectivity of the received performance appraisal, and overcoming of the campaign nature of the trainings for performance appraisal.

A reading guide

The core of this volume consists of a selection of papers presented at the 19th NISPAcee conference in Varna, Bulgaria in May 2011 (a few older NISPAcee conference papers are included to provide a sufficiently comprehensive picture). The chapters were presented as papers in four different working groups and as editors we chose to keep this structure intact. This has implications for the way the chapters are ordered in this volume. The contributions from each working group are clustered and preceded by a brief introduction by the working group Chair giving an overview of the points of discussion within the working groups.

The working groups are the heart and soul of the NISPAcee conference and we cannot express sufficient gratitude in acknowledging the contributions of the working group Chairs to the progress in understanding what is going on in Central and Eastern Europe. This year that gratitude especially applies to Veronica Junjan, one of the Chairs of the working group on Public Administration Reform, Arto Haveri, of the working group on local government, Lesya Ilchenko, one of the Chairs of Public Policy Analysis Development Issues, and Patrycja Joanna Suwaj, one of the Chairs of the working group on civil service.

They made a selection of papers from their working groups for this volume and undertook the first editing of the chapters and drafting introductions for all four parts of these proceedings.

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Section I

Public Administrative Reforms in CEE and CA Countries

Introduction to Public Administrative Reforms in CEE and CA Countries

Veronica Junjan

The chapters included in this section illustrate the types of work presented in the WG IV PAR in CEECA during the 19th Annual NISPAcee Conference. The themes investigate trends and experiences concerning public administration reforms in the target region. The group aimed to provide an environment where the dynamic of reforms in the region are analysed between academics and practitioners. The working definition of the PAR, which frames the discussions carried out here, is "Public administrative reform is described as any restructuring of the administrative part of the public sector in order to solve organisational and/or societal problems associated with this structure and intended to promote a professional, merit-based and neutral civil service." This leaves space for a broad variety of topics and approaches, framed by criteria, such as geographical area, governmental level, policy area versus organisation, theoretical approach, and methodology. The chapters included in this section have been chosen to illustrate this richness.

The section begins with a chapter which discusses the dynamics of agentification in Hungary. G. Hajnal analyses the extent to which the reorganisation of central agencies in Hungary fits with major theoretical assumptions of the NPM or post-NPM theoretical developments. An interesting conclusion is that although the patterns of organisational dynamics noted in Hungary are similar to international ones and move from agentification towards the whole-of-government, the reasons behind these patterns are different to those noted in international literature.

In the next contribution, M. Risteska conducts a ten-year evaluation of the implementation of the Ohrid Framework Agreement (OFA), a policy which aimed to provide a framework supporting equal representation of ethnic minorities in Macedonia. Her conclusions suggest that the OFA seems to have reached only partial results. For instance, she notes a significant increase in the representation of the ethnic Albanian population in public administration, but a still limited presence of other ethnic minorities (such as Turks, Roma, and Bosnian), imbalances in terms of gender ratios (more men than women), and unequal criteria applied in the selection process.

The third chapter, written by N. Shekiladze, provides an interesting view of the implementation of contracting out in Tbilisi, Georgia. The results underline the importance of appropriate institutional capacity needed in order to implement partnerships between the public and private sectors and that, when this capacity is weak or is lacking, there is place for doubtful practices which defeat the purposes for which the initial reform measures were started.

In the last chapter, J. Urbanovič analyses the theoretical and practical implications of the education decentralisation reforms in Lithuania. At the theoretical level, the author notes the diversity of models and approaches towards decentralisation, with an important proposal concerning a functional approach; in her own words "[…] education system reformers should formulate questions of not whether to centralise or decentralise education, but rather what education functions should be centralised and which should be decentralised" (Urbanovič, this volume). The factors indicated as important for the experience in Lithuania include the appropriate levels of competency at organisation (school) level, a sufficient level of involvement of the community, and trust between governmental levels, between schools and the community being served.

Three patterns seem to be detectable in the chapters chosen to illustrate the discussions on PAR: the varieties in definitions of reform; the role of the implementation process, and the importance of the local context.

a) It is interesting that the chapters show how different the facets of the definitions of the reform can be. Reforms range from changes in policy (decentralisation in Lithuania, salary cuts in Romania, a broad agreement on facilitating affirmative actions in Macedonia) to organisational practices (organisational splits and re-unifications in Hungary, or introducing contracting out in Georgia) and encompass the local level (Georgian case study) to the national level (the other four chapters). It is also interesting to note that each of the chapters discusses, (some more implicit and others explicit), the relationship between the concepts of "reform" and "change". Whereas "reform" is a positive-laden term, the authors seem to prefer it to the more neutral "change", the latter mostly used to operationalise the former.

b) Problems in implementation probably pose the most frequently mentioned factors in the analysis of the reform processes in CEECA. The Hungarian case, for instance, shows very nicely how the reasons for implementing a reform in line with international evolution can be started by a set of reasons and with a rhetoric which have little to do with that same international evolution (that is, increasing political control upon administration instead of providing a seamless service for citizens). The Lithuanian and Georgian cases illustrate, on different policy areas and different types of organisations, the importance of the existence of sufficient skills and institutional capacity in order to implement measures developed in different institutional contexts (decentralisation in Lithuania and contracting-

out in Georgia). Further, we also see what happens when the implementation is carried out half-heartedly: cyclical evolution and disparaged measures (in the Romanian case), underutilisation of human resources and resentments (in the Macedonian case), and suspicions of corruption (in the Georgian case).

c) Finally, all chapters underline the importance of the local institutional context when borrowing reforms developed in developed democracies. In the absence of local awareness of the meaning of different reforms and an understanding of the local institutional context (and not focussing only on the minuses, but understanding and using plusses), reforms are doomed to fail, and what is probably worse, that failure seems to result in discouragement towards the very idea of reform itself, thus inhibiting further reform. Considering that we have learned that PA reform is a long-term endeavour, negative effects upon the morale of those involved in designing and implementing thereof are much more likely to reflect an unintended process of "muddling through" which may turn out be disastrous for the very countries and citizens for whom these reforms are intended.

Two consequences result from the observations summarised above: first, that CEECA is an interesting playground for theory development and testing. This has to be nuanced, namely that CEECA provides an environment of reflection and analysis upon themes of classical public administration (such as the relevance of the dichotomy of politics versus administration or the creation of a Weberian public service). The results presented in the chapters included here, illustrate this proposition as they show that the local institutional context does matter, that transition countries provide nuances and adjustments for the theories formulated in stable democratic contexts, and for instance, that policy learning does take time, also when one benefits from experiences from developed countries. Secondly, we need more feedback of these results into the mainstream theory. This can be carried out in two ways: first, a process of re-thinking and reflection on the classical themes, combined with a testing area on new and modern themes through policy learning or creation of multi-level governance mechanisms in previously hierarchical administrative systems. This could be combined with coupling with other research areas such as democratisation and organisation studies. These are very interesting directions of research, which one can only hope will provide fruitful discussions in the future.

Structural Dynamics of Central Government Agencies in Hungary (2002–2009)

György Hajnal

Introduction

Government policies seeking to reshape the public sector are, to a varying but usually significant extent, composed of initiating and implementing structural changes within the central government machinery. It seems, moreover, that structural changes abound, not only in times of hectic reform, but they comprise a regular, though emphatic element, of the routine operation of public administrations. No wonder that structural reforms – specifically: the dismantling of large, integrated central government bureaucracies and the increasing creation of single-purpose, task-specific organisations structurally separated from their parent ministry – represent an emphatic direction of recent, New Public Management (NPM) style administrative reforms, too (Moynihan 2006, Pollitt et al. 2004).

However, since the late nineties onwards – another administrative reorganisation pattern of a possibly opposing sign emerged. Terms such as "joined-up government", "whole-of-government" and "holistic government" all refer to public sector attempts to strengthen the coordination between programmes and activities performed by organisations strongly fragmented by previous NPM measures – most of all, agencification (Pollitt 2003).

Perri (2004, 108) gives a fine-grained typology of measures to "join up" government agencies and policies. These measures range from loose elements such as "taking into account" dialogue and joint planning of organisations, to such strong structural measures as merging previously independent agencies. A similar perspective is taken by Askim et al. (2009) who interpret the merger of Norway's employment and social insurance services as a prime example of whole-of-government initiatives.

To some extent, similar processes seem to have been appearing throughout the transitional countries of Central and Eastern Europe (CEE), albeit in a much

less clear-cut manner. The "swings of the NPM-pendulum" – first increasing the proliferation and autonomy of structurally autonomous, task-specific agencies and then decreasing it – are much less easy to recognise. The difficulty of recognising clear patterns of central government administrative policy emanates from various sources.

First, there are important differences in the way "agencification" (and other major components of administrative reform) travelled, both on the factual level of CEE administrative reforms, as well as on the level of public and academic discourse regarding those reforms. On the basis of available evidence, it seems that, on the one hand, certain organisational phenomena resembling or actually called "agencies" are present, albeit to a largely varying extent. On the other hand, they seem to conceal quite substantive (political) motives, partly in sharp contradiction with the stated mainstream "ideology" of agencification (see Hajnal (2010) for Hungary, and Moynihan (2006) for the case of Slovakia).

Second, systematised empirical evidence on the structural dynamics of the region's agency landscape is minimal. This was the case, for example, in Hungary where empirically grounded analyses of Hungarian (post-Socialist) administrative policies restricted their attention, throughout the past almost 20 years, on legislative decisions and individual cases of agency restructurings, thus disregarding the macro level empirical patterns. A recent empirical study examining agency dynamics in the 2002–2006 period concluded that while structural changes are happening at a constantly high pace, there are no signs of clear principles of administrative policy whatsoever underlying this agency dynamics (Hajnal 2010). This finding is in contrast with functional and neo-institutional explanations emphasising the role of universal factors of agency formation such as the increasing technical complexity of implementation or politicians' urge to "delegate responsibility" (Thatcher 2002). Moreover, the apparent lack of any recognisable patterns and principles of administrative policy would be in contrast with other explanations of agency related administrative policy, such as the transformative perspective put forward e.g. in Laegreid et al. (2010). The enduring and overarching economic and fiscal crisis, having begun in 2006, offers a critical case for examining the presence of administrative principles as a means of reacting to severe and immediate threats to the basic functioning of government.

This chapter intends to dig further into this largely unexplored problem complex of CEE – more specifically, Hungarian – agencification experience on an empirical basis, substantially expanded in comparison with those used in previous empirical studies (Hajnal and Kádár 2008, Hajnal 2010).

In pursuing the above broad ambition the following questions will be examined:

1.) Are there any recognisable patterns of agency-related administrative policies in the pre- and post-2006 period?

2.) If yes, what characterises Hungarian administrative policies in times of a complex crisis situation involving fiscal, performance, and political pressures?

3.) Specifically, is there a move away from NPM-type agency dynamics and towards another – post-NPM or whole-of-government type – pattern of restructuring?

The next section gives a brief outline of the administrative landscape and the political context in which the organisational dynamics under study took place. The third section describes the data and method underlying the study. The fourth section presents the findings and the fifth section formulates some tentative conclusions[1].

The institutional and political context of Hungarian agencies

Throughout the past five election cycles, the governing majority was practically always based on a party coalition of two or more parties[2]. The Hungarian central government is divided into ministries. Throughout the 1990–2009 period their number varied between 13 and 18, including the Prime Minister's Office (PMO). The core of the government is the PMO. Ministries are chiefly responsible for policy making while most of the implementation tasks are carried out by agencies[3]. Prior to 2006, there had been no single uniform law regulating the structural features on organisations in the executive branch. Ministerial competences were regulated by various, and frequently changing, government decrees. Besides that, the government had extensive powers to establish the government structure within the broad limits specified by law and the Constitution.

An overarching feature of the nineties and the early 2000s was the apparent lack of grand themes with regard to administrative policy. Central government administrative structures usually changed, mostly following short-term party political considerations. Likewise, decisions regarding the creation/restructuring of

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1   The research was part of an international research project funded by the EU Cost Action Program IS0601. For more information see www.soc.kuleuven.be/io/cost.

2   This subsection covers the time period from 1989/1990 to 2009. Subsequent events such as the landslide victory of the Centre-Right opposition in the Spring 2010 parliamentary elections and the series of important legal and structural changes having taken place since then are thus not covered here.

3   Throughout the study the term "agency" refers to organisations that are (i) "set up by a public law instrument (such as a statute, law, constitution, ministerial order or a formal decision of cabinet or minister)", (ii) structurally, to some extent, separated from the parent ministry/organisation, though (iii) directly subordinated to a ministry or the cabinet; and (iv) not corporate bodies/commercial enterprises (Pollitt et al. 2004, 8–10). For reasons of limited access to organisational data, this definition is somewhat narrowed down. Throughout the study the term "agency" will refer to organisations falling under the scope of the Law on Civil Service XXIII/1992. This excludes from the scope of investigation, for example, law enforcement agencies and certain central governmental research and other supporting institutions, and public foundations.

an agency were made in pursuance of a broad range of (party) political, sectorial, organisational and personal interests. In the absence of general policies or legal constraints, the nineties preserved (and even exacerbated) the proliferation of less than optimally controllable and transparent structures inherited from the Socialist era. Ministries and sectors often could build up their "empires" without substantive external oversight, while the agencies could look for ways to dislodge their dependency on the centre. Thus, while the legal-constitutional regulation and the traditions narrowed the government's opportunities in establishing and reshaping organisations at the level of ministries, the lower levels of the organisational hierarchy ended up in a rather opaque proliferation.

Both academics and practitioners were dissatisfied with this unregulated characteristic of the agency universe and persistently argued in favour of common legal standards as a token of effective central government structure. In the period between 1990 and 2006, there has been only one significant event regarding agencies: the 2040/1992 Government Resolution (1992) created a three-category classification for agency-type organisations. Nevertheless, it did not classify the individually existing bodies themselves accordingly. This resolution could not settle the problem of unregulated proliferation of agencies, because it would not be applied to bodies created previously. Moreover, during the next 14 years, a series of government resolutions repeatedly tried to eliminate opaque and overlapping agency structures and to develop and clarify the legal-structural principles underlying them (Hajnal and Kádár 2008, 5).

The 1992 Government Resolution allowed deviations from, and exceptions to, the features declared for agencies to be created later on. The agencies' statutes do not exactly reflect either the typology or the terminology of this legislation. Still, the three genres outlined in the Resolution are also applied in the literature dealing with this subject (Balázs 2004, Sárközy 2006, Vadál 2006).

This typology defines three agency types:

(a) organisations with nationwide competence (*OHSZ*);
(b) central bureaus (*központi hivatal*); and
(c) ministry bureaus (*minisztériumi hivatal*)[4].

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4   Two remarks are in order at this point. First, the term "OHSZ" is misleading as the other two types of organisations have nation-wide competence, too. Second, the category of ministry bureaus is, both conceptually and operationally, quite vague. Major reasons of this include the following. (i) This legal category is practically defined only the confidential thus unpublished 1992 Government Resolution; (ii) other – mainly academic – sources discussing ministry bureaus are unspecific and/or contradicting to one another. Therefore the study uses the term "Ministry Bureau" to refer to agencies – irrespective of whether they are defined by their statute as such – that are, firstly structurally to some extent decoupled from their parent ministry and, secondly, their structural autonomy is significantly weaker than that of central bureaus. The most frequent reason of being classified into this category is that the founding statute of the organisation at hand is a Ministerial Decree rather than a Government Decree (see also Table 1).

The temporal scope of this study is the period ranging from 2002 to 2009. The starting year of this period largely reflects the set-up of the centre-rightist Orbán administration. The parliamentary elections held in that year led to a change in the governing coalition. From this time on, the centre-left, Socialist-Liberal party coalition remained in power throughout the 2002–2006 and the 2006–2010 parliamentary cycles, although in 2004, Prime Minister Medgyessy was replaced by Prime Minister Gyurcsány.

In 2006, the incoming, second Gyurcsány cabinet, in an attempt to create some order to more than a decade of mushrooming central government organisations and organisational units, initiated a law regulating the basic structural features of agencies. The new law created, after 15 years of inaction, an overarching, uniform regulation of central government organisations, including agencies[5]. This law enacted a clearly defined, closed agency typology to be compulsorily applied to all existing and new agencies. The law, in part, followed the pre-existing, albeit non-compulsory, typology reflected in the above table. From our current perspective, however, two differences deserve attention. First, the terminology has changed: OHSZ's were renamed Government Bureaus. For the sake of simplicity, however, I will disregard this change in terminology. Second, the law terminated the category of ministry bureaus, all of which were (or, at least, should have been) converted into central bureaus. However, in practice, this measure was not implemented to a full extent as a small number of agencies continued to exist – *de jure* and/or *de facto* – in the form of ministry bureau.

The 2006 change coincided with a much broader and much more sweeping flood of policy issues, problems and scandals on the one hand, and the government policies to tackle these, on the other – all these eventually leading to Prime Minister Gyurcsány's resignation and the establishment of a minority government in 2009, both events being the first of their kind in Hungary's first post-transition history.

Given the scope and limits of this chapter it is possible to enumerate only some of the most important elements of the policy related and political developments characterising this extremely hectic 2006–2009 period. By 2006, the overly ambitious expenditure programmes and welfare policies launched in 2001 and strengthened further in the subsequent years have bumped into harsh and clear fiscal limitations. Although the "statistical make-up" performed by the government for the 2006 Spring elections could postpone facing these realities, the new cabinet had to take immediate and severe restrictive steps. These included a series of steps such as downsizing public sector personnel, and ceasing or merging numerous public organisations.

These government policies faced an extraordinarily effective and coordinated strategy of resistance pursued by a broad host of diverse, otherwise often strongly

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5 Law on Central State Administrative Organisations and on the Legal Status of Cabinet Members and State Secretaries (Law LVII/2006).

contradictory, societal and political actors. This resistance included, amongst others, elements ranging from unprecedented violent street protests to popular referenda, and to the opposition's fierce and persistent parliamentary and communication campaign. The economic and fiscal crisis starting Autumn 2008 and the resulting further series of harsh restrictions required by the IMF came on top of the aforementioned crises (and counter-crisis measures). The last observation included in the database referring to 1 January 2009 can be regarded as reflecting the end stage of the Gyurcsány era: after the crisis and the dissolution of the Socialist-Free Democrat coalition, the government resigned and a new minority Socialist cabinet was inaugurated in April 2009, which already lies outside the temporal scope of the present study.

The Figure below charts the extent to which these three types of agencies are present on the Hungarian agency landscape during this period.

Figure 1
The number of agency-type organisations (2002–2009)
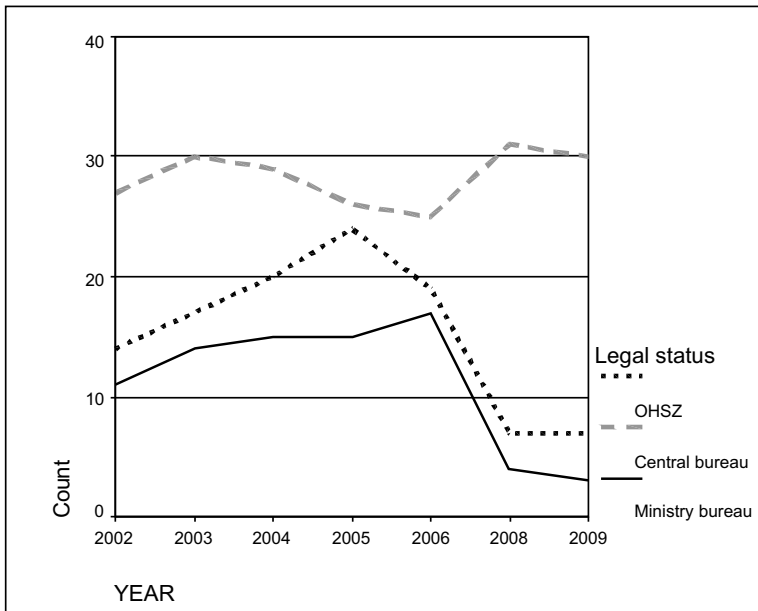
Source: own research

The three-class typology of agencies reflects a clear and institutionalised organisational hierarchy, going from the most to the least autonomous type of organisation in terms of formal, legal-institutional autonomy.

From the perspective of the current study, the significance of agencies' legal status is that this feature will be used as a "proxy measure" of agencies' formal-legal autonomy. Of course, the autonomy granted to agencies by formal-legal measures is only one of several possible aspects of autonomy in the broader sense. Other dimensions of agency autonomy such as perceived (policy and operational) autonomy or de facto entrenchment from political influence may be unrelated to, or even conflict with, formal-legal autonomy. As this study will show, they often do. The key structural features of the three agency types are outlined in the Table below.

Table 1
Typology of agencies based on their legal-structural features

Structural features	OHSZ	Central bureau	Ministry bureau
Founder/form of founding document (statute)	Parliament/Law	Government /Government Decree	Minister/Ministerial Decree
Superior organ	Cabinet	Ministry	Ministry
Appointment /dismissal of the leader	• By the Cabinet/Prime Minister • Appointed for a term of 4–6 years	• By the Minister • Appointed for an indefinite period	• By the Minister • Appointed for an indefinite period
Remuneration of staff (according to Law on Civil Service)	Same as for ministry staff	Less than for ministry staff	Less than for ministry staff
Participation in the governmental decision-making bodies	• May participate in meetings of Permanent State Secretaries • May participate in Cabinet meetings*	• May participate in meetings of Permanent State Secretaries	• May not participate in governmental decision-making bodies
Budgetary status (position in the Law on Budget)	Separate section in the Law on Budget*	Subsection within the Ministry's section in the Law on Budget	Not included explicitly in the Budget

*This applies to a smaller set of OHSZs only.

Source: own research

As the table shows increased structural autonomy – that is the extent to which an organisation is able to entrench itself from its politico-administrative context – emanates from a variety of sources. Firstly, autonomy may depend on the "rank" of the politico-administrative entity deciding upon the agency at hand. For example, OHSZ's are founded by the Parliament by law. Hence their statute (and any amendments thereof) involves a complex and highly visible legislative process involving numerous players and veto points. In contrast, central bureaus may be

founded/modified/ended by Cabinet decisions, whilst the fate of ministry bureaus can be simply decided by individual, across-the-table ministerial decisions.

Second, the issue whether it is the Cabinet or the minister who is charged with the supervision of the agency has far-reaching significance. The former has no appropriate apparatus for directing an organisation effectively, thus by all means this kind of supervision is less operative and powerful than that of the ministry.

From a functional perspective, this is related to the fact that an OHSZ's duties do not belong to the portfolio of any ministry (as they were established for providing functions besides ministries). Therefore it is independent from the ministerial structure, as being typically subordinated to the Cabinet. This implies the following with regards to its autonomy:

- there is no ministry which could absorb its duties;

- a designated minister bears only minor supervisory functions over the OHSZ, but (s)he cannot issue instructions to carry out specific tasks or to rectify ones already taken;

- its head is appointed and dismissed by the Prime Minister or the Cabinet, hence the Prime Minister is responsible for the body's activity before the Parliament;

- the OHSZ can appeal directly to the Cabinet, and their leaders are invited to the Cabinet meetings, unlike other types of agencies represented only through their parent ministries.

Unlike OHSZ's, central bureaus' duties do belong to the portfolio of the parent ministry. Central bureaus have no direct relation with the Cabinet. Ministry bureaus have no separate scope of duties from that of the ministry's. What differentiates them from the central bureaus is that they have no legally defined and addressed competence. They only perform the devolved/assigned competence and duties of the ministry. In practice this means that, in contrast to the case of central bureaus, the minister may freely reshuffle or even cease the ministry bureau on his/her own decision.

With regard to the shielding and legal entrenchment of managerial positions, in the case of OHSZ's, the leader is appointed for a term of four or six years, and can only be dismissed in extraordinary cases. Consequently, (s)he enjoys a significantly higher extent of employment security than the leaders of most other agencies. Some of the most autonomous OHSZ's gained further privileges in the field of designing government policy, for example, signing international treaties or directly taking part in preparing draft bills.

With regard to budget procedures, a set of the most autonomous OHSZ's are entitled to take a direct role in the budgetary bargaining process (i.e. they directly negotiate with the finance ministry). In contrast, central bureaus are represented in this process only via their minister, while ministry bureaus are – as a general rule

– simply not a party in the budget bargain as they simply receive what the minister decides to allocate to the given agency. The extent of autonomy differs also with regards to agencies' ability to modify approved budgets.

Analytical concepts: Structural change events and change event characteristics

The substantive research question of this study involves the analysis of a well-defined set of organisations in a comparative and dynamic perspective. Such approaches – for example work done in the population ecology paradigm (Hannan and Freeman 1977, 1989) – form a major part of organisational theory. Nevertheless, studying central government organisations, such as agencies, poses conceptual and methodological problems not characteristic for previous undertakings aimed at general (mostly business related) populations of organisations. For example, Hannan and Freeman (ibid.) studying business organisations, focused on the "birth" and "death" of organisations. Doing so is justified as long as there is minimal continuity between organisations whose lifespan stretches between such events as founding, bankruptcy, or (hostile) takeover/acquisition. Indeed, such events do signify a decisive, life-and-death moment in business organisations' lives.

However, the structural-organisational landscape of the central government apparatus is distinctly different in several respects. Being born and dying is part of these organisations' way of doing "regular business", as are the constant mergers and secessions occurring to them. While such changes occur at a constant and high pace to central government organisations, their basic features, such as functions/activities, technologies, personnel and even management, do not necessarily change, or change only to a much lesser extent and in ways possibly quite unrelated to the above mentioned changes in their formal, structural features.

Previous studies (Roness 2003, Laegreid et al. 2010, Hajnal 2010) made different attempts to meet the conceptual and methodological challenges inherent in this research problem. These attempts involved, most significantly:

- introducing and delineating different concepts of "organisational change" (as opposed to, for example, the less nuanced and multifaceted concept of "organisational birth" and "organisational death" of population ecology);

- developing different typologies of organisational changes; and

- examining their basic characteristics, such as frequency distributions, temporal dynamics, and relationships to other organisational features, processes or trends.

Building on these results, the analysis outlined below goes one step further by developing a new typology of structural change events. This typology is specifically

designed to enable the identification of NPM versus non- (or post-) NPM patterns of administrative policy related to central governmental agencies.

The current research is characterised by a structural focus on public organisations. Namely, the focus is on a (limited) number of formally/legally defined, mostly structural organisational features such as the organisation's ministry affiliation, legal status (and the resulting extent/patterns of autonomy and control), policy sector, size, and some broad task characteristics. This formal-structural focus incorporates the cornerstones of the organisational change concept applied. Namely, if any – or at least some sufficiently significant set/number – of these organisational features change, then one may say that an organisational change occurred in the organisation at hand.

This concept of organisational change – as it is applied in the current study – is visualised in the figure below.

Figure 2
The concept of organisational change event
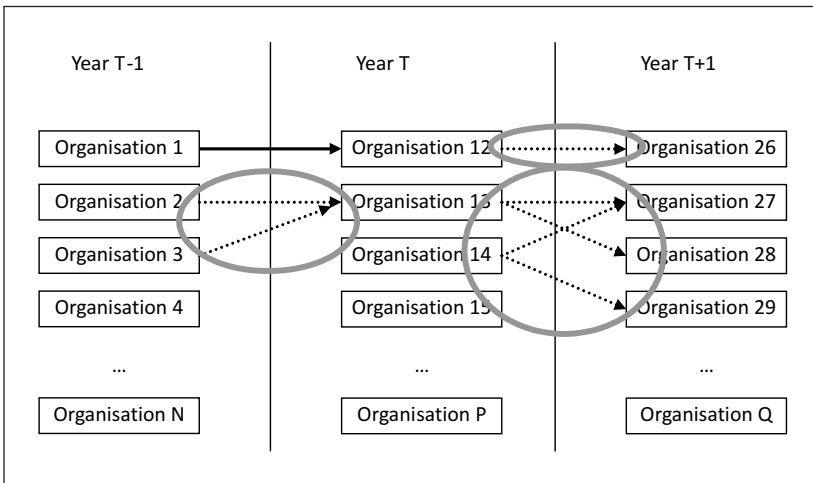
Source: own construction

The (sets of) links, circled in grey, form different change events. As one may see from this list, some changes involve only a single organisation; some others relate one organisation from the agencies' realm under study and some others outside this realm; and still other changes affect/link up several agencies, from two to possibly as many as –in some cases– six (the latter happens, for example, when five organisations are merged into one or one is split into five). These events can be grouped and labelled in a number of different ways (see e.g. Laegreid et al. 2010).

One of this study's ambitions was to develop a typology able to grasp the Hungarian agency dynamics and its relation to NPM principles in a meaningful way.

The data

It follows from the above that the data set underlying the research reported here contains organisational and change data in multiple data tables in a complex (relational) system. The key parameters of this data set are as follows.

Agencies and related changes are included in the data base for the 2002 to 2009 period. Each year represents one observation; until 2006 this was tied to 1 September each year. After 1 September 2006 subsequent observations were made, because of legal and administrative difficulties of the responsible unit within the Prime Minister's Office, on 1 January 2008 and 2009. There are a total of 152 organisations in the data set, with life spans ranging from one to seven years. There are a total 112 change events having occurred to these agencies in the time period under study. These change events are characterised by the following variables: date (year), "input" and "output" organisation(s) related to the change event, and a brief explanation of the change. In a subsequent phase of analysis, this was supplemented by the development of a coding system and the assignment of applicable codes to individual change events. This will be described in more detail later on.

The method

The method applied involves two elements. In the first phase, a typology of change events reflecting the central question of the study was developed. Data records describing change events were compiled in the original database. Subsequently, a qualitative analysis of the exported data took place, using computer aided qualitative data analysis software. In the course of this analysis, all so-called text segments – each corresponding to one change event – were carefully read and, if necessary, several times re-read in order to identify typical issues emerging from them and contributing to describing and understanding them.

It is important to mention that many change events consisted of a complex set of loosely (if at all) related structural alterations[6]; moreover, the way these were –or were not– tied together in a single decision often depended on purely accidental factors. Therefore, it was neither wise nor possible to look for mutually exclusive and jointly exhaustive categories describing change events; rather, I looked for

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6   One may think of such change events as, for example, Agency X being divided into two, one part being reintegrated into the parent ministry, and the other part being merged with another agency and the resulting new entity horizontally transferred under the supervision of another ministry, at the same time changing its legal status from a more to a less autonomous one.

emergent motifs grasping certain important aspects of change events, whereby one change event can be described by one or more such motifs.

The qualitative analysis proceeded in a case-by-case, iterative manner. The process of identifying, labelling, grouping, re-labelling and re-grouping of change motifs lasted until a fine-grained typology – consisting of conceptually clearly demarcated categories – emerged. An important guiding principle of this process was (i) achieving an as sharp as possible conceptual demarcation between the various emerging analytical categories, meanwhile (ii) maximising their descriptive power and theoretical relevance. Some additional details of this coding procedure – sometimes referred to as "open coding" (Ryan and Bernard 2002) or "qualitative coding" (Kelle 1997) and much resembling to the procedural prescriptions of grounded theory (Strauss and Corbin 1990) – are given in the section on findings.

In the second phase of the analysis, the temporal patterns of change events were examined using simple statistical analyses (mostly charts and cross tabulations) performed with the coded change data.

Findings

A typology of change events

The qualitative analysis yielded a 12-category classification system of structural change events. This is summarised in the Table below. Each change event is characterised by one or more of these analytical labels (in the context of qualitative analysis, these labels are usually called "codes"). It is interesting to note that change events may be characterised by codes quite unrelated to one another. Moreover, in some cases, a change event involves elements of opposing signs. This is the case, for example, when an agency is split into two, one of the newly created organisations being "promoted" to a more autonomous one whilst the other one is "demoted" to a less autonomous legal status. In such a case, the change event is coded as having both a "relative autonomisation" and a "relative de-autonomisation" element.

In the subsequent phase of qualitative analysis, the emerging codes were grouped into a few higher-order (or meta) codes as follows.

"Pro-NPM" changes are those congruent with the administrative/structural propositions of NPM.

"Anti-NPM" type changes point to the opposite direction, and thus are in line with the whole-of-government/joined-up-government administrative structural principles as outlined in the first sections.

A significant number of codes lack any such clear conceptual foundation and thus do not fit into the above "NPM *versus* non-/post-NPM" dichotomy. These

codes are denoted as mere organisational-legal reshuffling of existing organisations.

Table 2
A two-level typology of organisational changes

1. "Pro-NPM" type changes:
Agencification: Part of a ministry is moved into an agency (either existing or newly created).
Relative autonomisation of organisation: Organisation or its part moves "upwards" in the agency hierarchy (i.e., becomes more autonomous).
Secession: Re-shuffling of organisational boundaries, as a result of which the number of agencies and other NDPB's increases.
2. "Anti-NPM" type changes:
"Insourcing" to Ministry: Agency or its part is moved into a ministry.
Merger: Re-shuffling of organisational boundaries, as a result of which the number of agencies and other non-departmental public bodies (NDPB's) decreases.
Relative de-autonomisation of organisation: Organisation or its part moves "downwards" in the agency hierarchy (i.e. becomes less autonomous).
3. Organisational-legal reshuffling:
Horizontal shift: Organisation is put under the supervision of another (already existing) ministry.
Internal functional change: Change in the size or tasks of the organisation (not affecting basic functions), without any significant change other than change of the organisation's name.
Realm of civil service contracted: As a consequence of legislative changes, the scope of the CS regulation is narrowed so that the organisation at hand is exempt (but continues to exist).
Realm of civil service expanded: As a consequence of legislative changes, the scope of the CS regulation is broadened so that the organisation at hand is included (and continues to exist there).
Supervising ministry reorganised: The ministerial entity supervising the organisation is transformed into a new one.
Transfer of organisational unit: A component part of an agency is transferred to either another agency or to another type of NDPB. (Vertical transfer means agencification or insourcing.)

Source: own research

In order to explain and justify the above grouping, some comments on certain codes are necessary.

Turning ministry units into agencies and increasing the formal-legal autonomy of existing agencies realises what many think is "the most frequently adopted and far-reaching policy proposal" of NPM (Moynihan 2006, 1029). If this is the case, then movements in the opposing direction can be clustered as anti-NPM type changes.

Disaggregating existing organisations into more units (that is, various forms of secession) is typical for creating more specialised and single-purpose organisations. Since the latter principle is a typical prescription of NPM-type reforms, it is considered a "pro-NPM" measure. For example, Hood considers the "shift to disaggregation of units in the public sector" to be a major doctrinal component of NPM (1991, 5). It follows from the above that the structural changes in the opposite direction – mergers – can be considered a step towards leading to larger, more integrated, multi-task organisations. They are thus assumed to be a step towards the direction opposing NPM principles.

Contracting or expanding the legal domain of civil service regulation has an ambivalent relationship with NPM type structural propositions. Including an agency into the civil service domain could normally be expected to lessen managerial autonomy. At the same time, however, it increases the agency's policy/political autonomy by protecting it (especially agency heads) from external political intrusion. Moreover, on the basis of anecdotal evidence, it seems that such decisions are often driven by motives unrelated to the above mentioned ones, such as being able to pay higher salaries and other benefits for employees. Therefore, contracting and expanding the realm of civil services are considered as changes having only quite vague and controversial relationship to NPM principles.

In order to locate Hungarian administrative policy in the "NPM *versus* non-/post-NPM" space emphasised in the research question this analysis utilises the first two groups of this typology.

Patterns of administrative policy making

The years 2006–2007 show a peculiar intensification of administrative policy making, which coincides with, and is closely related to, the incoming second Gyurcsány cabinet's efforts to gain control and counteract fiscal, political and administrative crisis. The figure below illustrates this well by charting the overall intensity of restructuring.

This is true even if a significant proportion of the 2006 peak – about ten changes – result from the larger-than-usual restructuring of the ministerial level of central government administration (of which the structural changes appearing on the level of agencies are only a secondary "by-product").

The visual examination of the "change map" (Annex I.) suggests a number of hints regarding the patterns of agency related administrative policy. In order to reveal and, to some extent, verify the existence of such patterns, I will chart the temporal dynamics of certain reorganisation patterns of opposing signs.

Figure 3
The intensity of structural change (number of change events per year, 2002–2009)
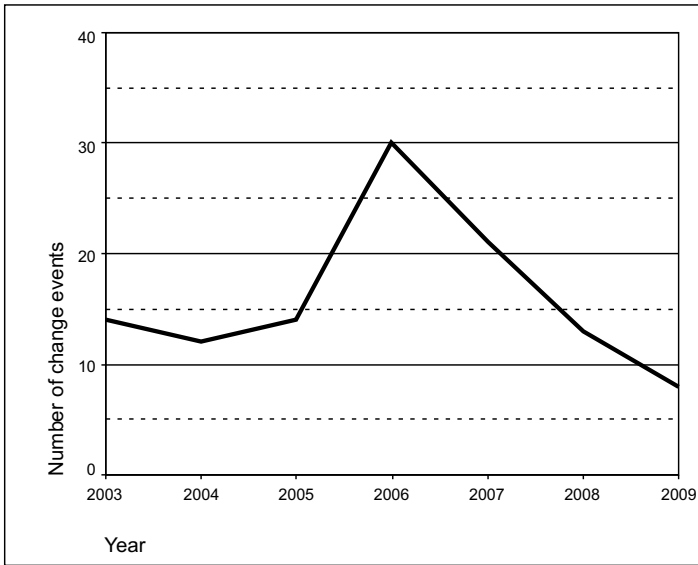
Figure 4
Number of change events involving
(a) agencification *vs.* "insourcing" back to the parent ministry
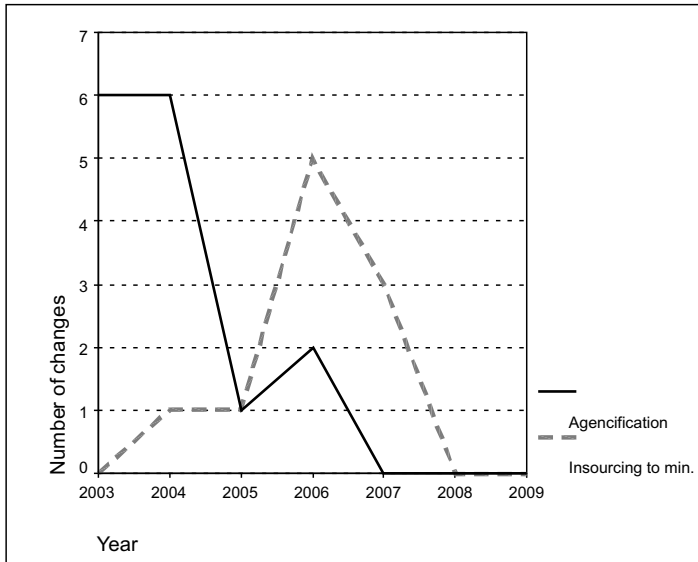
(b) merger *vs.* secession of agencies;
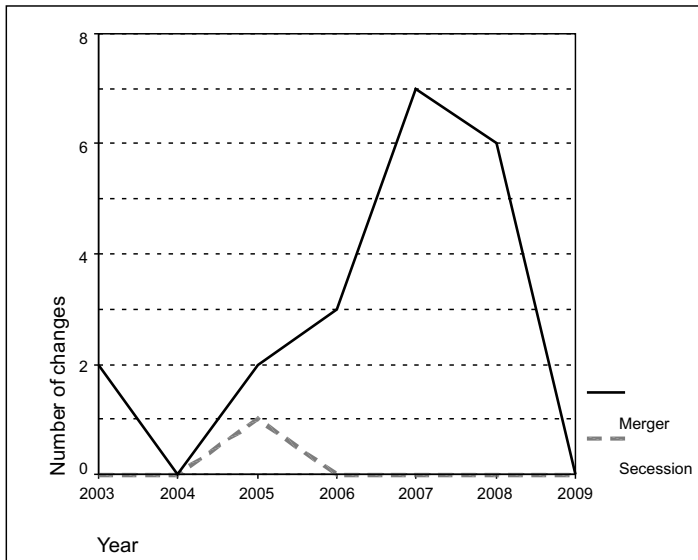
(c) contraction *vs.* expansion of the real of civil service;
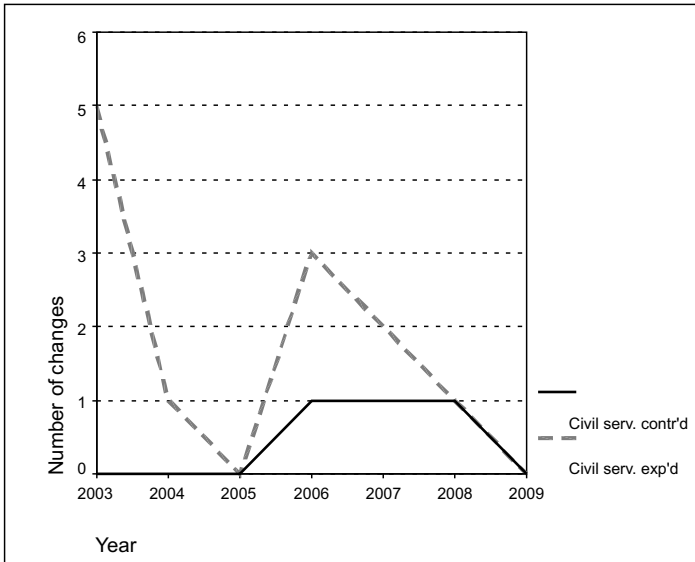
(d) relative autonomisation *vs.* relative de-autonomisation of agencies
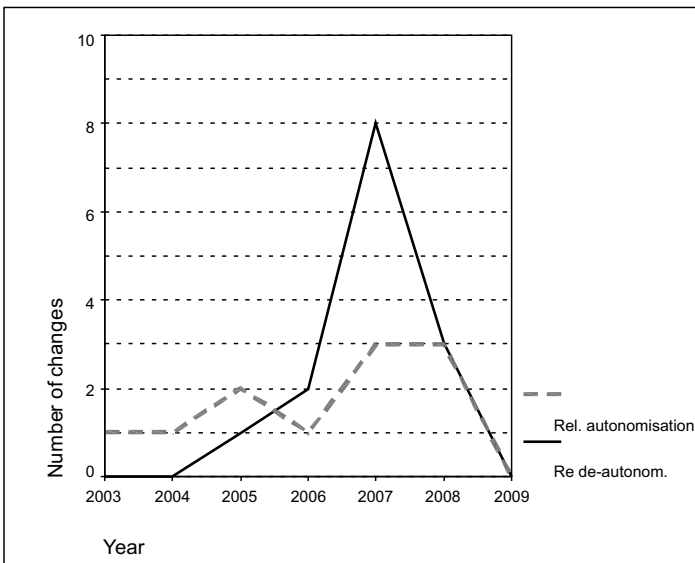
Source: own research

These figures show that the second Gyurcsány cabinet did have administrative policy principles distinctly different from those of the preceding four years. These differences can be summed up as follows.

It is interesting to note that the most spectacular trend changes – such as "insourcing" tasks back into the parent ministries, the trend to merge existing agencies into larger units instead of horizontal specialisation, and granting them less, rather than more, formal autonomy – is opposite to mainstream NPM agencification principles. Therefore they may be interpreted as a kind of swing-of-the-pendulum reaction to the agencification wave of the nineties. As such, these patterns exhibit a number of similarities with earlier "whole of government" attempts to counterbalance the perceived limitations and dysfunctions of agencification reforms in other countries.

Table 3

Administrative policy pre- and post-crisis – differences and similarities

Administrative policy dimension	Pre-2006	Post-2006
Agencification (vertical specialisation) I.: transfer of tasks between ministries and agencies	Clear and enduring tendency to "outsource" ministry tasks to agencies	A sudden reversal – many agencies "in-sourced" into their parent ministry while further outsourcing appears only marginally
Agencification (vertical specialisation) II.: (de-)autonomisation of agencies	The formal autonomy of existing agencies is increased at a low rate only.	
	De-autonomisation practically non-existent	2006 and especially 2007 is signified by a significant wave of de-autonomisation
Horizontal specialisation (mergers and secessions)	Splitting up of organisations occurs only marginally throughout the period.	
	Mergers: no major trend in either direction	Strong and broad-scope mergers (in some cases affecting as many as six organisations).
Expansion *versus* contraction of the scope of civil service	Both parliamentary cycles start with a sudden but short series of changes aimed at expanding the scope of the civil service.	
	Contraction of civil service is not present	Contraction of the scope of civil service appears as a relatively marginal component of administrative policy.

Source: own construction

On the basis of the systematised, available evidence, it is not possible to identify the factors underlying these administrative policy patterns. However, they are

clear and sharp enough to exclude the possibility of mere chance, and to signify the presence of some deeper factors underlying agency dynamics. It is plausible to presume that the revealed patterns of agency dynamics are, at least in part, attributable to factors having emerged in other countries. Especially the (perceived) weakening of the political centre and the dilution of its control capabilities seems to be a major underlying factor (Christensen and Laegreid 2007, 1060). At the beginning of the new parliamentary cycle in 2006 a number of policy declarations of the cabinet and leading political forces behind it, demanded that the political nature of government and policy making should be strengthened and the role of other – legal/administrative/technical – considerations, factors and players should be diminished. The de-autonomisation of agencies and the "taking back" of many agency functions by their parent ministry may be a result of such efforts.

It is interesting to note, however, that other major factors – or justifications – such as excessive pillarisation of overly task-specific organisations, and the resulting problems of policy coordination (Christensen and Laegreid 2007, ibid.) – figured only marginally in the Hungarian agency related public discourse. At the same time, some other factors seem to play an important role in the shifting patterns of Hungarian administrative policy.

- The alarming fiscal pressures – threatening, at some points, with the collapse of government finances – was and continues to be the rhetorical cornerstone of most of the structural changes. According to this argument the amalgamation of different agencies is expected to create serious economies of scale by allowing for the elimination of overlapping functional (IT, HR, etc.) units.

- There may be, however, NPM-style elements continuing to exert some influence on administrative policy. Most of all, the –albeit modest– appearance of tendencies to diminish the scope and the role of the civil service seem to be tied to the strongly pro-NPM rhetoric and practice characteristic especially for the first two years of the second Gyurcsány cabinet. Condemnations of the "rigid, inefficient, lazy bureaucracy" (i.e. professional civil service) and praising of corporate style governance were frequent elements of the government rhetoric of the time. In the light of this, it is especially interesting to observe the definite leaps in changes extending the scope of the civil service in the first years of both parliamentary election cycles. The extension of the scope of civil service regulations to new organisational areas can be assumed to be motivated by such factors as more advantageous employment conditions (salary, work intensity, employment security) and the increased organisational prestige associated with the civil service.

In summary, in the light of a relatively more extended empirical data, some clear patterns seem to have emerged signifying the presence of important functional factors and underlying administrative principles shaping governmental agency related administrative policy.

Conclusions

On the basis of the above findings two broad conclusions may be formulated.

First, Hungary's "peacetime" administrative policy exhibited no radical trends in any direction. Notwithstanding this lack of major themes and directions, certain NPM-type characteristics do appear in the 2002–2006 period, most of all the out-sourcing of tasks from ministries to structurally and legally separate agencies. On the basis of available evidence, however, there are good reasons to suspect that these seemingly NPM-type elements of agency dynamics were triggered by factors quite unrelated to the "mainstream" functional explanations supposedly underlying the broad international trends of agencification. Agencies seem to have proliferated, not so much because of their superiority in coping with the challenges of govern-ance but rather as a result of the political and administrative players' struggle for influence. For example, Hajnal (2010, 64–65) proposed that an important driving factor of agencification in this period was related to the "exchange good" role played by powerful and high-prestige autonomous agencies in political deals between and within government coalition parties (for other non-functional explanation see Moynihan 2006).

Second, whatever the reasons for the smooth agencification process of the years between 2002 and 2006 were, the ensuing crisis situation triggered a radical and disruptive change in agency related administrative policy. Practically all major structural propositions of NPM were implemented with a negative sign: the gov-ernment ceased agencies by regrouping their tasks back into their parent ministry. Moreover, the remaining agencies were radically merged into larger, multi-purpose entities while their structural autonomy was significantly curtailed.

With regards to the motives underlying these measures, the picture is similar to the one outlined in relation to the administrative policy of the earlier, pre-2006 period. That is, while on the surface the administrative policy measures taken by the government are strongly congruent with the whole-of-government/joined-up-government type measures taken and propagated in many countries, the real factors triggering the policy change are significantly different. Unlike the UK and other countries (Pollitt 2003, Askim et al. 2009) the concern with poor coordination and the pursuit of offering "seamless services" to citizens does not appear among those factors – not even on a rhetorical level. Instead, the intention to strengthen political control over administrative apparatuses and to create savings seems to have played a crucial role, to an extent much larger than in the case of other countries such as the UK or Norway.

Whether the similarity of Hungary's agency dynamics to those found in other developed countries is a matter of mere coincidence or, alternatively, is produced by some deeper factors, such as normative pressures or "the logic of appropriateness" (March and Olsen 2004), still remains to be examined by future research.

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Annex I: "Mapping" – visualisation of organisational and change data

The first of the figures below plots the entire data base with all of its relationships; the second highlights an arbitrary segment chosen for the purpose of more detailed illustration.

Note that in order to increase the "readability" of the figures – that is, to decrease the number of arrows crossing one another and to increase the number of horizontal arrows – ministries are omitted from the chart. Nevertheless, this does not introduce much ambiguity or bias into the figure because:

1. practically all organisational ends happened by means of "insourcing" into an existing ministry – these events are indicated with a transparent box labelled "Ceased"; and

2. practically all new agencies (i.e. those below the blue lines) were created by "outsourcing"/agencifying from an existing ministry.

2002	2003	2004	2005
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#11: BM KÖZPONTI ADATFELDOLGOZÓ, NYILVÁNTARTÓ ÉS VÁLASZ	#11: BM KÖZPONTI ADATFELDOLGOZÓ, NYILVÁNTARTÓ ÉS VÁLASZ	#11: BM KÖZPONTI ADATFELDOLGOZÓ, NYILVÁNTARTÓ ÉS VÁLASZ	#12: BM KÖZPONTI ADATFELDOLGOZÓ, NYILVÁNTARTÓ ÉS VÁLASZ
#12: BM BEVÁNDORLÁSI ÉS ÁLLAMPOLGÁRSÁGI HIVATAL	#12: BM BEVÁNDORLÁSI ÉS ÁLLAMPOLGÁRSÁGI HIVATAL	#12: BM BEVÁNDORLÁSI ÉS ÁLLAMPOLGÁRSÁGI HIVATAL	#12: BM BEVÁNDORLÁSI ÉS ÁLLAMPOLGÁRSÁGI HIVATAL
#097: BM. ORSZÁGOS KATASZTRÓFAVÉDELMI FŐIGAZGATÓSÁG	#097: BM. ORSZÁGOS KATASZTRÓFAVÉDELMI FŐIGAZGATÓSÁG	#097: BM. ORSZÁGOS KATASZTRÓFAVÉDELMI FŐIGAZGATÓSÁG	#097: BM. ORSZÁGOS KATASZTRÓFAVÉDELMI FŐIGAZGATÓSÁG
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#00: HÍRKÖZLÉSI FELÜGYELET	#00: HÍRKÖZLÉSI FELÜGYELET	#77: NEMZETI HÍRKÖZLÉSI HATÓSÁG	#77: NEMZETI HÍRKÖZLÉSI HATÓSÁG
#41: KORMÁNYZATI ELLENŐRZÉSI HIVATAL	#41: KORMÁNYZATI ELLENŐRZÉSI HIVATAL	#41: KORMÁNYZATI ELLENŐRZÉSI HIVATAL	#41: KORMÁNYZATI ELLENŐRZÉSI HIVATAL
#49: KÖZPONTI STATISZTIKAI HIVATAL	#49: KÖZPONTI STATISZTIKAI HIVATAL	#49: KÖZPONTI STATISZTIKAI HIVATAL	#49: KÖZPONTI STATISZTIKAI HIVATAL
#50: KULTURÁLIS ÖRÖKSÉGVÉDELMI HIVATAL	#50: KULTURÁLIS ÖRÖKSÉGVÉDELMI HIVATAL	#50: KULTURÁLIS ÖRÖKSÉGVÉDELMI HIVATAL	#50: KULTURÁLIS ÖRÖKSÉGVÉDELMI HIVATAL
#82: NKÖM KULTURÁLIS INTÉZETEK IGAZGATÓSÁGA	#82: NKÖM KULTURÁLIS INTÉZETEK IGAZGATÓSÁGA	#83: NKÖM KÜLFÖLDI MAGYAR KULTURÁLIS INTÉZETEK IGAZGAT	#83: NKÖM KÜLFÖLDI MAGYAR KULTURÁLIS INTÉZETEK IGAZGATÓ
#100: ORSZÁGOS KÖZOKTATÁSI ÉRTÉKELÉSI ÉS VIZSGAKÖZPONT	#100: ORSZÁGOS KÖZOKTATÁSI ÉRTÉKELÉSI ÉS VIZSGAKÖZPONT	#100: ORSZÁGOS KÖZOKTATÁSI ÉRTÉKELÉSI ÉS VIZSGAKÖZPONT	#100: ORSZÁGOS KÖZOKTATÁSI ÉRTÉKELÉSI ÉS VIZSGAKÖZPONT
#126: ADÓ ÉS PÉNZÜGYI ELLENŐRZÉSI HIVATAL	#126: ADÓ ÉS PÉNZÜGYI ELLENŐRZÉSI HIVATAL	#126: ADÓ ÉS PÉNZÜGYI ELLENŐRZÉSI HIVATAL	
#9: ÁLLAMHÁZTARTÁS HIVATAL	#54: MAGYAR ÁLLAMKINCSTÁR	#54: MAGYAR ÁLLAMKINCSTÁR	#54: MAGYAR ÁLLAMKINCSTÁR
#13: PÉNZÜGYI SZERVEZETEK ÁLLAMI FELÜGYELETE	#13: PÉNZÜGYI SZERVEZETEK ÁLLAMI FELÜGYELETE	#13: PÉNZÜGYI SZERVEZETEK ÁLLAMI FELÜGYELETE	#13: PÉNZÜGYI SZERVEZETEK ÁLLAMI FELÜGYELETE
#117: SZERENCSEJÁTÉK FELÜGYELET	#117: SZERENCSEJÁTÉK FELÜGYELET	#117: SZERENCSEJÁTÉK FELÜGYELET	#117: SZERENCSEJÁTÉK FELÜGYELET
	#308: BM OKTATÁSI FŐIGAZGATÓSÁG	#308: BM OKTATÁSI FŐIGAZGATÓSÁG	#308: BM OKTATÁSI FŐIGAZGATÓSÁG
	#009: BM TÁVKÖZLÉSI SZOLGÁLAT	#009: BM TÁVKÖZLÉSI SZOLGÁLAT	#009: BM TÁVKÖZLÉSI SZOLGÁLAT
	#101: ORSZÁGOS LAKÁS- ÉS ÉPÍTÉSÜGYI HIVATAL	#101: ORSZÁGOS LAKÁS- ÉS ÉPÍTÉSÜGYI HIVATAL	
	#18: ESZCSM ENGEDÉLYEZÉSI ÉS KÖZIGAZGATÁSI HIVATAL	#18: ESZCSM ENGEDÉLYEZÉSI ÉS KÖZIGAZGATÁSI HIVATAL	#13: EGÉSZSÉGÜGYI ENGEDÉLYEZÉSI ÉS KÖZIGAZGATÁSI HIVATA
	#6: NEMZETI FÖLDALAPKEZELŐ SZERVEZET	#6: NEMZETI FÖLDALAPKEZELŐ SZERVEZET	#6: NEMZETI FÖLDALAPKEZELŐ SZERVEZET
	#31: HM KÖLTSÉGVETÉSI ELLENŐRZÉSI HIVATAL	#31: HM KÖLTSÉGVETÉSI ELLENŐRZÉSI HIVATAL	#32: HM KÖZPONTI ELLENŐRZÉSI ÉS HATÓSÁGI HIVATAL
	#33: HM MUNKABIZTONSÁGI ÉS ÉPÍTÉSÜGYI HATÓSÁGI HIVATAL	#33: HM MUNKABIZTONSÁGI ÉS ÉPÍTÉSÜGYI HATÓSÁGI HIVATAL	
	#9: NEMZETI KUTATÁSI ÉS TECHNOLÓGIAI HIVATAL	#9: NEMZETI KUTATÁSI ÉS TECHNOLÓGIAI HIVATAL	#9: NEMZETI KUTATÁSI ÉS TECHNOLÓGIAI HIVATAL
	#72: NEMZETI FEJLESZTÉSI HIVATAL	#72: NEMZETI FEJLESZTÉSI HIVATAL	#72: NEMZETI FEJLESZTÉSI HIVATAL
		#74: NEMZETI FILMIRODA	#74: NEMZETI FILMIRODA
		#17: ESÉLYEGYENLŐSÉGI KORMÁNYHIVATAL	>>>#17 MEGSZŰNT
		#62: MAGYAR TERÜLET- ÉS REGIONÁLIS FEJLESZTÉSI HIVATAL	#62: ORSZÁGOS TERÜLETFEJLESZTÉSI HIVATAL
			#19: TERÜLETPOLITIKAI KORMÁNYZATI HIVATAL
			#81: NEMZETI SPORTHIVATAL
			#6: EGYENLŐ BÁNÁSMÓD HATÓSÁG
			#63: MAGYAR TURISZTIKAI HIVATAL

Legend

- ◻ OHSZ:
- ◻ Central Bureau
- ◻ Ministry Bureau
- ◼ Beginning of newly created agencies
- → No change
- ┅► Equivalent change
- ↗ Non-equivalent change

Structural Dynamics of Central Government Agencies in Hungary (2002–2009)

2005

>>>#10 MEGSZŰNT
- #11: BM KÖZPONTI ADATFELDOLGOZÓ, NYILVÁNTARTÓ ÉS VÁLASZ...
- #12: BM. BEVÁNDORLÁSI ÉS ÁLLAMPOLGÁRSÁGI HIVATAL
- #297: BM. ORSZÁGOS KATASZTRÓFAVÉDELMI FŐIGAZGATÓSÁG
- #141: ORSZÁGOS EGÉSZSÉGBIZTOSÍTÁSI PÉNZTÁR
- #145: ORSZÁGOS NYUGDÍJBIZTOSÍTÁSI FŐIGAZGATÓSÁG
- #147: ORSZÁGOS TISZTIFŐORVOSI HIVATAL
- #09: FOGLALKOZTATÁSI HIVATAL
- #105: ORSZÁGOS MUNKABIZTONSÁGI ÉS MUNKAÜGYI FŐFELÜGYELŐS...
- #07: MEZŐGAZDASÁGI ÉS VIDÉKFEJLESZTÉSI HIVATAL
- #84: ÁLLAMI ERDÉSZETI SZOLGÁLAT
- #85: ÁLLATEGÉSZSÉGÜGYI OLTÓANYAG-GYÓGYSZER- ÉS TAKARMÁNY...
- #23: FÖLDMÉRÉSI ÉS TÁVÉRZÉKELÉSI INTÉZET
- #25: FÖLDMŰVELÉSÜGYI KÖLTSÉGVETÉSI IRODA
- #84: NÖVÉNY- ÉS TALAJVÉDELMI KÖZPONTI SZOLGÁLAT
- #83: ORSZÁGOS BORMINŐSÍTŐ INTÉZET
- #104: ORSZÁGOS MEZŐGAZDASÁGI MINŐSÍTŐ INTÉZET
- #22: FOGYASZTÓVÉDELMI FŐFELÜGYELŐSÉG
- #29: MAGYAR KERESKEDELMI ENGEDÉLYEZÉSI HIVATAL
- #45: KÖZLEKEDÉSI FŐFELÜGYELET
- #48: KÖZPONTI KÖZLEKEDÉSI FELÜGYELET
- #49: MAGYAR BÁNYÁSZATI HIVATAL
- #56: MAGYAR ENERGIA HIVATAL
- #57: MAGYAR GEOLÓGIAI SZOLGÁLAT
- #61: MAGYAR SZABADALMI HIVATAL
- #60: MAGYAR MŰSZAKI BIZTONSÁGI HIVATAL
- #70: NEMESFÉMVIZSGÁLÓ ÉS HITELESÍTŐ INTÉZET
- #39: ORSZÁGOS ATOMENERGIA HIVATAL
- #102: ORSZÁGOS MÉRÉSÜGYI HIVATAL
- #115: POLGÁRI LÉGIKÖZLEKEDÉSI HATÓSÁG
- #116: SZÉNBÁNYÁSZATI SZERKEZETÁTALAKÍTÁSI KÖZPONT
- #213: HM VÉDELMI HIVATAL
- #54: HM. KATONAI LÉGÜGYI HIVATAL
- #42: KORMÁNYZATI FREKVENCIAGAZDÁLKODÁSI HIVATAL
- #47: KÖZPONTI KÁRRENDEZÉSI IRODA
- #134: NEMZETI ÉS ETNIKAI KISEBBSÉGI HIVATAL
- #65: MAGYAR ŰRKUTATÁSI IRODA
- #97: ORSZÁGOS KÖRNYEZET-ÉS VÍZÜGYI FŐFELÜGYELŐSÉG
- #103: ORSZÁGOS METEOROLÓGIAI SZOLGÁLAT
- #99: ORSZÁGOS KÖRNYEZETVÉDELMI, TERMÉSZETVÉDELMI ÉS VÍZÜ...
- #29: HATÁRON TÚLI MAGYAROK HIVATALA
- #52: KÜLÜGYMINISZTÉRIUM KÜLKÉPVISELETEK
- #37: NEMZETI HÍRKÖZLÉSI HATÓSÁG
- #41: KORMÁNYZATI ELLENŐRZÉSI HIVATAL
- #69: KÖZPONTI STATISZTIKAI HIVATAL
- #60: KULTURÁLIS ÖRÖKSÉGVÉDELMI HIVATAL
- #83: NKÖM KÜLFÖLDI MAGYAR KULTURÁLIS INTÉZETEK IGAZGATÓ...
- #100: ORSZÁGOS KÖZOKTATÁSI ÉRTÉKELÉSI ÉS VIZSGAKÖZPONT
- #126: ADÓ ÉS PÉNZÜGYI ELLENŐRZÉSI HIVATAL
- #54: MAGYAR ÁLLAMKINCSTÁR
- #113: PÉNZÜGYI SZERVEZETEK ÁLLAMI FELÜGYELETE
- #117: SZERENCSEJÁTÉK FELÜGYELET
- #308: BM OKTATÁSI FŐIGAZGATÓSÁG
- #309: BM TÁVKÖZLÉSI SZOLGÁLAT
- >>>#143 MEGSZŰNT
- #13: EGÉSZSÉGÜGYI ENGEDÉLYEZÉSI ÉS KÖZIGAZGATÁSI HIVATA...
- #5: NEMZETI FÖLDALAPKEZELŐ SZERVEZET
- #02: HM KÖZPONTI ELLENŐRZÉSI ÉS HATÓSÁGI HIVATAL
- #79: NEMZETI KUTATÁSI ÉS TECHNOLÓGIAI HIVATAL
- #72: NEMZETI FEJLESZTÉSI HIVATAL
- #74: NEMZETI FILMIRODA
- >>>#57 MEGSZŰNT
- #09: ORSZÁGOS TERÜLETFEJLESZTÉSI HIVATAL
- #119: TERÜLETPOLITIKAI KORMÁNYZATI HIVATAL
- #81: NEMZETI SPORTHIVATAL
- #28: EGYENLŐ BÁNÁSMÓD HATÓSÁG
- #83: MAGYAR TURISZTIKAI HIVATAL

2006

- #46: KÖZPONTI ADATFELDOLGOZÓ, NYILVÁNTARTÓ ÉS VÁLASZTÁSI
- #42: IRM BEVÁNDORLÁSI ÉS ÁLLAMPOLGÁRSÁGI HIVATAL
- #314: ÖTM ORSZÁGOS KATASZTRÓFAVÉDELMI FŐIGAZGATÓSÁG
- #141: ORSZÁGOS EGÉSZSÉGBIZTOSÍTÁSI PÉNZTÁR
- #145: ORSZÁGOS NYUGDÍJBIZTOSÍTÁSI FŐIGAZGATÓSÁG
- #147: ORSZÁGOS TISZTIFŐORVOSI HIVATAL
- #09: FOGLALKOZTATÁSI HIVATAL
- #144: ORSZÁGOS MUNKABIZTONSÁGI ÉS MUNKAÜGYI FŐFELÜGYELŐS...
- #07: MEZŐGAZDASÁGI ÉS VIDÉKFEJLESZTÉSI HIVATAL
- #84: ÁLLAMI ERDÉSZETI SZOLGÁLAT
- #85: ÁLLATEGÉSZSÉGÜGYI OLTÓANYAG-GYÓGYSZER- ÉS TAKARMÁNY...
- #23: FÖLDMÉRÉSI ÉS TÁVÉRZÉKELÉSI INTÉZET
- #25: FÖLDMŰVELÉSÜGYI KÖLTSÉGVETÉSI IRODA
- #84: NÖVÉNY- ÉS TALAJVÉDELMI KÖZPONTI SZOLGÁLAT
- #83: ORSZÁGOS BORMINŐSÍTŐ INTÉZET
- #104: ORSZÁGOS MEZŐGAZDASÁGI MINŐSÍTŐ INTÉZET
- #22: FOGYASZTÓVÉDELMI FŐFELÜGYELŐSÉG
- #29: MAGYAR KERESKEDELMI ENGEDÉLYEZÉSI HIVATAL
- #45: KÖZLEKEDÉSI FŐFELÜGYELET
- #48: KÖZPONTI KÖZLEKEDÉSI FELÜGYELET
- #49: MAGYAR BÁNYÁSZATI HIVATAL
- #56: MAGYAR ENERGIA HIVATAL
- #57: MAGYAR GEOLÓGIAI SZOLGÁLAT
- #61: MAGYAR SZABADALMI HIVATAL
- #40: ORSZÁGOS ATOMENERGIA HIVATAL
- #102: ORSZÁGOS MÉRÉSÜGYI HIVATAL
- #115: POLGÁRI LÉGIKÖZLEKEDÉSI HATÓSÁG
- #116: SZÉNBÁNYÁSZATI SZERKEZETÁTALAKÍTÁSI KÖZPONT
- #213: HM VÉDELMI HIVATAL
- #54: HM. KATONAI LÉGÜGYI HIVATAL
- #130: KORMÁNYZATI FREKVENCIAGAZDÁLKODÁSI HIVATAL
- >>>#47 MEGSZŰNT
- #135: NEMZETI ÉS ETNIKAI KISEBBSÉGI HIVATAL
- >>>#65 MEGSZŰNT
- #98: ORSZÁGOS KÖRNYEZETVÉDELMI, TERMÉSZETVÉDELMI ÉS VÍZÜ
- #103: ORSZÁGOS METEOROLÓGIAI SZOLGÁLAT
- #09: HATÁRON TÚLI MAGYAROK HIVATALA
- #52: KÜLÜGYMINISZTÉRIUM KÜLKÉPVISELETEK
- #136: NEMZETI HÍRKÖZLÉSI HATÓSÁG
- #41: KORMÁNYZATI ELLENŐRZÉSI HIVATAL
- #69: KÖZPONTI STATISZTIKAI HIVATAL
- #131: KULTURÁLIS ÖRÖKSÉGVÉDELMI HIVATAL
- #138: OKTATÁSI ÉS KULTURÁLIS MINISZTÉRIUM KÜLFÖLDI MAGYA...
- #142: ORSZÁGOS KÖZOKTATÁSI ÉRTÉKELÉSI ÉS VIZSGAKÖZPONT
- #126: ADÓ ÉS PÉNZÜGYI ELLENŐRZÉSI HIVATAL
- #54: MAGYAR ÁLLAMKINCSTÁR
- #113: PÉNZÜGYI SZERVEZETEK ÁLLAMI FELÜGYELETE
- #117: SZERENCSEJÁTÉK FELÜGYELET
- #287: IRM OKTATÁSI FŐIGAZGATÓSÁG
- #315: TÁVKÖZLÉSI SZOLGÁLAT
- >>>#143 MEGSZŰNT
- #13: EGÉSZSÉGÜGYI ENGEDÉLYEZÉSI ÉS KÖZIGAZGATÁSI HIVATA...
- #5: NEMZETI FÖLDALAPKEZELŐ SZERVEZET
- #02: HM KÖZPONTI ELLENŐRZÉSI ÉS HATÓSÁGI HIVATAL
- #137: NEMZETI KUTATÁSI ÉS TECHNOLÓGIAI HIVATAL
- #73: NEMZETI FEJLESZTÉSI ÜGYNÖKSÉG
- #74: NEMZETI FILMIRODA
- #119: TERÜLETPOLITIKAI KORMÁNYZATI HIVATAL
- >>>#81 MEGSZŰNT
- #27: EGYENLŐ BÁNÁSMÓD HATÓSÁG
- >>>#83 MEGSZŰNT
- #91: ORSZÁGOS ÁLLATEGÉSZSÉGÜGYI INTÉZET
- #96: ORSZÁGOS ÉLELMISZERVIZSGÁLÓ INTÉZET
- #44: KÖZLEKEDÉSBIZTONSÁGI SZERVEZET
- #181: MAGYAR VASÚTI HIVATAL
- #19: FELSŐOKTATÁSI REGISZTRÁCIÓS KÖZPONT

2008

- #189: KÖZIGAZGATÁSI ÉS ELEKTRONIKUS KÖZSZOLGÁLTATÁSOK KÖZ
- #186: BEVÁNDORLÁSI ÉS ÁLLAMPOLGÁRSÁGI HIVATAL
- #620: ORSZÁGOS KATASZTRÓFAVÉDELMI FŐIGAZGATÓSÁG
- #000: ORSZÁGOS EGÉSZSÉGBIZTOSÍTÁSI PÉNZTÁR
- #188: ORSZÁGOS NYUGDÍJBIZTOSÍTÁSI FŐIGAZGATÓSÁG
- #187: ORSZÁGOS MUNKAVÉDELMI ÉS MUNKAÜGYI FŐFELÜGYELŐSÉG
- #198: ORSZÁGOS TISZTIFŐORVOSI HIVATAL
- #193: FOGLALKOZTATÁSI ÉS SZOCIÁLIS HIVATAL
- #67: MEZŐGAZDASÁGI ÉS VIDÉKFEJLESZTÉSI HIVATAL
- #184: MEZŐGAZDASÁGI SZAKIGAZGATÁSI HIVATAL KÖZPONT
- #211: FÖLDMÉRÉSI ÉS TÁVÉRZÉKELÉSI INTÉZET
- #001: NEMZETI FOGYASZTÓVÉDELMI HATÓSÁG
- #197: MAGYAR KERESKEDELMI ENGEDÉLYEZÉSI HIVATAL
- #199: NEMZETI KÖZLEKEDÉSI HATÓSÁG KÖZPONTI HIVATAL
- #195: MAGYAR BÁNYÁSZATI ÉS FÖLDTANI HIVATAL
- #56: MAGYAR ENERGIA HIVATAL
- #61: MAGYAR SZABADALMI HIVATAL
- #70: ORSZÁGOS ATOMENERGIA HIVATAL
- #213: HM VÉDELMI HIVATAL
- >>>#135 MEGSZŰNT
- #178: ORSZÁGOS KÖRNYEZETVÉDELMI, TERMÉSZETVÉDELMI ÉS VÍZ
- #103: ORSZÁGOS METEOROLÓGIAI SZOLGÁLAT
- >>>#09 MEGSZŰNT
- #52: KÜLÜGYMINISZTÉRIUM KÜLKÉPVISELETEK
- #171: NEMZETI HÍRKÖZLÉSI HATÓSÁG
- #195: KORMÁNYZATI ELLENŐRZÉSI HIVATAL
- #69: KÖZPONTI STATISZTIKAI HIVATAL
- #131: KULTURÁLIS ÖRÖKSÉGVÉDELMI HIVATAL
- #183: BALASSI INTÉZET
- #182: OKTATÁSI HIVATAL
- #194: ADÓ ÉS PÉNZÜGYI ELLENŐRZÉSI HIVATAL
- #002: MAGYAR ÁLLAMKINCSTÁR KÖZPONT
- #113: PÉNZÜGYI SZERVEZETEK ÁLLAMI FELÜGYELETE
- #287: IRM OKTATÁSI FŐIGAZGATÓSÁG
- #13: EGÉSZSÉGÜGYI ENGEDÉLYEZÉSI ÉS KÖZIGAZGATÁSI HIVATA...
- >>>#5 MEGSZŰNT
- #02: HM KÖZPONTI ELLENŐRZÉSI ÉS HATÓSÁGI HIVATAL
- #177: NEMZETI KUTATÁSI ÉS TECHNOLÓGIAI HIVATAL
- #73: NEMZETI FEJLESZTÉSI ÜGYNÖKSÉG
- #74: NEMZETI FILMIRODA
- >>>#119 MEGSZŰNT
- #179: EGYENLŐ BÁNÁSMÓD HATÓSÁG
- #44: KÖZLEKEDÉSBIZTONSÁGI SZERVEZET
- #181: MAGYAR VASÚTI HIVATAL
- #167: EGÉSZSÉGBIZTOSÍTÁSI FELÜGYELET
- #191: ORSZÁGOS REHABILITÁCIÓS ÉS SZOCIÁLIS SZAKÉRTŐI INTÉZET

2009

- #189: KÖZIGAZGATÁSI ÉS ELETRONIKUS KÖZSZOLGÁLTATÁSOK KÖZ
- #186: BEVÁNDORLÁSI ÉS ÁLLAMPOLGÁRSÁGI HIVATAL
- #620: ORSZÁGOS KATASZTRÓFAVÉDELMI FŐIGAZGATÓSÁG
- #026: ORSZÁGOS EGÉSZSÉGBIZTOSÍTÁSI PÉNZTÁR
- #188: ORSZÁGOS NYUGDÍJBIZTOSÍTÁSI FŐIGAZGATÓSÁG
- #187: ORSZÁGOS MUNKAVÉDELMI ÉS MUNKAÜGYI FŐFELÜGYELŐSÉG
- #198: ORSZÁGOS TISZTIFŐORVOSI HIVATAL
- #193: FOGLALKOZTATÁSI ÉS SZOCIÁLIS HIVATAL
- #67: MEZŐGAZDASÁGI ÉS VIDÉKFEJLESZTÉSI HIVATAL
- #184: MEZŐGAZDASÁGI SZAKIGAZGATÁSI HIVATAL KÖZPONT
- #211: FÖLDMÉRÉSI ÉS TÁVÉRZÉKELÉSI INTÉZET
- #001: NEMZETI FOGYASZTÓVÉDELMI HATÓSÁG
- #055: MAGYAR KERESKEDELMI ENGEDÉLYEZÉSI HIVATAL
- #068: NEMZETI KÖZLEKEDÉSI HATÓSÁG KÖZPONTI HIVATAL
- #051: MAGYAR BÁNYÁSZATI ÉS FÖLDTANI HIVATAL
- #035: MAGYAR ENERGIA HIVATAL
- #034: MAGYAR SZABADALMI HIVATAL
- #036: ORSZÁGOS ATOMENERGIA HIVATAL
- #213: HM VÉDELMI HIVATAL
- #178: ORSZÁGOS KÖRNYEZETVÉDELMI, TERMÉSZETVÉDELMI ÉS VÍZ
- #103: ORSZÁGOS METEOROLÓGIAI SZOLGÁLAT
- #52: KÜLÜGYMINISZTÉRIUM KÜLKÉPVISELETEK
- #037: NEMZETI HÍRKÖZLÉSI HATÓSÁG
- #195: KORMÁNYZATI ELLENŐRZÉSI HIVATAL
- #69: KÖZPONTI STATISZTIKAI HIVATAL
- #196: KULTURÁLIS ÖRÖKSÉGVÉDELMI HIVATAL
- #183: BALASSI INTÉZET
- #182: OKTATÁSI HIVATAL
- #194: ADÓ ÉS PÉNZÜGYI ELLENŐRZÉSI HIVATAL
- #002: MAGYAR ÁLLAMKINCSTÁR KÖZPONT
- #113: PÉNZÜGYI SZERVEZETEK ÁLLAMI FELÜGYELETE
- #287: IRM OKTATÁSI FŐIGAZGATÓSÁG
- #13: EGÉSZSÉGÜGYI ENGEDÉLYEZÉSI ÉS KÖZIGAZGATÁSI HIVATA...
- #02: HM KÖZPONTI ELLENŐRZÉSI ÉS HATÓSÁGI HIVATAL
- #243: NEMZETI KUTATÁSI ÉS TECHNOLÓGIAI HIVATAL
- #242: NEMZETI FEJLESZTÉSI ÜGYNÖKSÉG
- #179: EGYENLŐ BÁNÁSMÓD HATÓSÁG
- #049: KÖZLEKEDÉSBIZTONSÁGI SZERVEZET
- #167: EGÉSZSÉGBIZTOSÍTÁSI FELÜGYELET
- #191: ORSZÁGOS REHABILITÁCIÓS ÉS SZOCIÁLIS SZAKÉRTŐI INT

Macedonia: Ten Years after the Ohrid Framework Agreement

Marija Risteska

Introduction

In 2001, Macedonia adjusted its structure of government and modes of governance in order to allow for participation of minority groups in policy making, but also to strengthen their representation in politics and public administration. Most of these policy solutions were envisaged within the Ohrid Framework Agreement. The aim of the government was to respond adequately to the power sharing claims from the ethnic Albanians, and it applied the principle of ethnic neutrality into the constitution.[1] The implementation of the OFA is currently running the risk of being perceived as ensuring minority rights of only one community – the ethnic Albanians – rather than as building a multicultural country, where all ethnic communities are equally represented. This might create further inter-ethnic tensions in Macedonia.

Macedonia is a country with a diverse population, differences in ethnicity[2], religion[3], and culture. This diversity has proved that it can create tensions, and even conflict. Political theory has distilled the reasons why inter-ethnic tensions occur and sums them up in several causes: (i) if groups feel socially excluded and aggrieved by a perceived lack of respect for their cultural identity and heritage; (ii) if there is growing mistrust between communities as they become more ethnically or religiously homogenous and (iii) if there are few channels for communication between different groups.

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1 The main goal of the Ohrid Agreement has been to accommodate the grievances of the Albanian community, while at the same time preserving the unitary character of the state, thus addressing the concerns of the Macedonian majority who fear a "federalisation" of the country and its eventual disintegration.

2 According to the 2002 census, the population of Macedonia is composed of: Macedonian 64.2 %, Albanian 25.2 %, Turkish 3.9 %, Roma 2.7 %, Serb 1.8 %, other 2.2 % (2002 census).

3 According to the 2002 census, the population of Macedonia belongs to the following religious groups: Macedonian Orthodox 64.7 %, Muslim 33.3 %, other Christian 0.37 %, other and unspecified 1.63 %.

In Macedonia, during the 1990s, the political elites clashed with their ethnic Albanian counterparts over the basic idea behind the concept of the state (Daskalovski 2007). Various elements in the constitution, the census taking, the laws on education, local self-government, and public display of national minority symbols, the ethnic make-up of the police, army, as well as the public administration, were all contested by Macedonian Albanians during this period. The government did not consolidate democracy in a plural society; neither did it provide sufficient attention to the needs of national minorities. This resulted in the armed conflict in 2001. Since then, Macedonia implemented the Ohrid Framework Agreement, which literally put an end to the conflict, and which introduced formal mechanisms for the resolution of inter-ethnic conflicts at the national and local level.

Community conflicts require a specific response which involves the active participation of the community in public affairs and a state contemplating, initiating and managing a comprehensive programme, involving structural changes needed to improve intercommunity understanding and to tackle issues of inequality, disadvantaged positions and marginalisation. To consolidate democracy in a plural society requires the state's attention to the needs of national minorities. In a multi-ethnic setting "the chances to consolidate democracy are increased by state policies that grant inclusion and equal citizenship and that give all citizens a common 'roof' of state mandated and enforced individual rights" (Linz and Stepan 1996, 33). Multicultural literature further explains that participation in public affairs and representation in state institutions by minorities is central to their sense of identity. It is crucial to their feeling of being part of the state and the wider community. It helps to inform decision-makers of the concerns of minorities and leads to better decision-making and implementation. The practice is different though. The treatment of minority rights and participation through the group rather than individual approach implies marginalisation regarding women, youth, disadvantaged groups etc. Therefore, many post-conflict contexts are characterised by unequal power-sharing between men and women.

There is a bulk of literature that focuses on multiculturalism in Macedonia as well as conflict resolution which was facilitated through the Ohrid Framework Agreement (OFA). Most of this literature focused on decentralisation and power sharing, with scant attention for the principles of just and equal representation of minorities in the public administration. These sources also fail to address how the OFA is affecting (changing) the public administration in Macedonia, ten years after the application of the above mentioned principle.

The main objective of this chapter is a) to study the process of implementation of the principle of just and equal representation of minorities in public administration, b) to identify the role of different actors in this process, and c) to assess its results.

This chapter intends to offer answers to the research question how and for what reasons the application of the principle for just and equitable representation of minorities in public administration evolved, and in that respect what the public administration relevant results of OFA are. It examines the historical developments by reviewing secondary sources such as legislation, EC documents, and Government reports. The chapter also presents evidence on the changing structures of the Macedonian public administration ten years after Macedonia commenced the implementation of OFA. The evidence is generated through qualitative research (face-to-face interviews) that the author conducted in the period 2008 to 2011 and official statistics from the Agency for Civil Servants.

The Ohrid Framework Agreement – a framework for a multicultural society

The OFA envisioned a series of political and constitutional reforms designed to address ethnic Albanian demands for equal representation. In 1991, the Constitution was amended to define the country as "the national state of the Macedonian people, which guarantees full civic equality and the permanent co-existence of the Macedonian people with the Albanians, Turks, Vlachs, Roma and the other nationalities."[4]

The Ohrid agreement of 2001 called for the elimination of any reference to specific ethnic groups. Instead, it proposed language/phrasings that speak only of "citizens of Macedonia". In addition, the principle of ethnic neutrality was adopted in sections of the Constitution, eliminating any mention of "nationalities" or "peoples". For instance, in Article 48, which guarantees the right to the freedom of expression of identity, the phrase "members of nationalities" was replaced by the phrase "members of communities". This approach responded to the "fears" of the Macedonians to have to build a bi-national state (between the Macedonian and the Albanian people) rather than a multinational, multicultural state.

The agreement and the constitutional amendments also granted official status to the language spoken by more than 20 per cent of the population. According to the share of the population, this refers to the Albanian language and although the official language throughout Macedonia and in the international relations of the country is the Macedonian language, any other language spoken by at least 20 per cent of the population (i.e. Albanian) is also an official language that can be used for personal documents, civil and criminal proceedings, institutions of local self-government and in communication between citizens and central government (Art. 7 of the Constitution of RM).

Furthermore, a system of double-majority voting was designed to protect the interests of minorities in parliament. The OFA introduced a mechanism by which

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4   See the Amendments of the Constitution of Republic of Macedonia at: http://eudo-citizenship. eu/NationalDB/docs/MAC%20Const%20Amendments%20IV-XVIII%20(English).pdf

key areas of legislation and laws affecting an ethnic minority population must be passed by a majority of members of each ethnicity, in addition to an overall majority. Furthermore, constitutional amendment requires a two-thirds double majority. The agreement also provided for the creation of a new institution, the Parliamentary Committee for Inter-Community Relations, charged primarily with resolving disputes arising from double-majority voting, in addition to having other prerogatives. It is the successor to the already existing, though rarely convened, Council for Inter-Ethnic Relations.[5]

The OFA also paved the way for a substantial degree of municipal decentralisation. The decentralisation reform in Macedonia came into effect in 2005, but several prior events influenced the decision for further decentralisation.[6] The OFA called for developing decentralised government and legal (constitution, laws and by-laws) changes mainly in three systematic areas: (i) *Devolution of competences* in areas of public services, urban and rural planning, environmental protection, local economic development, culture, local finances, education, social welfare, and health care;[7] (ii) *Territorial Division* to 84 municipalities including its capital Skopje and its 10 municipalities; and (iii) *Municipal funding* that should ensure an adequate system of financing to enable local governments to fulfil all of their responsibilities.

The OFA envisaged a multi-ethnic representative police force. It called for the training of 500 new ethnic Albanian officers by July 2002, and the deployment of 500 officers by July 2003 "on a priority basis to the areas throughout Macedonia where such communities live." The agreement furthered the goal of having a police force reflecting the general composition and distribution of the population of the country by 2004. In addition, the agreement outlined a system for local accountability in the selection of police chief officers in the local municipalities. The agreement also provided for the organisation of a new census, carried out in 2002 and subject to international supervision. The aim of this new census was to end disputes

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5   The Committee was constituted on 18 September 2003, with the mandate to consider issues of intercommunity relations in the country and to make appraisals and proposals for related problems. The Committee has developed a work programme focusing on four themes: 1) primary and secondary education for members of non-majority communities; 2) equitable representation; 3) use of non-majority languages; 4) use of national symbols of all communities not in the majority. See: Third Report on the Former Yugoslav Republic of Macedonia adopted on 25 June 2004 by the European Commission against Racism and Intolerance.

6   In 1997, Macedonia ratified the European Charter of Local Self-Government, subsequently, the Ministry of Local Self-Government was established to monitor the development and recommend measures for improvement of the local self-government and development of a system, policy, measures and instruments for performance of more equalised regional development.

7   A full list of competencies are specified in Article 22 of the law: (i) urban and rural planning; (ii) environmental protection; (iii) local economic development; (iv) communal activities (including: water supply, waste water treatment; solid waste collection and treatment, heating supply, and road construction); (v) culture; (vi) sport and recreation; (vii) social welfare and child protection; (viii) education; (ix) health care; (x) civil protection; (xii) fire fighting; (xii) supervision of municipal responsibilities; and (xiii) any other activities defined by law.

over the actual size of the Albanian population resident in Macedonia and, on this basis facilitate the introduction of proportional representation in significant areas of public life.

The agreement established the principle of achieving equitable and just representation of ethnic groups in public administration at the national and local level as the highest priority. It implied a major reform of the public sector. The rights of the members of communities to equitable representation in employment in state administrative bodies and other public institutions on all levels are guaranteed by the Constitution and the following laws, which have been amended after the adoption of the OFA: the law on Civil Servants, the law on Labour Relations, the law on Public Enterprises, the law on Primary Education, the law on Secondary Education, the law on Pupils' and Students' Standards, the law on the Public Attorney and the Law on Courts.

The implementation of OFA: from "positive discrimination" to a "spoil system" of recruitment

The Ohrid Framework Agreement codifies the postulates and the definition of the policy for just and equitable representation of minority groups in public administration. The OFA (Art. 4, 2) refers to the introduction of measures in the relevant laws that regulate employment in the public administration in order to provide "equitable representation of the communities/minorities in all central and local public institutions as well as at all levels of employment in these institutions, at the same time complying to the rules of competency and integrity". Furthermore, the Agreement asserts that the government should undertake specific measures in order to correct the existing imbalance by "hiring members of the communities/minorities that are insufficiently represented".

To facilitate the implementation of this principle, a number of legislative changes were adopted. First of all, changes of the constitution of the Republic of Macedonia[8] and of the law on civil servants were made[9]. Subsequently, other laws that regulate employment in the public sector (the Law on Public Enterprises, the laws on primary and secondary education, the Law on Courts and the Law on the Ombudsman) were amended.

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8 Integrated in the General Provisions, Article 8 of the Constitution which reads: "equitable and just representation of the citizens that belong to all communities in the institutions of government and other public institutions at all levels."

9 That sets an obligation for the central and local government institutions to develop annual plans about the implementation of the policy of equitable and just representation of the communities, including: the current situation in the respective institution, the plans for employment, the professional training and evaluation on the fiscal implications.

In the implementation of the OFA principle for just and equitable representation, one can distinguish two periods:

a. positive discrimination and merit in the recruitment (2004–2006)

In this period, the application of the principle for just and equitable representation in the public administration commenced with changes of the *Law on Civil Servants* (Official Gazette of the Republic of Macedonia No., 40/04), which stipulates that the employment of members of the minority groups will be administered through a competitive process which includes training. As the law requires that the member of the lesser represented ethnic or "community group" in the civil service is to be recruited only after the candidate successfully passed the training, training programmes were developed. These trainings were not organised and delivered by the Agency for Civil Servants (hereinafter CSA), but by two subsequent projects financed by the EU (TRAIN1 and TRAIN2) in close coordination with the CSA. Acting in this way meant that the CSA maintained its role as a body that "develops policies on recruitment, selection and termination of employment, salaries and allowances, assessment, classification and job description and disciplinary liability" (Art. 7, 2). What is more, the CSA remained to be the main recruitment body for the entire civil service system including representatives of the minority groups.

This period is focused on promoting positive discrimination of the members of minority groups in the Macedonian civil service. However, the Macedonian case demonstrates a deviation in the enforcement of the positive discrimination (affirmative action) principle[10] as it does not follow the general understanding where the members of the positively discriminated group are preferred for employment when they show competitive results in the recruitment process with other members of non-positively discriminated group/s. In Macedonia, the members of the positively discriminated groups (i.e. Albanians, Turks, Roma, Vlachs and Bosnians) were not put in competition with the non-positively discriminated group (i.e. the Macedonians), but with each other. Namely, the merit set to decide which members of the positively discriminated groups will be recruited was the number of points for passing the training exam. Since the training was organised and passed only by the positively discriminated groups and the non-positively discriminated group was not eligible for enrolling in the training, the competition for employment in the civil

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10 Affirmative action or positive discrimination is effectuated in governmental policy with which directly or indirectly the members of certain group/s are given preference in employment, enrolment in the universities or in distribution in certain social goods. In the beginning, affirmative action was justified with the need to give to those groups compensation for the discrimination on which they were exposed in the past. Later, affirmative action was justified with the social benefit of the creation of an integrated society, i.e. the need to find the most rational method for distribution of the limited resources in the community. Affirmative action is carried out through the principle of proportional representation and the introduction of the quota for the positively discriminated groups.

service was organised only for the minority groups (i.e. Albanians, Turks, Roma, Vlachs and Bosnians).

Although this suggests competitiveness and merit in the recruitment of the members of the lesser represented community groups, one can also see the introduction of some spoil elements in the civil servant system. That is to say, the recruitment for the positively discriminated groups did not require passing of the *experts or apprentice exam,* both of which remained compulsory for entrance in the civil service system for the non-positively discriminated group (i.e. Macedonians).

However, notable progress in the implementation of the principle for just and equal representation was achieved in the first two years of implementation. The biggest change is observed with regard to the Albanian community with a 6.62 % increase in their participation in the Macedonian civil service in the period 2004–2006; whereas for the Turks, Roma and the Vlach minority, the increase was less significant (0.32 %; 0.17 %; 0.01 % respectively).

Table 1

Change in participation of ethnic minorities Macedonian civil service 2004–2006

Ethnic Background	Beginning of 2004		December 2006		2004–2006
	No.	%	No.	%	Change in %
Macedonians	9686	90.25 %	9788	82.74 %	−7.51 %
Albanians	602	5.61 %	1447	12.23 %	6.62 %
Turks	79	0.74 %	125	1.06 %	0.32 %
Romas	20	0.19 %	42	0.36 %	0.17 %
Vlachs	89	0.83 %	99	0.84 %	0.01 %
Serbs	172	1.60 %	189	1.60 %	0 %
Bosnians	26	0.24 %	35	0.30 %	0.06 %
Others	59	0.55 %	105	0.89 %	0.34 %
TOTAL	10352		11830		

Source: Annual report of the Agency for Civil Servants, 2005–2007

b. Towards a spoils system in recruitment (2006–2011)

In 2006, Macedonia had Parliamentary elections, after which the implementation of the principle for just and equitable representation of minority groups in the public administration was used for political bargaining between the two parties that won the elections in both ethnic blocs, i.e. Macedonian – Internal Macedonian Revolutionary Organisation Democratic Party for Macedonian National Unity and Albanian – Democratic Union for Integration. As a result of the bargaining, the "Strategy for Just and Equitable Representation" was adopted, together with an an-

nual action plan for its implementation by the Secretariat for Implementation of the Ohrid Framework Agreement. The Strategy defines, in general, a change in the direction for the implementation of the OFA principles. It also sets down activities that should be undertaken, identifies the gaps and weaknesses in the implementation of the principle for just and equitable representation of minority groups in public administration so far and proposes appropriate measures for their resolution.

In this period 2006–2010, one can observe a number of spoils elements that were introduced within the Strategy for Just and Equitable Representation. First of all, the role of the Civil Service Agency as a recruiting body for civil service employment is replaced by the Secretariat for implementation of the Ohrid Framework Agreement (hereinafter SIOFA) that became responsible for the recruitment of minority group representatives in the Civil Service. This was arguably going to introduce double standards in the civil service system in Macedonia. Second, the government allocated funds to facilitate the prompt implementation of the principles provisioned in the Strategy through a new budgetary sub-programme (K-5). Third, the merit elements (in the form of training of potential entrants and passing a training exam as compulsory, prior to recruitment and entrance in the civil service) that were characteristic for the previous phase of implementation were dropped with the new Strategy for Just and Equitable Representation. The decision on employment is utterly given to SIOFA which "provides additional room for partisan influenced recruitment (given the existence of parties representing such minorities which have been part of the coalition government" (SIGMA 2008) and managed SIOFA). This allows for the conclusion that "even taking into consideration the political reasons that support the equal representation policy, it undermines the merit system and, on the whole, does not protect citizens' rights" (SIGMA 2008).

In the second period 2006–2010, prompt progress was achieved. The change in participation of the Albanian community in the Macedonian civil service was doubled in comparison with the previous period – 11.95 %. However, again the participation of the other minority groups was insignificant. The number of Albanians in the civil service rose from 12.23 % in 2006 to 24.18 % in 2010. This incredible increase was shadowed by the fact that a significant number of new recruits were left without actual jobs in the public bodies. They stayed at home and only received salaries.

Table 2

Change in participation of ethnic minorities in Macedonian civil service
2007–2010

	2010			2009			2008			2007		
	#	M	F	#	M	F	#	M	F	#	M	F
MK	8733	3988	4745	7857	3561	4296	10432	4614	5818	9934	4444	5490
AL	3002	2042	960	2630	1801	829	2050	1413	637	2001	1372	629
TR	185	105	80	165	101	64	152	90	62	130	74	56
RO	79	45	34	54	25	29	63	37	26	50	27	23
VL	94	47	47	88	42	46	125	55	70	119	54	65
SR	178	85	93	166	77	89	201	93	108	183	82	101
BO	77	37	40	59	26	33	40	16	24	41	17	24
Other	67	33	34	111	51	60	65	31	34	72	36	36
Total	**12415**	**6382**	**6033**	**11130**	**5684**	**5446**	**13128**	**6349**	**6779**	**12530**	6106	6424

Source: Annual report of the Agency for Civil Servants, 2008–2010 and Ministry of Information Society and Public Administration Information 2011

The OFA results – injustice, inequality and frustration

As mentioned in the previous section, the results of the implementation of the OFA principle for just and equal representation of minority groups in regard to the Albanian minority participation in civil service are remarkable. However, the implementation itself had some important long-term impacts on the civil service system that cannot be ignored. The departure from the merit system and the introduction of spoils elements in the recruitment inevitably have their repercussions, namely injustice and inequality resulting in growing frustrations.

The recruitment did not follow the legally binding procedure for employment in the civil service. The minority group members were not required to pass *experts* or *apprentice exams* that remained both compulsory for entrance in the civil service system for the majority community. This results in an unequal basis for entrants into the civil service system under the general rule, compared to those entering the system under the principle for just and equal representation of minority groups.

Further inequality may be observed when comparing the minority groups. The data from the Central Registry of Civil Servants depict that ethnic Albanian participation in the civil service increased from 5.61 % in 2004 to 24.18 % in 2010. Nevertheless, this is not the case with the other minority groups, i.e. the Turks and the Roma who represent 3.85 % and 2.66 % (Census 2002) of the population in Macedonia, and in 2010 participate with only 1.49 % or 0.64 % in the civil service respectively (as in Table 3). Throughout the ten years' implementation period little

progress was achieved in the Roma community (less than 0.50 %) and a decline is even observed in the participation of the Vlach and Serbian community (both around 0.10 %). The Turkish community doubled its numbers in the civil service in the ten-year period, but is still far from just and equally represented.

Table 3

Participation of ethnic groups in the Macedonian civil service

Ethnic group	2004		2010	
Macedonian	9686	90.25 %	8733	70.34 %
Albanian	602	5.61 %	3002	24.18 %
Turkish	79	0.74 %	185	1.49 %
Roma	20	0.19 %	79	0.64 %
Vlach	89	0.83 %	94	0.76 %
Serbian	172	1.60 %	178	1.43 %
Bosnian	26	0.24 %	77	0.62 %
Total	10352		12415	

Source: For data from 2004 Agency for Civil Servants (information from 25 December 2007), for data from 2010 Ministry for information society and administration

The considerations for inequality that result from the implementation of the principle go beyond the absolute numbers of representation of minority groups. Based on data from the Central Registry for civil servants it can be seen that only female and male civil servants in the Macedonian ethnic community are represented almost equally (where women are more numerous, but hold lower positions).

Table 4

Composition of central public administration by gender and ethnicity

	#	M	F
MK	7857	3561	4296
AL	2630	1801	829
TR	165	101	64
RO	54	25	29
VL	88	42	46
SR	166	77	89
BO	59	26	33
Other	111	51	60
Total	11130	5684	5446

Source: Annual Report of the Central Registry for Civil Servants, CSA 2009

This is not equally the case within different ethnic communities. The Table above shows that in the Albanian community, the gender misbalance is the largest, where the males of this ethnic group participate with twice as many representatives than female representatives (Risteska 2010). Also, in terms of decision-making power it seems that the Albanian women hold the least number of high public administration positions as no Albanian woman is Secretary General or State Secretary in the civil service system. Also, only two representatives of this ethnic group are State Advisors, and eight are Heads of Sectors (CRPM 2009).

In local administration only among Macedonians, the number of women civil servants is higher than the number of men. Still, the highest positions are "reserved" for men (Kostovska and Talev 2009). On the other hand, the proportion between men and women in the Albanian ethnic group in the local administration is 3:1. There, the most numerous are those Albanian women holding the position of Independent Officer (28) and Advisor (15). The highest positions of Secretary and Head of Sector are held by only one woman representative of the Albanian ethnic community each, compared to 2 (Secretaries) and 28 (Heads of Sectors) of the Macedonian ethnic community. This puts the minority women in a much more inequitable position compared to the men of the same ethnic group.

It also confirms the assumption of scholarly conflict resolution literature that the treatment of minority rights and participation through the group, rather than an individual approach, is marginalising the other groups within the individual minority groups, i.e. women, youth, disadvantaged groups etc.

Ten years after the principle for just and equal representation of minority groups was applied, one can also see that especially in the last period 2007–2010, the prompt implementation process produced various frustrations. On one side, Albanians are frustrated, as many of them were hired in the civil service, but had, as a consequence of the low absorption capacity of the civil service, to stay at home (still being paid) without opportunities to move forward in their careers. The Turkish, Roma, Vlach, and Bosnian minority feel deprived, compared to the Albanians and complain about being discriminated in the process of implementation of the OFA. Finally, frustration has appeared amongst the Macedonian majority, which rightly objects to the double standards in recruitment applied for the minority groups.

Conclusions

The Ohrid Framework Agreement responds to the power sharing claims from the ethnic Albanians. Its implementation shows that it did provide for an improvement in their representation in the Macedonian civil service. Data from the Central Registry of Civil Servants depict a commendable increase of the number of ethnic Albanian participants in the civil service from 5.61 % in 2004 to 24.18 % in 2010. This is not the case amongst other minority groups, i.e. the Turks and the Roma, who

represent 3.85 % and 2.66 % (Census 2002) of the population in Macedonia, while their participation in 2010 was only 1.49 % or 0.64 % in the civil service respectively.

Taking the above results of the implementation of the OFA, it seems that the efforts to diversify the public administration in Macedonia are of a one-sided nature, ensuring representation of only one community group, namely the ethnic Albanians, rather than building a multicultural civil service, where all communities are represented in a just and equal manner. Considering that power-sharing claims of this type were previously the reason for inter-ethnic tensions and even a conflict, such a risk still remains in Macedonia.

Moreover, the means to achieve the goal of equal representation were not just, as different criteria were applied when recruiting those civil servants belonging to the minority groups. The outputs are not equitable, as representatives of the other minority groups (i.e. Turks, Roma, and Bosnians) are not equally represented. Male representatives from the Albanian ethnic group, as well as the other minority groups, outnumber the female representatives of the same ethnic groups.

Therefore, the post-conflict context in Macedonia is still characterised by unequal power-sharing between men and women. Furthermore, the implementation of the principle for just and equal representation of minorities in the Macedonian public administration causes frustration among the Albanian, Turkish, Roma and Macedonian community. Macedonia must deal with these frustrations with a long-term commitment of meaningful integration of the minority groups in the civil service rather than just taking care of numbers. This is especially important, as literature in multiculturalism suggests that participation in public affairs and representation in state institutions by minorities is central to their feeling of identity. It is crucial to their feeling of being a part of the state and the wider community.

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Georgia: Delegation of Power – Towards Public Engagement or Public Administration – A Reform Mistake?

Nikoloz Shekiladze

1. Introduction

This chapter discusses arguments about using contracting-out and delegation of power in developing countries, as well as insights on the reform processes within the Georgian public administration (PA). The discussion on the international experience in the field will benefit comparative researchers writing on developing countries, as well as PA reform practitioners in Georgia. Much research is carried out in developing countries exploring the results of adoption of such instruments with different, sometimes contradictory, results. This chapter will show one more example – for or against – the use of the above mentioned instruments by presenting results on Georgia. There is not much research carried out on PA reforms in Georgia. This chapter aims to answer the following research question: "To what extent is the use of instruments such as public private partnerships (PPPs) and delegation of powers acceptable within the Georgian context and what preconditions should be met in order to maintain the proper functioning of such instruments?"

This chapter utilises a case study research design in order to answer the research question. The case here is the local government of Tbilisi (the capital city of Georgia). The practice of contracting-out in the capital city will be assessed using a legal and institutional framework.

This study is based on semi structured interviews conducted with representatives of key participating parties, and text analysis of normative documentation – legal acts, reports, etc. The chapter begins with the theoretical framework related to instruments mentioned above. The concepts of New Public Management, (NPM), Neo Weberian State (NWS) and the "Activating State" are used in order to provide a theoretical framework in which the results are interpreted. International experience

is taken into consideration and general conclusions about the issue are derived. Subsequently, a concrete case is discussed and evaluated and conclusions are drawn.

2. Delegation of power in different conceptions of public administration

2.1 Introduction

The nature of the good society, the rights and responsibilities of citizens, the practice of politics and government, and, most especially, how to live together peacefully by reconciling individual autonomy with collective aspirations, balancing freedom and its boundaries, and marrying pluralism with conformity so that complex societies can function with both efficiency and justice, are pressing issues in the agendas of all modern societies. Even in small, homogenous communities where face-to-face social interaction builds trust and reciprocity, it is difficult enough to resolve the problems and conflicts involved. Nowadays, in an increasingly integrated world, where none of these conditions apply, the issues become more pressing (Edward 2004). One can note different ways of understanding "Participative Management" in different eras and cultures. The modern concept of the democracy widely differs from its antic "brother". The complex nature of modern societies eliminates simultaneous participation in the decision-making process of all stakeholders and leads to the pressing issue of creating different forms for participation to overcome society's typical opposition. In reality, there is no big choice between such forms.

Between direct and representative democracy, as alternatives, there is only one "mid-version", which has a relatively short history. This is the deliberative democracy model – a system of political decisions based on trade-offs between direct democracy and representative democracy that relies on citizen deliberation to make sound policies. In contrast to the traditional theory of democracy, in which voting is central, deliberative democracy theorists argue that legitimate lawmaking can arise only through public deliberation by the people (Bessette 1969). Since the 1970s participative Public Management, the idea of the flexible State has been an important model in PA. This concept experienced a two-stage development: the first, pushed by the neoliberal critics of the state (Thatcherism 1978 and Reaganomics 1980) and, the second, pushed by the introduction of New Public Management.

Typical for the first stage of development was the pressure on flexible and simple public administration (less interference in economics, staff reduction, optimisation of expenses, simplified legislation). For the second stage, changes in traditional forms of management obtained determining importance, which implied a push towards a market-friendly, outward-looking, efficient, decentralised, customer-oriented, managerial and democratic state. This vision was underpinned by the New Public Management model and subsequently informed by a "good governance" agenda (Bangura and Larbi 2006).

For NPM, the preferred state needs a drastic reduction in public personnel, diminishing bureaucratic regulations, privatisation and contracting-out, in other words, the adaption of tools and instruments, approbated in a market economy, in the public sector. This chapter will discuss only two components of NPM, namely the privatisation and contracting out of public functions thought heretofore to be primarily governmental (Frederickson 2005), which in turn, represent one of the in-depth forms of participation in the PA process of civil society and the private sector (Brinkerhoff and Crosby 2002, 54).

2.2 Public-private partnership

In principle, public-private partnerships (PPPs) obviously have their positive sides. The private sector is able to fill the holes in service delivery, when such service is poorly provided by the public sector, as seen in poor service quality and delays and insufficient infrastructural resources. PPPs can increase competition and efficiency in service provision, expand coverage, and reduce delivery costs. They allow for optimal overall risk allocation between the public and private sector (Rondinelli 2007, 27). In practice, however, implementation of the PPP concept may also result in many inadequacies, but the concept itself is not solely guilty for such inadequacies. Deregulation (in order to maintain flexibility and effectiveness) from the beginning undermined the concept of PPP. One such example is presented in the story about "When the Pentagon Was for Sale" (1995), a history of the so-called "ill winds scandal". Andy Pasztor found that many of America's most respected defence corporations were systematically engaged in making payoffs to the defence department procurement officers, setting up slush funds, rigging bids, and giving bribes. This scandal had to do, in one way or another, with contracting-out and with a lack of oversight (Frederickson 2005).

There is no doubt that without laws, rules, social conventions, or social reciprocity, rational persons and firms will act on basis of self-interest. This consideration is based on rational, utilitarian assumption and argues that democratic laws, rules and social conventions are needed to cause or influence both individuals and firms to adjust or adapt self-interested behaviour in the direction of collective interests. If these are absent, officials who formally represent government authority are tempted to abuse public money on behalf of individuals or organisations who seek money, favour, or influence. It is not difficult for political actors or for contractors to turn privatisation to their own purpose. In cosy politics, the contractor wins the contract, or retains the contract through politics. In this case, behind the mask of the second or third sector, contractors become "players in the political process" rather than "sellers of services" (Frederickson 2005).

2.3 Public-non-profit partnership

It is also important to discuss the case where the partners of the public sector in the power delegation process are civil society institutions. In order to meet the limitations of this chapter, we will discuss only non-profit organisations. Potential positive effects, typical for PPPs, are characteristic for public-non-profit partnerships (PNP), namely, improvements in service quality, service provision in a timely manner and other infrastructural opportunities. The non-profit sector, like the private sector, is expected to be able to be more efficient than the public sector, but between for-profit and not for-profit sectors there are differences and the most important one is the purpose of their existence. In the private sector, earning profits is crucial while the non-profit sector operates primarily for idealistic goals. Actually, for non-profits, earning profit is not forbidden, but this income is not distributed. It can only be reinvested or used for other destinations.

If in the private sector the business imperative is given by the market logic, it is hard to see such logic in the non-profit sector. That is why it is important to underline the factors which help the so-called third sector to exist. First, donors may be willing to donate money to non-profit institutions. Given the difficulty of monitoring charitable work, donors may fear that for-profit firms will convert gifts into profits for the owners. Thus, if one wishes to make a gift, non-profit organisations should be able to better compete for such gifts than for-profits. Second, non-profit organisations may be a response to information asymmetries faced by customers. Customers, like donors, may favour non-profit organisations, because they believe that they have fewer incentives to dissemble because the absence of a profit motive may reduce the benefits of misrepresentation. Thus, if a poorly informed customer finds it costly to determine quality before a purchase, or even after a purchase, he or she may prefer a non-profit to a for-profit service provider. Third, non-profit organisations may provide a more diverse collection of services than is possible in the public sector. There are more opportunities for experiments than in the public sector, on the one hand, and people dissatisfied with a low level of quality of some government services may wish to supplement public provision by establishing non-profit organisations (Rose-Ackerman 1996).

Enterprises with no purpose for earning profit are often the object of criticism. Critics point out the lack of efficiency in non-profit management and underline that managers in non-profit enterprises have little incentive to manage their firms efficiently because no one can claim the residual earnings. In addition, lacking market discipline, firms may continue to exist when they are performing without having added value. The success of the non-profit sector is viewed as a result of favourable treatment by government. Exempt from different tax obligations, non-profits can thrive even when they fail to attract many private donations (Rose-Ackerman 1996).

In this case, however, we should separate privately supported non-profits from the ones that are dependent on government funding. Governments buy services from non-profits, while giving them tax relief and all this occurs despite the possibility of inefficiencies of such enterprises from the market point of view.

Critics argue that in a modern welfare state, government supported non-profit organisations can fill a specific organisational niche. The very inefficiency and unresponsiveness of some non-profit organisations helps alleviate contradictory societal and political demands faced by modern governments. Non-profit organisations survive because of, not in spite of, their inefficiency.

All risk factors mentioned about PPPs maintain their actuality in relation with PNPs. Rational, utilitarian assumptions and the promotion of own interests, when there is no mechanism of subordination of such private interests to public ones, jeopardise the idea of partnership. Besides, there is one more danger in the third sector – opportunistic behaviour. Often, people interested solely in profit maximisation choose this sector because of tax relief. Here, we have the profit-oriented contractor behind the mask of a non-profit entity and the probability of opportunistic behaviour increases, together with an increase in publicly subsidised programmes. The increase in subsidies causes more regulation, which in turn is dangerous for quality and differentiation of services delivered by non-profit organisations. The relationship between the public and non-profit sector and especially the state regulation involved needs to be developed with prudence and has to find the right balance. Clearly, the non-profit form is not itself a guarantee of high quality, altruistic performance, and neither is it a signal of a slack and inefficient organisation. Because no-one has a legal claim on the non-profit firm's earnings, potential entrepreneurs and funding sources will approach the sector only if they have goals other than single-minded profit maximisation. Only if the tax and regulatory benefits of the non-profit form become too large, will charlatans select it as a way to get rich (Rose-Ackerman 1996).

We have discussed above the state's partner relationship with the private and non-profit sectors. As a conclusion, we can cite Wolfgang Drechsler on contracting out: "contracting-out has proven to be excessively expensive and often infringing on core competences of the state as well as on the most basic standards of equity" (Drechsler 2005).

2.4 Activating State

NPM suffered from a kind of modification in the twentieth century, when the idea of the "Activating State" was introduced. The latter can be considered as an attempt to rescue the new managerialism, because it is some kind of a mix: NPM, on the one hand, and an improved and perfected concept of civil society, on the other. Introducing the idea of Activating State changed the attitude towards service delivery by the public sector. Previously, the interested person had been the passive recipient

of the service delivered by the State or its contractors. The "Activating State" made the role of citizens an active one and granted them the possibility to take part in the process of creating and pricing products associated with the State (Izoria 2009). From the perspective of civil society participation, this should be considered as a positive result.

In the "Activating State" approach, ideas about de-bureaucratisation, deregulation and PPP were not changed. According to Izoria (2009, 129), the idea of civil society means citizens' opportunity of self-organisation, their participation in the process of determining and executing public goals and performing these activities in a transparent manner. For this idea to work, de-bureaucratisation is required in PA. It is hard to accept this consideration for two reasons. First, if we talk about participation, as a full replacement of the public sector by the private and non-profit sectors in service delivery, as was mentioned above, there are more cons than pros. But if we talk about less intensive forms of participation, on the contrary, a strong state apparatus is needed, which then will ensure a just distribution of responsibilities among different actors while executing society's goals.

2.5 Neo-Weberian State

In 2004, Pollitt and Bouckaert introduced the term "Neo-Weberian State" (NWS) into the international discussion of public management reform. For NWS, two dimensions are essential. First, the state remains a strong steering and regulating presence within society. Thus, the objective is not the minimal state and the state is not seen principally as a burden on economy and society, or as a necessary evil. Rather, it is the guarantor and partner of both a strong economy and a civilised, socially cohesive society. It is the initiator or facilitator of a whole range of additional democratic mechanisms, central and local, both representative and direct. Second, the state is steadily modernising, professionalising and seeking improved efficiency. Copying the private sector – or actually using the private sector – is, however, not the only way to achieve more efficiency and professionalism. Private sector methods may be chosen on some occasions and for some policies, but they have no automatic priority or superiority. The public service remains distinct, ethically, motivationally and in terms of labour law, and it is regarded as fully capable of developing its own solutions to its own challenges (Pollitt 2009).

The role of direct democracy keeps its actuality in the NWS, but with one important clarification – in this model there is no place for extensive participation, in other words, for a complete delegation of power. One of the so-called "Neo" elements in the NWS model is to supplement (not replace) the role of representative democracy by a range of devices for consultation with, and the direct representation of, citizen's views (Lynn 2009).

2.6 New challenges

Up to now, a brief theoretical review was introduced about tendencies in the PA reform process. The idea was to show how approaches to participation in Public Management have changed to conform to the different directions in PA reform processes. According to Rondinelli (2007), within the interrelated global society, governments must take on new roles in creating and sustaining viable economies, reducing poverty, and raising standards of living. The state alone is not able to thoroughly perform this role. Effective governance in a global society implies cooperation or partnerships in which national governments work collaboratively with lower levels of public administration, the private sector, organisations of civil society, other states, and IOs through a democratic, transparent, and participative process. Rondinelli also states that the most important challenge facing governments in the 21st century will be how to strengthen the institutional capacity of public, private and civic sectors in order to meet both the needs of citizens and the requirements of an international economy.

In such circumstances, the idea of a "Communicative State", which was developed in the late eighties, remains actual (Izoria 2009), because of its focus on organised partnership forms between the State and society. Therefore, the demand for society's participation in problem resolution processes and the need for intensive discussions among one another are high. In a modern state, participative management needs support both from public administration as well as from society. Therefore, the State institutions should be open to civil participation and the demand for participative management should become part of the public sector's lifestyle and tradition.

3. Tbilisi – Capital of Georgia (Georgia Case)

3.1 Completely delegated power – actual reality

This section presents the practice of delegation of powers in Tbilisi – the capital of Georgia – through research results focused on an illustrative case. Legislative regulation of delegated powers in Tbilisi differs in three ways. First, competences are delegated upon permission and the relationship is conducted based on the conditions of permission granted by legislation on licences and permissions. Second, competences are delegated through a public procurement process, in which the government of the capital city is the purchaser of specific services and this is regulated by a public procurement contract and the legislation on public procurement issues and public authorities privatise some competences in return for reimbursement. Third, the relationship between the public and private sectors is contractual according to active legislation.

3.1.1 Delegation of power upon permission

Article 24 of the Legislative Act on licences and permission lists the activities for which permission is required, such as the regular municipal passenger transportation service and outdoor advertising. Besides, general conditions are enforced by the legislative act, whereas special requirements for permission and further delivery of services are regulated by decrees of the municipal bodies. For instance, the representative body of a municipality has discretion on decisions about outdoor advertising issues. In the case of a positive resolution, permission is granted by the executive body – City Hall of the Capital. The permission is granted to the winner of an auction, i.e. the participant who offers the highest price and who is ready to conform to requirements and obligations prescribed by law. The price for permission and conditions of payment are adjusted by a decision by the representative body of the municipality.

Permission for the regular municipal passenger transportation service delivery is granted according to the results of a publicised competition. An entity seeking permission pays the price set forth by the City Council upon request of City Hall and the conditions for payment are approved by the executive body of municipality.

One interviewed official from the City Hall of Tbilisi indicated that in these two cases the relationship between the public and private sectors was a hierarchical one, and thus not equal. The entity seeking permission is required to pay the price for that permission set forth in advance, but payments are made periodically, and the amount due is adjusted to the inflation rate. The relationship between the grantor and owner of the permission is regulated by the conditions of permission, but an agreement is also made to cover financial issues (for example, the date the payment for permission is due)[1].

3.1.2 Delegation of power through public procurement

Within the territory of the capital city, an interesting example of delegated power through the public (municipal) procurement process is the waste management field. In this case, the partner of the public sector is a municipally-founded legal entity (with the sole shareholder being the City Hall of the Capital). The basic legal framework for the arrangement and execution of the procurement process of the public sector is given in the legislative Act on Public Procurement, which defines public procurement as any purchase by a procuring organisation made electronically or in another way by the funds of the municipal unit.

According to the legislative Act on the Capital of Georgia – Tbilisi – waste management is a competence of the Tbilisi municipality. The same legislative Act empowers City Hall with discretion to deliver such a service with its administrative unit or to purchase it from outside. According to an interviewed official, City

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1   *Interviewee A,* Interview, June 2011.

Hall has chosen the second method and the winner of the announced tender was the municipal entity. The respondent indicated that such an outcome was to be expected, because not only in Tbilisi, but even in Georgia as a whole, there is no company, which has enough material-technical competences for proper management in this field. In contrast to the first case, the Tbilisi municipality pays the price to the service deliverer. For its part, the local government gathers fees from final recipients (natural persons and legal entities) for cleaning services according to the legislative Act on Local Fees.

3.1.3 Delegation of power through privatisation

This section analyses the delegated competence of state (municipal) property management through privatisation. The basic legal framework is given in the legislative act on State Property. An important issue in this case is to define the term "property". By legal definition, state property may include tangible, movable and immovable, as well as, intangible goods. In the case of tangible property it is difficult to qualify the situation whereby the state (municipality) privatises some package of competences, while not disposing of goods. One example of the latter is the case of parking regulations in Tbilisi, the competence of which is delegated to a private legal entity, the winner of an announced auction. Such a competence is to be considered as State (municipal) property, because it meets all the requirements prescribed by the Civil Code of Georgia to be labelled as an intangible asset.

The competencies of the municipal unit might be executed by itself or, in cases directly prescribed by law, delegated to private legal entities. Local parking management comes under the capital's own competence. Parking rules are approved by the City Council and executed by City Hall (for example, determination of parking places). Local government may transfer the management of parking around the town to an independent service provider. The auction was held in two stages. In the first phase, qualifications, experience and technical potential were evaluated and in the second phase, financial proposals (who would pay more from gathered fees) were considered. The relationship between local government and the winning company (LLC City Park, which won the right to manage parking for 15 years) is regulated by an agreement, the contents of which is confidential and not open to public access[2].

As the interviewed officials noted, local authorities monitor a contractor's obedience regarding the responsibilities undertaken and have the right to interfere if the latter breaches its obligations (the procedure for such interference is unclear, as the agreement is confidential). The *company* is mainly accountable for the finances and at the end of the year must deliver financial reports. The fees are divided between the local government and the company. The lawyer of the company said that the company must deliver reports every six months and that such reports should

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2   *Interviewee A* (Tbilisi City Hall), Interview, June 2011.

be public. It was, however, difficult to double-check this information, because not only for the author, but even for the member of City Council, such reports are not available.[3]

City Park is obliged to be equipped with the necessary infrastructure and to supervise those parking places determined by local government. It also controls drivers to ensure that they obey the parking rules. As to the monitoring by local government, an interviewee indicated that in the beginning, a committee of advisers was created by representatives from each side to decide on the problematic issues. Today there is no longer a need for such a board. City Park strictly conforms to international standards whilst arranging the parking infrastructure around the town[4].

3.2 Completely delegated power – another side of the coin

The member of the representative municipal body of Tbilisi mentioned, during an interview, that in general, the conformity to legal requirements is met, but it is impossible to obtain adequate information about the actual practice of delegated power.

According to another interviewee, keeping the agreement confidential between City Hall and the company is against the law. He/she argues that the responsible company is an exclusive service provider in this field and there is no need for the protection of any commercial secrets, position and confidentiality, even for local government representatives, is not acceptable. One of the reasons for such secrecy is the readiness on the part of the Tbilisi local government to amend the agreement, but only in the interests of another party. Such changes would violate the terms and conditions of auction, because the determining factors according to which the winner was chosen is changed and that would be unlawful. A representative of the company confirmed the fact that changes in the agreement occurred, but indicated also that the substantive part of it was not altered[5].

Another interviewee mentioned the fact that in the streets of Tbilisi, anyone can meet people, who independent from the company can gather fees for parking. The official position of the local authorities is that to pay such fees is not an obligation and it is up to the citizen's discretion. The representative of the company confirmed their existence, but denied any relationship with them. Another interviewee argued that this fact is sufficient to abolish the agreement concluded with the company, because of its acceptance of unlawful activities by third parties in its exclusive sphere of competence.

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3   *Interviewee C* (Member of City Council of Tbilisi), Interview, June 2011.

4   *Interviewee B* (Lawyer, Company B), Interview, June 2011.

5   *Interviewee B* (Lawyer, Company B), Interview, June 2011.

Whilst talking about the regular municipal passenger transportation service, one interviewee indicated that the announced competition for permission of passenger transportation by minibuses was fraudulent and that the outcome of the competition was already decided beforehand. When the competition was held there was no other provider on the market who would conform to the requirements set forth as conditions of permission. All winning companies, except one, were founded after the date the competition was announced and the owner of that exception changed on the same date. In all four cases, founding documentation of the companies was prepared by the same lawyer with the same notary. Even mistakes in the materials prepared were the same.

With regard to waste management issues, one interviewee argued that because the service provider is a municipally-founded legal entity and spends public money, it is accountable for its services. As a member of the city council she/he has demanded repeatedly from the executive body to present reports on this issue, but the answer was that such reports do not exist. Despite the fact that the assessment of quality of management is required by law, actually no one conducts such an assessment. For another interviewee, the practice of delegated power is acceptable and the alternative to it, for him/her, is Soviet Union style policies. She/he argues that the problem is not delegation of power itself but the corruption underlying it. Furthermore, she/he considers that the private sector will avoid difficulties if it knows that the issue is also negotiable more easily in the "next room" and that there is no country where corruption had been defeated from the bottom up.

3.3 Delegation of power in Georgia – assessment, challenges, perspective

In a state where the level of corruption is low and public authorities have credibility, where the mechanisms of checks and balances work properly, delegation of power is acceptable. But, when the causes of corruption are not eliminated, where there is a risk that individual interests predominate, the discussion about delegation is unreasonable[6]. Despite the fact that Georgia has had some success in fighting corruption and debate about delegated power has taken place, there is the huge problem of politicisation of processes and institutions. For example, it is important to reveal the winner of the tender as it can later become one of the sponsors of the governmental party during an election campaign[7]. Sharing responsibilities by means of delegation is unreasonable if institutions are not free from political pressure and individual interests, the existence of independent and impartial judiciary is disputable and nobody seems to care about democracy and the rule of law in the state.

In the case of Georgia, each possibility of delegation of power should be considered carefully and transparently. The process should be open, without the op-

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6   *Interviewee D* (academic), Interview, June 2011.

7   *Interviewee D* (academic), Interview, June 2011.

portunity for political manipulation. Otherwise, delegation of power itself will just become a cause for corruption[8].

One interviewee argued that before contracting out and privatising public service delivery, the first step should be the strengthening of the state apparatus. Bureaucracy must be strictly regulated and in many cases, hierarchically organised. Society should truly become a participant in decision-making processes. Until this is the case, delegation of power from the public to the private sector will always be politically determined and in conformity with individuals instead of public interests. Then, the practice of delegated power may become counterproductive.

One interviewee argued further that, in scholarly literature, Georgia is mentioned as a semi-authoritative country, or even as a "Defective Democracy", which has not yet developed independent state institutions. This does not presuppose that developments here will have a democratic character. Defective democracies only further stability and such stability may last for ages. For this purpose, she/he considers that the main challenge for Georgia is to build a democracy. Only after this precondition is met can PA reform be discussed, and modern models of public management implemented.

When society lacks consolidation, community groups to express societal interests do not exist; when government is technocratic and predisposed to achieve short-term goals by quick solutions (Melua 2009), there are no grounds for proper participation in the decision-making processes. In Georgian reality, the intersection of supply and demand (supply from the public sector and demand from the second and third sectors) for participative public management (Brinkerhoff and Crosby 2002) has not created the necessary preconditions for successful participation. Delegation of power from the public to the private sector lacks a proper base. Therefore, privatisation and contracting out may be detrimental instead of profitable in the long run.

4. Conclusion

This chapter argued that "partnerships" between the public and private sectors in Georgia are difficult to analyse and the information, both from public authorities and contracting parties, is hard to acquire. Two services: parking management and minibus transportation are nowadays transferred to the hands of private companies whilst steering mechanisms, including legal ones, to make these companies accountable, are lacking. The case of Minibus transportation services is extreme by nature. The tender was actually limited to companies which were founded at the same time, several days before the tender, with intervals of only several minutes. Such circumstances force one to reflect on the corruption involved. Research results

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8   *Interviewee D* (academic), Interview, June 2011.

reflect our theoretical consideration that without laws, regulations, social conventions, and social reciprocity, the outcome is likely to be that the stakeholders involved, as rational persons and firms, will act primarily on the basis of self-interest.

To return to the research question: in the cases presented, the supply and demand for participation are not in equilibrium. All actors (public, private and the third sector) lack the institutional capacity to properly play their roles whilst managing public affairs. Besides, the legal framework for "participation" is too weak and does not ensure its proper functioning. There are no concrete legal instruments to make actors in this process accountable to the public and citizens.

In order to answer the research question, first of all we developed a theoretical framework and reviewed the existing theoretical literature. The case study design was used to gather empirical knowledge about "participation" in the Georgian local government PA administration process. During this research, all facts of "participation" have been assessed, conforming to the legal and institutional framework. Subsequently, the theoretical framework was used, relevant and accessible international experience was taken into consideration and general conclusions about the issue were derived. Then, the concrete cases were discussed and evaluated. Finally, preliminary results were derived from the outcomes.

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Lithuania: Decentralisation of Education Management

Jolanta Urbanovič

Introduction

In many countries around the world strategies are developed in order to improve educational services funding and their delivery, increasingly emphasising the improvement of the quality of education. One such strategy involves decentralisation of decision-making in education, the expansion of school autonomy aiming to increase the parental and community involvement in schools. Although the principle that schools should be autonomous in at least some areas of their management is accepted nearly everywhere in Europe, it is worth noting that school autonomy reform does not belong to the European tradition. This type of school management was implemented in only a few pioneering countries from the 1980s onwards and in a limited way. The school autonomy movement did not really become widespread until the 1990s.

The process of decentralisation reform has reflected the concepts of public administration: the eighth decade for political tendencies in "democratic participation", as well as the ninth decade for the new public management programme, and most recently it aimed at improving the quality of public services. The decentralisation reforms are supported by recently growing conceptions about a new governance approach, fostering citizens' co-participation, and supporting civic values.

The purpose of this chapter is to present an analysis of theoretical and practical issues of decentralisation reforms in Lithuanian education. To achieve this goal we have analysed strategies/objectives of decentralisation, identified factors that influence the development of decentralisation reforms both as opportunities and threats of that process.

In order to achieve this goal, first a theoretical analysis is conducted in order to reveal the different dimensions involved in decentralisation processes. Subsequently, an empirical research is conducted by using qualitative research. The re-

search informant population was made up of school leaders and their assistants at general education schools in Lithuania, education policy makers and implementers, academic scholars, representatives from educational management institutions, and members of school boards. Informants for the research were selected proportionally from each region of Lithuania and each type of school (except kindergartens and primary schools), with the purpose to reveal the pros and cons of school autonomisation perspectives in Lithuania.

The research was performed by applying individual and group interviews. The individual interviews (11 experts) were conducted in two stages: the first, the lookout research stage, was for collecting general information about the research object – decentralisation process, its environment, contents, object understanding, etc. The second, systemic stage was when several interview questions were rigidly standardised, seeking to better analyse particular aspects of decentralisation process.

Other research stages were conducted using group interview types: group (focus groups) discussions and the Delphi method. Group discussions were organised while conducting research with school committee representatives (18 members), seeking to explain their hopes regarding school work, their understanding of the concept of school autonomy, and the need to take part in the school management processes. The group interview Delphi method was conducted with school leaders (13 school leaders).

Education decentralisation reforms in European countries

Education reformers of the mid-seventies of the last century introduced the idea that schools would work better if the number of formal restrictions in the management process was reduced. Decentralisation of management (that is the effect of increasing school autonomy) would decrease the "workload" of the public sector as it eliminated unnecessary layers at the middle management level (Pollitt and Bouckaert 2000, 103). The reduction of state control promoted the ideas of self-government in schools. Such ideas were furthered by the idea of charter schools in the USA, which were developed as an attempt to reorient the traditional school system. At the same time, in Great Britain, grant-maintained-schools appeared and later, in New Zealand schools, functioning under similar principles, also emerged.

It should be noted that school autonomy is not customary in continental European countries. This type of school management was implemented in only a few pioneering countries from the 1980s onwards and in a limited way. The school autonomy movement did not really become widespread until the 1990s. The trend continues in the current decade with new countries adopting this type of school management whilst the trail-blazers of the 1980s and 1990s are increasing the range of responsibilities provided to schools (Eurydice 2007). According to Eurydice data

(2007), during the 1990s the policy of school autonomy became more widespread. The Nordic countries adopted a system which couples political decentralisation with school autonomy. Following the political consensus, Austria adopted its first school autonomy reform in 1993. The breakdown of the former Soviet Union was the signal for the Czech Republic, Hungary, Poland and Slovakia as well as the Baltic States to also adopt this method of school management. Some European countries began to consider school autonomy early in the present decade. This is the case in Germany which ran pilot schemes in some Länder from 2004. Lithuania, Luxembourg and Romania launched the process in 2003, 2004 and 2006 respectively.

In CEE countries the changes in education management, governance and financing are closely linked to the transformation of their political systems. In fact, these changes are the direct consequence and corollary of the general transformation (Kubiczek 2002). Political and economic systems also underwent transformation and changes in these systems affected, in their turn, the social structure. Within one decade the Baltic States, including Lithuania, had to model and create a new conception of educational objectives, tasks, structures, content of education, methods and strategies, while Western European countries had been creating all this for many decades constantly adjusting, improving and making reforms.

Conceptually, school autonomy should go hand in hand with local participation. Indeed, historically, the principle of autonomous school management is strongly linked to the demand for educational freedom by local stakeholders (school managers, parents, etc.). However, since the 1980s in Europe, these reforms are largely laid down under national legal frameworks which demonstrate a top-down model of decision-making process without any identifiable driving force coming from schools themselves.

The analysis of the process of education decentralisation reveals the parallels with public management reform concepts, which, depending on the period, influenced education management changes: the 1970s are associated with political tendencies, oriented towards "democratic participation", and emphasised the need for schools to be more open to their local communities. The 1980s were associated with a more efficient management of resources for schools, forming a market for educational services. Education management reforms became strongly linked to a dual movement towards political decentralisation and implementing the "New Public Management" agenda. New Public Management seeks to apply private sector principles to the management of public services. Decentralising responsibilities to local communities and school autonomy are therefore linked in order to increase the efficiency of school management – it is taken for granted that decisions taken at the level closest to operations will guarantee the best use of public resources.

The vision of school autonomy has hardly evolved in the present decade since the transfer of new responsibilities to schools is no longer built into a global process of political and administrative structural renewal. In most countries, school auton-

omy is now seen largely as a tool to be used to improve the effectiveness or quality of education (Eurydice 2007). During recent years, New Public Management ideas were partly modified by the New Governance concept, providing priority not for the business management techniques in the public sector, but for the introduction of democratic values in public sector management. The focus is on the principles of community government which means that the government should encourage citizens to participate in solving their problems. Thus, in accordance with the concept of the New Governance, the influence of school community on school management is emphasised.

The conception of school autonomy

The first stage of quality research has the task of exploring education expert understanding of the process of school autonomisation. Based on critical reflections of education experts regarding the results of school autonomy, school autonomy can be understood as the changes in the coordination of the subjects of the education system, which determine the increase in school responsibility (see Figure 1). In the understanding of education experts, the main elements of school autonomy are a *decrease in the role of governmental management* and an *increase of school responsibility.* The authority and responsibility at the national level result in the formation of national educational policies, based on an agreement between stakeholders, general educational goals and tasks, and the formation of activity standards. The main function of local administration departments, as seen by education experts, is the rendering of aid to schools, while schools should be given the opportunity to use the resources freely and independently and involve the school community and social partners, to implement those goals. Therefore, schools become responsible for the results of their activities.

Figure 1
Changes in the relationship between governmental and school level management

Clear goals and tasks
Activity standards
Consistency
Trust
Support

Decrease in the role of
governmental management

Increase in school
responsibility

Responsibility:
Vertical
Horizontal
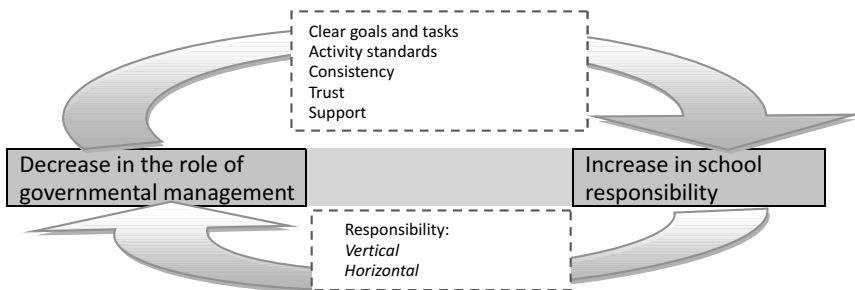
The results of the theoretical analysis allow us to formulate the following expectations on school autonomy:

A decrease in central authority influence in making decisions regarding school education, results in the fact that the state's competence only includes issuing the guidelines of education (Kubiczek 2002). An autonomous institution determines the limits of its independent activity by coordinating them with governmental institutions (Betz 1997; Frommeld 2001, cit. Nowosad 2008), thus school communities have greater responsibility for the school's activity so that the school activity would be more transparent and efficient (Cook 2007; World Bank 2007). This encourages the involvement of concerned persons in the process of organising the school's activities. In this way, democracy in the school is developed, opportunities for the community and the concerned persons to participate are provided and self-government is strengthened. Furthermore, an autonomous institution becomes an institution integrated into society in which it defines its functions and combines its activities with local norms and social groups. This leads to a kind of socialisation of the school (Kubiczek 2002), and a re-orientation to the needs of citizens/community. An autonomous action programme adjusted to the needs of the local community is drafted, thus giving the school its particular/specific profile (Nowosad 2008).

As the community participates in the organisation of the school's activity, it becomes more interested in the process of implementation and in education. Thus, it means that the community performs monitoring of the school's activities which, in turn, leads to a higher quality of the school's activities. At the same time, the school is still financed out of public resources because it is only in this way that equal education opportunities can be ensured (Betz 1997, cit. Nowosad 2008).

Arguments in favour and arguments against decentralisation of education management

It is worth noting that decentralisation does not necessarily mean more democracy. It can happen that giving more power to schools will only legalise more power for educational workers – teachers and school leaders – and that would not at all be related to the wider participation of society in educational matters (Želvys 2002). On the other hand, central government is very rarely interested in real decentralisation, while local leaders and school communities usually are uninterested in accepting more responsibilities. Zajda (2006) noted, for instance, that splitting government can complicate the process of reaching decisions, mainly because of the conflicts of interests and the weakened responsibility for accepted decisions.

It is claimed that one of the merits of school autonomy is more attention towards the needs of the community. As de Vries (2000) noted: "The possibility of tailor-made policies, which was seen as one of the major advantages of decentralisation, is under discussion, since equality before the law decreases when provision

of goods and services differs in different municipalities". Meanwhile, "centralisation allows for administrational actions to be made uniform," meaning that the equality principle remains unharmed (Knosala 2006). We can counter the other argument that concentrating government at the school level supports more effective management of the educational structures and the use the resources, or simply decrease the expenditure, because it has been noticed that centralisation allows for more effective sharing of resources and diminishes the differences between richer and poorer regions.

Therefore, school autonomisation is not only advantageous or an indisputable merit. It has its strong and weak characteristics. Besides, the problem is much more difficult than it may seem at first glance (see Figure 2). Sometimes the same arguments are used for statements supporting one or another reform, or different countries use different arguments, supporting the same regulations.

Figure 2
School autonomy arguments and counter arguments

Arguments	Aspiration of school autonomisation	Counterarguments
- Participation incentive; - Integrating the school in the local community.	**Expansion of democracy**	- Lack of political support; - The community does not want extra responsibilities.
- Adaptation to local specifics.	**Orientation towards the needs of the area/community**	- The equality principle is harmed.
- Larger responsibilities obligate the implementation of work supervision.	**The increase of the responsibility of the community**	- Responsibility weakens when spread over a larger number of individuals.
- Local resource mobilisation; - Saving of funds	**More effective management of educational structures and resources**	- Centralise the more effective spread of funds; - Local leaders lack leader ship competence
- Competitive conditions prompt the improvement of service quality.	**Improvement of service quality**	- The lack of standards decreased the level of education.

Source: Urbanovič 2011.

Of course, in general, it is difficult to ascertain the characteristics that differentiate centralisation from decentralisation, and this is more the case in the school context, where both ruling principles often go hand in hand. Education theorists therefore claim that education system reformers should formulate the question not whether to centralise or decentralise all education, but rather which educational functions should be centralised, and which decentralised (Želvys 2003).

Implementation of school autonomy

When analysing a process of implementing school autonomy, several aspects of decentralisation in the area of education must be taken into consideration. First

of all, it is important to find out to what entities authorisation can be given when performing decentralisation, what relations connect entities that give authorisation and those which receive it and how these relations will change after decentralisation. Second, it is important to find out what authorisation can be transferred when performing centralisation. Third, the content of decentralisation depends on the extent to which discretion (freedom) to decide and to act is guaranteed to entities that receive authorisation.

Several degrees of decentralisation can be singled out, depending on whether the entities that received authorisation have the right to make decisions independently without prior control or coordination, and whether they are closely regulated through administrative and financial instruments. It can be stated that the degree of discretion is in proportion to the degree of autonomy of the entity that received authorisation. Thus, on the basis of such analysis of the content of decentralisation, when analysing an increase in school autonomy as a form of education decentralisation, it is important to find out to what entities of the education system autonomy is given, what powers are transferred and what discretion is guaranteed to the entities that received autonomy.

The other dimension is who gets decision-making power when it is devolved to the school level. Usually, the following four models give an adequate picture to determine who receives decision-making power in any school autonomy reform (Leithwood and Menzies 1998; World Bank 2007): administrative control; professional control; community control; and balanced control.

- Administrative Control School autonomy devolves authority to the school principal. This model aims to make each school more accountable to the central district or board office. The benefits of this kind of School autonomy include increasing the efficiency of expenditures on personnel and curriculum and making one person at each school more accountable to the central authority.

- Professional Control School autonomy devolves the main decision-making authority to teachers. This model aims to make better use of teachers' knowledge of what the school needs at the classroom level. Full participation in the decision-making process can also motivate teachers to perform better and can lead to greater efficiency and effectiveness in teaching.

- Community Control School autonomy devolves the main decision-making authority to parents or the community. Under this model, teachers and principals are assumed to become more responsive to parents' needs. Another benefit is that the curriculum can reflect local needs and preferences.

- Balanced Control School autonomy balances decision-making authority between parents and teachers, who are the two main stakeholders in any school. Its aims are to take advantage of teachers' detailed knowledge of the school to improve school management and to make schools more accountable to parents.

Factors that influence decentralisation reforms

School autonomy in European countries is implemented in varying ways; sometimes even in the same country schools differ in their level of independence and methods of implementation. Qualitative research data analysis exposes the main factors that influence the decentralisation process (see Figure 3):

- Internal: competency of leader management, the community's participation and support, social dialogue and collaboration.

- External: national education policy consistency, trust and support, financial capacity of the government and the opportunity for their independent disposition, international tendencies and social-economic changes in the country.

It is worth noting that some factors, for example social dialogue, trust, can be part of both internal and external factors.

International tendencies. As was previously mentioned, European school autonomisation processes became more popular in the 1980s. This was influenced by international TIMSS[1] and PISA[2] research. It is noticeable that many countries, which are distinguished by good student results in international achievement studies, have provided wide autonomy in upbringing contents and resource management for local government and schools. Therefore, a few, even economically strong countries, disappointed in the results of student achievements, have begun debates on school autonomisation reforms. EU countries' educational systems, besides other factors, experienced pressure from international institutions (for example EBPO-Economic Collaboration and Expansion Organisation, World Bank, EU), whose politics prompted competition between educational systems, and this stipulated the expansion of the school autonomisation process.

National educational policy and its consistency. Aiming for school independence regulations to be institutionalised, a consistent national educational policy is needed. The main function of national educational institutions is the prioritised establishment of the educational system activity direction and the coordination of various interest groups and the formulation of school activity standards. When primary system goals and tasks are limited, schools can complete these tasks independently. In this type of system, not only the task implementation process is carried out with more autonomy, but also the results, and only when the outcomes appear to be negative, is the task implementation process analysed and evaluated.

Problems arise because the results of school autonomisation (as with other management reforms) become visible only after a few years, and this does not always correspond with the interests of politicians. School management reforms re-

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1   TIMSS – Trends in International Mathematics and Science Study organised by the International Association for the Evaluation of Educational Achievement (IEA).

2   PISA – Programme for International Student Assessment organised by OECD.

quire time, first of all because school autonomy is based on local community and citizen participation in the decision-making processes. Schools need time to adapt to such changing conditions. Schools need to settle in and the school community needs to accept its new functions and new roles.

Figure 3
Education decentralisation factors
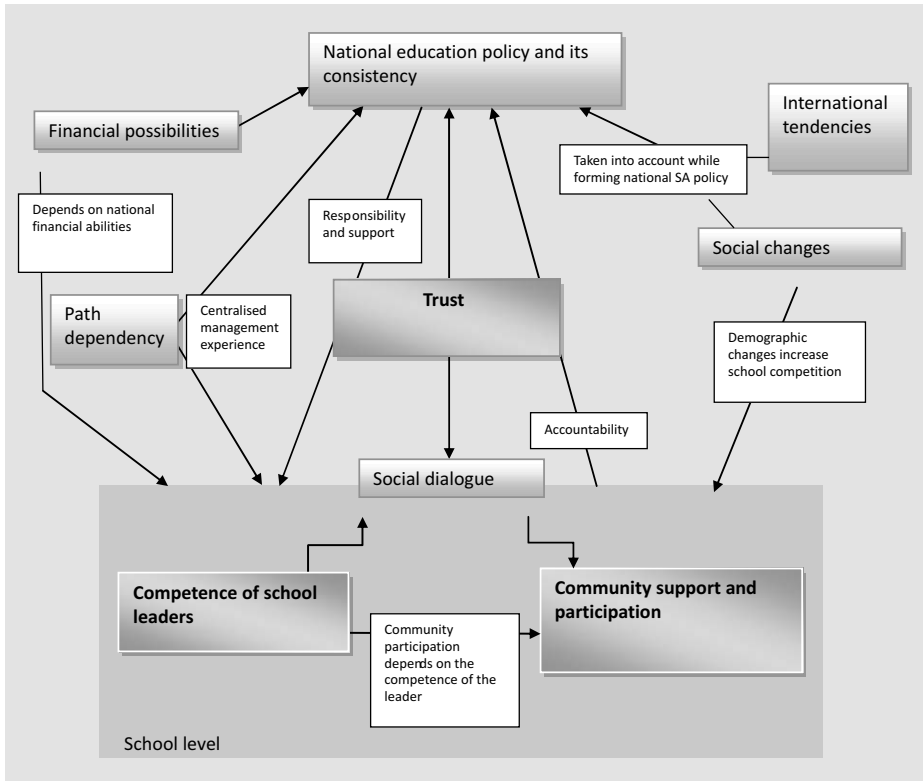
Source: Urbanovič 2011.

Education management experience. If school autonomy implementation is left to drift, community members often lack organisational management experience. The lack of such experience is similar in the education management experience in many European countries, especially in CEE countries, where education policy was historically characterised by a management system based on centralisation, bureaucracy and control (Wenzel 1997; Cerych 1997). The control of such a system was oriented towards regulation: laws, decisions and indications. This implied that schools were totally dependent, their leaders were only implementers of

the centrally determined policies, and did not need the special capabilities necessary for making decisions within the organisation of services acceptable.

Competence of school leaders. Successful school autonomy management is necessary, not only for the transfer of policy-decisions to the school level, but also for their competencies in order to make legitimate decisions. For school leaders it is not only important to implement the policies decided upon by central government, but to also know how to independently identify problems, to know when to apply a strategy and to know when to change it.

Community participation and support. It has been perceived that when a school community is involved in school activities it becomes more interested in what is going on at a school. This implies that, in a way, they perform the school activity review, and this stipulates the improvement of the school activities. The school communities and the involvement of interested groups prompts the expansion of school independence, forms new school leaders and the school activities become more public. On the other hand, if the decision-making process includes more and more members of different organisations, groups, individuals, and all have different needs and demands, the school management process becomes more difficult.

The school autonomy management process is complicated by the fact that school independence is achieved by a school community, although most European schools implement their independence policy following a top-down approach. This means that school communities have not been the initiators of this process and therefore this could have determined their indifference to the school independence increase process.

Financial opportunities. Another important factor for the success of education decentralisation is the autonomy to use financial resources. Finances are the axis of school autonomy management, because they are closely related to all fields of school management. Scholars have noticed that if there are financial worries at the central level, then there is a move towards the decentralisation of responsibility. On the other hand, governmental institutions hardly ever refuse to regulate financial resources, because they do not want to lose their power.

Social changes. The change of values, demographic changes, immigration, decrease in employment possibilities and other social changes complicate school work, increase competition between schools, and create the need to search for alternative solutions, expand activity spheres, while taking into account the needs of society.

Social dialogue. The factor of social change is directly associated with social dialogue. Social dialogue that takes place between teachers and school administrators or professional unions, government institutions and social partners influences the formation of the school image. On the other hand, professional unions, aiming to protect the rights of their members, can stop the process of education decentrali-

sation, for example through arguing against bigger school autonomy in the field of payment.

Trust. Less-marked, but no less important, is the factor of trust. The transmission of authority to the school level means that some interested groups will lose power, while others will gain power. Interest groups that have lost authority can choose a defensive position and block actions associated with the implementation of autonomy. At the same time, the newly authorised interest groups have to learn how to use their authority, therefore consultation is particularly important for them, and they need the support from the central and territorial institutions that have lost authority. This can complicate and even distort the smooth process of school autonomy management. Therefore, the factor of trust is associated with the preparation of central institutions to refuse part of the authority and trust, that schools will perform their authorisation, also the central institution ability to provide support to schools correctly and in a timely manner.

All these actions have been analysed with members of a Delphi method group and the importance of these factors has been determined. The importance of the analysed factors has been established through expert evaluation methods (evaluated based on the 5 point Likert scale). The reliability of the results gained has been established by using the Kendall concordance coefficient and achieving the expert evaluation coordination.

The concordance coefficient W was calculated, which varies from 0 to 1 ($0 < w < 1$); 0 means absolute inconsistency and 1 full compatibility.

In choosing the reliability level $\alpha = 0.05$, p-level$<\alpha$ implies that the concordance coefficient is significantly different from zero. The total of all the experts' (m = 11) answers was that the Kendall concordance coefficient of W = 0.29 showed the lack of compatibility of opinions. The competency of the experts was calculated. Based on the results of the skill calculation, the evaluations of three experts were deleted. The total remaining eight experts' answers' Kendall concordance coefficient W = 0.498 (p-level = 0.00) showed that expert opinions are sufficiently consistent.

It should be noted that 3 expelled experts, whose opinions were incompatible, had working experience of over 20 years, one expert 20 years. This fact could be the reason for their conservative approach to school autonomisation reforms. However, the removed experts' opinion compatibility still has not been defined.

It is also worth noting that the priority factors' order, based on the total number of responses, when m = 11 and m = 8, does not change.

The education decentralisation process is stipulated by factors where the ranged data defines school leader leadership competence, school community participation and support, national policy support, and trust factors which are important for the school autonomisation process. Based on the research results, it can be

claimed that the coordination of all of these factors is based on the formation of a responsibility culture.

The competence of the school leader determines whether he/she will be able to share the increased responsibility at school, whether he/she will be trusted by the school community members and whether they will agree to accept part of the responsibility. In other words, a certain level of responsibility has to be formed at the school level, so that each school community member could feel individual responsibility for the school activity. This sort of responsibility culture level needs to be trusted by central and territorial management institutions as they expand the limits of school work independence.

Three levels of responsibility culture are distinguished: 1) delegation level, where members of the school community are delegated particular authority; 2) intermediate level, where new teams, new roles and fields of responsibility are formed and 3) depth level, when responsibility culture is adopted and applied to the everyday activities of community members.

Conclusions

School autonomisation, which began in the United States at the beginning of the 20th century, is not part of the European continental tradition. The implementation of school autonomy in Europe began only in the last decade of the 1980s. Many European countries began to implement school autonomisation policies "from top to bottom". It was not the school communities that initiated these processes, which could have determined their indifference towards the school autonomisation process.

Analysis of the school autonomisation process reveals the parallels with public management reform concepts, which, depending on the period, influenced school management changes: the 1970s are associated with political tendencies, oriented towards "democratic participation," the 1980s were associated with more efficient management of resources for schools, forming a market for educational services. In recent times, school autonomy is seen as a method for education quality improvement, i.e. effectiveness.

An analysis of the education management reform theory reveals that decentralisation is a multi-aspect phenomenon, which is understood differently by various authors, as they use different concepts, ideas, terms, type and form classifications to define it. When rapid decentralisation processes are perceived in some country, it is always accented that the move from centralised towards decentralised management is a complicated and long-term process. It is also worth noting that all educational systems are the result of a feeble compromise between the coordination principles characteristic of both centralisation and decentralisation. This shows how complicated decentralisation reforms are and emphasises that education system reformers

should formulate questions of not whether to centralise or decentralise education, but rather what education functions should be centralised and which decentralised.

The analysis of the education decentralisation process reveals the most important factors: school leader's leadership competency, school community involvement and support as well as their trust (central government trust in the school and vice versa). The aforementioned factors can impede the smooth school autonomy process. This applies especially to the lack of competence of school leaders and the passivity of community involvement. Causes thereof can be found in long-term centralised management, the underused opportunities of social dialogue and collaboration, as well as formal activities of school self-government.

The variety of school autonomy models shows that a universal school autonomy model cannot be formed. Based on the quality research data, we can state that the most important conditions for effective school autonomy are: consistency of national policy, leader competence, incremental self-government increase, the community's maturity's implementation and support for schools. This means that decentralisation cannot be completed in a one-size-fits-all manner. Furthermore, the introduction needs to be gradually implemented and to take into account the leader competency level and the school community maturity level in accepting more responsibility, as well as foreseeing mechanisms furthering support to schools.

These analyses allow us to conclude that all school management functions need to be carried out combining the principles of centralisation and decentralisation. This is based on the provision that:

At the national level, the functioning standards of the common education system are established, striving for system harmony and continuation, at the self-government (territorial) level, the goals of the common educational system are applied to the specifics of the region and at the school level, national and regional goals are attained by taking into account the location opportunities and needs.

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Section II

Twenty Years of Capacity Building in Local Government

Introduction to Twenty Years of Capacity Building in Local Government

Arto Haveri

For many countries in Central and Eastern Europe, a typical feature of the past two decades has been the fact that high expectations have been directed towards local governments, as promoters of democracy and efficiency. When the communist central government-oriented regime collapsed, local and regional democracy was seen as a force to rebuild the decomposed local level political institutions, answer citizens' needs, and reform the corrupted government. It was expected to bring about a replacement of local elites and minimise the danger of autocracy.

The transition has not been as fast or coherent as citizens had expected and hoped. In many cases, old practices have been renewed in new structures and reforms have resulted in drawbacks or brought unwanted side-effects. As an example of the latter, local government reforms of the 1990's led to a fragmented territorial structure in many CEE countries. Their experiences point to the fact that when trying to focus on the future, one cannot start from scratch, with an empty, clean table in front of us, because the table is loaded with many different past decisions, institutions and structures, which frame, empower or slow down development.

A variety of theories has been applied to explain institutional change in local government. One regularly applied way to approach the difficulty of deliberate chance is path dependency, which argues that the outcome of a change process in a society depends quantitatively and/or qualitatively on its past history, on the entire sequence of decisions made by agents and on resulting outcomes, and not just on contemporary circumstances. Path dependency supports the view that the inheritance of the past – traditions, identity, culture – conditions our future at policy level and at the level of institutions.

The fourth year of the Working Group on Local Government focused on the relevance of history for the future of local governments in Central and Eastern Europe and the Commonwealth of Independent States. However, the purpose of this working group was not to explain the development of local governments solely as a deterministic process resulting from past decisions. Instead, behind this focus

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there was an idea that change and dynamics might be realistically understood as dynamics between the inertia created by past events and existing institutions on the one hand, and actors' future aspirations, learning and proactive work on the other.

Explanations of institutional change in local government also require models accounting for multilevel dynamics. It is important to make a difference between innovation at the local level and upper level government driven reform. Basically, change can be initiated by local government units themselves it can be made mandatory by the central or other upper government, or it can be a combination of these to make a framework reform. We can speak of reform when the State strongly supports a change in local government by using legislation of carrots or sticks – for instance, extra funding. Whatever the situation, although central government promotes change by means of strong incentives or regulations, after all, real change depends largely on local-level actors themselves and how they take actions or take advantage of the opportunities contained in the reforms.

Using these two frameworks, it is easier – if still not easy – to understand changes within the overall institutional matrix of local government. Different reforms will not necessarily move in the same direction or at the same speed. And there are the local government actors, who interpret opportunities and threats in reforms, making a difference when it comes to outputs and performance. These two frames are interestingly visible in the next four chapters, which together help us to understand the complex dynamics of local government change as a capacity building process. There are, on the one hand, the obstacles that inhibit local citizens and municipalities from realising their developmental goals. But on the other hand, there are also changes that build capacity and empower individual citizens and local government institutional actors. Defining the process as a capacity building process refers to slowly, but surely, strengthening the skills, competencies and abilities of municipalities and other local level actors so that they can overcome the inheritance of the past.

"How do past reforms change the future?" **Michaela Batorova** asks in her chapter. She has studied local government reforms in Slovakia and how mayors have interpreted the importance and effects of these reforms, especially what their significance is when it comes to the decision-making power of the mayors. As a result, Batorova concludes that from an institutional perspective, the management reforms – which were often driven by the widely debated New Public Management (NPM) doctrine – have increased the latitude and available management tools of Mayors, but the use of these tools varies between municipalities. The use of the new tools seems to be dependent on the leadership style and personal characteristics of the mayor. The importance of informal institutions, what actions are interpreted as acceptable, desirable or precluded, is also very visible in this chapter. Many reforms have been implemented, but changing structures and formal institutions does not

necessarily change practices. Despite good purposes, reform implementation is often sluggish, time-consuming and the output wavering.

Georg Sootla and Sulev Lääne analyse the development of Estonian local government in relation to two perspectives; centralisation and multi-level governance. They reflect the Estonian transformation with the development that has happened in the basic patterns of central-local relations in Europe. Twenty years ago, the collapse of the Soviet system gave a strong impetus to local democracy-based society and local government autonomy. In their chapter, Sootla and Lääne show how the normative ideals of democracy which guided reforms at the end of the 1980s and beginning of the 1990s, were soon replaced by very practical issues of capacity building and led into reform ideas that were more centralisation-oriented. Sootla and Lääne point out that although a new generation of capable political and administrative elites has emerged in Estonia, the reaction to challenges is still too often characterised by neutralisation, not proactive response.

Monica Sidor focuses on the evolution of the referendum as a political institution in local government during the last twenty years in Poland. She demonstrates how the evolution of the referendum incrementally develops in connection with legislative, political and social changes in society. Normatively, its importance has widened and politically, the focus has been shifting more towards regulating individual leadership instead of collective bodies. From the point of view of the capacity building perspective the most important finding is that the members of local communities initiate referendums more consciously and responsibly. The evolution of the referendum seems to suggest that citizens and local authorities have grown more mature politically and their understanding of the working of political institutions has grown. Local government as political institutions is developing slowly but surely.

Katarzyna Radzik-Maruszak presents and analyses the institutional reforms of local government carried out in Poland throughout the last twenty years asking "how have the local institutions and their values changed?" She takes a rather pessimistic view to the changes, proposing that despite the fact that local government in Poland has been fundamentally reformed during the past two decades, the communist legacy still has a prominent influence on the way local institutions operate. The difficulty of institutional change becomes clearly visible in the local institutions' partisanship, the troubles in the system of local management and finances and the weakness of civil society. The author concludes by stating that the basis of further reforms should not be the implementation of fashionable managerial techniques connected with new public management or governance, but rather a constant strengthening of the already existing and functioning institutions of local government.

Slovakia: How Past Reforms Change the Future

Michaela Batorova

Introduction

During the last two decades, public management reforms have been transforming governmental structures and practices in many European countries. The reforms have focused on input as well as output legitimacy of governmental institutions (Wollmann 2008). The input legitimacy was meant to be improved by the decentralisation of rigid and detached state administration and bringing the political decision-making as close to citizens as possible. In consequence, this was supposed to empower the citizen participation required for increasing the actual execution of principles of democracy. The output legitimacy (improvement of the quality and efficiency of public services) was supposed to be achieved by applying modern managerial practices originally used in private companies and by fostering cooperation between various public and private actors in order to solve complex public problems (Haveri 2006).

Considerable research has been devoted to the analysis of these public management reforms (Malíková 2000; Kersting and Vetter 2003; Pollitt and Bouckaert 2004; Rubin and Kelly 2007; Kersting et al. 2009) and their impact on the performance of public services (John 2001; Drechsler 2005; Nemec 2010). However, less attention was given to the perceptions of these reforms expressed by one of the most important carriers of these reforms – public officials. Christensen and Lægreid (2008) tried to fill in this knowledge gap in their study about the Norwegian civil servants' attitudes towards the New Public Management (NPM) and post-NPM reform elements. Their results showed that ministerial civil servants were, in general, quite reluctant regarding these managerial reforms. Christensen and Lægreid acknowledged that the attitudes strongly depend on the character of the reform element, the actor's formal position in the organisational structure, and particular administrative culture. But, in general, civil servants were not very positively in tune with the new changes. Similarly, in their European cross-cultural comparative research, Egner and Heinelt (2006) analysed the mayoral attitudes towards

the necessity for public administration reforms in general and changes in politico-administrative relations in particular. These authors found that it is not possible to reveal general conclusions from gathered attitudes, because they are very much dependent on the institutional systems within which the local leaders operate. Yet, Egner and Heinelt provided quantitative evidence that the institutional system is a significant factor explaining the attitudes towards recent structural changes. And it also showed that the universal principles of NPM are interpreted differently in different institutional systems, which may explain the differences in the outcomes of public management reforms in different European countries. Despite its legitimacy, the findings of both studies do not treat the impact of these reforms on actors' (perceived) performance – ability to influence the development of their office. Knowing these opinions might help to answer the question of why the performance of, for example local governments, does not always meet its expectations grounded in the generic principles of NPM.

With the intention to contribute to the question raised, the purpose of this chapter is to track the development of municipal management reforms in Slovakia (between 1989 and 2009) and present how Slovak mayors perceive these reforms in connection with their decision-making power, i.e. capacity to shape the municipal development[1]. Since perceptions do not *per se* reflect reality – they just portray the subjective opinions of interviewees – my intention is simply to show the general attitudes towards the impacts of these reforms and not their actual implementation and performance. Further empirical research is needed for comparing the actual performance with personal opinions of the studied mayors.

The concept of decision-making power is, in this chapter, defined as an actor's capacity to make a decision by affecting other actor(s) involved in the collective decision-making process. The term "capacity" usually refers to formal (shaped by institutional factors) and informal (shaped by personal factors) resources, which actors use for affecting (influencing) others. Since the public management reforms focus on changes in the institutional system, I build the analysis only on the formal power resources which mayors **can** use for influencing the municipal development.

I have organised the chapter in the following way. First, I will begin with a general description of local government reforms, particularly with decentralisation and politico-administrative reforms. Second, based on existing documents and research reports, I will focus on selected local government reforms in Slovakia and evaluate how they have changed the institutional context of the mayor's powers. The subsequent section presents the methods and materials and after that, follows the

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1 Results presented in the paper are only partial results of a qualitative comparative research conducted among 26 Finnish, Spanish, and Slovak municipalities in 2009 for the purposes of the author's dissertation thesis about changing decision-making power of local political and administrative leaders.

analysis of mayors' perceptions about the impact of institutional changes on their decision-making powers. Finally, I draw conclusions on the basis of the analysis.

Local public management reforms in focus

For tracking local government reforms, I decided to follow Kersting et al.'s (2009) classification covering the various aspects of local government development trends. According to the authors, the local government reforms can be distinguished in three categories: a) decentralisation, b) political administrative reforms, and c) participatory reforms. In this chapter, I will concentrate on the first two categories, mainly because the participatory reforms are often treated as a natural consequence of the politico-administrative reforms.

Decentralisation is, in literature, often interpreted as a progressive process of de-concentration, delegation and devolution of the state powers between various "satellite offices" (Rondinelli 1983 cited in Kersting et al. 2009) with the intention of increasing the openness and approximation of policy-making to citizens. In addition, decentralisation is supposed to eliminate the "counterproductive power structures, administrative inefficiency as well as social, spatial and economic inequalities," (Kersting et al. 2009, 20) created by an overgrown central-state bureaucracy. In praxis, decentralisation was, in most countries, accompanied by three partial reforms: 1) transfer of functions to local governments, 2) local fiscal reform – transfer of financial resources for appropriate financial discretion, and 3) territorial reform, referring to the implementation or abolishment of government tiers. The way in which these partial reforms are executed creates a miscellaneous nature of central-local relations (for further discussion see Page and Goldsmith 1987; Hesse and Sharp 1991; John 2001; etc.).

Decentralisation goes hand in hand with municipal management and political reforms. The management reforms were driven by very controversial New Public Management (NPM) development trends (Drechsler 2005, Nemec 2010) promoting the practices of private companies. NPM requests the implementation of three strategic means. First, for assuring economic efficiency, flexibility and better customer orientation, it is crucial to have empowered municipal managers, carriers of generic managerial techniques. Second, NPM stresses the importance of focusing on customers' needs and improving and widening the customer choice in public services. Third, NPM requires more self-directing and economically more autonomous public organisations, which would be able to react in a flexible way on constant changes in the market (Nyholm and Haveri 2009).

Since politics and (slow) democratic procedures are often considered to be an antithesis to economic efficiency, (Nyholm and Haveri 2009), NPM's requests consequently yield to the political reforms focusing on strengthening the politico-administrative dichotomy. These reforms cause a reduction in the size of municipal

councils, reorganisation of political bodies and professionalisation of leading politicians through increasing the number of full-time paid politicians (Vabo 2002a cited in Jacobsen 2005). Other (council) politicians are supposed to be relieved from detailed administrative tasks in order to concentrate on strategies, visions, objectives and performance control (Vabo 2002b, Nyholm and Haveri 2009) in the form of "corporate headquarters" (Jacobsen 2005), while city managers will be allowed to manage. Such changes paradoxically contradict representative democracy, transparency and accountability (Nyholm and Haveri 2009). This is because the representation of public interests decreases, decision-making is distributed to the hands of various non-elected stakeholders, and elected municipal representatives continually lose control over the implementation of the general public goals.

How and which elements of the local government reforms affected the current character of the Slovak municipalities is described in the following section.

The local government reforms' development in Slovakia

After the Velvet Revolution in 1989, the Slovak communist society began the process of re-democratisation of the state administration. This transformation was supposed to encompass both the economic, political and socio-cultural system, and to reintroduce a market economy, pluralist democracy, meritocratic principles of social stratification and the western value system (Baldersheim and Illner 1996). The operationalisation of this vision and the re-introduction of values, however, required a deep reorganisation of central-local relations. The centralised state led by one hegemonic political party had to be transformed into a decentralised and horizontally governed democracy with possibilities for pluralistic perspectives allowing freedom of choice. During the last 20 years, this desire pushed the national legislators to begin the process of state devolution and the creation of relatively autonomous (though very territorially fragmented) self-governments responsible for a huge scale of public duties (Nižňanský 2006; Sedláková 2008) with relatively high financial discretion (OECD 2009). These local public duties were expected to be managed by principles of NPM via introducing the "performance-financing schemes" (Bouckaert et al. 2009, cited in Nemec 2010), privatisation, contracting-out, public-private partnerships, budgeting reforms and MBO (Management by Objectives), etc.

Importantly, for the purpose of this, the management reforms also affected the local political leaders – mayors. In the newly created self-governments from 1990, the cultural heritage caused a preservation of strong personalised leaders (see, Bennett 1993; Soos and Price 2002; Hofstede et al. 2010) operating within the semi-presidential system (Baldersheim and Illner 1996; Bäck 2005). The mayors' performance was, however, under the strict control of the municipal council – to assure the balance of powers and sharing responsibility in managing public affairs

(Sopóci et al. 2006). From a strict managerial point of view, such a situation created a number of barriers which did not allow directly elected executives to fulfil their public duties in the most efficient way. Therefore, in the realm of NPM, legislative amendments of the Local Government Act from 2002 and 2008 caused two significant changes in the distribution of politico-administrative powers. First, the number of councillors in the municipal assembly was decreased. And second, the right to appoint the Chief Executive Officer[2] (CEO) was transferred from the council to mayors.

The first amendment had important managerial and political implications[3] on mayors' positions. The managerial argument is that fewer councillors fasten the decision-making process (and potentially satisfy citizens), since a small group of people come to an agreement faster than a large group. From a political point of view, smaller municipal councils create easier negotiation positions for professional mayors who need to convince fewer opponents. Thus, with their potentially good expert knowledge in administrative issues (Sopóci et al. 2006) they can more easily achieve acceptance of their policy-proposals. This, not surprisingly, does not meet with sympathy amongst municipal councillors, who believe that such arrangements invade principles of representative democracy. This leads to a philosophical conflict between economic efficiency and representative democracy and brings about a question, "What is more important? Having satisfied citizens, who can enjoy a good quality of public services made by using more efficient means, or strictly following principles of representative democracy, which at the end of the day might not produce the expected results due to conflicts between too many interests?"

The second legislative amendment treating the appointment of the CEO, gave mayors another significant advantage in the municipal decision-making. The praxis shows that the mayors' full responsibility to select their own CEOs changed this position. While political nominees filled this administrative post previously (Soos and Price 2002), nowadays professionals with strong technical knowledge about public administration issues occupy this position (Sopóci et al. 2006). This fact further empowers mayors, because the strong co-operation and tight relations with CEOs help them to have an even better knowledge and confidence about the administrative issues needed for political deliberation. On the other hand, it allows them to delegate administrative tasks to loyal civil servants and thus fully concentrate on political tasks.

These institutional changes further lead to the assumption that the Slovak mayors have the possibility to perform two types of leadership: technocratic and political. The technocratic leadership can be achieved by having strong access to

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2   Chief Executive Officer (*Prednosta obecného/mestského úradu*) is an appointed Head of the municipal administrative office.

3   The third implication is related to the economic resources. With fewer councillors, the municipal office can save more financial resources and use them for other municipal expenses.

the technical knowledge needed for creating profound policy-proposals and thus lead the community, based on the performance measurements. On the other hand, political leadership can be achieved by the possibility to delegate administrative/managerial tasks to loyal civil servants, so mayors do not need to intervene in the administrative field at all. Thus, it is fully in the mayors' hands to decide which leadership type they prefer. The system is set in such a way that both leadership types can assure a good provision of public services, if all the managerial means and techniques are properly used.

In conclusion, the previous presentation of proceeding local public management reforms shows that the current Slovak local governments have to deal with a huge number of public services, assured by a relatively well-defined distribution of public resources, and at the same time, there is a chance of using various modern tools and techniques for providing services as efficiently as possible. This means that the local authorities arrived at the last stage of devolution and several NPM practices are present in the management of public duties. In addition, the negotiation position of executive local leaders has been empowered due to amendments in the political system, which increased their possibilities to lead the community in the desired way. Therefore, based on the analysis of the current institutional context, it can be argued that the past local public management reforms have positively affected mayors' formal decision-making powers to influence the future.

Now the question is "do these reforms help to provide a better provision of public services"? Various current empirical researches claim that the quality of the implementation of all new managerial practices has not brought about the expected results (Kováčová 2005; Balážová 2006; Hrašková 2007; Nemec 2010). In spite of a well-defined legislative system, during the last 20 years the quality of management of public services has not significantly increased. Instead of using objective (quantifiable and measurable) information, municipal representatives repeatedly follow only political party interests (without considering their overall socio-economic impact); private interests win over public ones and transparency is not appropriate (Kováčová 2005). Municipalities are not willing to utilise the opportunities of the inter-municipal cooperation in service provision; they lack the information about alternative methods of service delivery, the elected officials do not support changes and they invest very little in human resources (Balážová 2006). Public procurements are often tailored for "the right" subcontractor, thus competitiveness is absent and corruption is still an active player in public-private partnerships and other purchases (Nemec 2010). Thus, in line with the results from the other Western, as well as developing countries, NPM practices are not successfully implemented in the Slovak local governments. One of the often-mentioned reasons is found in the poorly defined guidelines for implementing the practices and the inadequate readiness of civil servants and elected officials to use the economic way of thinking. Nemec (2010) summarises by saying that, "the structures exist, but the behaviour is [still] 'semi-socialist'" (42). I am adding that the existing institutions empowered

local leaders to make decisions more effectively and with expected results, but the way in which they use this power is not reflected in the outcome of municipal performance.

The explanation for this situation could be found in the attitudes of municipal leaders towards these reforms. It is important to know, "How mayors perceive benefits from this new system? Are they willing to or interested in using new powers"? To the best of my knowledge, there is no data mapping these opinions about past reforms, nor is there a study which would track how municipal representatives perceive the influence of these reforms on their own ability to change municipal development. The next section intends to provide answers on these questions.

Materials and methods

In order to map leaders' perceptions, I decided to execute a qualitative research and I interviewed eight Slovak mayors from medium-sized municipalities (10–40,000 inhabitants) in the spring of 2009. Hence, the objects[4] of this empirical qualitative research were the key municipal actors who possess the tools for performing better management of services. The semi-structured interviews originally contained ten questions, but for the purposes of this chapter I analysed only one: "*How do the various institutional changes on the national and local level influence your decision-making power*?" By asking this general and open question, the intention was to create space for respondents to reflect only on those reforms which they considered to be the most important for influencing their own decision-making power. This, in a very natural (not forced) way, further allowed tracking respondents' attitudes towards particular local government reforms.

Mayoral perceptions

The responses of the interviewed mayors form two categories. The first category contains mayors who *perceived* some impact of the institutional changes on their decision-making power and the second category consists of mayors who *did not perceive* any influence. Those who perceived some influence can be divided also

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4   The studied municipalities in Slovakia are Brezno, Lučenec, Malacky, Myjava, Partizánske, Senec, Šurany, and Žiar nad Hronom. All the respondents were in their position for at least two electoral periods. Other variables, such as age, gender, educational background, previous work experiences, or political affiliation were not controlled. The final selection in the case of medium-size municipalities was semi-random, based on an e-mail survey requesting information about the years spent in office. For qualitative cross-cultural comparative purposes, the respondents needed to be standardised; therefore they cannot fulfil the criterion of the representative sample which could allow making generalisations at the national level. However, I argue that selected municipalities are a representative sample, at least within the environment with predefined criteria.

between those who perceived this change negatively and those who perceived it positively.

From amongst all local government reforms presented in the previous section, the most commonly mentioned were fiscal and functional decentralisation and management reforms (application of NPM practices). Attitudes towards the decentralisation reforms showed a double character: some mayors perceived a very positive influence of these amendments on their personal decision-making power, whilst others perceived that the transfer of competences brought them more problems. If respondents mentioned management reforms, then they perceived them only with positive feelings. Both the possibility to appoint the CEOs as well as a decrease in the number of councillors' respondents reflected positively.

Decentralisation and NPM create political managers

The content analysis revealed that mayors with positive attitudes towards the decentralisation reform see a transfer of competences accompanied by a liberalisation of finances as a strong factor influencing their formal decision-making power. These mayors claimed that the mentioned reforms provided them with better possibilities for implementing their ideas, visions, and for developing their municipalities both quantitatively and qualitatively to a larger extent, in comparison with a decade ago. They feel more independence from state control because they can use formal powers for developing their municipalities and not for "struggling with the state officers". In addition, as one mayor defined, the new central-local relations also fostered a number of changes in the municipal internal structures, managerial practices and the actual provision of public services. They also believe that nowadays municipalities have at least twice as much money for constructing large public premises. Mayors have better opportunities for improving the quality of provided public services from the technical and human resources point of view. They are eager to use generic managerial techniques and the municipal employees are motivated to improve their professional skills by attending personal-development trainings (Mayor SN°3, 2009). In addition, all mayors within this group agreed that they try to govern their municipalities according to the principles of hierarchical leadership, teamwork, or client-oriented approach, because that is the only way to make the city work properly. Moreover, the political decision-making became less spontaneous and except for the interests and ideas it contains, also the means for implementation. Thus, the decision-making became more about "how to make things better" instead of only "what to do?" (Mayor SN°3, 2009). Accordingly, the external public administration reforms created an environment within which "good" mayors, who are in the spirit of NPM able to handle all the competences and financial resources, have ample opportunities to shape the municipal development according to their visions. The mayor from the central part of Slovakia nicely summarised the consequences of these reforms on his decision-making power:

> *Fiscal decentralisation is the law of the laws. It was the best decision that the previous government made. Fiscal decentralisation is a law which provided local government with the possibility to show whether it is able to use the financial resources in the right way. It is not only about the levy of taxes, or about the level of fees, but it is also about the correct forecast of the market. Moreover, this reform allowed for the liquidation of non-rational premises […] Even although, at first sight, these premises might look to be social or humane, for the town they are pronouncedly non-rentable. Fiscal decentralisation gave huge power to municipalities; those which were able to use it are now successful. (Mayor SN°6, 2009).*

The perceptions, language used and practical examples mentioned by these mayors seem to be identical with the perceptions and language used by chief executives from private companies. Therefore, I call those mayors "mayor-managers", as they represent textbook examples about how the decentralisation and NPM reforms should have affected the perceptions of municipal representatives. These mayors are fully aware of the potential which the past reforms brought and they are eager to use it.

In order to find out why only these and not the remainder of the respondents expressed such positive attitudes towards the process of devolution, I tried to uncover some common personal features of those respondents. One important common feature is prior working experience in the private sector and/or higher education in the field of economics.

In addition, in their utterances, these respondents valued professionalism, vocation and efficient performance and they were very client-oriented, without a strong focus on partisanship. Also on reflection of their expressed practices used during the municipal decision-making, they preferred to work in an environment with an "apolitical" council, where the influence of political parties is minimal. Therefore, they claimed that it is really hard to find room for politicising in their municipalities and rather the focus is on expertise.

Furthermore, the interviewees stated that they have very strong relations with CEOs. All of them consider their CEOs as very influential people and instead of treating them just as "tools for implementing political initiatives", they rather perceive them as partners needed for accomplishing common municipal objectives. This perception thus skims the strict dichotomy of politico-administrative relations, which one would expect in the environment where principles of NPM practices are implemented. However, by using such strong managerial vocabulary, it seems that these particular mayors consider themselves more as managers and not just politicians. Therefore, if they request politico-administrative dichotomy they would reflect on the relations between the council and the administration, and not be-

tween the mayor and the administration, because the mayor is an integral part of the municipal management. Thus, it is evident that these mayors highly appreciated past reforms because it gave them access to expertise power which they can use in the municipal decision-making.

It needs to be remembered that although these mayors tend to perform autocratic – one-man leadership – their economic interests are connected to the wishes and needs of the citizens. The threat of a pure "money-driven" managerial approach is thanks to the direct mayoral elections, balanced by direct accountability to citizens. So if these managerial mayors want to obtain confidence among their electorate and be re-elected, they are also forced to apply democratic practices of participative decision-making. Therefore, not surprisingly, these mayors often mentioned frequent meetings with citizens, "hot-links", public polls, e-government, or offices of the first contact as new practices used for receiving direct feedback from citizens and, in such a way, search for ways to satisfy these public needs and interests. This public support consequently serves the mayor as an additional power source to convince the majority in the council.

The political system sets the limits

In contrast, according to the other group of mayoral respondents, the former institutional changes did not have any impact on their formal decision-making power, or the possibility to make municipal decisions and influence future municipal development. Their perceived formal decision-making power remained the same, or if it increased, it was due to the development of their informal (personal) power sources (experiences, knowledge, communication skills, etc.).

Some of these mayors also stated that the institutional changes (mainly the decentralisation of competences and fiscal decentralisation) have happened before their arrival in office, so they take them for granted and consider them as something to which they just have to adjust their behaviour.

> *[The past reforms] brought only new competences and I try to deal with it systematically. So, my decision-making power has not changed. I think that the reforms did not change the decision-making process either. Maybe some opinions were influenced, or something like that. But, all in all, nothing has changed. (Mayor SN°2, 2009).*

In addition, in terms of changes inside the municipal structures (administrative reforms), several mayors claimed that they delegated the implementation of new managerial practices to CEOs, or these changes did not occur in their town halls at all. Yet, no external and (potentially) internal reforms had any impact on the way in which these respondents perceive their execution of formal decision-making powers.

Further, these respondents did not reveal topics connected with managerial practices; rather they showed to a certain degree unfamiliarity with particular practices (e.g. benchmarking mixed with brainstorming, and programme budgeting mixed with accrual accounting, etc.). Party politics also played a more important role in what they said. Therefore, I called this group of mayors "political-mayors". Their power to influence municipal development rests on other factors, shaped most likely by the political system (particular composition of the council, good relations with councillors, etc.) and personal political skills to influence the opposition.

Another typical feature for all these respondents is that their prior working experience is from the public sector (teachers, civil servants). They have higher education in different fields other than economics, or they have lower than a university degree. Thus, their motivation or interest in new managerial practices might not be strong, since they do not have prior work experience with those practices. Therefore, it is not surprising that they rather benefit from the possibility to delegate managerial activities to CEOs and other civil servants, who are trained in the management of public duties. Also, the opinion that civil servants are just "a tool for implementing political decisions" emerged in their responses quite often. Thus, these mayors seem to perceive the politico-administrative dichotomy in its traditional way, because they consider themselves more as part of the political arena and not as part of the administrative field, although they do need to exhibit administrative expertise. Therefore, I claim that these "political-mayors" are inclined to perform political, rather than technocratic leadership.

Such leadership, as well as non-managerial language, however, might have quite a negative impact on the expected (efficient and effective) performance of local governments, since with their rhetoric, these leaders do not seem to create an environment where the new managerial practices would be a common activity. Of course, highly professional and experienced CEOs and civil servants might assure and back up the expected efficient performance of public services. However, it is questionable whether strong political leaders, with no expertise in those new managerial practices, but who are traditionally expected to provide directions to civil servants, are able to request, control and allow something which they are personally not familiar with.

Conclusion

Based on the documentary analysis, it can be concluded that the past local government reforms, transforming the central-local relations, political-administration relations and implementing business-like managerial practices, had a positive impact on the institutional context of the Slovak mayor's formal decision-making powers. Municipal leaders received more competences, more financial resources, their dependency on State control decreased, they have less potential opponents from

among councillors, they have full control over the municipal administration, and they have various managerial tools for satisfying citizens' needs. Thus, the transformed institutional system provided strong potential for improved leadership in municipalities and shaping municipal development according to mayors' goals and wishes, which are (potentially) in accordance with the wishes of the majority of citizens. So "on paper" the strong leaders became even stronger and the past reforms have a potentially positive impact on the future.

But, do municipal leaders perceive the strong potential of this system? Do they think that past reforms changed their decision-making powers? The qualitative empirical research, with a small number of respondents from medium-size municipalities, revealed that some mayors perceived these reforms as a positive factor affecting their ability to shape municipal development, whilst others accepted them with no perceived impact. The former, "mayor-managers", demonstrated that they certainly benefit from the potential which the new institutional system brought them, whilst the latter, "political-mayors", showed quite neutral or even indifferent feelings towards the new system. Both attitudes towards past reforms further lead to defining the leadership type used by the mayors studied. Those who expressed positive attitudes tend to perform a technocratic leadership, whilst the remainder is inclined to be the classical political leadership.

Undoubtedly, a larger number of respondents would provide a more profound portrait about the Slovak mayors' attitudes towards the past reforms. Also, the comparison of respondents' opinions with their actual behaviour would make the final conclusions more accurate. Nevertheless, I believe that the obtained and presented results uncovered at least a little piece of the puzzle from the general picture of the past public management reforms and their impact on the local political leaders' ability to shape the future development in a more efficient way. In addition, it also partly answered the question as to why the general behavioural patterns of elected municipal officials are still not in line with the expectations emanating from the transformed institutional system.

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Poland: Two Decades of Local Government Reform

Katarzyna Radzik-Maruszak

Introduction

The local level in Poland has become one of the pillars of the democratisation process, without which we cannot imagine the efficient functioning of the state. During the last two decades, local institutions based on decentralisation and efficiency principles have been built. In many cases, in the process of institutional construction, the experience of Western countries has been used.

Before the transformation of the system, crucial problems of Polish local government were the excess politicisation of the structures, corruption and lack of democratic control on the side of society. After 1990, as in many other countries of Central-Eastern Europe, Poland carried out a decentralisation process, far-flung territorial reforms, and restored democratically elected bodies. The changes were, however, mostly based on the traditional Weberian-style bureaucratic-legalistic approach. The core values constituted equality, fairness and stability (Nyholm and Haveri 2009, 111). After a few years of operation, more attention was paid to the different types of reforms, inspired by the ideas of New Public Management (NPM) and governance. For local authorities, it mainly meant that they should function, not only in a democratic, but also in an efficient and effective way. In consequence, both local government and citizens were forced to try to redefine their roles and started to act in a different manner.

However, after twenty-two years of democratic rule it seems that not all reforms were successful and that the implementation of extensive changes in a short period of time caused unintentional tensions.

The objective of this chapter is to present and analyse the reforms of local government carried out in Poland throughout the last twenty-two years. The chapter focuses mainly on those changes that can be described as not fully successful or caused unintentional consequences. In this context, the question arises whether two decades are sufficient to establish full democratic, accountable local institutions.

The chapter begins with an elaboration on the institutional theory. The objective of the next section is to display and analyse some selected local government practices where the failures of the reforms are particularly visible. The conclusion forms an attempt to answer this question and to diagnose the conditions of local institutions and their future development.

Theoretical background

Since the 1980s we have witnessed a significant reassertion of institutional theories (Peters 2008). Presently, there are many versions of institutions and several distinctive approaches to the theory as a whole. One of the most basic definitions of an institution is adopted from Katzenstein. The author defines institutions as the "normative context that constitutes actors and provides a set of norms in which the reputation of the actors acquires meaning and value" (Katzenstein 1997, 12–13). This perspective narrows the idea of an institution to one, based partly on legal regulations that "provide a set of norms" which enable actors to "acquire meaning and value". However, taking a closer look, it is possible to refer to institutions as "the formal or informal procedures, routines, norms, and conventions embedded in the organisational structure of the polity" (Hall and Taylor 1996, 938). Helmke and Levitsky highlight that these informal institutions can be understood as socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels (Helmke and Levitsky 2004, 725).

The differences between the definitions have their roots in the approaches to the institutional theory. At least four different attitudes should be mentioned: normative, rational choice, historical and empirical (Peters 2008, 3–4). Particularly useful for this chapter are the normative and historical perspectives. The first one is advocated by March and Olsen (1984; 1989; 1996). The authors argue that the best way to understand political behaviour is through the "logic of appropriateness" which individuals acquire through their membership in institutions. They contrast this normative logic with the "logic consequentiality" that is central to rational choice and argue that people functioning within institutions behave as they do mainly because of normative standards. Moreover, the standards of behaviour acquired through involvement with one or more institutions are the major social repositories of values (Peters 2008, 3–4).

This chapter can also contribute to historical institutionalism. The reason for this approach is that policy making and structural choices made during the formative period of the institution will have a persistent influence over its behaviour for the remainder of its existence (Peters 2008, 3–4). This is close to the concept of "path dependency". This idea also assumes that "choices made when an institution is being formed, or when a policy is being initiated, will have a continuing and largely determining influence, far into the future" (Peters 1999, 63). Some authors indicate

the impact of increasing returns for policy and institutional players that keep them bound to an initial path (Pierson 2000a, 2000b).

The concept of path dependency is very popular in Anglo-American theories on local governments, especially those of the UK. However, in the context of Central-Eastern European countries, the idea can have a different meaning. There is a possibility that the communist period and its values are still present in local administration. It can mean, *inter alia* the presence and acceptance of a specific culture of behaviour and values. In relation to the complexity of governance and its informal institutions, there can be a danger that the past legacy is more present than we commonly assume. Moreover, it may cause a danger of sluggishness or even failure of the already implemented reforms.

The problems of Polish local government reforms

Without a doubt local government in Poland has been transformed during the past two decades. As Swianiewicz states, even comparing the method for reforming local governments at the first stage Poland decided to "jump into a deep end approach", whereas Hungary chose "the step-by-step approach" and Romania, Bulgaria and most countries belonging to the former USSR got stuck with the "it's all happening too fast approach" (Swianiewicz 2002b, 54). In Poland, during these twenty-two years, almost every aspect of local government functioning has been changed. At present, Poland has a strong legal basis for the operation of local government, new territorial division and distribution of local government duties and competences, as well as the new organisation of local bodies and institutions (for further details of these reforms see Radzik 2010, 287–302). However, failures can still be seen in some areas of local government's operation. The difficulty of institutional change is well visible in three issues, namely the partisanship of elected representatives, the troubles in the system of local management and finances and finally in the weakness of civil society. In the next part I will elaborate on these problems more deeply.

1. The partisanship of local politics

The idea of electing representatives who make decisions on behalf of the local community has always been a core concept in local government. The election process is an important act of political participation for citizens as it gives them a chance to change local representatives, bring decision-makers to account, but also to show their views about different issues (Sweeting and Copus 2012, 22). Traditionally, councillors and mayors represent the local community, design new policies and manage. They also represent the political formation they belong to.

Local government in Poland has strong foundations. On this basis, the assumption can be made that the institutions of representative democracy should operate quite well and effectively. However, observing the practice of local authori-

ties, it is evident that the reality is more complicated and is influenced not only by positive factors. One of the most visible problems is a progressive partisanship of directly elected representatives (councillors, mayors)[1]. Although political parties play a significant role in many local governments e.g. in Great Britain or Nordic countries, the situation in CEE is different. First and foremost the political formations are more interested in accomplishing their own partisan goals, than taking care of the common good. A progression of partisanship can be observed in the process of local bodies' elections, as well as among the higher local officers. It has further consequences, for instance, influences on the way society perceives local government.

In Poland, from the very beginning, after the transformation in 1990, one of the most important factors determining the composition of local government bodies was the party issue. Party affiliation is gaining importance every four years, when the local elections are organised. After the first two terms of independent local government (1990–1994; 1994–1998), in 1998 the famous "war at the top"[2] began. The parties that had the same "Solidarity" origins started to battle in national politics. Afterwards, the conflict was moved to the local scene. As a consequence, the electoral law has been changed and party affiliation became one of the most important factors. Since 1998, the elections based on the majority rule have been organised only in smaller municipalities with up to 20 000 residents. In large municipalities, counties and regions, the councillors are elected according to the proportional representation rule. In practice it is much easier to gain a seat from the party list, than from the independent, local committee.

Furthermore, this party-effect that at the beginning was observable only in large units, now is expanding also to smaller municipalities[3]. The situation was aggravated by introducing, also in 1998, the 5 % threshold for parties and local committees. In addition, in 2006 just two months before the local elections, by the votes of the governmental coalition of Law and Justice (Prawo i Sprawiedliwość), the populist Self-Defence of the Republic of Poland (Samoobrona RP) and the nationalist league of Polish families (Liga Polskich Rodzin) the local election law changed again. The possibility was introduced for the creation of a block of lists and forming agreements concerning the seats division before the elections. The changes had an impact at least on two things. First, the new regulations fostered formations that were grouped into blocks; for the others it was much more difficult to obtain the

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1   The partisanship is mainly visible at county and regional levels as the majority of municipal councillors is still elected from the indpenedent lists.

2   A popular name for a conflict that arose between leaders of "Solidarity", previously working together.

3   The findings from the interviews conducted among local officers from 14 municipalities from Mazowieckie, Łódzkie and Podlaskie regions. The interviews were conducted from September 2010 till April 2011. The entire project "Competent Local Officer – Efficient Office 2nd Edition" ended in December 2011.

seats. Second, the new law made the voting rules illegible for ordinary citizens[4]. The following years have shown that party membership has become crucial, not only in the councillors' elections, but also in the mayoral elections. The all-time highest number of candidates for mayors who have a party affiliation and support was presented in 2010. It seems that parties give a clear sign to society: local government is the next political battlefield (Michałowski 2012, 28). Meanwhile, the Public Opinion Research Centre's (CBOS) survey form August 2010 reveals that 48 % of respondents preferred to vote in mayoral elections for independent candidates, 24 % wanted to support the party member, while 28 % did not have an opinion. The same tendency was presented in municipal elections for councillors. According to the survey, 52 % of Poles wanted to vote for independent candidates, 22 % preferred the candidates with party affiliation, whereas 26 % again did not have a specific opinion (CBOS 2011).

In Poland, between 1947 and 1989, there was clearly one-party domination, although after 1990 the situation has not changed much; only the number of political formations has been extended. As mentioned, this phenomenon is dangerous, not only because of the lack of independent candidates for elections, but also because of its further implications. First, there is a danger that people will not perceive councillors and mayors as their representatives, who are accountable to them but rather as politicians who are primarily dependent on their parties. It is possible that in a clash of interests, the loyalty to the decisions of the party group prevails on the community's needs.

Second, elected representatives have a negative image for citizens. Local politics is perceived as a dirty game, where every player has and acts out of his own interests. If we put this picture together with the evidence from surveys regarding corruption, the situation is even worse. Again, according to the Public Opinion Research Centre (CBOS), citizens think that politics is the most corrupted area of public life. What is more, 31 % of respondents believe that the issue occurs especially in municipalities, counties and regional authorities and offices (CBOS 2010).

Third, the strong party presence in local elections causes negative-voting phenomena. Voters vote more and more frequently against a particular political option, rather than actually articulating support. Furthermore, the partisanship, negative image and the progressive brutality of local politics discourage certain groups from deeper involvement. The statistics reveal that after the 2010 elections, only 25 % of councillors consist of women and 9 % of directly elected mayors on the municipal level are female (Grochal 2011, 4). In addition, the politicisation also impacts on the management in local government.

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4   The possibility of blocking the lists was abolished in 2008.

2. The problems in local management

In the changing relations between the central and local sphere after the political break in 1989 the most crucial change was the decentralisation process. As Regulski indicates "… Decentralisation means a limitation of state officials' power, and a reduction of employment and relinquishment of state of control over finances and the economy. Institutional changes require changes in work habits, force employees to acquire new skills and create a danger that employees may lose their jobs if they cannot take up new challenges" (Regulski 2003, 220). The decentralisation provided the foundation for a new operation and management of local authorities. However, the process of local government performance has also been recently influenced by the ideas of New Public Management (NPM) and governance.

The idea of NPM was to relieve politicians from detailed decisions and to focus their attention on establishing more general goals, a framework and principles (Nyholm and Haveri 2009, 111). NPM focuses on the empowering of managers, promotion of customers and a market orientation mechanism as well as encouraging self-directing organisations. Some of the responsibilities that previously belonged to local authorities were transferred to new players, for instance executive agencies boards. The basic objective of putting NPM in practice is to ensure the thrift, efficiency and effectiveness of activities undertaken by public organisations, an evident improvement in services provide by them and their better adjustment to diverse and changing social needs.

The way local authorities operate has recently also been influenced by the growing complexity of mutual dependences; this gave the foundation for governance. Despite the importance of efficacy, this concept focuses more on improvements in the quality of the steering of society and the economy. The governance reforms pushed governments to include other actors in the decision-making process, *inter alia* entrepreneurs, NGOs and citizens. In consequence, local authorities are required to negotiate with many other players, to achieve collective action. They also have to be open to the public and private bodies, as well as to citizens and to new ways of participation.

The introduction of these new forms of management, based on NPM and governance was a challenge in CEE countries. On the one hand the traditional local institutions (councillors, mayors and local officers) had to start operating in the new way; on the other hand new, often informal institutions were established. Outsourcing, for example, commissioning auxiliary and complementary activities, started to emerge on a large scale. It implied, *inter alia*, the introduction of public-procurement procedures. Therefore, this concept introduced the hitherto unprecedented idea of competitiveness. Both paradigms considerably changed the way of thinking about local functions and finances and the process of decision-making. As a result, a more strategic approach appeared.

As empirical research conducted in 2005 showed, 90 % of the surveyed municipalities declared having a development strategy and 70 % a multi-year investment plan (Swianiewicz 2008, 477). Moreover, local duties and finances began to be connected with long-term social, economic and spatial policies of the state (Rudzka-Lorentz and Sierak 2005, 133–134). Completely new institutions – for example, the above-mentioned tender procedures and the Public-Private Partnership – were the tangible effects of these actions in Polish local government (Dz.U. 2009a). Moreover, the Public Finance Act 2009 constrains local units to introduce further solutions, e.g. multiyear financial forecast and task budget (Dz.U. 2009b).

Without a doubt, all these reforms and improvements seem to push local government in a specific direction and influence the way it operates. However, two factors need to be emphasised. First, the local units are not financially equal. After thirteen years, municipal governments still enjoy a much higher fiscal autonomy than county or regional tiers[5]. In general, local governments are financed by a mixture of self-gathered revenues (mostly local taxes which are set – within limits defined by law – and collected by local governments), shares in revenues collected within the local unit territory from central income taxes and grant transfers from central governments. The proportion of local revenues is significant at the municipal level, while counties and regions are financed predominantly by grants. In addition, the municipal level is the only one having limited power over local taxation and some discretion to decide upon local tax policies (Swianiewicz 2002a, 6). Municipalities are more financially independent than the other tiers of local government. As statistics show, almost 80 % of decentralised public money is spent at the municipal level (including large cities with a county status), 15 % at the county level and only 5 % by regional self-government (Swianiewicz 2002a, 5). This shows that Poland still needs financial decentralisation at county and regional levels.

Second, some local government officers, particularly those hired before 1990, do not properly understand the ongoing reforms. As one of the local treasurers points out: "I really do not understand and do not believe in the idea of task budget. It is unnecessary and I hope that the financial law will change again"[6]. This proves the failure in understanding NPM reforms, their sense and ideas. Moreover, the results of a survey conducted by the Ministry of Administration and Interior Affairs confirmed that many local authorities do not see any difference between NPM approaches and the traditional one (MSWiA 2010, 32–33).

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5   The counties were introduced by the Act of 5 June 1998 on County Government. The regional level was introduced by the Act of 5 June 1998 on Regional Government. Both started to operate on 1 January 1999. See Dz.U. 1998a, 1998b.

6   The findings from the interviews conducted among local officers from 14 municipalities from Mazowieckie, Łódzkie and Podlaskie regions. The interviews were conducted from September 2010 till April 2011. The whole project "Competent Local Officer – Efficient Office 2nd Edition" ended in December 2011.

Third, the management reforms also failed because of the partisanship of the local sphere as the four-year election cycle is the only available perspective. It is very difficult to prepare and implement a long-term plan, when the political options are constantly changing. As a result, many local authorities have formulated formal development strategies, multi-year investment plans etc. which exist only on paper, but not as a real management tool.

The next factor that influences the way local authorities operate is the interdependency between different actors. Even small municipalities exist within the wider context of citizens, local business and companies, and non-governmental organisations. This causes a lot of tension as well. The public expectations towards good management are high; however, a considerable number of local authorities are not prepared for the complexity of the governing process. In other words, the local sphere needs good, efficient cooperation between its actors, but yet the values, working habits in many formal and informal institutions reflect the past regime.

3. Weakness of the civil society

It seems that more than twenty years is not sufficient to develop civil society. Prior to 1990, most Poles did not want to become involved in national and local politics for political reasons. However, in a modern state, it is difficult to imagine democratic local government without the mechanisms of social participation. Traditional forms of participation mostly include elections, referenda and social consultations, supplemented by the active cooperation of local government units with non-governmental organisations and an informational policy conducted by local administration (Michałowski 2009, 73).

Local elections can be defined as the simplest manifestation of citizens' participation in the functioning of local government units. They are important in terms of their function – legitimisation, aggregation and diagnosis. The first one not only legitimises the selection of authorities, but also shows whether citizens accept the power relations being formed and whether they believe in the idea of local government, whereas the aggregation function allows the reflection of current interests of local communities. Finally, the last one – the diagnostic function – makes it possible to determine the alienation level of citizens (Michałowski 2009, 73). Poor voting turnout may prove to be a lack of acceptance of activities and policy conducted by local authorities.

Unfortunately, whilst analysing the results of local elections after 1990, it seems that citizen support to municipal councils is becoming more and more modest. For example, in the first elections of municipal councils that took place on 27 May 1990, voting turnout was 42.27 %, and even although it was not an impressive result, the immense activity of civil committees coming into existence and social trust in the possibility of changing reality are worthy of note. In 1994, just after the aforementioned "war at the top", voting turnout in elections to municipal councils

dropped and was only 33.75 %, whereas, there was a significant increase in party dependence. Emerging political divisions had a huge impact on the issue of personnel choices – chairs of councils, their deputies, mayors and city mayors. Despite this unfavourable trend, four years later, society once again granted those in power a mandate of trust – the voting turnout increased to 49.45 %. In turn, this could imply high hopes placed in the announced process of further decentralisation – the creation of local government counties and a new map of regions. It quickly transpired that local government is becoming more and more party-dependent, and local communities have actual influence only in the smallest municipalities.

Moreover, according to research by the Public Opinion Research Centre (CBOS) carried out prior to the elections in 2002, 54 % of those surveyed critically assessed the work of councillors, stating that councillors mainly pursue their own interests and 24 % claimed that they acted in the interests of their friends, colleagues or relatives. 16 % of respondents indicated that councillors gained their seats thanks to the dominance of the interests of a party or a political group. Only 19 % of respondents claimed that councillors are guided by the interests of all municipal residents (CBOS 2002, 13). Undoubtedly, this situation made the voter turnout in elections in 2002 fall yet again, even although this was the first time mayors and city mayors were directly elected. It should be stressed that in these elections the least interested in local affairs turned out to be the residents of large cities – in many units the participation of citizens did not exceed 20 % (Michałowski 2009, 78). Unfortunately, this trend also continued during the local elections in 2006. In the last local voting that took place in November 2010, the average turnout was 35 %.

Undoubtedly, the introduction of local referenda and consultations were to serve the development of the participatory society. Initially, only the residents of local government municipalities were entitled to organise the former, then this right was extended to citizens of counties and regions. However, it seems that it is not a legal possibility to organise referenda that was and is crucial, but the effective use of this institution. Actually, since 1990, local government has been struggling with this problem – although referenda have been organised, the attendance of people participating in them did not allow the recognition of results as valid and binding[7]. Moreover, the practice applied so far indicates that in most cases, referenda are not the way to solve issues crucial for local communities, but an institution by means of which local political elites compete with each other. In terms of effectiveness and efficiency, this tool of democracy seems flawed. The issue of social consultations looks slightly different. This form of participatory democracy, successfully functioning

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7   Pursuant to legal regulations effective in Poland, a referendum is deemed valid if at least 30 % of those entitled to vote take part in it. In the event of referenda concerning dismissing a body of a local government unit elected in direct elections, a referendum is valid if no less than 3/5[th]s of the number of persons participating in the elections of the body being dismissed take part in it. A referendum on self-taxation of municipal residents for public purposes is valid when self-taxation is supported by at least 2/3[rd]s of valid votes. See Dz.U. 2000.

in Western Europe, is clearly underestimated in Poland both by local government authorities and local communities. The local consultations are more often than not organised only in a situation where a law directly orders them.

Therefore, it seems difficult to discuss further participatory reforms regarding the popular concept of local governance, which assumes that the local community as one of the partners, apart from public and private entities, is incorporated into the decision-making process, if basic institutions of social participation fail. Consequently, Polish local government will not apply such methods as the citizens' panel, formal written consultations, or focus groups for a long time to come. When traditional institutions of participation are ineffective, it is hard to expect that mechanisms characteristic of deliberative democracy such as citizens' juries will be used in the near future (Sakowicz 2007, 224–225).

Without a doubt, the poor involvement of local communities in organisations and associations is not favourable to the transition from traditional local government to a modern model, basing its functioning on the principle of governance. What is characteristic, as Social Diagnosis (Diagnoza Społeczna) from 2009 indicates, instead of weakening, this phenomenon is becoming stronger. According to research carried out in 2009, only 13.2 % of respondents were members of "some organisations, associations, parties, committees, councils, religious groups, unions or circles" (Sułek 2009).

Conclusions

As Regulski, one of the creators of local government's reform indicates, the purpose of restructuring the local government system of Poland, which began in 1990, was to adjust its institutional and legal structures to the new responsibilities of a civil state under the rule of law. Therefore, in order to identify these structures, it was necessary to redefine the role of the state, mainly its administration. The totalitarian communist system was organised in such a way as to control all public affairs, even if the public opposed it. The role of the state responded to conflicts with the subsidiary principle. The state has to be construed as a common good of all citizens and its function is not to "manage" but to create a stable and safe framework for unconstrained activity by individuals, enterprises or citizens' groups. Development is not a result of the activity of the state and its administration, but an aggregate outcome of the activities of individuals and organisations. The state may facilitate or hamper this development. It may contribute to the multiplication or waste of results achieved. But it certainly cannot substitute the activities of independent entities. The experiences of past decades clearly demonstrate the effects of such substitution (Regulski 2003, 217).

Whilst analysing more than two decades of the functioning of Polish local government, several issues are worth emphasising. First, the majority of local gov-

ernment reforms, mostly carried out in the first years of transformations, may be defined as "a jump into the deep". Since the beginning, Polish local government has been perceived as an important pillar of the state with its status guaranteed by the Constitution.

Second, the number of reforms conducted in the local sphere after 1990 should be emphasised. The changes introduced included issues from the local government structure down to institutions ensuring the participation of citizens. Furthermore, mostly as a result of integration with Europe and being inspired by innovative concepts, such as the above-mentioned New Public Management and governance, the value of the effectiveness of local institutions increased.

However, not all reforms have been equally successful; some even caused unintended consequences as e.g. the electoral reforms. After the initial outburst of the idea of democracy and localness, part of the local institutions has returned to the well-known track of party dependence, traditional management and values. What is more, it seems that after twenty years, the idea of a self-governed Poland is diminishing in importance. As the authors of the quoted "Social Diagnosis" indicate, Poles are less and less willing to integrate and act on behalf of the common good. It is also confirmed by the fact of the insufficient use of basic institutions of civic participation, such as elections, referenda or local consultations and the lack of understanding of ongoing processes among local officers. These clearly prove that two decades is not sufficient to break with the past and its patterns.

On this basis, we should consider whether in the case of Poland, the institutional change (reform) has occurred, while the informal rules that have been inherited from the past are sometimes more powerful than the new formal regulations. The existing problems that resulted from the previous regime are especially dangerous in the context of the change from local government to local governance and its informal institutions. Therefore, it seems that what should form the basis of further reforms is a stable, firm, democratic structure. Finally, the implementation of popular concepts, connected with new public management or governance should not be carried out "by force", as the constant strengthening of the already existing and functioning institutions of local government is just as vital.

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Poland: The Evolution of the Local Referendum

Monika B. Sidor

Introduction

In Poland, the local referendum is defined in the Local Referendum Act of 15 September 2000 as a poll in which the residents of a given unit of local government express their will regarding the manner of deciding matters concerning their community and remaining within the scope of tasks and jurisdiction of the authorities of that unit, or regarding the dismissal of the legislative body, and in the case of the municipality also regarding dismissal of the mayor. A referendum is carried out by giving a positive or negative response to a question or questions on an official ballot, or in making a choice between the options proposed.[1]

The above definition clearly differs from the first one that was adopted after the political transformation in Poland in 1989. The referendum then stated that: "the inhabitants of a municipality express their will through a vote on the manner of deciding matters or dismissing the municipal council before the expiry of its term of office."[2]

The change in the Local Referendum Act is one signal of the evolution of the institution of Local Referendum and evidence of the transformation that local government has undergone in Poland over the last twenty years. The current understanding of the referendum is much broader than the one from the beginning of the Polish Third Republic. Both the subjective and objective scope of the referendum has been expanded and is no longer limited to the municipal (*gmina*) tier of self-government.

The aim of the present chapter is to demonstrate how the institution of local referendum has developed over the two decades of its functioning in the democratic Polish state. The analysis shows how changes in the system and in the posi-

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1 Local Referendum Act of 15 September 2000 (Dz. U. [Journal of Laws] of 2000, no. 88, item. 88, as amended).
2 Municipal Referendum Act of 11 October 1991 (Dz. U. [Journal of Laws] of 1991, no. 110, item. 437, as amended).

tion of local authorities influenced the practices of this form of direct democracy as well as how the political culture of inhabitants and local government authorities has developed.

Significantly, this evolution consists not only of legal, but also of political and social changes. When analysing the changes in the form of the local referendum it is therefore important to study the developments out of three interconnected perspectives i.e. legal, political, and social.

The Legal Perspective

When establishing the municipal (*gmina*) tier of self-government, the legislator devoted several chapters to the institution of referenda, specifying, amongst other things, the types of referenda that could be held in municipalities (mandatory and facultative). A separate law on the municipal referendum was passed on 11 October 1991. In this case, statutory regulations preceded constitutional regulations, since in 1992 the general basis for holding a municipal referendum was provided by the chapters of the Small Constitution (Sękowska 1996, 134; Sidor 2004, 188).

On that basis, either the municipal council or the inhabitants could call for a referendum; various entities were included in the latter group, e.g. citizens, the structure of a political party or an organisation operating in the municipality. The municipal council could put to a vote the issue of self-taxation or some other matter important for the municipality, and the inhabitants, as initiators of a referendum, could call for a referendum on various issues, including the dismissal of the municipal council.[3]

Still, the referendum practice enforced the clarification of some regulations. Together with the amendment of the Municipal Self-Government Act in 1995, a regulation was introduced to the effect that a referendum on the dismissal of the council, before the expiry of its term of office, could only be held at the request of the inhabitants.[4] The council was thus deprived of this right. In addition, the possibility was limited of calling a referendum at any time during the council's term of office; that is, a vote on the dismissal of the municipal referendum on council dismissal (Piekara and Niewiadomski 1996, 176).

What the amendment did not clarify was the understanding of the term "on every other issue important for the municipality." An important statement concerning the objective scope of this type of facultative referendum was the ruling of the Supreme Administrative Court on 29 June 1993, reading: "The object of a referendum is to make a definite decision on a given matter of importance to the mu-

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3   Ibid.

4   The Act of 29 September 1995 r. amending the Local Government Act and some other acts (Dz. U. [Journal of Laws] of 1995, no. 124, item 601);

nicipality, and the matter thus decided, must fall within the scope of competence of municipal authorities" (Piekara and Niewiadomski 1996, 182).

The local government reform, introducing local government at the county (*powiat*) and regional (*województwo*) tier, which came into force on 1 January 1999, forced the legislator to amend the Municipal Referendum Law. The Act of 1991 was replaced by the Local Referendum Act on 15 September 2000, pertaining not only to municipalities but also to counties, provinces, and the capital city of Warsaw. The referendum on self-taxation[5] remained at the municipal (*gmina*) tier (Piasecki 2002, 217).

Extensive possibilities of forming initiative groups were retained, although a stipulation was made that the initiative could be put forward by at least fifteen citizens who possessed voting rights (5 such citizens in the case of the municipal referendum), the statutory local structure of a political party, or a grassroots organisation possessing a legal personality – entities operating within a given unit of local government. The referendum procedure was not significantly changed. The referendum petition has to be supported by 10 % of eligible voters from a given municipality or county (5 % from a given province). The stipulation was retained that for a referendum to be valid, at least 30 % of eligible voters must take part in it. A novelty was, amongst other things, the regulations concerning the referendum campaign.[6]

More changes to the object of the referendum were introduced in June 2002 by the law on Direct Mayoral Election in the municipalities. Since the 2002–2006 term, a referendum on the dismissal of local authorities may concern not only the council, but also the mayor (this regulation pertains to municipalities only). In this case, the municipal council may also be the initiator. If, however, this legislative-regulatory authority resolves to dismiss the mayor through a referendum for a reason other than the refusal to grant discharge for the budget, and if the inhabitants vote in favour of the mayor (with a sufficient turnout), then the municipal council is dissolved.[7]

What is significant is the fact that, as far as the dismissal of mayors is concerned, the local referendum is, in practice, the only way to carry out their dismissal. Such regulations follow from the fact that "since they were elected by the inhabitants, only the inhabitants can dismiss them." (Dobrzyński 2008).

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5   In this kind of referendum inhabitants of a municipality decide if they want to pay additional tax for the needs of their municipality or not.

6   Local Referendum Act of 15 September 2000 (consolidated text from 2000, Dz. U. [Journal of Laws] no. 88, item 985; of 2002, no. 23, item. 220; of 2002, no. 113, item 984).

7   A petition of inhabitants for the dismissal of elected organs may not be submitted until 10 months after the day of the election of a given organ or 10 months after the day of the previous referendum on its dismissal, and not later than 8 months before the expiry of its term of office. Ibid.

It should be stressed that in 2005 the validity threshold was liberalised for referenda on the dismissal of directly elected organs (municipal council, county council, regional government assembly and the municipal mayor) The condition for such a referendum to be valid was no longer a 30 % turnout but the participation of three-fifths of the number of voters who elected a given organ (Piasecki 2009, 354).

An important element in the legislation on the local referendum is the court judgement concerning the object put to a vote. The 1994 and 1998 judicature of the Supreme Administrative Court specifies that the affiliation of a municipality to a given county cannot be the object of a municipal referendum since the administrative division of the country lies within the competence of state authorities. Nevertheless, during the attempt to pass a new law changing the system of the capital city Warsaw on 18 July 1998, the Constitutional Tribunal, to which the Mayor referred their doubts, pointed to Article 5 of the European Charter of Local Self-Government, stating that changes in local authority boundaries had to be subject to a consultation with the local communities by means of a referendum (Piasecki 2009, 216–217).

Still, it seems that in the ruling on 26 February 2003 the Constitutional Tribunal unambiguously expanded the possibilities of citizens to express their opinion by means of a referendum. According to the Constitution of Poland (art. 170), they have the right to decide, by means of a referendum, on all matters concerning their community. The Tribunal therefore ruled that citizens could express their will in all matters concerning their self-government community that are not reserved exclusively for other authorities (Sidor 2004, 194; "Rzeczpospolita" 2003,1)

The importance of this ruling is shown by the fact that it invoked successive disputes. In 2007, in the municipality of Łomianki, near Warsaw, the municipal council rejected the petition of an initiative group for a referendum on the choice of the variant of the future S7 dual carriageway. In the opinion of the councillors, the route of the road "that was not a municipal road" could not be put to a referendum. The dispute ended in the Province Administrative Court in Warsaw, which, invoking the Constitution and the ruling of the Constitutional Tribunal, adjudicated that members of a local community may decide in a referendum on matters concerning their community. Thus, their right to express an opinion – also on road route issues – was not limited (Frey 2008).

It seems that despite such a broad interpretation of the regulations, certain legal limitations do exist. An example could be the only regional-scope referendum so far, held on 20 May 2007 in the Podlaskie Province, concerning the construction of a motorway across the valley of the Rospuda River. 21.56 % of the eligible voters took part in the referendum. Even though 92 % voted for building the ring road, the insufficient turnout made the referendum invalid (Mrozek 2007; Podlaskie: Trwa referendum w sprawie Rospudy, 2007). It seems, however, that if the referendum turnout had been sufficient – that is, above 30 % – a significant legal problem would

have emerged. This is because it would have been the will of the inhabitants, expressed through the referendum on the one hand, and on the other, EU directives obliging Poland to protect natural habitats and wildlife.[8] The interpretation would have probably been that the legal obligations of Poland are superior to the will of the inhabitants of a given region.

Still, considering the legal regulations concerning the local referendum, we may notice their significant transformation since the early 1990s. Both the objective and the subjective scope have been broadened, and many issues have been clarified. It seems that many legal changes regarding the referendum were a result, not only of central legislation, but especially of the practical application in local communities. One of the legal doubts which still remained was the referendum on self-taxation. The question is what kind of tax the whole community should pay, even if in the referendum the vote was only, for example, 32 % of the total inhabitants voted. Because this kind of referendum rarely takes place, a wide debate about this in the near future will not happen.

The political perspective

In the 1990s, the most frequent causes for resorting to a referendum were conflicts connected to the functioning of the municipal council. Considering the causes of their initiation (Sidor 2004, 190–191), we could classify referenda into three categories: 1) politically motivated – their initiators were dissatisfied with the political composition of the council; 2) those resulting from conflicts between councillors and 3) referenda resulting from the low legal awareness of the residents (this will be elaborated further in the social perspective section).

The initiators of referenda belonging to the first category were dissatisfied with the results of the elections, and mainly with the political composition of the coalition governing the municipality. Using the referendum procedure, they wanted to change the existing political configuration. An interesting case occurred in one of the municipalities, where, following the elections of June 1994, a group of residents began collecting signatures for a petition to dismiss the newly elected municipal council, immediately after its first session and before the election of the board of Chorkówka municipality. Such a situation would no longer be possible after the amendment of the Referendum Act in 1995. Referenda belonging to the second category were held due to conflicts within the council itself and sometimes also due to conflicts between councillors and the board (Sękowska 1996, 141–143; Sidor 2004, 191; Piekara and Niewiadomski 1998, 186).

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8   Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (in:) http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri= CONSLEG:1992L0043: 20070101 : PL:PDF, 31 March 2011.

It should be noted that the number of referenda on the dismissal of the legislative body systematically grew during the first three terms[9] except in the election years 1994, 1998 and 2002, in which dismissal referenda cannot be called. This reached its peak in 2000, when as many as 108 polls took place. This state of affairs may have transpired for several reasons, such as the lowering of economic indices resulting from the cost of introducing the four reforms, the deteriorating mood of the public, and the polarisation of the Polish political scene, which also affected representatives of local government (Piasecki 2009, 355).

Direct mayoral elections in 2002 did not result in an increase in the number of referenda held. What they did change, though, was the cause of one of the categories of referenda, i.e. conflict between the council and the mayor of the municipality. However, it should be emphasised that, due to current regulations, councillors seldom decide to dismiss the mayor. At present, referenda on mayor dismissal are most often initiated by residents themselves. It also occurs that residents submit petitions for dismissing both the council and the municipality Head.

It should be noted that after the introduction of direct mayoral elections in municipalities, the political position of the council weakened. Despite this, referenda on dismissal are still held, as is shown by the data in Table 1 concerning the 2006–2010 term of office.

Out of 81 referenda held during the 2006–2010 term, six were held in which the same initiative group petitioned for the dismissal of both the municipal council and the mayor; 54 of the referenda were on mayor dismissal and 21 on municipal council dismissal. In some municipalities (other than the six mentioned above), the dismissal of both was put to a vote, but the initiators of the referenda were different (and so they are counted as two separate votes).

Based on the indices from Table 1 it may be concluded that in every municipality, regardless of size, the political fragmentation in the council was rather high.

In the smallest municipalities (up to 20 thousand inhabitants), the average number of committees that won seats was between 5.2 and 5.8. This means that in a council consisting of 15 members there were 5 or 6 different groups of interest. In such a situation, it is difficult to form a cohesive group united with the good of the municipality as the ultimate goal. In addition, changeable coalitions could be formed in the council, which made this legislative-regulatory body unstable. This, in turn, led to the loss of voters' trust and, consequently, to a referendum initiative. Finally, some councillors could strive, through the inhabitants, to initiate a referendum since, being a small representation of their committee in the council, they had little influence on its functioning.

Another common feature of all the municipalities in which referenda were held was that the committee of the mayor was poorly represented in the council.

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9   1st term – 1990–1994, 2nd term – 1994–1998, 3rd term – 1998–2002.

Table 1 The number and kinds of referenda in the 2006–2010 term

Referendum	Mayor	Municipal Council			
		The average number of committees whose candidates entered the council	The average number of seats obtained by civic committees	The average number of seats obtained by partisan committees	The average number of seats in the council obtained by the mayor's committee
Dismissal of both the municipal council and the mayor	**6** (including 3 partisan)	5.80	4	1.80	4 (out of 15 councillors)
Mayor dismissal					
municipality of up to 20,000 inhabitants	**37** (incl. 8 partisan)	5.2	3.6	1.6	5 (out of 15 councillors)
municipality of up to 50,000 inhabitants	**10** (incl. 4 partisan)	5.4	3.1	2.3	5.5 (out of 21 councillors)
municipality of up to 100,000 inhabitants	**3** non-partisan	5.6	2.3	3.3	4.6 (out of 23 councillors)
municipality of up to 200,000 inhabitants	**2** (incl. 1 partisan)	4	1	3	8.5 (out of 25 councillors)
municipality of more than 200,000 inhabitants	**1** non-partisan	4	1	3	7 (out of 28 councillors)
municipality of more than 500,000 inhabitants	**1** partisan	4	1	3	2 (out of 43 councillors)
Municipal council dismissal					
municipality of up to 20,000 inhabitants	**16** (incl. 3 partisan)	5	3.9	1.1	5.9 (out of 15 councillors)
municipality of up to 50,000 inhabitants	**2** non-partisan	5	2.5	2.5	5 (out of 21 councillors)
municipality of up to 100,000 inhabitants	**2** non-partisan	6	2.5	3.5	3 (out of 23 councillors)
municipality of up to 200,000 inhabitants	**1** partisan	4	1	3	12 (out of 25 councillors)

Self-survey based on the website of the National Electoral Commission http://wybory2006.pkw.gov.pl/kbw/geoKraj.html? from 30 March 2011.

This index ranged between 4 and 5.9 for a council of 15 members and between 5 and 5.5 for one consisting of 23 members. The largest representation of the mayor's committee consisted of 12 councillors in a municipal council of 25 members. Yet, in general, only about one-third of the council was from the same committee as the mayor. This did not seem to prognosticate proper cooperation between the mayor and the municipal council. The lack of firm support and often the opposition of some of the councillors towards the mayor would result in conflicts. The voters in turn, became tired with this situation and attempted to dismiss these elected bodies. The dismissal of one executive person was attempted more often. It seems that this executive position is more clearly personified, and it is easier for a voter to blame one person than 15 members of the council.

Analysis also confirmed that the larger the municipality, the greater the influence of political parties becomes. This is shown by the figures indicating the average number of seats obtained by civic and partisan committees. In the smallest municipalities, the representativeness index ranged between 3.6 and 4 for seats obtained by civic committees and between 1.1 and 1.8. for those obtained by partisan committees. In the largest municipalities, the same index ranged from 1 (civic committees) to 3 (partisan committees).

The party dependency of local governments, visible primarily in large cities, also affects referendum results. The referendum in Łódź, one of Poland's largest cities (in Table 1 – a municipality of more than 500,000 inhabitants), may serve as an example. In January 2010, Mayor Jerzy Kropiwnicki was dismissed in a vote. The referendum was initiated by the local politicians of the Democratic Left Alliance (SLD) – Kamiński 2009. Law and Justice (PiS) and Civic Platform (PO) interpreted the initiative as an attempt by SLD to gain popularity in Łódź. Yet, when signatures supporting the petition had been collected, the PO activists began encouraging the inhabitants to vote. Mayor Kropiwnicki, in turn, obtained support from Jarosław Kaczyński, the chairman of PiS, who visited Łódź and called for a boycott of the referendum. The referendum campaign was conducted in a negative manner, and one lawsuit was filed against SLD for their actions.[10] On 17 January 2010, 22.2 % of eligible voters from Łódź took part in the referendum, which was sufficient to dismiss the city's mayor.[11] The mayor's defeat came as no surprise, as the polls preceding the referendum showed 74 % of respondents supported his dismissal (Borowska and Goss 2010). The dismissal of the mayor of Łódź leads to broader conclusions. What may be observed is the prevalence of political party activity over civic activity. It seems that in such situations the interest of the local community may be threatened and obscured by the interest of one political party or another. With such a polarisation of views, the inhabitants may be guided by emotions and political

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10 The case was decided in favour of President Kropiwnicki.

11 Information concerning the referenda called and held on the dismissal of a local government organ before the expiry of its term of office (the term of councils: 2006–2010), (in:) http://www.pkw.gov.pl/pkw2/ index.jsp?place=Menu01&news_cat_id=1882&layout=1, 4 May 2010.

sympathies rather than by a judgement of merits. This may also discourage some of the inhabitants from taking part, not only in a referendum, but also in local government elections, since they do not want to participate in party games. This was also the first time, in twenty years of referenda in Poland, that the mayor of such a large city was dismissed.

The positive conclusion to be drawn is that this form of democracy works, even in the largest cities. It seems that if an organisation had developed a structure in the city, it could mobilise the inhabitants to vote in a referendum. Of course, these structures were followed not only by the main political parties, but also by some non-governmental organisations. To conclude, not only political party influence has an effect on the city referendum, but every organisation (social, ecological etc.) which has developed a structure, a wide influence in the city and is able to organise an effective referendum campaign.

The social perspective

The third category of referenda on municipal council dismissal in the 1990s, identified by the causes of initiation, were referenda resulting from the low legal awareness of inhabitants. The initiators of those polls were of the opinion that the municipal council freely decided on the financial burdens imposed on the inhabitants, e.g. on the rent in council flats. Thus, referendum initiators failed to consider the fact that the council made its resolutions based on statutory regulations and was obliged to do so (Sidor 2004, 191).

It seems, however, that this category of referenda is no longer justified. First, the legal awareness of citizens has increased considerably since the early years of democracy. Second, if inhabitants are dissatisfied with the functioning of their local government unit, they tend to blame it on the mayor rather than on the council. In the 2006–2010 term, 60 out of 81 referenda were called in order to dismiss the mayor of the municipal council.

One of the main reasons for initiating referenda on mayor dismissal is the breach of election promises. The first successful dismissal of the municipality head in the 2006–2010 term took place in Bałtów (Świętokrzyskie Province). The inhabitants accused him of failing to guarantee a proper development of the municipality. The group that noticed this important decision was the Bałt Association, thanks to whom many tourist attractions sprang up in the area, e.g. Jurassic park. Individuals lose the post of mayor, not only for breaking election promises, but also for committing punishable acts. The mayor of the town of Zduńska Wola was charged with corruption, paid patronage, and abuse of powers. He was the first mayor in Poland to be dismissed through a referendum (Dobrzyński 2008). The poll, held on 5 October 2008, did not confirm that this type of referenda has no *raison d'être* in large towns. It should be added that the already mentioned amendment of the Local

Referendum Act in 2005, lowering the validity threshold, was also a factor behind this change.

Compared with the previous decade, no significant increase of referendum turnout was noted, but certain differences may be observed.

Table 2
Information concerning referenda on the dismissal of directly elected organs in units of local government in 1992–2010

Term of office	Municipalities	Counties	Valid	Total	Effectiveness
1992–1994	48	–	3	48	6.3%
1994–1998	104	–	9	104	8.7%
1998–2002	195	1	25	196	12.8%
2002–2006	89	3	11	92	12.0%
2006–2010	81	–	14	81	17.3%

Self-work. Source: Information concerning the referenda called and held on the dismissal of local government organs in 1992–2006; Information concerning the referenda called and held on the dismissal of a local government organ before the expiry of its term of office (the term of councils: 2006–2010), (in:) http://www.pkw.gov.pl/pkw2/ index.jsp?place=Menu01&news_cat_id=1882&layout=1, 15 May 2010.

As is shown in the above Table, which includes the referenda held since 1992, their number has been decreasing, but, at the same time, their effectiveness is growing. In the first term, only 3 out of 48 polls were valid. In the second one, out of a total of 104, only 9 were effective. During the third term of office, the county and regional self-governments were introduced; as a result, among the 196 referenda held in that period there was only one at the county tier. Furthermore, in this period, 25 were valid. The fourth term was the first period in which the executive mayor of the municipality was elected directly. Out of 92 referenda, only 11 were valid. In the 2006–2010 term, 14 out of 81 polls were effective. These figures confirm that the civic maturity of self-government communities is systematically growing. Now, the reasons for referendum usually have to be serious if the inhabitants decide to dismiss directly elected organs. If we compare reasons in the nineties (e.g. arrogant authority, repression of citizen initiatives by the members of council) and contemporary reasons (e.g. sexual molestation or causing an accident while being drunk), so it seems that contemporary reasons are more serious and concrete. Throughout, the main reason is corruption. Besides, it should be seen that the petition of referendum is a sign that the inhabitants admit that they voted for representatives incorrectly. This kind of referendum takes place rarely, so citizens would vote for members of the local organs more responsibly.

The inhabitants' sense of responsibility for their self-government community manifests itself in referenda on self-taxation, which are only held at the municipal tier. Referenda of this kind are not very frequent. No precise data is available on how many polls on this issue have taken place since 1990, but their number is estimated at about 30 (Piasecki 2009, 360). The most frequent object of this kind of referendum has been the taking over of municipal waste by the municipality, from the moment of its conception, from the owners of real estate (so that it belongs to the municipality, not to private enterprises) and the waste disposal fee that would be charged to all inhabitants of the municipality. The referendum initiative has always belonged to the municipal council. This campaign had a positive character and appealed to civic awareness and concern for the environment as well as a call for reinforcing democracy. An effective referendum on this issue was regarded as a success of the entire self-government community.

Just like those on self-taxation, facultative referenda – that is, on any issue of importance to local government – do not take place very often, and no record is kept of their number. It is estimated that between 1992 and 2001 about 46 facultative referenda had been held, and that they were rarely initiated by councils. They mostly concerned issues such as a waste incineration plant, the location of a rubbish dump, the location or closing of a school, or territorial matters (having a consultative character) – Piasecki 2009, 359.

An interesting example is the referendum on the construction of a hard bituminous coal opencast. The joint campaign of six municipalities near Legnica was coordinated by the Social Committee "Stop the Opencast." Referenda were held in all the municipalities interested, and the turnout was high, ranging from 37 % in Ścinawa to 64 % in Kunice. The inhabitants almost unanimously opposed the construction of the mine (with 91 % to 97 % of votes against). The determination of the inhabitants had been so great that they have also taken other actions in order to stop the construction of the mine; for instance, they staged a protest in front of the Sejm and local government representatives from these municipalities met with Deputy Prime Minister Waldemar Pawlak, etc. (Poloczek 2009, 60; Kałucki 2009a; Kałucki 2009b; "Brunatne" gminy piszą do Pawlaka, 2009). The matter has not been definitively resolved, but the dispute shows a contradiction between state interest and local community. In such a situation, even resorting to a form of direct democracy, such as the referendum, has little impact compared with the strategic plans of the central government.

Conclusions

Available in Poland since 1992, local referenda have undergone considerable legal, political, and social evolution. From the legal point of view, its subjective and objective scope has expanded considerably compared to the 1990s. It should be added

that, at present, referenda on the municipal tier have the largest subjective scope compared to county or provincial tier referenda. This is because it is only on this tier that referenda may be called on self-taxation or on mayor dismissal.

From the political point of view, the significant change lies in the shift of political responsibility from the council to the mayor of the municipality. The personification of the executive authority and the reinforcement of its political position have significantly affected its relations with the municipal council. General opinion also finds confirmation that the larger the municipality, the greater the party dependency of local government authorities.

From the social point of view, it may be noticed that the members of local communities initiate referenda more consciously and responsibly. Moreover, the initiators of polls frequently organise themselves formally to defend their interests. Although the permanence of these organisations needs to be examined, the referendum is an impulse for self-organisation in society. If the initiator of a referendum is a group of dissatisfied inhabitants, they have to organise a committee with the aim to apply for formal documents and prepare an effective referendum campaign. This group should be determined to realise their aim and persuade other members of the local community. There is a lack of research on how many of these kinds of referendum committees transform into an election committee or create a new local association.

Thus, the legal, political, and social evolution of the referendum since 1992 may be said to have reinforced the development of local communities. They applied the law of referendum in practice, with citizen participation. Improvements in the law have increased a community's rights and increased the effectiveness of applying referenda in the municipality. Public opinion polls confirm this. In 2010, 52 % of Poles had a sense of influencing their municipality. If the outcome is compared to 1992 when this number was only 16 %, the situation has much improved[12]. It should be noted that nearly 50 % of inhabitants voted in local elections and probably these citizens have a sense that they influence matters. It seems that the percentage is still not satisfactory.

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Estonia: Responses to the Decline of Local Autonomy

Georg Sootla, Sulev Lääne

Introduction

This chapter investigates the reasons behind the turn in central-local relations in Estonia from tendencies towards more decentralisation and local autonomy towards centralisation and local dependence on the central state.

At the end of the 1980s, Estonia established a dual system (Bennett 1993) of municipal government. It presumed a strong autonomy of local authorities. After independence in 1918 the opposite – the Continental pattern of fused system – was applied in the Estonian Republic. The choice for a dual system was possible within the institutional context at the end of the 1980s because of the societal crisis after the collapse of the Soviet system and thanks to unusually intensive popular support to local autonomy. This initial impetus towards autonomy soon began to decrease, however. The normative ideals of democracy, which guided reforms at the end of the 1980s, were soon replaced by instrumental issues of capacity: how small communities with very restricted resources can provide modern services to the local population.

The centralisation in intergovernmental relations (IGR) began at the beginning of 2000. Local authorities tried to resist those trends but simultaneously they drew on the traditional practice of protective local autonomy, which does not favour cooperation and collective actions. As a result, the dual system of authorities started to transform the fused system of authorities.

In the meantime, in the old Europe of the 1980s–1990s, a substantially new pattern of central local relations – multi-level governance (Peters and Pierre 2001) or government across levels (OECD 1997) emerged. In this context, both traditional perspectives of IGR – the dual and fused systems – started to transform into an integrative pattern (Kjellberg 1993, Amnå and Montin 2000, Sellers and Lidström 2007), based on interdependency and cooperation of tiers of government (Peters and Pierre 2001, Pierre and Peters 2005).

Basic patterns of central-local relations in Europe

Two basic patterns of central local relations in Europe emerged in the course of the development of nation states (Leemans 1970, Smith 1993). On the one hand, in Continental Europe the strict vertical of power was established. Conservative local elites, who dominated in a hierarchical corporatist clan such as communities were subordinated – as a result of Fronde in France – to an absolutist state. As a result, the fused system of intergovernmental relations (IGR) emerged. In this kind of intergovernmental relations, numerous state competences were assigned either to state provincial governments and field offices or to municipality officials and municipalities, working under strict state supervision in implementing those tasks. The local autonomy rested on those public tasks and services that the state was not willing to control and to provide. Obviously, in small municipalities, the amount of self governing tasks (and taxation powers) was very small, but in larger cities those tasks might be very extensive. Local government was mainly an administrative arm-length of central authorities which adapts national policies to local specifics, but the policy discretion of the majority of municipalities in service delivery remained very tiny. Despite the weak capacity, local elites retained extensive *political immunity* (Stoker 1996) in governing local communities. This makes the mayors, especially in large cities, very powerful political figures.

In those parts of Europe where serfdom was weak or did not emerge at all (Nordic region) or it was abolished by monetary agriculture very early on (as in England and The Netherlands), a balance in central-local relations emerged because of strong egalitarian communities with extensive self-governing institutions. A rather important role in this process was played by the protestant religion, which promoted values of equality, individualism, competitiveness and universalism. Local communities were not only able to resist centralising trends, but also satisfy the needs of central government in taxation, conscription and in providing justice etc. As a result, the dual system of central local relations emerged, where public authority of central government and local government became clearly delimited spheres, and where the intervention of central authorities to the affairs of locals was, as a rule, not permitted. Obviously this non-interference is based on mutual trust or consensus-like mechanisms and on strong positions of local elites and business. As a result, the majority of public tasks at the local level were entrusted to local self-governing bodies. The main dimensions and differences of those basic patterns are presented in Table 1.

Those are, of course, ideal types (in the Weberian sense) which have multiple internal variations. For instance, in the northern (protestant) part of Germany and in the low countries, there are many traits of such a dual system, which positions these countries in the northern family of local governments (Stoker 1996). The profound decentralisation of those countries is also based on the extensive autonomy of federal units of government: Länder and regions.

Table 1

Classical patterns of central-local relations in Europe

Fused, centralised system	Dual, Autonomous system
1. One indivisible public authority	Two spheres of public authority: central and local
2. Strict standards for actions of local authorities, very detailed regulation by laws and by-laws	Legal context established by framework laws, local policy formed by local laws adopted by local council
3. Local council mainly adapts laws and policies of central government to local needs	All local authority comes from the council which delegated it to local administration; extensive competence of council in local legislation.
4. Direct administrative intervention and *ex ante* control	Administrative intervention prohibited, only *ex post* court decision to identify the legality of local decisions/actions
5. One indivisible civil service at all levels	Considerable autonomy in formation of civil service at the local level
6. Decisive role of state categorical grants to cover current expenditures, authorities are dependent on state regulations' spending	Extensive autonomy in taxation and spending, state general grants to support capacity

Source: The author

From a fused to a dual (autonomous) system of central-local relations

In Estonia the fused system – inherited from the Russian Empire – was established after independence which Estonians gained for the first time in 1918. In 1989, the other – dual pattern – of central local relations was established with a specific split hierarchy, because of the specific historical context. It was a bottom-up initiative aimed to build-up the popular-democratic government as a strong counterbalance to the Soviet institutions that played an important role in 1989. (Estonia's independence was restored in 1991). This initiative was supported directly – first of all with advice and training – by Nordic associations of local and regional governments. During the second stage of reform, in 1993, Estonia was in a deep economic and social crisis and the central government did not have strong bargaining powers to overwhelm local elites. The consensus and trust between central and local elites – as a necessary variable of a dual system – was, at that moment, quite strong.

Early warnings of the centralisation trend

Later studies revealed (Temmes et al. 2004, Sootla et al. 2005) that this consensus of central and local elites was far from sincere. On the one hand, central government elites intended to spread the risks of economic, social and ethnic crises, still

an actual threat from Russia. On the other hand, local elites intended to obtain as many possible resources and authority as possible. There was a lot of bottom-up enthusiasm but this is not sufficient, per se, for self-governance i.e. for effective participation and power contesting from below and accountability and responsiveness from above at the local level. For instance, as late as in 2005, 37.3 % of Estonian municipalities (and 49.4 % of smaller municipalities with a population less than 1500 citizens) the majority party received 66 and more per cent of votes. This indicates a strong persistence of corporatist community which could be an important hindrance to true local-self government at the local level. Already after the 1993 law, the first warning signs of centralising trends were evident.

The first warning emerged when assets of Soviet origin that were delegated into the possession of municipalities were largely exhausted. One of the first tasks for municipalities was the reconstruction of the Soviet era central heating system that was built to consume very cheap energy, since energy prices increased drastically in the 1990s. Many municipalities were forced to take out expensive loans which later became a burden. The second warning came about when central government resisted the transfer of land into the property of municipalities, whereas land in Europe is usually one source of local government revenue. The third warning came with the financial reforms at the beginning of the 1990s which gave local authorities very large spending and borrowing rights, whereas the tax reform in 1993–4 established local taxes which enabled the collection of only 1 % of public revenues by local authorities. This is amongst the lowest in Europe (Caulfield and Larsen 2002; Kersting and Vetter 2003). The majority of revenues in Estonia come from personal income tax, which is a shared state tax. The fourth warning was that the initial decision to abolish county councils in 1993, largely for political reasons, was followed by a gradual reduction in authority of county government and governors in 1990s.

A specific deal between local and central elites emerged. On the one hand, the central government was eager to curb the authority of autonomous county governors. At the same time, municipal elites wished to transfer tasks of county government to regional local government associations. In practice, the tasks and resources of counties were transferred either to regional ministerial field offices or centralised under the central government agencies (rescue services, labour centres etc.). Local government associations (LGAs) still have a very low status as non-profit, non-government organisations.

Attempts at amalgamation of municipalities in Estonia

The local capacity issue came to the forefront soon after the 1993 Act was adopted. The legislation on amalgamation was adopted in 1994. In 1997–98, the first government programme of local government was drafted, which presumed voluntary

amalgamations at the first stage (one electoral period) and compulsory amalgamations at the second stage. The next government programme (1999–2001) triggered comprehensive top down amalgamations. The local elites were ready to do that. Through complicated negotiations, the first draft plan for mergers of the majority of municipalities was designed. Nevertheless, the reform failed, for several reasons. First of all, the initiators of reforms, as well as local elites, did not have a clear understanding of possibilities and gains from amalgamations. They operated on the basis of quite simplistic concepts of economy of scale and structure of municipal space which must be concentrated around larger geographical attraction centres. The main focus of the debates was on the number of municipalities. In this ambiguous context, new controversial arguments, pro and contra amalgamations, began to emerge. During the new wave of debates, opponents of amalgamation began to form the majority.

Moreover, the major party in the coalition, i.e. the Reform party, failed to support this reform and the government coalition broke down. From 1999, the Reform party has been in government coalition as a major partner and it has blocked any initiative of the overall reform of local government.

The third reason for the breaking down of the consensus that existed in the 1990s and which was basic for the belief of autonomous local government as the guarantee of democracy and national survival, was that both sides – central and local authorities – returned to very traditional values. On the one hand, local elites increasingly valued *protective democracy* and saw the mission of local authorities in the defence of traditional communities and in resisting the intervention of central authorities to local affairs. On the other hand, this stance is rather justified, because all government cabinets in Estonia have contributed – from 1993 onwards – to the centralisation of powers and resources and in strengthening the dependence of local authorities – politically as well in administrative and economic sense – on central authorities. Together with centralising trends in central-local relations, there were several waves of centralisation of county government and field offices.

In this context, it is surprising how intensive voluntary amalgamations in Estonia have been. The first merger was in 1996. By 2010 the number of municipalities was reduced from 256 (in 1993) to 226 in 2010, after 23 mergers in which 51 municipalities participated. Actually, amalgamations in 2002 and 2005 were triggered by the 1999–2001 reform attempt and its support among local elites. In 2009, in the context of the deep economic crisis, there was only one merger of a surrounding area and a larger town. As demonstrated earlier (Sootla et al. 2009, 2010) voluntary bottom-up amalgamations of municipalities can, at best, improve the effectiveness and economy of individual municipalities, but they do not enable triggering the necessary changes in central-local relations (IGR).

Steps toward centralisation and strengthening of protective autonomy

As demonstrated, a profound step towards centralisation was the gradual reduction of administrative autonomy of the county governor. The central government froze the county administration's budget in 1999. Political elites decided to turn the county governor into a party-political appointee before the 2002 elections and in 2004 reorganised the county governor's office from an autonomous agency subordinated to the government cabinet and the prime minister, to a sub-unit of the department of local and regional government at the Ministry of the Interior. Four large regional centres of state administration were established, which caused the decline of county centres in Estonia. This caused the erosion of integrated territorial development in the counties, which was completely the reverse direction to reforms in Germany, i.e. moving towards strong local territorial integrity and autonomy (Wollmann 2003). The third trend was the gradual centralisation of finances (See Table 2). Central government's budget is increasing faster than local ones. The role of general grants for capacity building (as an indicator of local autonomy) has decreased significantly, compared to the tremendous increase in conditional and formula grants, which indicates an increase in financial dependence on central government.

Table 2

Sources of local revenue 1998 and 2007 and the rate of change

	1998 (1000 EEK)	2007 (1000 EEK)	Rate of change (per cent)
Public budget revenues	15,287	54,647	357
Local government revenues	6,998	20,149	288
Unconditional equalising grant	746	1,301	74
All conditional grants	835	5,388	645
Own revenues and income	5,417	13,461	248
The role of own income in local revenues (%)	77.4	66.8	
The role of unconditional equalising grants in local revenues (%)	11.9	6.5	
The role of conditional and categorical grants in local revenues (%)	5.5	24.8	

Accounted: Moll 2008, Final protocol 2008 (In order to make the data comparable, the social fund has been excluded from the figures for 2007.)

Up to 2000, government investments towards local authorities were distributed at the regional level (by Local Government Associations and County governor); in the 2000s it is to be decided by ministries and their officials or by the Parliament factions. This increased the individual pork barrelling and competition between

individual municipalities over resources and restrained cooperation between them, which is so important to overcome the capacity gap. In 2009, after the successful national reform of education, the government started to reorganise case by case secondary schools from municipal-owned organisations into central government subordinated organisations. As national education expenditures are ca. half of the total local government budget expenditures, the centralisation of secondary education can marginalise the role of local authorities.

Local elites have not reacted in any meaningful way to oppose these trends, but preferred to defend their political immunity. There could be three alternative explanations for this behaviour. First, local elites are becoming more and more dependent on central party elites. Second, local elites prefer more individual solutions in solving resource issues with ministries and, as a result, they are also becoming personally dependent on the national civil service. Third, the majority of local elites have sacrificed the autonomy of their community for the stability of personal office and political immunity.

From amalgamations and cooperation to the multi-level governance in Europe

Amalgamation of the municipalities was one of responses to the rapid expansion of the welfare state in 1950–1970 (Brans 1992). Enlargement of municipalities was a precondition of the delegation of welfare services to local authorities, which may after that, retain or even extend their autonomy. In Nordic countries, public expenditures and employment at the local level vary from 40 % to 2/3rds of all public expenditures. In continental Europe, which draws on the fused pattern of IGR, the values of protection of traditional community and political immunity of elites prevailed over the provision of welfare services which were left to the government field offices at department/province/county level. The capacity gap of small communities was compensated by different forms of compulsory cooperation, which started to develop in France, for instance, as soon as 1890 (Marcou 1995).

With the advent of the crisis of the welfare state in the 1980s, Nordic and Low countries launched the second wave of mergers (Aalbu et al. 2008, Schaap 2007, De Ceunick 2007). Countries with a Napoleonic tradition of government (France, Italy, Spain) started to create and rely on self-governing regions. The United Kingdom launched comprehensive reforms based on ideas of New Public Management and the role of local government as service providers was decreased. Reforms in former British colonies (Australia, New Zealand) decreased radically the service provision role of local authorities (Dollery et al. 2008).

Like NPM, the other reforms with *instrumental aims* were able to adapt local governance to the fiscal stress, but not to develop the principal solution of core institutional problems in inter-governmental relations (IRG). The *integrative pattern*

of central local relations or multilevel governance, which presumes cooperation of central and local authorities in the provision of public services, becomes more appropriate for the furthering sustainability of local governance (Kjellberg 1993, Amnå and Montin 2000).

Already amalgamation reforms (and reforms of territorial integrity in Germany) referred to the need for more cooperation between levels and practice of *managing across levels*. Also, NPM began to disintegrate – paradoxically through centralising mechanisms – the hierarchical relation between tiers of bureaucracy and in central-local relations in particular (Wollmann 2003). The need to introduce different institutional mechanisms which would ensure a positive sum game between autonomous tiers and actors emerged (Peters and Pierre 2001). The new understanding of subsidiarity and of local autonomy and the need for multi-level governance (MLG) emerged (Baldersheim 2002, Peters and Pierre 2001).

This challenge was summarised perfectly by H. Baldersheim (2001, 209) who states:

> Local government reform in European countries has been the pursuit of two ideas: the ideal size of municipalities and the ideal division of functions between levels of government. … The precise municipal size and functional distribution are not at all important for effective governance. What is important, however, is the pattern of coordination across levels of government, or the mode of multi-level governance.

The analysis of MLG and its impact on relations between actors and tiers of government is an extensive theme that deserves a separate article (Pierre and Peters 2005). We would emphasise several traits that have changed the very sense of amalgamation and autonomy.

The main purpose of amalgamation reforms and their relationship to other reform tools is changing. Earlier mergers were aimed to increase mainly the effectiveness and *output legitimacy* (Karsting and Vetter 2003) of local government as a service provision unit. Figuratively, the local authorities were fighting for the right to retain their role in service provision at the local level. The main theoretical focus was on issues of size and effectiveness, size and democracy (Dahl and Tufte 1973, Boyne 1992, Keating 1998).

From an MLG perspective the sources of capacity and the meaning of effectiveness and sustainability is changing. First, local government can rely much less on the direct support of central authorities, but at the same time it has diverse, new, external sources of resources which can make local authorities more autonomous from central authorities (Peters and Pierre 2001, Montin 2011). Second, EU members triggered a process of emergence of cross-border regions (Copenhagen/Skone

region, Maastricht region, Strasbourg region etc.) and direct access to EU resources opened for local authorities.

Currently, the trend to form new macro-regions through cross-border regional and local networks is a meaningful trend in Europe. The EU Baltic Sea Region strategy was adopted in 2009. The Danube region strategy was adopted in 2011. These trends in EU policy weaken the dominance of state in IGR and increase the role of horizontal networks and clusters in promoting public policies and business at local and regional levels.

Third, the increasing complexity of tasks that the public sector faces also presume joint cooperative efforts, not only of different tiers, but also different local, domestic and international actors. The advantage of the fused model of IGR was that it enabled the formation of cooperation bodies of local and state authorities. Hence, the amalgamations and other local government reforms must not focus primarily on the increasing local government physical capacity or scope, but on the development of cooperative and reflective capacity: the ability of being an attractive and reliable partner in different cooperation networks. This ability is not determined simply by service provision capacity but also by what we can call reflectivity: the capacity for organising and adapting to changing circumstances, role-taking in different networks, mobilising internal human resources and the ability to be a reliable partner, i.e. also by variables of *input legitimacy*, including the ability to create a favourable public image is playing a more important role than previously.

Local government and IGR reforms must focus on the rearrangement of patterns of interaction between tiers and actors of governance. It means that the primary purpose of reforms becomes the rearrangement, not only of central-local relations (IGR), but also the rearrangement of interactions with external partners and autonomous actors in the community (Baldresheim 2002 a, 2002b, Lowdens, Sullivan 2008, Wilson 2003). The internal re-structuring of large municipalities into multi-layer organisms is as important at the current stage as retaining the power balance between central and local authorities, because this balance is now increasingly dependent on the ability of municipalities to mobilise internal partners and resources and to be open to external partnership.

Traditional mergers were focused on the exact definition of new boundaries and tasks of enlarged municipalities and on their precise legal definition. In the framework of MLG, the role of formal legal and *ordered patterns* is gradually diminishing and, instead, the role of *negotiated patterns* is increasing.

In cooperative networks of joint social service delivery the significance of municipal jurisdiction and frequently, also, its role in managing services is declining, and starting to be transferred to global companies. Thus, the increase of the scale is becoming a permanent process of extending the boundaries of partnership. Consolidation of resources is no longer a simple tool for changing municipal

boundaries but a complex generic reform mechanism (Alternatives 1995, Kersting and Vetter 2003).

Conclusion

The creation of the Estonian local government system was based largely on the experience of European and primarily Nordic countries in the 1980s. At the time, the latter went through a deep crisis that challenged traditional patterns of central-local relations. Estonian and CEE local government systems are not only products of the transition crisis, but bear legacies of the past which mirrors their capacity and mentality. In the current situation when, for instance, the affluence of Estonia is only 64 % of the EU average, a new generation of capable political and administrative elites has emerged, and it is urgent to react to emerging global challenges similarly to other partners in the Baltic Sea region.

However, the reaction is still frequently going in the opposite direction in order to neutralise, instead of respond, to challenges. As demonstrated, developments in Estonian central-local relations were focused on traditional (voluntary) amalgamations and on the strengthening of the traditional protective autonomy. The national politico-administrative elites have openly pushed Estonian IGR towards the fused and centralised pattern of central-local relations. The latter strategy can be implemented easily in a top down manner because of the overwhelming superiority of central authorities over small and mutually competing local authorities. But is it a feasible strategy for Estonia?

As stated, the EU Baltic Sea region's Strategy (BSRS) was adopted in 2009. This strategy focused on the development of joint networks in the main policy areas, such as environment protection, transport infrastructure, business climate and high-tech production, and public security etc. Currently it is still a rather technical document and process in which the implementation is the responsibility of central government. At the central level, the Estonian government faces considerable coordination problems, because of the weak coordination capacity of the cabinet (OECD 2011). These problems have suppressed the capacity of central government to carry out institutional reforms. This is already a fact regarding the implementation of the Baltic Sea region strategy (BSRS). As demonstrated at the BSRS conference in Tallinn (Proceedings 2010), the BSRS is strongly linked to local and regional partnerships, which presumes the development of their capacity and attractiveness as partners in BSRS. EU macro regional strategies are fostering the MGL character in the Baltic Sea region countries. It depends on the capacity of individual countries whether they are able to adapt their domestic structures to the needs of MLG.

Nordic countries have been most advanced in developing devices of MLG and they have already promoted substantial initiatives and created new cross-border regions. BSRS partners have also developed substantial cross-border cooperation

with Russia (Nordic Dimension), which is gradually approaching the EU. Obviously, the extent of European integration is not dependent on the implementation of the Lisbon Constitutional treaty from above, but on the capacity of developing new bottom-up networks and also specific network type institutions of macro-regions. It is probable that if Estonia is continuing to move towards a Southern-European model in central local relations, it may face not only similar economic problems as this region does, but Estonia may face difficulties in integrating into the Baltic Sea macro region and more widely – into the European integration process.

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Section III

Public Policy Analysis
Development Issues

Introduction to Public Policy Analysis Development Issues

Lesya Ilchenko

The establishment of a Working Group on *Public Policy Analysis Development Issues* provided a forum for discussion and a unique opportunity to analyse and compare which factors restrict further development of policy analysis in the CEE region, who are the potential stakeholders of policy analysis, how the current stage of policy analysis in a particular country impacts on the economic, social and political environment and how those challenges can be overcome.

In recent years there has been a significant effort to improve decision-making within the public sector by developing capacity in policy analysis in CEE, Central Asia and Caucasus countries. But these efforts are still in their early stages in many countries, and heavily reliant on donor assistance, where available. Both the demand side (governments genuinely wanting evidence-based policy advice) and the supply side (e.g. skilled policy analysts, teaching institutions, and think tanks) need to be developed.

Developing policy analysis capacities in almost all, if not all, countries in CEE is significantly connected with the technical assistance provided by international donor organisations. With foreign support, people were trained, documents developed, academic programmes established and certain standard government procedures adopted. Unfortunately, this base is still insufficient in some parts of the CEE region to survive and progress without additional donor assistance, especially under conditions of worldwide economic crisis. This is an important challenge today, because of the overall globalisation processes, increased demand from society to ensure sustainable development and enforce good governance procedures, ensuring openness and transparency of the decision-making system, and increased political and economical instability in the world all cerate the urgent need to equip civil servants and decision-makers with contemporary methods and tools to design and implement public policy in various areas.

The Working Group focuses on two interrelated clienteles – practitioners within state/government administrations and academics in schools and institu-

tions who teach policy analysis as part of a public administration teaching/training programme. It created a forum for exchanging experience on how academics can meet the contemporary needs of public servants in upgrading academic and training programmes in public policy analysis, as well as in preparing and promoting relevant policy advice. The aim is to focus on country case studies of public policy analysis and policy implementation, which in turn, allow for a comparative study of different approaches to institutionalisation and implementation of public administration procedures. Such a review is useful in assessing how effective and efficient existing policy analysis processes are within administrations and proposing how they might be improved.

The discussions in the framework of the Working Group have tightened its focus and become a vehicle for discussions and debates around *capacity challenges to professional policy analysis* and *concrete remedies for those challenges*. These are especially important in the regions embraced by NISPAcee. First, policy analysis has developed unevenly in different countries, academic training is often weak, and professional capacity in governments is sometimes severely limited. Second, the Working Group wishes to go forward beyond diagnosis and encourage discussions on the ways forward.

The presentation of papers and the discussion among participants representing CEE, Central Asia and Caucasus countries as well as countries of Western Europe and North America, allowed the Working Group to position itself as a forum for sharing experience and a unique opportunity to jointly work out ideas and recommendations on PPA improvement and better implementation to meet the urgent need in establishing responsive governance, which becomes even more important under the conditions of the worldwide economic crisis which forces governments to step in, regulating market failures more rigorously.

The selected set of three papers for this part of the book represents the best pieces from the 2010–2011 meetings of the Working Group on Policy Analysis Development Issues.

The paper by Leif Kalev and Mari-Liis Jakobson deals with the very specific aspect of public policy – it analyses the relevance of transnationalisation for governance. Its core part is examining the case of the Estonian-Finnish transnational space, how people themselves see the changes and analyse the governance of this space, both by the states, as well as the transnationals.

The paper by Marcin Sakowicz deals with an issue that is extremely important for all CEE countries – adopting hundreds of legal norms yearly, which are necessary for continuing their transformation process. This chapter provides an overview of Regulatory Impact Assessment (RIA) practice in Poland. It is based on an analysis of documents referring to RIA reform in Poland, interviews with key government officials engaged in building the RIA system, as well as screening the bills passed by the Polish Parliament in 2009 and 2010 and also students' reports on RIA

experiences. The last section presents conclusions and a number of recommendations for improving the Polish RIA model in the years to come. The research clearly confirms Poland's advancement in having a legal framework for RIA and a gradual shift to incorporate it in legislation procedure. However, RIA is still not commonly perceived as an essential element of the whole system of policy making in Poland and a tool for the improvement of policy design and coherence.

The third paper was written by Nana Sumbadze. It deals with the relationships between the settlement type and political preferences in Georgia and represents a really unique study. The evaluation of the effects of the settlement type on the political preferences of the population is based on data from the 2008 survey. A comparison of the answers shows many differences between the inhabitants of the capital –Tbilisi – big towns and rural areas, for example different interests in politics and the participation in decision-making, and trust. The author argues that one reason for such a situation might be the level of attention that the President and the government give to big towns.

Transnational Spaces as a Challenge for Governance

Leif Kalev, Mari-Liis Jakobson

Introduction

What happens if people from one country migrate to another, move frequently in between them, or live in several countries simultaneously? In recent years, transnationalism has become a popular concept, especially in anthropology and sociology and other disciplines addressing migration, but also in international relations, to frame such developments.

The emergence of transnational spaces creates a challenge for governance as people's opportunity structures expand and societal variety increases. Yet, there might also be opportunities for governing via these spaces, if addressed adequately. The relevance of such problems is clearly visible in the current context of diversification of national policy strategies in response to globalisation (see e.g. Sørensen 2004).

In the following sections we will study the relevance of transnationalisation for governance. We will discuss this from the perspective of politics and governance and explore transnationalism with regard to transnational social spaces that emerge due to extensive micro- and meso-level interconnections which, in their turn, emerge within a social, economic, political and cultural context related to such migration (see Faist 2000).

First, we will explore the concept "transnationalism" theoretically and discuss the possible adjustment strategies of public authorities to the underlying processes. Second, we will explore the development of a transnational space between Estonia and Finland, and investigate how people themselves see the changes and analyse the governance of this space, both by the states, as well as by the transnational actors.

The questions underlying this research are:

- What kind of transnational spaces are emerging?
- How are the transnational spaces governed by the involved governments and emigrants in practice, if at all?

The empirical data were collected within the EC DG-Research 7th framework programme project on Transnationalisation, Migration and Transformation: Multi-Level Analysis of Migrant Transnationalism (Trans-Net).

Transnationalising social spaces

The scholarly discussion on transnationalism has, in the last decades, been developing with accelerating speed, starting with the basic idea of the two-directional cultural and goods exchange created by migrants (Sutton and Makiesky-Barrow 1975), actually having personal footage in two or more societies (Chaney 1979, 209) and circulating between societies rather than migrating. This has resulted in the view seeing implantation in cross-border exchange as a normal part of the contemporary social status of people and to outline the possibility of a relative stability of transnational social spaces building upon people in or in between various national societies (Glick Schiller et al. 1992).

The notion of transnationalism goes beyond the conventional dichotomies of migratory settings as in outgoing and ingoing countries, but, at the same time, it also comprises this conventional dichotomy. Transnationalism is a concept which is able to carry the "old" discourse of migration studies into the "new global realities", because the concept of transnationalisation describes a wider process of change, covering multi-local configurations that extend beyond national boundaries.

Adopting a transnational perspective, we do not approach states and societies as entities taken for granted (see also Chernilo 2008). We treat them rather as fields, having some kind of coherence which is nonetheless constantly changing. Countries are no longer clear-cut containers with clear borders that differentiate organised internal affairs from the external "otherness" (Pugh et al. 2009). The human world is marked by ever-changing borders, the rise and fall of power centres and of loci of social activity. Thus an empirical examination of the boundaries and borders that emerge at particular historical moments is needed.

Transnationalisation is to be seen as a large-scale change in the social environment that can potentially affect various spaces. There are two general insights on the triggers of transnationalisation: the environment (in Luhmannian sense) and agency. Transnationalisation is depicted as a solution to problems that current organisations, i.e. nation states alone cannot cope with, because that requires a larger scale effort (i.e. Vertovec 2009, 10, Glick-Schiller 1999, Smith 2003), and seen as an alternative approach to investigate social processes that might trespass national borders, for example, social movements (Price 2003; Tarrow 2005).

Thus, transnationalisation is viewed as a structural process of blurring boundaries, coeval with globalisation, yet occurring in smaller and geographically more precise locations, and allowing for a continuing heterogeneity of developments across the world.

Transnationalisation does not imply a total transformation, but rather, an extended or self-awareness transformation of regular practices, because while engaging in transnational practices and/or spaces, one can still retain one's roles in national or local spaces or communities. The concept of transnational spaces is mostly associated with the writings of Thomas Faist, who circumscribed it as a border-crossing network of relationships: "transnational social spaces are combinations of ties, positions in networks and organisations and networks of organisations that reach across the borders of multiple states" (Faist 2000, 191).

From a system theoretical perspective, transnational spaces are autopoietic subsystems that organise themselves according to the requirements of the conditions in the environment. Unequal development (as a premise of migration, flow of remittances etc.), cultural differences (that impede thorough integration into the "receiving" society, and rather result in an adaptation to its rules), relative under-representation in some political institutions (that could result in remaining extra-institutional and peripheral or in a demand for equal rights) are all "environmental" triggers that shape the essence of transnational political spaces.

In theoretical terms, a transnational space can be an *ad hoc* space that has no sustainable institutions and emerges due to political action, but it could also resemble a coherent polity or something in between. In order to adequately analyse the variations, we developed a typology of three types of transnational spaces: tunnel-like, particularist and overarching transnationalism. This typology is based on three perceptions of transnationalism: modest, multi-level or radical (see Kalev et al. 2010). While tunnel-like spaces presume modern statehood, particularist spaces refer to multi-level governance settings and an overarching space could even replace states.

Table 1

Varieties of transnational spaces

Type of transnational space	Components	Functions	Scope
Tunnel-like	Participation in national politics Advocacy groups and coalitions	Extra link for solving occasionally occurring transnational issues	Modest
Particularist, multi-level	Networks of sectoral institutions; Advocacy groups and coalitions	Constant hub for coordinating sectoral policies of different localities	Moderate
Overarching, radical	Advocacy groups and coalitions; Governmental/municipal institutions; Special transnational governance institutions	Full-scale governance of the transnational space	Extensive

Source: Kalev et al. 2010, 76, adjusted

Governing transnational spaces

Governance refers to a variety of arrangements through which human life is organised, i.e. arrangements for getting things done. These arrangements can range from human micro-practices to conventional governing structures by the modern state. Beginning in the 1980s, scholars have increasingly talked about a shift from a hierarchically-structured bureaucratic government to a more diverse setting of governance. This change is neatly captured by Rhodes (1996, 655): "The transformation of the public sector involves 'less government' (or less rowing) but 'more governance' (or more steering)."

The new patterns of governance include more levels and actors, so it is often termed multi-level or multi-actor governance (see e.g. Kjaer 2004; Bache and Flinders 2004). Some actors take the formal structures of state apparatus for granted and just include transnational networks within this frame, with possible implications for broader institutional transformations.

The shift to governance implies changes in the way governing by state institutions is perceived and enacted (see e.g. Hood 2000; Pierre and Peters 2000). Peters and Pierre (2006) have developed a typology of various styles in contemporary governance ranging from *étatiste* state institutions' dominance to network-centred governance legitimised by state actors.

Table 2
Models of governance

Model of governance	Characteristics
Etatiste	Dominant role for state institutions. Limited involvement and feedback from society.
Liberal	Involvement of a limited number of societal actors, selected carefully by state institutions. Pluralist, with government choosing the legitimate actors.
State-centric	State remains the dominant actor, but societal actors have some autonomous sources of legitimacy, with some claims for involvement, corporatist bargaining being a prime example.
"Dutch"	Networks become central, if not dominant, participants, but the state retains the capacity to make autonomous decisions and "steer from a distance".
Governance without government	Networks and markets are dominant actors. State legitimises the actions of these societal actors.
Societal struggle with a marginal government	Networks and markets are dominant actors. State legitimises the actions of these societal actors.

Source: Peters and Pierre 2006, 212

There is a widespread scholarly consensus on the continued relevance of states in transnational politics broadly in line with the transformationist approach (Sø-

rensen 2004; 2006). State institutions seek to shape their environment, and not simply react to changes nor plainly oppose transnationalisation. They also seek to retain a dominant position in society and to keep a critical standard of cohesion organised along national borders by diversifying their strategic repertoire and channelling globalisation processes. This limits the opportunity structures for transnationals and, more broadly, for all citizens.

Of course, citizens need not be accommodating, but can opt for alternative strategies. By definition, governance of transnational spaces not only depends on the decisions taken by state institutions. People and their organisations can, to a varying degree, self-govern transnational space and even develop political strategies tackling state authority strategies. Any empirical examination of governance and transnationalism, therefore, needs to take into account both state institutions and citizen governance and policy making.

In addition, governance also covers political aspects. The governance of transnational spaces is not just about the effectiveness of self-organisation. Political systems require sufficient legitimacy, i.e. that people feel connected to the system. In terms of an autopoietic approach, if the system is unable to reproduce a coherent code, it breaks down. Also if it fails to adequately connect actors, it ceases to be socially meaningful. Thus, political identities are relevant to transnational governance: their relevance, coherence and the reference define identifications. Therefore, we also need to pay attention to political and state identities in the empirical part of the chapter.

Such a common identity is built, sometimes in contestation by various actors and discourses, through a common communicative space which includes education, standardisation, common myths of history, national identity etc. (see Kalev 2009). The relationship between democratic cohesion and other bases of identity, including ethnic or national aspects, is case specific and is developed through the dynamics of identity politics and the politics of identity (Jakobson 2009, Kalev 2009).

Politics of identity is a process of developing the identity of specific groups in terms of value basis, patterns of belonging and other institutions, in order to establish a strong recognition of the specific group as being different from society at large. Identity politics is aimed at developing a common value basis and patterns of belonging to society (political community) at large, conducted primarily by state institutions mostly in a top down manner.

In this context, there is a clear tension between a modest and active role of citizens in a polity. In the context of the transnationalisation debate we can differentiate between two logics of political citizenship: the civil and the democratic. According to the civil logic, the emancipation of citizens is primarily enacted through the practice of individual rights and guaranteed by the rule of law. The democratic logic is crucial for the ways in which citizens' and agencies' rights are established

in practice and in the way citizen engagement transforms the social and legislative environment for the better of everyone (Kalev et al. 2010).

Introduction to the empirical case-study

1. Context of the Estonian-Finnish transnational space

An elementary characteristic of the transnational space of Estonia-Finland lies in the geographical, linguistic and cultural closeness of the countries, which facilitates many trans-border practices. Still, in terms of continuous movement of information, goods and people, the Estonian-Finnish transnational space is quite young, reflecting the consequences of the dramatically different situation of the countries in the second half of the twentieth century: due to Estonia's Soviet past, people's opportunities for migration were severely restricted until the beginning of the 1990s.

An explosion in the number of transnational ties and activities became possible after the collapse of the Soviet Union in 1991. Consequently, a significant number of people migrated from Estonia to Finland and vice versa; not just family migrants but also students, labour migrants and businessmen. This period coincided with the establishment of a free market economy, democracy and other Western type of societal arrangements in Estonia. In this way, many Finns became a part of the "winners of transition".

During the last 10–15 years, the Estonian-Finnish space has been increasingly characterised by deeper and more stable transnational contacts. Many companies first started to operate in Finland and then opened branch offices in Estonia and other Baltic states. There are also a growing number of "mixed" families and students moving between the two countries. In particular, after Estonia became an EU Member State (2004) and a Schengen country (2007), free movement of people and labour gained further impetus. There are currently thousands of immigrant Finns in Estonia and tens of thousands of Estonians living and working in Finland. These are considerable numbers given the small population of the countries (1.4 million inhabitants in Estonia and 5 million in Finland). The Estonian-Finnish transnational space has become quite intense since 1991.

In the 1990s, the number of Estonians migrating to Finland varied yearly from 800 to 2,600 (the peak years were 1992 and 1993); rising again from 2006 onwards, ranging from 2,700 to 3,500 immigrants per year. There were fewer Finns migrating to Estonia: in the 1990s, approximately 200–300 per year; the numbers have been growing since 2004 (around 550–850 yearly). (Statistics Finland. Population Statistics 1991–2009). In addition to these figures, there has also been a large number of temporary Estonian migrants in Finland since the second half of the 2000s. There are no complete statistics available on the temporary foreign labour migrants in Finland; estimates vary from 20,000–40,000. (Lith 2007; Baltic Sea Labour Network).

At present, there are many Estonians and Finns living in the other's country, given their total population. In Finland, Estonians are the second largest group of foreign language speakers (25,000) after Russian-speakers (51,000) (Statistics Finland. Population Statistics 2009). The Estonian origin population in Finland is large and ethnically diverse, including Estonians, Russians and so-called Ingrian Finns. In Estonia, there were about 10,700 Finns (0.8 % of the total population) residing in Estonia in 2009. The largest ethnic minorities in Estonia are Russians (343,000, 25.6 % of the total population), Ukrainians (27,900, 2 % of the total population) and Belarusians (15,700, 1.2 % of total population). (Statistics Estonia).

The national legal framework for migration and transnationalism has remained somewhat different in Estonia and Finland. Contemporary Finland pursues a relatively open migration policy, while Estonia is more reserved in this respect (see Jakobson et al. forthcoming). This reflects the different situation of the countries in terms of immigration. Even though the number of immigrants in Finland has clearly grown in the last decade, its number and share remains very modest compared to Estonia.

With the gradual development of European Union common policies, the framework for free movement of people between the two countries has become quite similar. Estonia's membership in the European Union (2004) implied shared EU citizenship and free movement of people. Finnish restrictions to free movement of labour ended in 2006. Estonia entered the Schengen visa-free space in 2007 and in 2009 a common status of EU permanent residents was introduced to make living and working free also for the sizeable group of non-citizens in Estonia.

An important aspect influencing the integration policy practised in Estonia is the neoliberal conceptualisation of individual responsibility for success or failure as a part of the political mainstream in Estonia to date. The general idea is that individual people, including migrants, individually bear the main responsibility for their integration. Recently, Estonian migration policy has become more liberalised with the introduction of EU rules on free movement and residence of EU citizens and permanent foreign residents.

2. Data and methodology

On the basis of the above discussion, we pose the following questions for empirical examination.

- What kind of transnational spaces are emerging?
- How are the transnational spaces governed in practice, if at all?

We discuss these questions on the basis of a case study – Estonia and Finland as a transnational space. In line with the theoretical frame we treat the space as being unified to some extent. There are various aspects that could be approached as

autonomous sub-spaces or sub-cases but for the purposes of this chapter they are seen as different dimensions of one integral transnational space.

The data have been collected in the course of the research project "Transnationalisation, Migration and Transformation: Multi-Level Analysis of Migrant Transnationalism (Trans-Net)." It is a three-year research project funded by the European Commission's DG-Research (7FP).

The objective of the Trans-net project was to clarify and compare transnationalism, analysing the border-crossing relationships in four transnational spaces encompassing eight countries:

Estonia/Finland, India/UK, Morocco/France, and Turkey/Germany.

The focus lies on the transnational networks and political, economic, and socio-cultural activities. The research addressed both policy documents and individual migrants. Research data was gathered through content analysis of policy documents and semi-structured and life-course interviews amongst a selected sample of respondents in each participating country (cf. Jakobson et al. forthcoming).

In this chapter we use the data from the semi-structured interviews. In both participating countries, Estonia and Finland, 80 semi-structured interviews were carried out in 2009–2010 (160 in total). The respondents were selected through snowball sampling with the assistance of migrant associations and educational institutions from among people who had migrated from Finland to Estonia or from Estonia to Finland (including some returnees), or were commuting between the two countries Some contacts were gathered by online publishing (pooling respondents from networks such as Facebook) and by following the media (for example, politically active individuals and entrepreneurs). The final sample of interviewees featured 56 Finnish respondents (incl. 23 women), 108 Estonian respondents (incl. 64 women) and 6 respondents of other or mixed descent respondents. The sample represented all adult age groups and various economic and labour backgrounds.

The questions in the semi-structured interviews covered six basic areas: personal details, migratory patterns, political agency and identification, socio-cultural agency and identification, economic agency and educational agency.

Functioning of the transnational space

1. Migratory patterns

The motives stated for going abroad fall into four main categories: work, study, family and emotional attachment to the culture in the country in question. There are no complete statistics on the flows of migrants between Estonia and Finland, but based on the interviews, we can assume some major turning points in terms of migration between the two countries. Some of them were social, i.e. the emergence

of trans-border social networks that in some cases led to marriage. Other reasons for the intensification of migration and growth in transnational ties were economic, i.e. the great recession in Finland after the collapse of the Soviet Union, which was one of their prime export markets, and the overheating of the internal market that lasted throughout the 1990s, or the economic growth in Estonia in the 2000s, when several Finnish companies established branches in Estonia, facilitating the migration of posted workers and other top-level specialists who were assigned to Estonia.

In many cases, policy change also induced such migration. For example, the trans-border networks could only emerge after tourism was allowed by the Soviet Union authorities between Finland and Estonia in the 1980s. Although this was guarded by heavy restrictions, some transnational social networks emerged, which were also a founding experience for several future migrants-to-be. Another major policy impact was made by the call for the Ingrian Finns to "repatriate" to Finland around 1990 to help the labour shortage and population reduction. This established an intense flow of immigrants from the territories of the former Soviet Union who could prove their Finnish origin, including many humanitarian migrants. The next major policy change that fostered trans-border opportunities was Estonia's accession to the EU, opening of the Finnish labour market in 2006 and Estonia joining the Schengen area in 2007.

However, not only migration and travel policies impact on the emergence of transnational spaces. For example, the privatisation campaign in Estonia proved a very successful venture for several Finnish businessmen who had previously established a network. The movement of students also had a policy-related reason. Though most of them had decided to go and study in the other state just in order to obtain some extra experience as an exchange student, studying for smaller student fees in Estonia, or studying a curriculum in Finland not taught in Estonia, there were also people who justified their study migration with restrictions in Finland – since people with higher applied education are not allowed to pursue an academic degree (i.e. MA) in Finland.

2. Social agency

Characteristic to this domain is that "transnationalisation" does not only affect the people conducting migratory practices, but also their peers, i.e. children, elderly parents, spouses etc. This has raised issues such as transnational care, schooling et cetera.

Our interviewees did not judge these problems to be very important. Only in some cases, Estonians in Finland admitted to have elderly relatives who would need their care, but they usually were said to be able to rely on other relatives in Estonia to take over the care. Also, in most cases, Estonian respondents with children of school age first moved to the other country on their own, leaving the children behind (usually with their spouse or other relatives), and brought them along only if they were definite about staying permanently. In some cases, the children could

not adapt to the environment in the other country, and chose to move back on their own, sometimes losing a year or two in their basic education. The Finnish respondents did not have to make such choices, since there is also a Finnish school in Tallinn (where most Finns reside), and where they can study according to a Finnish school curriculum.

3. Economic agency

A lot of respondents admitted that the main reason for migration was related to economic factors in one way or another. Some people simply migrated for a better salary (especially from Estonia to Finland) or for new business opportunities (especially from Finland). Other people hoped to escape joblessness (both from Estonia and Finland) or to try to support their peers (i.e. widowers, single mothers and relatives of indebted people from Estonia).

As an outcome, financial remittances move across the borders, albeit somewhat differently than they have been seen to do in other cases (Vertovec 2009). According to the World Bank (2010), the amount of remittances received in Finland is more than double the amount received in Estonia. Since Estonia and Finland are both rather individualistic societies, where family networks do not have such importance and people tend to cope with the resources they have gained themselves, trans-border support occurred only in a few cases such as Estonian single mothers and blue-collar workers supporting their families, or Finns working in highly paid positions in businesses which finance the support of their families. Thus, with the emigration, resources also left the country, i.e. breadwinners spend their salary in the country of residence if the family resides there too; students use their scholarships, students' loans and supporting allowance from parents, also in the country of residence etc.

Governance of the transnational space as acknowledged by trans-migrants

The trans-border activities are manifold, but what happens to these issues in the "open waters" of transnationalism? As shown in the theoretical part of this chapter, there are various possibilities for governance in these issues. Are the contexts altered by states or by migrants, or do they collaborate in some form in order to achieve the transformations? Below, we will give a brief insight into the opportunity structures created by states, and the political agency and identification of the interviewees operating in the transnational space.

1. Opportunity structures created by states

Estonia and Finland have opted for rather different governing strategies internally: whereas one is a neoliberal state based on cultural integration, the other can be

termed as a civic welfare state. Hence, the two states offer a rather different opportunity structure. In the case of Estonia, the opportunity structure can primarily be described by the lack of restrictions. Economically it is very open and the interviewees stressed its flexibility and lack of bureaucracy in comparison to Finland. The main restrictions the interviewees complained about were related to immigration prior to Estonia joining the EU. Several interviewees described their endless meetings with migration officials who always found some excuse or some little mistake in their paperwork to send them back. One informant described how a tuberculosis test was demanded, which was not even performed in Finland, since the disease had been eliminated there. The issues of emigration (and more recent immigrants) have only recently been acknowledged and hence, there have not been many initiatives in enhancing the opportunities of transnationals.

Finland, on the other hand, functions as a much deeper state. Though it has also posed some restrictions on labour mobility (e.g. counting foreign qualifications as ineligible for some professions, e.g. doctors), most Estonian immigrants enjoy the same benefits as Finns. On the other hand, some Estonians complained about the amount of bureaucracy one needs to go through in order to receive benefits. Yet, Finland also has its way of taking advantage of the blurring of borders – where the Estonian government sees incoming investments (businessmen starting up companies), Finnish authorities see jobs. Some Finns stated during the interviews that they had arrived in Estonia by the end of the 1990s through an unemployment office programme, which organised courses in the Estonian language, on the legal system and other important matters, and initially found them a trainee position in Estonia, after which several of them found a permanent job.

Another example of the transnational grip of the two states refers to the process of developing partnership. The governments of Estonia and Finland have organised and regulated cross-border relations since Estonia became independent. Several bilateral treaties have been concluded, such as the treaty on fostering and protecting investments in 1992 and the treaty on social security in 2006. There are also several multilateral treaties and supranational rules.

After Estonia's entry into the EU, two reports on developing partnership have been composed. The first one was composed by the Estonian ambassador in Helsinki, Jaak Jõerüüt, and Vice-President of the National Bank of Finland, Esko Ollila, in 2003 and the second by Finnish ex-Ambassador in Tallinn, Jaakko Blomberg, and Vice-President of Nordic Investment Bank, Gunnar Okk, in 2007–2008. Especially in the latter report, the emphasis was on developing joint institutions in various fields, such as research or energy infrastructure. The practical results of these suggestions still remain to be seen. (Sildre 2011)

2. Political agency

The national states in the Estonian-Finnish transnational space still remain rather modest actors in shaping the transnational fields and the primary emphasis is on coping with individuals. In the interviews, we asked respondents about their political participation and associational activities. The main form of political participation still seems to be voting in elections. From the aspect of governing a transnational space, this remains rather insufficient, since elections are an instrument of carrying out the popular will, but migrants will always remain a minority and hence, not very influential.

A somewhat more successful strategy is participation through associations, especially among Finns in Estonia, whose entrepreneurial clubs are influential pressure groups both in Estonian as well as Finnish governments. Additionally, they've managed to found Finnish schools in Estonia. For Estonian transnationals, associational life is still very weak. Probably due to the Soviet legacy, associational affiliation is not very popular, not even among the native population (Rikmann 2005). Among our Estonian respondents, several had joined associations either in Finland or Estonia, but none of them had been very successful in promoting a political cause related to their transnational lifestyle. There were also some respondents who participated in the so-called transnational social movement organisations (Tarrow 2005), but none of them was particularly related to the Estonian-Finnish transnational space. Rather, it was organisations such as the Red Cross or Amnesty International, and all the respondents participated in only one branch organisation in one country, hence indicating the international, rather than the transnational essence of these movements (see Bauböck 2003).

3. Political identification

Political identification and loyalty could be seen as the glue in modern statehood, but also a source for the legitimacy of states. According to our analysis, the identification characteristic to the modern state is gradually receding: cultural and social loyalty become separated and can be felt towards different states. This is particularly visible among Estonian respondents, who claim that they feel fully Estonian and loyal to the Estonian nation, but simultaneously, admit being loyal to the Finnish state to whom they pay their taxes and carry out other duties whilst living there. Just to give some quotes:

> *I thought it necessary to officially pay my taxes there – when I enjoy the benefits of that society, I will contribute there as well. I've never tried to find ways to pay less taxes or to enlarge my profits. Maybe it's the Finnish type of attitude I have acquired. (Helen F 1978 Est)*

The same goes for the Finns:

> *I think my loyalty to the Finnish state has increased here. I think I will gladly pay the 35–40 per cent taxes when we go back, because I think we get something for our taxes and here there are still some things that you have to figure out and to manage the money and how to divide it and so on, but I think you're going there. (Janne M 1975 Fi)*

Finnish identity is reaffirmed through associational life and common activities, which cannot be directly controlled or influenced by the state, since the associations involved are civic initiatives. However, civic associations are institutions of low sustainability without support from other sectors, which is seen in the following quote:

> *I have to say that I have become more Finnish here in Estonia. It's mainly because of the work I've been doing in the Finnish Entrepreneurs' Club of Estonia, where one's Finnish identity is always emphasised. Here I have served my compatriots and developed an even deeper solidarity; I have experienced a feeling of belonging to a national community. It's about Finnish culture and traditions. We celebrate Finnish Independence Day. (Tarja F 1962 Fi)*

Conclusions

The discussion above shows that the perceptions of politics and governance still remain mostly associated with states, and not with transnational spaces. Also, agency is seen mostly in the framework of national societies; however, in this respect, we can see some transnational aspects in discourses.

The Estonian-Finnish transnational space exists, but mostly in the form of tunnels. State structures still have a dominant relevance for spaces both in terms of identity and creating opportunity structures (the Finnish welfare state vs. Estonia's minimal state). There is little independent self-governance in and of transnational spaces.

Though there are signs of state institutions using the opportunity structures offered by the blurring of borders, such as attracting investments or using cheaper labour, this still remains by far an interactive governance and multi-level governance encompassing the Estonian-Finnish transnational space.

Currently, Estonian and Finnish government initiatives are either still in the visionary phase and not yet put into practice, or more of a technical nature resembling traditional international law. Most of the practical new flexibility is provided by European Union supranational regulation. These multi-level governance arrangements are rather top down.

As for the transnationals themselves, they do not mention any transnational collective initiatives in order to improve their condition or to solve problems that concern transnationals. So the transnationals rather pursue the civil agency model, trying to cope with the surroundings and just accept the rights they have. They do not actively participate in rulemaking or developing transnational organisation.

There is some evidence that diasporas can rearrange aspects of life themselves, as well as result in negotiations with state governments (the case of Finnish businessmen in Estonia). This could be developed further if the opportunities are acknowledged and treated positively by the actors involved. Democratic agency also preconditions civic skills, as well as the readiness of governments to negotiate. However the interviewees were not enthusiastic about such developments. Even though the neoliberal Estonian government is receptive to the lobby of businessmen, the opportunities for other interest groups in this regard remain low.

From the point of view of the governance theory, we did not find much evidence pointing to the existence of a radical model with civil actors replacing government. Change is taking place and transnational practices and patterns are present, but as spaces, these can only be seen as tunnel-like, enriching social life and providing additional opportunities for individuals. The problem is clear: neglecting transnationalism can result in the marginalisation of people and a loss in the legitimacy basis for polities. State institutions that have remained central in governance could devote more attention to these new risks and opportunities. There is a need to develop adequate governance solutions for the emerging transnationalism.

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Poland: Regulatory Impact Assessment: The Institutionalisation of Regulation Practices

Marcin Sakowicz

Introduction

This chapter provides an overview of the Regulatory Impact Assessment (RIA) practice in Poland. The chapter is based on an analysis of documents referring to RIA reform in Poland, interviews with key government officials engaged in building the RIA system, as well as screening the bills passed by the Polish Parliament in 2009 and 2010. The author's knowledge on RIA was also enlarged by the National School of Public Administration (KSAP) students' reports on RIA experiences, results of their internship in Polish and foreign administration.

The chapter begins with methodological remarks on the evaluation of Regulatory Impact Assessment. Then the evolution of the RIA in Polish administration is briefly described. The core section contains analysis of RIA screening and discussion of the main problems of Polish RIA practice. Finally, the last section presents conclusions and a number of recommendations for improving the Polish RIA model in the future. The research clearly confirms Poland's advancement in having a legal framework for RIA and a gradual shift to incorporate it in the legislation procedure. However, RIA is still not commonly perceived as an essential element of the whole system of policy making in Poland and a tool for the improvement of policy design and coherence.

Regulatory impact assessment and Polish conditions

RIA is part of an overall strategy, focused on the improvement of better regulation in Poland. Regulatory improvement strategies throughout the world are founded on an assumption that if decision-makers are provided with RIA-related information, they will make "better" decisions. The questions in the Polish administration context are:

- Does the rapid spread of RIA contribute to public sector management and better governance?

- Is RIA an effective tool for strengthening evidence-based policy making?

- How does RIA modernise the policy making process (confirming, defining the problem or task, identifying options for solving the problem or doing a task, selection of the most preferred option, design, implement and evaluate given policy?)

There has been some confusion in the terminology relating to (1) Regulatory Impact Analysis as an analytical discipline, and (2) the document (often called Regulatory Impact Analysis Statement) that presents the result of that analysis (Milligan 2003). Measuring the Quality of Regulatory Impact Assessment usually focuses on analysis (2) RIA memorandums, statements or explanatory notes attached to legislative proposals (Zubek 2007, Renda 2006).

Thus, evaluation of the RIA exercise could be taken into consideration only if a legislative option was chosen for solving a given problem. However, it could happen that RIA leads to non-regulatory policy, which means avoiding legislative steps. All this means that the evaluation of RIA documents may not reflect the whole process of impact analysis carried out in governments. However, the evaluation of the (1) systematic process of identification and quantification of economic, social and environmental impacts likely to flow from the adoption of a proposed regulation or a non-regulatory policy option under consideration is a very challenging task and requires a profound analysis.

The Polish RIA guidelines (Ministry of Economy 2006) state: "The regulation impact assessment is an instrument permitting to determine the consequences of introducing new regulations. It should be stressed that RIA is done whenever an adopted decision contemplates state intervention and it is carried out before a draft law is written. It is not only an assessment of the proposed normative acts. In fact, an RIA may indicate that non-legislative measures are the best solution to a particular social and economic problem". Such definition begins with linking the RIA with the law-making process and assessment of the proposed normative acts.

Although the second part of the definition clearly explains that RIA also embraces non-legislative measures, we can argue that the Polish approach still reflects the dominance of the RIA procedural and legal dimension. The evidence from civil servants' training in 2010 indicates that public officials are aware of RIA requirements, but they do not consider them as a vital element of the analytic process leading to better public interventions (Ministerstwo Gospodarki 2010). Therefore, until now, RIA still does not seem to be perceived as an effective tool in enhancing the policy process.

This should not be surprising, considering that Poland belongs to continental European administrations monopolised by lawyers (Pollitt et al. 2007). Primacy of

law and a legalistic view of public administration is probably the first obstacle to effectively institutionalise RIA practice. By comparison, countries that successfully introduced a culture of impact assessment are the US, UK, Canada, Australia and New Zealand – all of which share, not surprisingly, a common law legal system.

Development of the RIA system in Poland

In Poland, the system of the regulatory impact assessment (RIA) was initiated in the end of 2001[1]. Since that time it has been mandatory to carry out impact assessment studies for all governmental legal acts. The system of regulatory impact assessment covers both bills and regulations.

The implementation process could be divided into three phases. The first: initial phase 2001–2005, two stages of reform and improvement; 2006–2008 and current 2009–2012. The most essential data for the whole process of institutionalisation RIA system was presented in Table 1.

The first institutionalisation period was characterised by a low standard of implementation with several pitfalls: limited appreciation of the value of high-quality impact assessments by decision-makers and public servants alike; limited knowledge and skills of public servants in RIA tools and methodologies and limited training opportunities on the processes, methodologies and tools as well as too formalistic an approach to RIA templates and forms (Zubek 2007).

Table 1
Key data for building RIA system in Poland

1999	A Concept of Medium-Term Economic Development of the Country until 2002 – regulatory reform as one of the priorities.
September 2001	Start of the system, requirement to perform RIA was introduced in the internal Council of Ministers rules.
March 2002	Rules of procedure of the Council of Ministers – the outcomes of RIA form part of the justification of all normative acts.
July 2003	Methodological guidelines for regulatory impact assessment.
2006	Regulatory Reform Programme, New modernised and enlarged Guidelines to Regulatory Impact Assessment.
2007	Training of almost 600 officials.
2010–2012	Training of 3000 officials.
	Ex-post Regulatory Impact Assessment.
	An electronic database on RIAs.
	RIAs Audit.
	Pilot system of on-line consultations by 2012.

Source: Own elaboration on the basis of government documents and interviews.

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1   Pursuant to Ordinance No. 49 of the Council of Ministers, dated 19 March 2002 – Rules of Procedures of Council of Ministers (Monitor Polski Official Journal No 13, item 221) – the outcome of RIA represents a part of rationale for normative acts.

A study by Zubek on RIA practice in 2002–2003 exposed that out of 125 draft laws, 21 had no RIA statements (Zubek 2007). In a more comprehensive assessment of 163 explanatory notes attached to bills prepared by ministers in 2002–2004, experts revealed that "information about the costs and benefits of legislation that ministries have at their disposal during law-making was at best, limited" (Goetz and Zubek 2005). Explanatory notes rarely presented costs and benefits for parties affected (18 % and 21 % respectively of the notes analysed) and contained limited information about regulatory impact on cross-cutting policy objectives (ibid.).

Therefore, further steps were taken to enhance systemic change in an approach to the preparation of RIA in the administration. The Ministry of Economy prepared new RIA Guidelines which were submitted to the Council of Ministers and adopted in September 2006. A novelty in the RIA system was the widening of the scope of regulatory impact assessment to include environmental aspects and a prerogative of the Prime Minister's Chancellery to block the legislative proceedings if RIA for a certain piece of legislation has been made incorrectly.

During this phase, new steps were undertaken in setting institutional design for controlling and promoting RIA. Until July 2006, two institutions were active in monitoring and checking RIA: the Government Legislation Centre (RCL) and Government Centre for Strategic Studies (RCSS). The Government Legislation Centre provided opinions concerning the scope of impact assessments undertaken in a ministry. RCSS, in turn, performed parallel RIA in order to deliver additional analysis, in particular, taking account of the important and long-term impact of regulation. Both institutions coped with low capacity; moreover the significance of the RCSS RIA was relevantly weak, since a ministry has the obligation to refer to the position of the RCSS's analysis and nothing more.

As a result of the 2006 regulatory reform, the responsibility for the review of RIA was concentrated in the Chancellery of the Prime Minister (KPRM). The Chancellery of the Prime Minister became a central participant in the review of regulatory quality and its scope. At present, the Chancellery of the Prime Minister indicates whether the scope of the assessment is adequate or not and identifies the elements which the ministry should apply to expand the impact assessment and make it as complete as possible. However, the Chancellery seems to have inadequate human resources – 8 officials working within an RIA unit are not able to thoroughly analyse the RIA attached to legislative proposals (www.premier.gov.pl).

RCL still plays an important role in the legislation process. The RCL co-ordinates the government's legislative activity and it is the RIA which acts as a "watchdog" checking whether the system is performing well or not. RCL verifies whether a new regulation proposal has an RIA statement with a KPRM opinion. Without this, no government proposal could be the subject of further work. An important change was introduced in 2009 with the division of formulating policy and drafting a law. From April 2009 it is not the ministry who prepares a draft law but the RCL.

The Ministry is obliged to prepare the legislative initiative, including the RIA carried out. (Figure 1) This new system is implemented gradually and still there is a possibility to proceed according to the old scenario.

Figure 1
Regulatory impact assessment and law-making process in Poland (2010)

MINISTER

Minister prepares assumptions to the draft bill and carries out RIA

If **RIA** suggests the necessity of introducing a new regulation, its assumptions along with RIA are send for interdepartmental and social consultations

Assumptions to the draft are reviewed by the Permanent Committee of the Council of Ministers

Assumptions with RIA are submitted for discussion of the government Members of the Council of Ministers and Head of KPRM and then when agreed send to RCL for elaborating a draft bill

Chancellery of the Chairman of the Council of Ministers makes its opinion on **RIA,** on its scope and consultation scale. In the second run provides opinion on RIA coherence and update

Government Legislative Centre Prepares final version of draft bill

Completed draft bill is adopted by the government and submitted to the parliament

A crucial role in the institutionalisation of RIA is played by the Ministry of Economy, particularly the Regulatory Reform Unit in the Department of Economic Regulations. The Ministry undertakes the responsibility for overall regulatory reform, including impact assessment, consultations, reduction of administrative burdens and simplification – removal of obsolete or unnecessary regulations. It promotes the culture of RIA and is the main driver of changes within the RIA system. It is not only the author of RIA guidelines, but the Ministry was the first to introduce RIA methodology in the internal procedure of regulatory powers. Moreover, by the end of 2007, amongst government officials, it conducted training on the use of impact assessment tools. Training included 600 selected administrative staff involved in the legislative process for the preparation of RIA and analytical departments of employees who support the development of substance-depth analysis of costs and benefits of proposed regulations. This year, the training of the next 3000 officials has begun, embracing not only administrative staff, but also the level of deputy ministers (www.mg.gov.pl).

The latter is an example of a number of new initiatives aiming at strengthening the RIA system, envisaged by the Regulatory Reform Programme "Better Law" 2010–2011. It includes the development of an electronic database on RIAs, prepared by the administration, and making the database available to the public. The database will have a double role – first it will be a useful instrument in the process of preparing an RIA, and second, by promoting RIA it will strengthen the role and importance of this instrument within the administration and foster public debate on the quality of regulation in Poland.

The next initiative of this programme is the audit of the RIA system prepared jointly by the Ministry of Finance, The Chancellery and Ministry of Economy. The new system must be subject to periodic revision as to its guiding ideas and, until now, there was no comprehensive assessment of the functioning and effectiveness of the RIA system. The audit will result in the publication of reports to evaluate the functioning of the new system and to review the quality of RIAs based on it.

The Better Law Programme also entails the creation of a pilot system of online consultations within the process of policy making in the Ministry of Economy.

Their last, but not least, intention is to introduce an Ex-post Regulatory Impact Assessment. It will involve the development of the principles of an Ex-post Regulatory Impact Assessment. The aim of the ex-post evaluation will be to verify actual costs of and benefits resulting from the legislation adopted and to verify whether the ex-ante evaluation was correct. The Ministry of Economy was the first to start to incorporate ex post internal RIA – a periodic, systematic and comprehensive review of existing regulations in the area of the ministry.

According to Ordinance No. 49 of the Council of Ministers, dated 19 March 2002 – Rules of Procedures of Council of Ministers – a summary of RIA results must be attached as a separate section to the explanatory notes. The minimal RIA

statement should identify parties affected by the regulation, present the results of public consultations, identify impacts that the regulation will have on public finances, including central and local budgets, the labour market, internal and external competitiveness and indicate sources of funding, in particular where proposed legislation imposes costs on central and local budgets. The structure of RIA final report, according to the Guidelines prepared by Ministry of Economy, is shown in Table 2.

Table 2
The structure of the RIA final report

Regulation's impact on:	Positive impact (quantitative/quali- tative description)	Negative impact (quantitative/quali- tative description)
Subjects		
Public finance		
Labour market		
Competitiveness and entrepreneurship		
Impact on regional development		
Environmental impact		
Total costs and benefits		

Source: www.mg.gov.pl

The RIA report shall include all necessary components – problem analysis with a brief description of the issues, aims, effects and circumstances of the proposed regulation, background information on the existing legal framework and justification of the change, together with risk assessment, options, their brief description and comparison, including a resignation from public intervention or realising interventions, other than legislative, a description of the consultation processes, costs and benefits, implementation, enforcement and monitoring elements.

Our research

The aim of our screening was to verify to what extent Bills passed by parliament have RIA statements formally responding to the Rules of Procedures of Council of Ministers and Guidelines for RIA (2006). The brief characteristics of the documents analysed are summarised in Table 3.

Our findings indicate that the problems highlighted by Zubek (2007) seem to have been solved only partially. As of today, the impact assessment procedure only involves government proposals, not parliamentary ones. As shown in Table 2, out of 24 proposals initiated by Members of Parliament, only 3 have a sort of RIA

memorandum, apart from regular justification. In contrast, all government initiated legislative Acts have RIA statements.

Table 3

Characteristic of Bills passed by *Sejm* in the first quarter of 2010

	Number of Bills	Initiator of legal act			
		Government	MPs	Senate	President
Bill amendments	63	35	24	3	1
New bill	6	6	0	0	0
Total	69	41	24	3	1
Number of RIA attached	44	41	3	0	0

Source: Own elaboration on the basis of 69 pieces of legislation

The results of screening are worrying in a number of respects. First, as shown in Table 4, apart from two new legislative initiatives originating from the Ministry of Economy, none of the RIA has a description of the problem. Less than half of the analysed RIAs highlight the purpose of the proposed regulation. Option analysis is almost never presented and alternatives are seldom compared. Only in two cases does RIA contain a discussion of the different options for solving the problem. Moreover, apart from regulation, self- and co-regulation strategies are rarely included in alternative options. RIA statements usually identify the parties affected by a new proposal (89 % of cases) and consultation mechanisms are presented in 84 %. The latter is still a controversial issue and subject to many critical opinions.

Table 4

Number of RIAs containing a description in a given section

	Number of RIAs	Percentage of RIAs
Problem analysis	2	5
Aim of the regulation	19	43
Options	3	7
Consultation	37	84
Parties affected (regulation impact on subjects)	39	89
Public finance	24	55
Labour market	13	30
Competitiveness and entrepreneurship	14	32
Impact on regional development	13	30
Environmental impact	4	9
Total costs and benefits	4	9

Source: Own elaboration on the basis of analysis of 44 RIAs

The costs of new regulations are seldom estimated. Of the 44 RIAs, only 24 quantify at least some costs. Moreover, costs and benefits are almost never compared. This brief description confirms the gradual improvement of RIA, which in total is still quite often treated in a very formalistic way.

About the data above, we can also add that usually, public consultation takes place parallel to inter-ministerial consultation. According to a Ministry of Economy survey, almost in all (95 %) cases, regulatory bodies consult the legal acts but very seldom in the initial stages. (Ministerstwo Gospodarki 2007). The next problematic issue in the consulting process is securing sufficient time, which will allow all entities to get to know the problem, provide answers and present rationale for specified positions. (Ministerstwo Gospodarki 2009). Both civic organisations and businesses address insufficient time and other obstacles for civic participation in consultation, but the government response is still unsatisfactory (Bodnar 2009).

Conclusions

Policy experts emphasise that RIA should be a fully integrated tool of the policy making process. "The most fundamental challenge for the RIA system is promoting its integration in the policy making process, beginning as early as possible. RIA has to be undertaken at the beginning of policy proposals, when there is a genuine interest in identifying the optimal approach and there is an opportunity to consider alternatives to regulation" (OECD 2009).

Unfortunately, the current RIA practice in Poland, particularly as presented in RIA statements, may not be treated as a valuable source of evidence-based policy and a crucial element of the policy process. In many cases, Polish administration carries out an RIA which is relatively limited in terms of depth and scope. The level of details in the assessment is unsatisfactory. The presentation of RIA results is seldom clear and almost never comprehensive, which jeopardises the usefulness of the overall analysis. Politicians perceive it as additional work that the administration has to perform – an "add on" at the end of the process and not as a modern, evidence-based tool to help decision-makers to choose the best options of the policy.

On the other hand, there are signs to overcome this approach. New regulatory reform strategy, willingness of government officials, especially representatives of the Ministry of Economy and the Chancellery of the Prime Minister create potential for further improvements and embedding RIA into the policy process. By doing this, the challenging task is to secure transparency and effective consultation mechanisms, which are essential to maintaining credibility and legitimacy of government regulatory decisions.

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Georgia: The Policy Impact of Demographics on Political Preferences

Nana Sumbadze

Introduction

Despite striving for equality, stratification remains the organic feature of almost any society, although its base differs from country to country and over the historical period. In developed countries, gender, age, ethnicity, sexual orientation or disability are acknowledged bases of stratification that replaced firmly established, as outlined by Max Weber, stratification by class, status and power (Macionis and Plumer 2008). But in less developed, poor countries the residence type – urban against rural – is increasingly considered as a stratification principle, reflecting existing inequalities of the population (E.g. Lipton 1993).

Pioneers of urban sociology considered urbanism as a life style (e.g. Wirth 1938). They defined towns as occupying large territories, characterised by high density and social variety. Contrary to the urban population, the rural population is much more characterised by adherence to traditional norms and conservative values. The rural social milieu, to a lesser degree than the urban milieu, permits the creation of weak social ties, formation of social networks through bridging or linking, rather than bonding and thus shapes a more uniform social environment (Granovetter 1973, Putnam 2000) and is less tolerant and open to new ideas and values.

After two decades, since the beginning of transition from the Communist rule, Georgia is still plagued by poverty, which is acknowledged by the population as the most important problem facing the country. The macroeconomic indices of growth have not been reflected on the welfare of the majority of the population. Official data on the level of poverty has not been published since 2004, but in 2004 it was stated that 52.0 per cent lived under the poverty line. The International Monetary Fund points at the increase of absolute poverty in the period from 2004 to 2007. Expert estimations place the unemployment rate at 30.0 per cent (UNDP 2008). More than one-third of the country's population qualifies for the stringent criteria for social assistance and the majority of them live in rural areas (World Bank).

High poverty and unemployment push people to migrate, not only outside, but also inside the country, increasing the urban population. In the period from 2002 to 2008, the population of all big cities increased: in the capital Tbilisi, by 3.0 per cent, in the second biggest city, Kutaisi by 1.4 per cent, in Batumi by 0.3 per cent, in Rustavi by 0.8 per cent, in Zugdidi by 4.4 per cent, in Gori by 1.7 per cent and in Poti by 0.5 per cent. Today, more than one-third of the population is concentrated in the capital and the six largest cities (Citypopulation).

In the political discourse in Georgia, the support of the population of different political actors is more and more linked with the residence type. Below are presented the results of an attempt to study the impact of settlement size on political preferences, hypothesising that being more conservative, the rural population will demonstrate most support for the authorities. At the same time, the assumption of the adherence of the rural population to more traditional values has been checked.

For testing these assumptions, the nationwide representative survey of Georgia's population carried out by the Institute for Policy Studies in 2008 was analysed, comparing the attitudes of three groups formed by residence type – residents of the capital Tbilisi (22.4 per cent), of big cities (17.1 per cent) and of small towns and villages (60.5 per cent) were compared.

Interest in politics and participation

Georgia declares its adherence to Western values and liberal democracy. The country's leaning to the West is acknowledged as one of the causes of Russia's assault of August 2008 (Asmus 2010).

Popular participation in decision-making is considered to be one of the fundamental features of effective, liberal democracy (Welzel and Inglehart 2008). Participation is based on the population's interest and need to participate in politics, as well as on the existence of the environment permitting it.

The interest of the population in politics in the country is high, although showing a decrease with the settlement size. 76.8 per cent of Tbilisi inhabitants, 66.5 per cent of the population of big cities and 50.7 per cent of the rural population closely monitor political processes. The majority (64.4 per cent in the capital, 60.3 per cent in big cities and 54.0 per cent in villages) regularly watch the TV news. The importance of participation is much more acknowledged in Tbilisi, compared to other places. 66.8 per cent of Tbilisi, 56.1 per cent of the population of big cities and 52.2 per cent of the rural population is convinced that the solution to the problems facing the country is only possible with popular participation.

But this highly expressed need of participation is confronted by its lack of possibility. Very few (19.5 per cent of Tbilisi, 24.5 per cent of rural and 27.2 per cent of the population of cities) say that they have an impact on decisions. And indeed, the

involvement of citizens in voluntary organisations is extremely low. Their participation in collective actions is similarly low, as only 2.8 per cent took part in some kind of action during the year preceding the survey. Also low is the readiness to actively defend one's rights in case of their violation. More passive forms of protest, such as signing petitions, attending meetings and expressing one's opinion in the media are most often cited as possible actions, whilst at the same time, much more active forms of protest, such as strikes, rallies, and involvement of the media and international organisations are conceived as effective ways of influencing authorities. The readiness to act diminishes with the size of the settlement, which is highest in Tbilisi and lowest in rural areas.

The political environment is not perceived by the population as conducive to participation. 36.5 per cent of inhabitants of big cities, 25.7 per cent of villages and 13.6 per cent of Tbilisi consider that their voices are heard by the authorities.

Political nihilism is very high, especially in the capital, as 50.2 per cent of its inhabitants claim that they do not trust any political actor. In the context of the whole country, much more trust is expressed towards the authorities – the President and the government (31.1 per cent), than to the opposition (7.3 per cent). However, the differences across the settlement types are immense. The government is trusted by 14.0 per cent of Tbilisi inhabitants, 33.5 per cent of the rural population and 42.1 per cent of the urban areas.

Figure 1
Trust in political actors
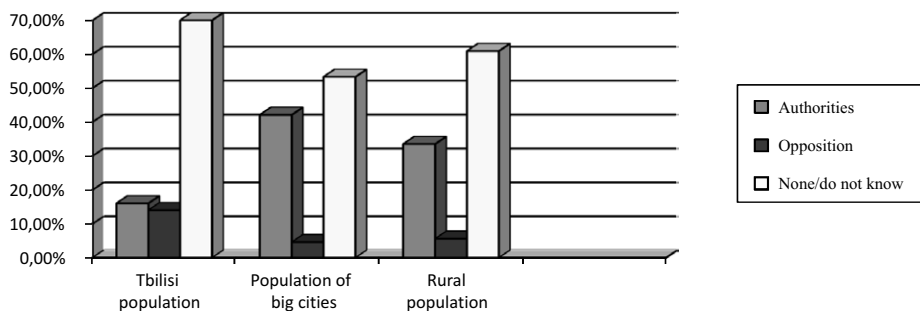
Political preferences, to a considerable degree, are reflections of the effectiveness of governance. The most critical of the authorities are the inhabitants of the capital and the least, residents of the cities. 48.7 per cent of the city, 41.0 per cent of rural and 39.1 per cent of Tbilisi population thinks that the country is on the right path for development. Similarly, the estimate of respondents towards a number of issues are the most positive among the residents of cities and the least among Tbilisi inhabitants e.g. the existence of democracy in the country (8.5 per cent in Tbilisi,

24.0 per cent in villages and 34.0 per cent in big cities), protection of human rights (9.3 per cent in Tbilisi, 20.8 per cent in villages and 31.4 per cent in big cities), equality before the law (14.8 per cent in Tbilisi, 22.7 per cent in villages and 32.0 per cent in big cities), security of private property (7.4 per cent in Tbilisi, 26.2 per cent in villages and 37.1 per cent in big cities), the feeling of being protected from injustice (10.5 per cent in Tbilisi, 26.7 per cent in villages and 30.5 per cent in big cities). The Tbilisi population is also the most critical towards authorities, whilst estimating the possibility of avoiding the August war – 64.5 per cent consider this was possible. Thus thinks 56.4 per cent of the rural population and 55.7 per cent of inhabitants of big towns. Whether politicians are liked by the inhabitants of the three settlement types, shows that representatives of the ruling party are the most popular amongst the inhabitants of big cities and the least popular among Tbilisi dwellers. Consequently, representatives of the opposition parties are the most popular in the capital and the least popular in big towns.

To summarise, the estimation of political actors and the actions of authorities across the population of different settlement size mainly demonstrates the same pattern – the most critical of the authorities are the inhabitants of the capital and the most benevolent to the authorities is the population of big cities.

Democratic values

Democratic values are supported much more in the capital than in big cities or rural areas. Democracy is considered as the best form of governance more by the urban (75.2 per cent in Tbilisi and 75.3 per cent in big cities) population than the rural (65.1 per cent) population. The forceful dispersion of peaceful manifestations in November 2007 is considered as important by more Tbilisi dwellers (90.6 per cent), than by city dwellers (80.6 per cent) or by the rural (71.9 per cent) population. Protection of human rights is much more important for city dwellers (81.2 per cent in Tbilisi and 52.3 per cent in big towns) than the rural (43.3 per cent) population.

Adherence to post-materialistic values is linked with self-expression and democratic orientation (Welzel et al. 2005). When asked to select two from the four presented, two materialistic (maintaining order in the nation and fighting rising prices) and two post-materialistic values (giving people more say in important political decisions and protecting freedom of speech), the majority (58.5 per cent) chose one materialistic (most often "maintaining order in the nation") and one post-materialistic (most often "giving people more say in important political decisions") value.

Table 1
Popularity of political figures

Politician	Tbilisi, capital	Cities	Villages	Total
Mikhail Saakashvili, the President	23.3	56.2*	55.9	48.3
Giorgi Targamadze, leader of the parliamentary minority	22.6	53.8*	52.7	45.2
Nino Burjanadze, opposition leader, ex-speaker of the Parliament	38.1	39.9	47.4*	43.9
Gigi Ugulava, one of the leaders of the ruling party	41.2	51.8*	41.1	42.8
Levan Berdzenishvili, one of the leaders of the opposition party	45.9*	31.1	42.8	41.8
Tinatin Khidasheli, one of the leaders of the opposition party	41.3*	28.8	40.3	38.7
David Gamkrelidze, leader of the opposition party	53.7*	24.2	34.0	37.5
David Usupashvili, leader of the opposition party	46.3*	31.2	33.5	36.4
Irakli Okruashvili, leader of the opposition party, ex-defence Minister presently in exile	37.4	46.0*	39.4	35.7
Salome Zurabishvili, leader of the opposition party	42.8*	18.4	35.1	34.4
Kakha Kukava, one of the leaders of the opposition party	34.5*	24.8	31.1	31.0
Levan Gachechiladze, one of the leaders of the opposition party	43.6*	9.8	30.6	30.9
Eka Beselia, one of the leaders of the opposition party	36.6*	25.0	29.4	30.4
David Bakradze, one of the leaders of the ruling party, speaker of the Parliament	37.4	52.1*	37.6	29.9
Koba Davitashvili, leader of the opposition party	33.9*	19.5	31.1	29.9
Shalva Natelashvili, leader of the opposition party	40.1*	16.2	28.1	29.3

*Support enjoyed by the majority of the population

Following Inglehart's (1977) argument on post-materialistic values arising in a secure physical and economic environment, prevalence of materialistic values (35.6 per cent) over post-materialistic (4.8 per cent) is not surprising. Moreover, materialistic values are preferred by the rural population (34.4 per cent) than by the population of big cities (34.0 per cent) or Tbilisi (33.7 per cent). Correspondingly, the choice of post-materialistic values declines with the size of the settlement (7.0 per cent of Tbilisi, 6.6 per cent of the inhabitants of big cities and 3.6 per cent of rural inhabitants).

So, data clearly demonstrates a decline in the adherence to democratic values with the settlement size, being highest amongst the population of the capital and lowest amongst rural inhabitants.

Conclusions

The analysis proved the existence of two distinct patterns related to settlement type – one characterising political preferences and the other, democratic values. Whilst the popularity of democratic values declined with the size of the settlement, as assumed, political preferences followed a different path. The most critical to the authorities are the inhabitants of the capital and the most benevolent to authorities is the population of big cities.

Conservatism of the rural population is easily explained by the education level (29.3 per cent of rural, 46.4 per cent of the population of big cities and 49.6 per cent of the Tbilisi population hold university degrees), and by a much more restricted access to information and socially and culturally more uniform environment. However, explanation of the higher preference for the authorities, demonstrated by the dwellers of big cities, poses more difficulties.

Economic wellbeing can be proposed as one of the reasons for the difference, but the data do not support this assumption. If the possibilities of in-kind contributions are taken into an account, the difference between settlement types in economic wellbeing becomes insignificant. However, the difference in the perception of the improvement of economic conditions during the past year is significant, as well as the estimation of economic prospects for future years. In this case, the pattern coincides with the pattern revealed in regard to political preferences. Many more inhabitants of big cities than those of either the capital or rural areas, point to improvements of economic conditions for their families over the past year (30.6 per cent against 17.9 per cent of rural and 11.2 per cent of the Tbilisi population). They also expect more improvements in one year (59.0 per cent against 44.7 per cent of rural and 44.3 per cent of the Tbilisi population) and even more in three years time (78.5 per cent against 58.4 per cent of rural and 55.4 per cent of the Tbilisi population).

Government policy focused on the development of big towns can explain the high economic optimism of the population of big cities. This policy is demonstrated by the decisions of relocating some state institutions (e.g. constitutional court, parliament, government) from the capital to big cities, creating a free economic zone in Poti – one of the regional towns – and also by underlining the importance of big towns by holding government meetings there, realising infrastructure and rehabilitation projects, and by frequent visits of the President. This policy seems to have proved quite effective in creating optimism and hope in the possibility of overcoming poverty and hence, in securing political support.

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Section IV

Civil Service Reforms
in Selected CEE Countries

Introduction to Civil Service Reforms in Selected CEE Countries

Patrycja Joanna Suwaj

Dealing with modernisation of governments and their civil service, even in countries with a strong legalistic tradition, is not solely limited to bringing in new legislation. It is not even only limited to keeping national legislation in compliance with the European or international instruments in the field. It requires a different and wide source of mechanisms for reform implementation: legal, organisational, institutional, managerial, as well as educational. The public discussion in the last years indicated the ways to improve governance in these areas. Thus, throughout the developed world, civil services are undergoing change. The most visible change can be observed in CEE, since the transition period began in 1989.

Since that date, CEE countries have been involved in a fundamental transition consisting of three paths connected and interrelated to each other: introducing democracy and democratic State institutions; shifting to a market system; and most of them also moving towards integration into the European Union. These changes could not take place without the often-fundamental reforms in the civil service.

An OECD report (2009), whilst analysing the situation of the civil service (and its professionalisation) in CEE after accession to the EU, emphasises three paths of changes, which, in his opinion, proves a lack of a single acting pattern. Authors of a World Bank report (2007), evaluating the administrative capacity of CEE countries two years after accession to the EU, came to similar conclusions.

The first path is a continuation of civil service reforms characteristics to the Baltic States. The second case is constituted by these countries in which changes depart from pre-accession assumptions (reform backsliding) – Czech Republic, Poland, Slovakia and Slovenia. In the scope of performance management in government, policy coordination and HRM Lithuania and Latvia were classified as the leading countries, while Poland, the Czech Republic and Slovakia were classified as the weak ones with regard to the above mentioned criteria. Hungary is highlighted as an ambiguous case, which represents a combination of civil service reforms and simultaneous departure from them. The OECD report also describes the new mem-

ber states' situation as poor in terms of 'legal predictability'. All eight countries have amended their civil service laws many times since 2004. The formal rules governing civil services in CEE are very unstable and, as a consequence, arbitrary management may develop.

For example, in Poland since 1989, there was no single coherent conception of the comprehensive reform of the Polish public administration. There was also no uniform conception of a stable civil service, when successive governments had their own, forced new Acts, amended or interpreted the standing Act according to own interests. There is nothing wrong with the fact that changes in the Polish civil service in the majority of cases were not reforms, and many times, not even improvements. In the Polish case it is bad that changes were not efficient enough to create an efficient and well functioning civil service within 20 years.

This part of the book deals with such challenges. It introduces three selected papers presented at the Working Group on Civil Service, presented at the 2011 NISPAcee conference in Varna. Different perspectives are used while showing civil service changes by three specific country studies (Lithuania, Bulgaria and Romania).

Oksana Mejere and Rita Toleikiene begin with a look at the theoretical models. From the Weberian bureaucratic model, through the NPM model to the Neo Weberian State (NWS) model they are trying to pose important research questions on the changing role and principles of civil servants' activities in the context of different theoretical paradigms; about the primary reasons of the Lithuanian success in the development of its civil service; about the challenges of public service in present day Lithuania – and try to find answers (Mejere and Toleikiene, this volume).

Marina Dimitrova analyses the practice of implementing the performance appraisal system of the Bulgarian public administration. She points out the practical difficulties most often encountered in the process of appraisal, and the reasons for their occurrence. She places special attention on the problems of giving formal performance appraisals and the necessity for establishing an effective communication between the line manager and her/his subordinate employee. This chapter also presents proposals for bettering the elements of the performance appraisal system, as well as for taking actions oriented towards the improvement of the appraisals skills in the Bulgarian public administration (Dimitrova, this volume).

The chapter by Armenia Androniceanu, Simona Sora and Răzvan Corboș presents a study about the correlation between job satisfaction and career management tools and practices. It also focuses on a study about career satisfaction policy and tools developed in the Romanian Ministry of Foreign Affairs. The identified dimensions were: leadership, strategy and objectives, internal communication, institution image, immediate management, work conditions, reward and recognition, HRM policy (training and development, appraisals, promotions, etc.), working relationships, work organisations, ethics and engagement (Androniceanu, Sora and Corboș, this volume).

Lithuania: The Challenges for the Civil Service in the Neo-Weberian State

Oksana Mejere, Rita Toleikiene

Introduction

At the end of the 20th century the reforms of the public administration sector spread widely across the democratic world. The questions of reforming, restructuring or downsizing public institutions were in the political agenda of the USA and many European countries. The "post-modernisation" of the public sector has been mainly associated with reducing and deregulating bureaucracy and applying principles of New Public Management in the public sector. However, the soviet heritage of central and eastern European countries redirected these European trends to transition without a detailed plan of actions which have resulted in struggling with too many constant changes and decreased the commitment and motivation of civil servants.

Despite the remark by the World Bank in 2004 that the civil service in Lithuania is complex and unstable because of the lack of a definitively formulated concept of its development, in 2009 the Lithuanian public service received the highest evaluation rates amongst other CEE states and new member states of the EU. The purpose of this chapter is to reveal the challenges of civil service development in post-socialist Lithuania. The objectives are: to explain the primary reasons for Lithuania's success in the development of its civil service; to identify the changes of civil service values and principles in Lithuania's legal base during the last 15 years and to present the new trends in today's civil service reform in Lithuania. The main research questions are: How have the roles and principles of civil servants' activity been changing in the context of different theoretical paradigms of public management? What are the primary reasons for Lithuania's success in the development of its civil service? What are the challenges of public service in present day Lithuania? The methods of secondary data, political documents and legal acts' analyses, as well as content and comparative historical analyses, were used.

The values and principles of the civil service are especially important for transition societies, because in state authorities and civil service institutions, disengaged

from the administrative ethics of communist ideology, the dominance of personal interests and a high level of corruption are observed. In order to identify what PA trend is chosen for further civil service development in Lithuania, it is important to present the different civil service principles and professional values in the framework of bureaucratic, New Public Management (NPM) and Neo-Weberian (NWS) paradigms. These approaches have been widely analysed by many scholars, therefore only some aspects, which enable us to emphasise the merits and demerits of these models, are analysed in this chapter.

1. Civil service in the framework of public administration paradigms

1.1 Bureaucratic paradigm

The concept of traditional PA, based on the works of Max Weber (1922) and termed as a "bureaucratic paradigm", "old-time religion" or "old orthodoxy" was practically applied in the countries of Western Europe until the late 1970s and early 1980s. The bureaucratic paradigm of PA is based on an objective separation of the civil service and private sector (Vaičaitis 2011, 7) and emphasises control from top to bottom in a monocratic hierarchy form (Cepiku and Mititelu 2010). By emphasising the legality, standardisation and hierarchical command and control systems, Weberianism devised a model of PA which works reasonably well in the social and political context of institution building, democratisation and increasing public services (Pierre and Rothstein 2008, 11). To put it very briefly, for Weber, the most efficient PA was a set of offices in which appointed civil servants operated under the principles of merit selection (impersonality), hierarchy, the division of labour, exclusive employment, career advancement, the written form, and legality (Drechsler 2005, 94). As Vaičaitis (2011, 121) noted, the framework of bureaucratic paradigm determines such characteristics of a traditional model of civil service as:

- Social oneness;
- Centralised and unified system of civil service;
- Closure of system (growing career inside system)
- Strict separation of politics and administrations ensures political neutrality amongst public servants;
- Strict disjuncture of PA and the private sector;
- Fixed staff's pay.

The standardised civil service is rule-driven and is based on a set of values[1] such as: expertise, social equity and justice, objectivity and stability, impartiality, legality, hierarchical obligation (loyalty) and accountability, rejection of self-inter-

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1   In this article the terms *"values", "ethics", "ethos", "norms", "normative foundations"* and *"standards"* are used as intertwining.

est in actions and serving the public interests (Minkevičius and Židžiūnaitė 2009; Cooper 2004; Gortner 2001; Lane 2001; Pollitt and Bouckaert 2003; Nosbert and Ritz 2004, Palidauskaitė 2007, 2010, etc.) According to this paradigm, an even treatment, as opposed to nepotism, should guarantee the efficiency of an institution and the control of human resources should allow achieving the objectives of PA. However, in practice, civil servants, as well as citizens, have limited discretion and there is no place for initiatives. Traditionally, strong hierarchical relations and position authority are usually used for personal, not public, interests (Minkevičius and Židžiūnaitė 2009).

In the academic literature on PA it is widely accepted that the bureaucratic paradigm does not correspond to the requirements of a changing world, especially to economy, efficiency and the effectiveness of the civil service and government. The reforms of public management in Europe and USA in the early 1990s emphasised the need to integrate main business practices and methods into the public sector in order to increase the flexibility and quality of public services and criticised bureaucratic government because of its hierarchy, dominance of the rule of law, resistance to innovations, etc. Legality, standardisation, hierarchical command and control systems, state as the main facilitator of solutions and other features of Weberianism, required civil servants to focus only on rules and policy systems, created a political-administration split within public organisations and left little space for a flexible and transparent civil service. As Vienažindienė and Sakalas (2008, 180) claim, in the traditional model of civil service that there is a lack of participation, personal responsibility and initiatives for better results. On the other hand, some authors (Pierre and Rothstein 2008; Randma-Liiv 2008; Guy 2009; Drechsler 2005; Cepiku and Mititelu 2010), analysing the reforms of public service in CEE note, that some elements of bureaucratic paradigm (*control systems, emphasis on formality, rules, and strong ethical standards*) perfectly suit countries with a low trust in public officials and a high level of corruption. Thus, the re-inventing of "old" paradigm's values and principles appears in the model of Neo-Weberian state, characterised later in the text.

1.2 The requirements of civil service in New Public Management

In the 90s the reforms of the public sector were captured by the concept of NPM, which advocated the end of bureaucracy in order to be focused on economy, efficiency and effectiveness. As Carroll (1998, 402) noted, "New Public Management in paradigmatic terms: reducing and deregulating bureaucracy, using market mechanisms and simulated markets to conduct government action, devolving responsibility downward and outward in organisations, increasing productivity, energising agencies and empowering employees to pursue results, improve quality and satisfy customers". In other words, the main assumption in such NPM reforms was to integrate the principles and techniques of the private sector into the public system to increase the responsibility and accountability of public services, its professionalism

and orientation to customers. It was widely discussed that the bureaucracy might be ideal for control but its slow moving, hierarchical structures are not necessarily the most efficient in organisations and the theory of bureaucracy tends to be undemocratic. As Denhardt and Denhardt (2000, 551) comment, "traditional bureaucracies are described as ignoring citizens, shunning innovation, and serving their own needs."

The paradigm of NPM challenged the bureaucratic model of civil service, which took away individual freedom and was inefficient compared to the market. In the context of the changed role of the state and the growing demands for good governance practices, the search for concrete goals and results became more important than just following the rules and procedures. The emphasis from controlling was switched towards accountability for activity's results; the emphasis from input was moved towards the outputs (Palidauskaitė 2007). One of the biggest challenges of NPM reforms was concerned with the new approach to human resource management: the tools of traditional administration were changed to ways of increasing motivation, efficiency and flexibility of civil servants. Thus, NPM was related to the adaption of business administration techniques and carried a new set of values, namely, business values. Briefly speaking, the NPM paradigm has changed the meaning of civil servants from governable bureaucrats to managers, providing public services to citizens. Hence, the main values of the civil service became efficiency, effectiveness, autonomy in judgment, accountability for results, emphasising service delivery and fast decision-making as well as clients' (citizens') satisfaction.

It is interesting that the NPM paradigm became very popular in many CEE countries (Bouckaert et al. 2009), where the implementation of that model was connected to transition from inherited authoritarian, hierarchical centralised systems of public management to a system of decentralised state governance and modern democratic PA. The NPM paradigm was seen as a panacea, which is able to create a modern cost-efficient system of governance, decentralised and deregulated public management with letting civil servants manage in order to satisfy citizens' needs.

However, many CEE states ignored the soviet heritage and the fact that it is impossible to develop a good civil service without a background of good traditions and ethos. An efficient, accountable, result-oriented civil service could not be built on the post-communist administrative culture and wanting ethics of public servants. As Peters (2001, 167) mentions, "deregulating the public service may not be viable before a set of values is in place that would permit government to operate in an accountable and non-corrupt manner without the existence of formalised controls". Despite the appeal of ideas such as deregulation and flexibility, governments attempting to build both an effective administration and democracy might require much greater emphasis on formality, rules, and strong ethical standards. The lack of professionalism and public service ethos as a distinction between "civil service" and other government employees (including enterprises) in CEE countries are indicat-

ed by many authors (Verheijen 1998; Beblavý 2002; Drechsler 2005; Randma-Liiv 2008; Guy 2009; Cepiku and Mititelu 2010; Vaičaitis 2011, etc.). Researchers agree that NPM is only available in an environment of a well-functioning democratic administrative tradition (Drechsler 2005, 101). Therefore, the institutionalisation of new governing and civil service styles in post-soviet space should be gone with the creation of bureaucratic forms, legal styles of governing prior to the consideration of any other styles of reform (Guy 2008).

1.3 What is new in the Neo-Weberian State model?

The Neo-Weberian model of the State (NWS) has become important as a means of understanding what is happening with government after the reforms of NPM have run their course (Pollitt and Bouckaert 2004; Randma-Liiv 2009). The basic logic of NWS is to retain many of the efficiency values and positive elements of NPM whilst recapturing some of the emphasis on probity and accountability that were more central to a bureaucratic model of the public sector (Guy 2009). The NWS model especially was seen as appropriate for CEE countries, where during the first years of transition, no encouragement of civil servants to feel responsibility or to expect accountability for their actions prevailed and the level of corruption was very high. Thus, the combination of the robust market sector and enforced contract management highly formalised the civil service and budget systems were advised by scholars (Cepiku and Mititelu 2010; Drechsler 2005; Randma 2001, etc.).

One of the main principles that the NWS perspective is predicated on, is the preservation of public service. This principle maintains the idea of a public service with a distinct status, culture, terms and conditions of employment, characteristics which are often ignored or simply missing in post-socialist CEE states, where civil servants are poorly paid, poorly educated, and subject to demotion and removal by political authorities (Dunn and Miller 2007, 352).

The NWS model also emphasises the reaffirmation of the role of administrative law, followed by the preservation of basic principles pertaining to the citizen-state relationship, including equality before the law, legal security, and the availability of specialised legal scrutiny of state actions (Lynn 2008).

Other characteristic of NWS, which go beyond the traditional bureaucracy, and mirror principles of NPM (Pollitt and Bouckaert 2003; Dunn and Miller 2007; Lynn 2008) are:

- External orientation toward citizens: this principle is similar to the "consumer orientation" of NPM, but prescribes the transition from internal bureaucratic rules towards citizens' needs, values and opportunities. The public servant has to help citizens meet their shared interests, rather than to attempt to control society.

- Supplemental public consultation and direct citizen involvement: it supplements the idea of representative democracy, that only the separation of civil service and politics ensures the neutrality of civil servants and possibility to represent citizens, not politicians' views. Thus, there is an attempt to change such bureaucratic values as decision-making by the top officers towards citizens' active participation and involvement in public policy. The civil servant has to accept responsibility to serve citizens by acting as a facilitator of citizenship and developing relations based on trust and cooperation.

- The results orientation principle demands the modernisation of laws to encourage a greater orientation on the achievement of results, rather than merely the correct following of formal procedures. This is expressed partly in a shift to the balance from *ex ante* to *ex post* controls.

- The principle of professionalism of civil servants governs the acquisition of professional knowledge and managerial skills. The professionalism of civil servants covers expertise and the professional culture, self-regulating skills, conduct in accordance with law and managerial skills enabling to meet the needs of citizens. Thus, this principle combines main professional values of civil servants from the bureaucratic paradigm and managerial categories of NPM. As Minkevičius and Žydžiūnaite (2009) note, a professional civil service should be based on professional values, related with the role of civil servants in political life (serving citizens' needs, political neutrality), professional activity (expertise, openness, transparency, unselfishness) and democratic ideals (social justice, responsibility, accountability) as well as managerial values (efficiency and effectiveness).

So, the NWS model, based on some traditional Weberian element of civil service, also covers a shift from an internal orientation towards bureaucratic rules to an external orientation towards meeting citizens' needs and wishes, as well as towards other "neo" elements.

2. The challenges of the civil service in post-soviet Lithuania

2.1 The methodology of research

The aim of this part of the chapter is to present the development of a civil service system in post-soviet Lithuania from the traditional bureaucratic model to the NWS perspective. The research was orientated towards analyses of values and principles of civil service embodied in national legislation and political documents: Constitution of the Lithuanian Republic (1992), Officers' Law (1995), Public Service Law (1999; 2002), The Development of Public Administration Strategy until 2010, Concept of Public Service Development (2010) and the Project of New Public

Service Law, submitted to the Government in 2011. The methods of secondary data analyses, content[2] and comparative analyses were used.

2.2 The development of the civil service in Lithuania: Comparative historical analysis

The vision of today's civil service in Lithuania – is to become results' and citizens' needs orientated, quantity limited, responsible and accountable, implementing innovations, flexible, transparent and competitive (Concept of Public Service Development (2010, 3). According to a SIGMA report (2009), the Lithuanian civil service has received the highest evaluation rates amongst other new member states of the EU from CEE. The evaluation, based on public service, maintaining European PA principles and tendencies of civil service reforms, found that after 2004, Lithuania made the most progress in this sphere compared to Latvia, Estonia, Hungary, Slovenia, Slovakia, Poland and the Czech Republic. As Masiulis and Krupavičius (2007) note, one of the reasons for such a high evaluation is the "low level of civil service politicisation".[3] However, this indicator, as an essential characteristic of the civil service can be questionable, because of the lack of an unambiguous definition.

The political obligations and effective work of the Lithuanian government are named as other preconditions of high external evaluation results. The reform of the civil service has always been an essential part of the political agenda, whilst in other CEE states the attention of political authority to this issue decreased after becoming members of the EU. During 1997–2005, Lithuania effectively used EU funds for reforming PA, improving public services and civil service management[4]. The Strategy of Public Administration Development, sustained in 2004, also set its aims to improve the administrational skills and image of civil servants. The political discussions, concerning reformation and the development of the civil service in Lithuania were organised by representatives of legislative and executive authorities (Meyer-Sahling and Nakrošis 2009).

It can be stated that the reforms of the civil service and PA in Lithuania began by ensuring the presence of the "Weberian" elements of NWS and only after the institutional and legal system of public service was created, the gradual building of "Neo" elements began. The fact that since the beginning of transition in Lithuania there was an attempt to form a special group of civil servants by separating them

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2 The method of content analysis was chosen as an objective and reliable method. However, it was not used for accounting how many times the current term was used in different documents, but rather as a method, eligible to concentrate on values and principles of Lithuanian civil servants.

3 According to SIGMA-organised survey results, only 22 % of Lithuanian civil servants agreed with the affirmation that "political parties employ their camp-followers in ministries", whilst the level of such civil servants in Poland reached 61 % (Meyer-Sahling and Nakrošis 2009, 8).

4 Three projects were implemented: 1997–1998 PHARE project on administration reform; 2000–2002 PHARE project on improvement of public administration services; 2003–2005 PHARE project "The improvement of Civil Service Management".

from politics can be confirmed by analyses of changes in legislation. If, according to the first legal act (Officer Law 1995), politics was the only group distinguished from the civil service system, the latest Public Service Law (1999) did not include, in this system, such officers as judges, procurator, members of the Lithuanian Bank department, National Auditor and Ombudsmen, state and municipalities' enterprises, etc. Since the 2002 Law was adapted, officers of public entities, the Central Bank, education, science and medicine institutions were also excluded from the civil servant system.

A historical comparative analysis of reforms of the public service in Lithuania enables us to distinguish two main periods of building the NWS model:

- The formation of an institutional system and legal framework of public service and PA (1995–2003): the control of the servants' system and the structure of the civil service were created; Special Investigation Service and Civil Service Department under the Ministry of Interior were established. According to World Bank Recommendations (2004), during this period, a good legal foundation of the civil service was created; however, it was seen as complex and unstable because of the lack of a definitively formulated concept of civil service development (Recommendations for Civil Service Salary Reform to Support the Introduction of Performance Management, 2004, 14).

- The period of changes in public service content (2004–2011): strategic aims and directions of civil service development, based on such values as transparency, efficiency, results orientation, personal responsibility and effective motivation system, were institutionalised in the Strategy of Public Administration Development until 2010, adapted in 2004, and later with some modifications, transferred to the 2008–2012 Programme of the Lithuania Government, Concept of Public Service Development (2010) as well as to a new Project of Public Service Law, submitted to the Government in 2011.

During the first period, civil service reform was more orientated to building a bureaucratic or Weberian foundation; however, since 2004, the co-optation of the positive element of NPM can be observed.

As Masiulis and Krupavičius (2007, 26) note, the Lithuanian civil service's stability is ensured by the centralised Civil Service Department as the only state institution responsible for civil service management. Moreover, the decrease of politicisation and development of civil service management and professionalism of civil servants was gradually organised in Lithuania. Thus, the continuity and consistency of civil service development are seen as very important in developing the NWS model.

The continuity of civil service transformation can also be presented by historical comparative analyses of the main civil service principles, set in national legislation (see Table 1).

The relevant Law of Public Service set out the widest list of civil service principles. The co-option of loyalty, legality and responsibility for decision-taken principles reflects the strengthening of bureaucratic characteristics in the Lithuanian civil service. Meanwhile, the new project of Public Service Law emphasises the flexibility of the civil service. Such principles as the rule of law, equality, political neutrality and career development, which have not been changed during the historical period, indicate the essence of the civil service and reflect the consistency of the legal framework's development.

Table 1

Principles of the civil service in Laws of Public Service[5]

Public Service Law (1999)	Public Service Law (2002)[6]	Project of Public Service Law (2011)
Rule of law	Rule of law	Rule of law
–	Legality	–
Equality	Equality	Equality
Political neutrality	Political neutrality	Political neutrality
Career development	Career and service cooperation development	Career development
Transparency	Transparency	–
–	Responsibility for decisions taken	–
–	Loyalty	–
–	–	Flexibility

Source: own construction

In the relevant Law of Public Service, the principles of the civil service are supplemented by such ethic principles as: respect to citizen and state, justice, unselfishness, decency, accountability, publicity and exemplarity (Public Service Law amended on 20 July 2010, 3rd article). According to the new Project of Public Service Law (2011, 4th article), these principles are renewed by co-opting responsibility, openness, creativity, impartiality and efficiency.

The comparative analysis of values and principles of the civil service and servants' activities shows that today's civil servant becomes not only a politically neutral expert in the law relevant to his/her sphere of activities, but also a creative and open-minded manager, serving citizens' interests and seeking to achieve the results

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5 Officers' Law (1995) is not included in that Table because there were no principles of civil service defined.

6 During the last several years, the Public Service Law, adapted on 1 July 2002, has been amended more than 20 times. The last time it is was amended was on 20 July 2010. Relevant Law is analysed in this Table.

with minimum expenditure. Thus, the gradual development of civil servants' professionalism is observed.

Such principles as unselfishness (the civil servant must follow public interests, not seek benefits for him/herself, family members, relatives or friends), impartiality (the civil servant must be objective, avoid personalities in decision-making), openness (must be open to others' views, positive initiatives, dialogues, cooperation and innovations) and publicity (the activity of the public servant must be public and clear, open to evaluation), reflect the external orientation of the civil service towards citizens' needs as one of the main characteristic of the NWS model.

The development of civil servants' professionalism and the civil service's transformation from steering to serving public interests can also be revealed through a historical comparative analysis of civil servants' duties. Table 2 represents the co-option of the positive elements of NPM on the Weberian foundation, created during the first period of civil service reform in post-socialist Lithuania.

We assume that such duties of the civil servant, such as carrying out the rulings of Government and protecting the prestige of the civil service and legal interests of the state and municipal institutions, legitimated by Officers' Law (1995), indicate the traditional bureaucratic characteristics of the NWS model. Meanwhile, the changes towards integration of "neo" or NPM elements of the NWS perspective are reflected by a later reversal to such obligations as to serve the public interests, to be loyal, respect human rights and freedom and avoid the conflict of private and public interests. The lifelong learning idea, related to the professionalism of civil servants, is embodied in the duty to learn and raise the qualification.

2.2 New trends of civil service's reform in Lithuania

On the one hand, Lithuania can be proud of its excellent evaluations in the civil service sphere. On the other hand, it does not mean that there are no problems or weaknesses in the Lithuanian system of civil service. According to the Concept of Public Service Development (2010), today's civil service is insufficiently orientated to results, lacks transparency of its wage system, and has a flexible human resource management and personal responsibility of senior civil servants or public managers for institution activity results. The need to establish special requirements for recruitment, activities, evaluation, education, career, rotation and dismissal of senior civil servants is also emphasised.[7]

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7   According to the relevant Law of Public Service, the only status of public managers as Head of state or municipal institution or agency is described. There is no formal status or special conditions for senior civil servants recognised in national legislation. However, in the new project of Public Service (2011), the peculiarities of senior civil servants are defined.

Table 2
Duties of civil servants in Laws of Public Service[8]

Duties of civil servants	Officers' Law (adapted in 1995)	Public Service Law (adapted in 1999)	Public Service Law (adapted in 2002)	Public Service Law (amended on 20 July 2010)	Project of Public Service Law (2011)
Comply with the Constitution and laws of the Republic of Lithuania	+	–	+	+	+
Carry out the rulings of Government	+	–	–	–	–
Adhere to the principles and rules of ethics of public servants	+	+	+	+	+
Learn/raise qualification	+	+	+	+	–
Protect legal interests of state and municipal institutions	+	+	–	–	–
Be loyal	–	+	+	+	+
Respect human rights and freedom	–	+	+	+	+
Safeguard the transparency and publicity of the civil service	+	+	–	–	+
Do not seek personal benefit, avoid any conflict of private and public interests	–	+	–	+	+
Provide information about his/her work in accordance with the procedure prescribed by legal acts/(accountability)	+	+	+	+	+
Serve the public interests	–	–	+	+	+
Protect the prestige of the civil service	+	–	–	–	–

Source: own construction

The Project of Public Service Law, registered in October 2010, was first submitted for evaluation to the authorities concerned and society only in February 2011, as an object for Government consideration. The main provisions of the Concept of Public Service Development (2010) are transferred to that project.

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8 In order to present deeper changes in civil servants' duties, the Public Service Law, adapted on 1 July 2002 and relevant Public Service Law, amended on 20 July 2010 are highlighted in this Table. The formulation of civil servants' duties is made by generalising the main duties set by laws, but did not cover all legitimate duties.

According to this document, the main changes or innovations are addressed to civil service activity orientation to results and institutionalisation of organisation and management of senior civil servants as well as to the new approach to civil servants' professional skills and values. Civil servants' career development and wage system, described in the project, are directly related to performance-based or results-oriented activity. It is expected to sign the annual agreement, where the main activity aims or results would be set. Thus, an annual evaluation of civil servants would become more transparent.

Another innovation is concerned with recruitment procedures: during recruitment to the office of a career public servant, carried out through competition, a check on legal expertise and to provide a practical task in order to evaluate professionalism, value orientations of candidates to civil servants are offered. However, this process of recruitment was set only in the project of Public Service Law, submitted to evaluation by the authorities concerned and social groups, but it is revoked in the Project submitted to the Government for consideration. We assume that it reflects the negative traditional bureaucrats' attitudes towards innovations and their indisposition to acknowledge the need for managerial skills and values in the civil service. It also increases the probability that new principles of civil service and civil servant activity would remain declarative but not practically used.

In response to the provision of the Public Service Development Concept, the organisation and management of senior civil servants is declared. It requests the requirement of a master's degree, 5 years of managerial work experience and minimum management skills of candidates to top executive positions; a bachelor degree, 3 years in the civil service, at least 3 years' managerial work experience and managerial skills – for candidates to public manager positions. The requirement to know at least one foreign language (English, German or French) becomes mandatory for all civil servants (Project of Public Service Law 2011, Article 11).

It can be concluded that on the one hand, special conditions for senior civil servants (fixed-term contracts, performance assessment, selection of candidates in accordance with their managerial skills and experience, etc.) would increase the motivation of senior civil servants, the flexibility of the civil service, and make it fairly similar to the private market. On the other hand, there are many new regulations (the right to reinstate the position of a career or statutory civil servant, and the obligation to look for candidates for civil servant positions amongst other servants before announcing the competition for recruitment), which would sustain a strict hierarchy and closure of the civil service as well as the notion of civil servants as a special social group.

Nevertheless, the personal attitudes of public servants unfold in everyday professional practice and remain the most eligible indicator of civil service principles' virtue. As Butkevičienė and Vaidelytė (2009) point out, in Lithuania, civil servants wrongly recognise their mission and duties; it is still common to give

prominence to the personal position and civil service status instead of serving the public interests. Similar conclusions are drawn by other Lithuanian scholars. Minkevičius and Židžiūnaitė (2009) analysed the changes in civil servants' values and PA and noticed that attention to rules and procedures, centralisation of the state authority and strict accountability still remain the main values of public servants. The dominance of such bureaucratic values is seen as an obstacle for modernisation of the public sector.

Thus, we conclude that institutional changes and a shift in values begin from a positive awareness and introduction of "neo" principles. The internalisation of new professional and managerial values and their practical implementation are good examples of public managers and top executives, as well as the permanent attention to this sector, determining a professional and trustworthy service, serving the public interests and citizens' needs corresponding to the civil service.

Conclusions

The development of different theoretical approaches of public administration determined the evolution of the principles of the civil service and values of civil servants' activities. The bureaucratic model is based on a centralised hierarchical system of civil service, where legality, standardisation, hierarchical command and control systems claim political neutrality, objectivity, expertise and the rule of law as the main values of a civil servant. The NPM model, which advocates the mostly criticised traditional paradigm because of its lack of flexibility and personal initiatives, emphasises the importance of efficiency, result orientation and transparency in the civil service. Since in transition and developing countries, NPM values of the civil service can be efficiently implemented only in an environment of a well-functioning democratic administrative tradition, the NWS model is revealed as the only solution to provide the synthesis between legalism and managerialism. The efficiency values and positive elements of NPM are interrelated with such bureaucratic characteristics as political neutrality, rule of law, accountability and a formalised structure of civil service. The main principles of NWS are: preservation of the public service; reaffirmation of the role of administrative law; external orientation of the civil service towards citizens' needs and interests, encouraging their involvement in evaluation of public services and maintaining the transparency of the civil service; orientation to the results, and civil servants' professionalism, which combines both professional and managerial values.

The development of the public service in Lithuania can be described as systematic, permanent and consistent. The co-option of NPM elements have been initiated only after the bureaucratic institutional and legal base of public service was built. The main reasons for Lithuania's success in the development of its civil service

are political obligations, the effective work of Lithuanian governments and low level of civil service politicisation.

The comparative historical analysis of the legal and political framework of the civil service in post-socialist Lithuania revealed a gradual development of civil servants' professionalism. Today, the basic principles of the civil service are: the rule of law, equality, political neutrality and career development, supplemented by new managerial values: flexibility, creativity and efficiency. The principles of civil servants' activity, such as unselfishness, impartiality, openness and publicity reflect the external orientation of the civil service toward citizens' needs.

The concept of Public Service Development (2010) and Project of Public Service Law (2011) signify the continuity of civil service reform, whose aim is to evolve a results orientated, quantity limited, responsible and accountable, implementing innovations, and a flexible, transparent and competitive civil service. There are suggestions to institutionalise the organisation and management of senior civil servants, to link career development and the wage system with performance-based civil servants' activity, and to select candidates for civil servant positions in accordance with their managerial experience, skills and foreign language knowledge, etc. However, we suppose that the implementation of these innovations would be confronted by the still bureaucratic personal attitudes of Lithuanian civil servants.

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Bulgaria: The Implementation of a Performance Appraisal System

Mariana Dimitrova

Introduction

During the last decades, the concept for the importance of the appraisal system achieved significant progress and it is now regarded as a key component for organisational development. For the public administration, the effective implementation of a performance appraisal system and the commitment in achieving its targets is a guarantee for increasing the effectiveness of the administration itself. This implementation is a projection of the understanding that the administration can be improved through the improvement of each one of its employees and through focusing on the priority activities where achieving results is required.

This chapter focuses on the practice of implementing the performance appraisal system of the Bulgarian civil service. The system for performance appraisal has been in use in the civil service from 2002 to 2011. The practical difficulties, most often met in the process of appraisal, and the reasons for their occurrence are analysed. Some of the changes in the regulations, which are aimed at improving the implementation of the appraisal system, are also presented. Special attention is paid to the problems of performing formal performance appraisals and the necessity for establishing effective communication between the line manager and her/his subordinate employee.

Practical difficulties in the implementation of the performance appraisal system for civil servants

In scientific literature, there are miscellaneous classifications and comments on the problems evoked by the presence of a formal performance appraisal system for employees within the organisation. Some of the most often analysed problems are that managers place a low priority on performance appraisal systems; the necessity for more time and effort for the practical implementation of performance appraisal

systems; the lack of a performance management culture in organisations; the lack of sufficiently good key indicators for the measurement of performance; the lack of a close connection between the priorities of the public administration and the priorities in the work of employees etc.

According to Waal and Counet (2009), some 8 of the 10 problems most cited by professionals in the field of performance management are related to behavioural issues. In this regard, the chapter analyses only a part of the practical problems and issues arising from the implementation of legislation in the civil servant's attestation with reference to the period of their appraisal, the appraisal indicators, as well as to the managers' skills for applying the appraisal.

The launching of large scale implementation of the "Regulations on the terms and procedures for the attestation of staff in the civil service in Bulgaria" was followed by a number of difficulties of a practical nature. It was believed that thanks to the implementation of performance management, methods for the everyday management of civil servants would be transformed in regard to the setting of performance standards, standards for assigning of tasks, for evaluation, motivation, development and remuneration. Table 1 describes the main elements of performance management in the Bulgarian civil service.

Table 1

Main elements of the performance appraisal system
in the Bulgarian state administration

№	Element:	Description:
1.	Appraisal period:	One-year period, beginning on the 1 November and ending on the 1 December of the following year.
2.	Key performance indicators:	Job plan, job description, competency framework (core competencies for the four types of job levels – senior civil servants, managerial positions, expert positions, technical positions).
3.	Main roles	Line manager, reviewing manager, civil servant, HR division.
4.	Scale for ratings	A 3-degree scale for each type of performance indicator and a 5-degree scale for the overall rating, ranging from 1 "Outstanding performance" to 5 "Unacceptable performance".
5.	Appraisal form	Comments on performance, description of future potential, preliminary training and development plan.
6.	Appeal procedure	A written appeal to the Reviewing Manager within 7 days from the date of signing the appraisal form by the appraisee.

Problems related to the functioning of the Regulations concerning the system for attestation

In this part, the main problems connected with the implementation of the performance management scheme, as it functioned during the last period after 2009 are envisaged.

"Competences and targets"

The new framework included several competence areas, used for the evaluation of civil servants. Some of them were already fashionably sounding competencies such as "orientation to results", "building of relations" and "knowledge of stakeholders". In addition, it was not that simple to properly evaluate "simpler" competence areas – a great number of behaviour patterns referred to each single competence within this framework and their abstract definition caused confusion in interpreting the competencies. In an analytical report issued by the former Ministry of State Administration and Administrative Capacity, it was stated that civil servants "need directions and instructions in regard to the evaluation of the competencies and clear detailed definitions of each single competence" (3, 8).

An example of this is the managerial competence and the leader competence for high ranking civil servants and servants occupying managerial positions. Discussions are continuing on these competences. Although the sets of definitions, in which these two competencies are described, are different, they create a sense of overlapping. The inclusion of the definitions "impartiality, objectivity and honesty" in the leader competence instead of in the managerial competence can be put into serious question. The question that still remains is "Aren't impartiality, objectivity and honesty an important element of managerial skills and especially part of the 'skills for control of tasks performance'?" which is one of the behaviour patterns defined within the scope of the managerial competence.

At the beginning of 2009, changes in the structural frame of the job plan were made. Three columns were created in the attestation forms as part of the job plan. In the first column, the targets are required to be defined; in the second column, the period of implementation should be defined, and in the third, the method for providing evidence on the implementation has to be indicated. When filling in the job plan, the major practical difficulties that are in the forefront with both managers and ordinary civil servants are in the setting of the targets. The poorly defined targets either overlap with the obligations contained in the job description or they are being repeated with no alteration over the years. It can be concluded that the quality of defining of targets in the job plans is strongly dependant on the existence of a previous training of both ordinary civil servants and managers in the period of introduction of the performance appraisal system, as well as in the follow-up continuous period of its implementation.

A particular problem is the fact that the changes in the Regulation came into force at the beginning of 2009, although the period of attestation had begun at the end of 2008. There was a lack of a transition period for implementing the changes. No preliminary trainings took place to cover the needs of the civil servants and the human resources departments in order to explain the logic behind the changes introduced. In this way, no skills and attitudes were created for the implementation of the innovative changes in the public administration and the complex new competency framework was not explained very well. The result of all this was presented in the Annual Report on the state of the administration 2009 (86), which pointed out that "objectives in the job plans are not being defined precisely and their implementation cannot be 'measured' in a comparatively objective way".

Setting the priorities period and the period for performance planning

A specific feature of the process of planning of priorities is that the starting point for this period of the administration does not coincide with the starting point of the appraisal period. In reality, the changes in priorities of the administration agencies become apparent at the beginning of the new calendar year in the months from January to March, whilst the planning of the targets in the job plans for the next year takes place in the period beginning November until the beginning of December at the latest of the current calendar year. The period for defining targets at the administration level is bound with the calendar year and a great portion of the results are reported in regard to the end, for the next reporting period, i.e. the next calendar year, a new budget for the administration is envisaged, within the framework of which new priorities are drawn up, relating to the financial resources for their achievement (Chart 1).

During the process of the final appraisal in November, it is often found to have tasks for evaluation, the period of execution of which expires at the end of December. This hinders the appraisal and turns it into a preliminary one. It becomes apparent that the important achievements related to the civil servants' performance are to be evaluated only in the next appraisal period, as they do not fall into the appraisal procedure of the current budget year, coinciding with the calendar year. The result of the discrepancies in the two time periods for the setting of priorities is that the definitions of the objectives in the job plans are not sufficiently precise and are not related to the real priorities of the administration agency.

Chart 1
Discrepancy between the appraisal period and the period for achieving public administration's targets/priorities
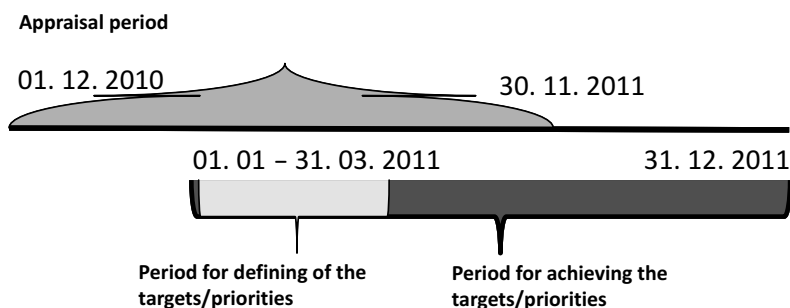
Problems with the terms for carrying out the appraisal are also being caused in the carrying out of the so-called interim meeting on performance appraisal. The terms are defined in such a manner that this happens in the middle of the formal appraisal period. However, the period 1 June–15 July, is the time when schedules for civil servants' annual leave are usually implemented, which, to a great extent, hinders carrying out the interim meetings.

Manager's skills for carrying out the performance appraisal

The statistical data from the "Analytical report on problem areas in the human resource management of the state administration" show that the most frequently encountered difficulties in the HRM field are mainly in regard to the performance appraisal – 34.78 %. The main difficulties described by experts in the HRM divisions are as follows:

- **Some 22 %** of civil servants face difficulties in the rating of the overall assessment of performance on the basis of the prevailing performance ratings for the individual indicators;

- **Some 20 %** of civil servants have problems in complying with the final deadline for each stage of the performance appraisal process;

- **Another 20 %** of civil servants have difficulty keeping the rules of the performance procedure – filling in the proper dates in the forms, putting the necessary signatures etc.;

- **About 7 %** of civil servants encountered difficulties in selecting the right individual performance appraisal forms for the different job positions.

The first problem area relates to transforming the key performance indicators' ratings in an overall appraisal rating. The managers in public administration very often come face to face with this difficulty. It originates from the logic of the system, according to which the overall rating is not calculated as an average of the evaluation received by the separate indicators, but as a result of the prevailing ratings. The situation becomes even more complex as in calculating the overall rating, one should bear in mind that she/he should use a three-degree scale for the separate indicators and a five-degree scale for the overall rating. Thus, it transpires that the managers often give an overall rating of "2: Performance exceeds requirements" on the basis of ratings "2" for each key performance indicator, although the fact is that according to the scale for the intermediate ratings "2" means "Performance meets requirements". The correct overall rating in this case is "3: Performance meets requirements". This technical problem signals an insufficient knowledge of the legislative and regulatory rules and could be explained by the lack of sufficient practical training. The transformation of the scale from three to five degrees is envisaged to slow down the process of making judgments and it aims at determining the final rating on the basis of inductive evaluations and facts, and not on deductive impressions and sympathies.

The other three issues serve as signals for a lack of motivation in implementing the appraisal system and difficulties that are caused by the bureaucratic procedure for attestation. These issues will be addressed in the next section, which refers to the procedural requirements for appraisal. A much more important indication that indirectly serves as an evaluation of the managers' ability to give objective ratings is the opinion of the civil servants themselves in regard to this matter. In several different and independent studies on civil servants' attitudes, conducted in 2006, 2007 and 2008 respectively, the view is expressed that the performance appraisal system is a subjective one (PASO 2005, 6).

In this regard, employees give, as an example, the following practices, which are carried out by their direct managers and supervisors:

- Receiving different ratings for the same level of performance by two employees who work in different departments: The reason is that their direct managers have different leadership styles and precision.

- Giving oral internal instructions to managers in order to create a forced distribution of ratings within the departments. The forced distribution creates conditions for decreasing the ratings without sufficient justification.

- Giving lower ratings to civil servants, at a lower position in the hierarchy, regardless of their performance which is supported by both the direct and the reviewing manager: This issue is also related to the availability of a fair procedure for making an appeal to change the performance rating. The employees more and more rarely consider the appeal procedure as an opportunity to obtain a more objective appraisal (this fact is stated in the annual report for the state of

the administration in 2009 as a possible positive trend – however, it can also be interpreted as a decrease in the commitment of staff to the performance appraisal system).

Appraisal procedures – procedural and technical problems

The defects in carrying out the performance assessment in the Bulgarian civil service are often a result of the lack of time and the complexity and bureaucracy of the procedure for attestation. Purely administrative and formal difficulties are created by the division of the performance appraisal forms, according to the three types of job positions in the administration – managerial, expert and technical. During the existence of the "Regulation" the forms went through four revisions, which increased the tension in the administrations in organising the annual evaluation. These changes shift the emphasis from content to the formal aspects.

Important issues which also influence and slow down the correct final completion of the individual performance forms are the frequent transformations in the organisational structure, the high staff turnover and the presence of double subordination of the employees. The frequent transformations in the organisational structure of the administrations, often only by small changes (such as the re-naming of units in the administration) also cause important problems. Regardless of the type of changes, each single change requires the preparation of a new job plan for the employees affected in the changes of departments' names, directorate or other larger divisions, as well as imposing re-signing of the work plans as part of the evaluation forms. The deadline for drawing up the work plans is one month. These should be countersigned as part of the appraisal form. The job plans are prepared on the basis of new job descriptions, which also have to be prepared within the same period of one month. This period seems too short to civil servants and often they do not comply with the term, due to workload and current tasks within the unit.

In the case of a change in line manager and/or reviewing manager, or in case of the absence of the manager and/or reviewing manager, major difficulties also arise. There are situations in which the new line manager began work at the end of the assessment period and has no information on employees' performance. When there is no reviewing manager, the situation is further complicated. Thus, there is a risk that the ratings are unrealistic and therefore have a low degree of usability.

A serious problem is the quantity of time which is allocated for the overall process of the appraisal (excessive length of the process is expected to serve as a sign as to the importance and significance of the appraisal).

Training for civil servants to implement the performance appraisal system

The problem with the managers' qualities and skills to carry out appraisals can be regarded in the context of providing suitable and timely training for the managers. In the introduction of the performance appraisal system in 2002 and 2003, numerous mass trainings for its practical implementation were carried out, but, as time passed, the intensity of training began to diminish. During the period of the implementation of the system, from 2003 to 2009, training has been carried out mainly within the framework of the annual training plan of the Institute for Public Administration and within the framework of certain projects in the field of performance appraisal.

The training of employees on performance appraisal depends on the overall system for the training of public administration. In the first place, the intensity of the training in this regard is dependent on the main provider of training courses for the needs of the public administration, i.e. the Institute for Public Administration, as well as on its capacity and training plans. The catalogues of this Institute show a decrease in the number of courses offered on performance appraisal for the period of 2009–2011 from three to one. The most practically oriented course "Preparation and participation in performance appraisal meetings" has not been included in the last version of the catalogue. The reasons for this elimination are both financial and organisational. For the period 2009–2011, there is a decrease in the funding envisaged for training at the level of the Institute for Public Administration and in the funding for training available in the budgets of the public administration agencies. This decrease is especially evident at the municipal administrations level. They are starting to send less and less employees to trainings. And this fact inevitably also influences the choice of training courses in the field of performance appraisal.

Conclusions: Proposals on how to improve the system

Despite the shortcomings presented in this chapter of the performance appraisal system in the Bulgarian public administration, as a whole, it is being accepted in a positive manner by civil servants. Its future improvement is a precondition for the development of a modern career system in the Bulgarian public administration, which will envisage a more active and devoted role for civil servants.

In our opinion, the most complex and important problems requiring solutions are not those connected to the changes in the legislation and regulatory framework, but those connected to its practical implementation. These problems have been described in the text of the present chapter as subjectivism and a formal completion of the appraisal forms.

A solution for overcoming the problems with the completion of the appraisal forms can be found in a simplification of the procedure. As for the issues and problems which cannot be solved by the performance appraisal system within its framework, solutions are to be found in ensuring a greater stability of the status entitled to the civil servant; in decreasing staff turnover, in the implementation of a policy of work succession and continuity, as well as in continuing to try to impose an organisation culture in which the employees' performance appraisals will be a logical and real priority.

Changes in the legislation and communication policy

In general, more and more limited changes should be made in the legislation and regulatory framework in order to ensure a greater stability in its implementation. If changes need to be made in the legislation and regulatory framework, they should be made as "package changes" during a period of at least three years, in order to avoid annual changes in the appraisal forms and the appraisal stages. Before the introduction of any changes, there should be a sufficiently long transition period in which the changes are explained to the civil servants working in public administration. It is undesirable to allow regulatory changes immediately before or at the start of the appraisal period.

The changes and alterations in the legislation and regulatory framework require an intensive internal communication directed towards the managers (towards both the line and the reviewing managers), the civil servants themselves and the human resources departments. The grounds for the requirement for such a communication lie in the fact that when it is missing there is vagueness and obscurity with reference to the practical implementation of the changes and they are approached in a formal manner. During the initial stage of introducing and implementing the performance appraisal system in the period 2002–2004, the network of experts on human resources management was heavily relied upon – such a network should be renewed. Besides the creation of such a network of experts, it is also significant to renew the Internet forums, which are used to clarify the implementation of the regulatory framework for performance appraisal and to comment on its practical aspects.

Increasing the objectivity of the received performance appraisal

Some civil servants in public administration are convinced that the performance appraisal system will become more objective if the principle of the 360˚ appraisal is introduced. At present, there are no conditions for a thorough introduction of this appraisal. It will be much easier if the managers are required to have an obligatory consultation with users, of the results of the work of the civil servant, as well as with those other civil servants who most often communicate with her/him on business issues.

Unfortunately, this measure is quite complex to implement and monitor its effectiveness. An element that will increase the perception of objectivity of the appraisal is the introduction of a formal self-evaluation made and completed by the employee as part of the appraisal form. This self-appraisal does not need to be detailed or too long, but it is important to cover the main contributions and results from work during the course of the year.

Overcoming the "campaign" nature of the trainings for performance appraisal

The managers have the most responsible role for implementing the performance appraisal system and therefore, the quality and length of their trainings in this regard are generally the pillars on which the improvement of the cooperation in the working place and high quality in the overall process of performance management depends. That is why the managers' participation in the trainings, organised under certain projects, or provided by the Institute for Public Administration, is really important (but should not be the only factor to rely on). Besides its function as a means for communication, the training in this domain has a key importance in developing managers' skills to conduct the practical stages of the appraisal. It builds skills for providing feed-back, for improving the work process and for motivating employees. For the civil servants the training also contributes to understanding the benefits of the performance appraisal system and in directing civil servants in their role in the appraisal process, as well as their rights and opportunities.

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The Dynamics of Diplomatic Career Satisfaction: A Comparative Perspective

Armenia Androniceanu, Simona S. Sora, Răzvan A. Corboş

1. Introduction

Over the last decades, societies all over the world have been transformed and gradually passed from an industrial approach to a knowledge-based approach. Moreover, with the end of the cold war, the high level of certainty and predictability in the national and international environment has been replaced by dynamic and very complex relationships. Many factors have contributed to this transformation: the development of a global economy, the end of the Cold War, and the rapid progress and widespread adoption of information technology, etc. The public sector is being transformed too, leading to the emergence of what has been called New Public Management (Christensen and Lægreid 2008). This new concept has substantially contributed to changes in ideas and practices of governance and the scope, organisation and managing system of the public services have changed dramatically since the 1970s (Farnham and Horton 1996).

The Public Administration Reform, particularly the reform of Central administration is strongly influenced by national political, social and economic factors, but also by international factors such as globalisation, technological innovations, global economy, international relations and international organisations etc. A reform can only be successful with the help of civil servants and it requires their entire commitment. Due to their importance, civil servants should be well trained, efficient and very motivated to do their job. We believe that the issue of work satisfaction is relatively new in our public administration and there is a growing need in our institutions to analyse these aspects. Job satisfaction brings with it increasing individual performance, less conflicts, creativity and cost effectiveness in a period when financial aspects are very problematic due to the global financial crisis. This finding also illustrates the need for Public administration academics and practitioners to include more studies on HRM in their theories and policies, especially in the field of job satisfaction. Commitment and participation of workers in the public

sector is related to their job satisfaction. Motivation and commitment of workers are an essential condition for successful public institutions and a key element of the HRM policy.

2. Job satisfaction and career management

Investigated by several disciplines such as psychology, sociology and economics, job satisfaction is a frequently studied subject in organisational literature. This is mainly due to the fact that many experts believe that job satisfaction trends can affect organisational behaviour and can influence work productivity, work effort, employee absenteeism and staff turnover. Moreover, job satisfaction is considered as a strong predictor of overall individual well-being (Diaz-Serrano and Cabral Vieira 2005), as well as a good predictor of intentions or decisions of employees to leave a job (Gazioglu and Tansel 2002). Beyond the research literature and studies, job satisfaction is also important in everyday life. Organisations have significant effects on the people who work for them and some of those effects are reflected in how people feel about their work (Spector 1997). This makes job satisfaction an issue of substantial importance for both employers and employees. As many studies suggest, employers benefit from satisfied employees as they are more likely to profit from lower staff turnover and higher productivity if their employees experience a high level of job satisfaction. However, employees should also "be happy in their work, given the amount of time they have to devote to it throughout their working lives" (Nguyen et al. 2003).

Job satisfaction has been defined in several different ways and a definitive designation for the term is unlikely to materialise. A simple and general way to define it is as an attitudinal variable: job satisfaction is simply how people feel about their jobs and the different aspects of their jobs. It is the extent to which people like (satisfaction) or dislike (dissatisfaction) their job (Spector 1997). An alternative approach is that proposed by Sousa-Poza and Sousa-Poza, based on the assumption that there are basic and universal human needs, and that, if an individual's needs are fulfilled in their current situation, then that individual will be happy. This framework postulates that job satisfaction depends on the balance between work-role inputs – such as education, working time, effort – and work-role outputs – wages, fringe benefits, status, working conditions and the intrinsic aspects of the job. If work-role outputs ("pleasures") increase relative to work-role inputs ("pains"), then job satisfaction will increase (Sousa-Poza and Sousa-Poza 2000). Other theorists (Rose 2005) have viewed job satisfaction as a bi-dimensional concept consisting of intrinsic and extrinsic satisfaction dimensions. Intrinsic sources of satisfaction depend on the individual characteristics of the person, such as the ability to use initiative, relations with supervisors, or the work that the person actually performs; these are symbolic or qualitative facets of the job. Extrinsic sources of satisfaction are situational and depend on the environment, such as pay, promotion, or job se-

curity; these are the financial and other material rewards or advantages of a job. Both extrinsic and intrinsic job facets should be represented as equally as possible, in a composite measure of overall job satisfaction. This distinction, as described by Rose, relates to the double meaning of the word "job": the work tasks performed and the post occupied by the person performing those tasks. The meaning of "job" as a post or appointment is of primary importance. Every job is an instance of the employment relationship, embodying a contract (substantive or implied) to exchange the ability to work (labour, provide service, exercise ingenuity, direct efforts of others, etc) for rewards (both material and symbolic) (Rose 2001).

Job satisfaction depends on a variety of organisational or individual issues. As mentioned above, job satisfaction depends on a variety of factors and this paper is focused on elements of career management that have influence on employees' satisfaction.

Job satisfaction can strongly influence the type of psychological contract between the public institution and the civil service. The psychological contract is the "meeting point" of the employees' and employers' contributions/expectations from each other. It is also important that those expectations met by the employer or employee be consistent with their expectations. Many organisations spend money and resources to meet expectations that are not important for most of employees and do not put emphasis on what is really important for them, which he believes has value (Sparrow and Cooper 2003). In the last 20 years, this relationship between organisations and employees has greatly changed, passing from a mutual commitment to an exchange relationship. The changes in organisational structure, international competition, new technologies, changes in workforce diversity and different work and family life are the main factors that influenced the transformation of psychological contracts into a transactional relationship.

All these transformations had also affected the traditional thinking about career management and job satisfaction. Foreign Service officers have different and complex expectations from their employees and this is strongly connected with the level of satisfaction. Organisations do not offer promises of future employment, but rather employability, by providing opportunities for continued professional growth and development (Greenhaus et al. 2010). This phenomenon is also a reality in relationships between Foreign Service officers and their employers because of the rapid changes that happen in the international relations world. In the Foreign Service sector, work satisfaction issues play an important role but there are insufficient studies in this respect. The lack of HRM studies in the diplomacy sector can have several explanations, but the most important one might be that this public sector had its doors closed for HRM research for many years. Over the last decade, many foreign ministries developed studies about work satisfaction among Foreign Service officers. All this interest, raised by the need to adapt "in real time" to the changes, appeared in international relations, but also by the rapid technological advance which

foreign service officers perceived to be a major job security threat. Another aspect is the creation of international organisations which "borrowed" a lot of national human capital from member states. Other aspects that explain the rapid growth in interest for this subject are the characteristics of a diplomat career: working all over the world in a multicultural environment, sometimes having his/her family members accompanying him/her abroad. Family aspects are a key element in Foreign Service officers' job satisfaction, given their need for life-long mobility. Working under a relational psychological contract, wherein there was a presumption of mutual loyalty between the employer and employee, a career in the latter half of the 20th century was viewed as a relatively stable and consistent undertaking.

Before approaching the career management practices, we should make a short presentation about what a career means in the 21st century. The modern view of career and the concept of career management crystallised during the era of prosperity in the decades following the end of the Cold War II. Because of the unprecedented economic growth, the demand for human capital also grew and the labour market offered a large number of job opportunities.

Traditional organisational career meant advancement and stability in a single organisation, loyalty and commitment, job security and hierarchically progress. Another traditional theme places the emphasis on the career as a profession that represents a more desired career choice and involves high economic status, allows a high degree of autonomy and can provide a high level of compensation. This was the case of doctors, lawyers and also Foreign Service officers. Before international organisations were created, a diplomatic career was limited to the Ministry of Foreign Affairs' activity. Nowadays, for a diplomat, there are many opportunities in international organisations and we cannot speak about a linear career in the Foreign Service Office. With the end of the Cold War, the high level of certainty and predictability in international and national environments has been replaced with dynamic and very complex international relations. In addition, on-going market pressure for organisations to be flexible in the deployment of human resources, in order to remain competitive, had created an environment where the psychological contracts become transactional rather than relational and a long-term career in an organisation becomes an exception rather than the rule. In reaction to this new world, the nature of careers has changed and there are new ways of looking at the concept of career management.

In a contemporary perspective, career means dynamism, short-term contracts and investment in employability, promotions on results and knowledge, and several jobs, etc. Moreover, terms such as a *"boundary-less career"* in the context of the *"boundary-less organisation"* had appeared. A boundary-less organisation means breaking down the barriers between the organisation and the environment or another organisation. In international relations, in recent years, the concept of multi-stakeholder diplomacy is used. This terminology appeared in a context where

diplomacy is becoming an activity concerned with the creation of networks, embracing a range of state and non-state actors focusing on the management of issues that demand resources over which no single participant possesses the monopoly (Kurbalija and Katrandjiev 2006). Considering this transformation emerged in the international affairs world, the career of a Foreign Service officer is significantly different. They need to be more flexible to rapid changes and to change their style of living and working very quickly. Table 1 shows the characteristics of psychological contracts, taking into consideration different aspects of career management.

Table 1
Traditional versus contemporary deals

Aspect	Traditional deals	New deals
Environmental characteristic	stability	dynamism
Career choice made in career	once, at an early age	series at different stages
Main career responsibility lies with: Career sight (workplace) Career sight (time)	organisation single organisation long	individual several organisations short
Employer expects/employee gives:	loyalty and commitment	long time working hours
Employer gives/employee expectations:	job security	investment in employability
Progress criteria according to tenure and knowledge	advancement according to results	advancement
Success means	progress based on hierarchy ladder	inner feeling of achievement
Training generalist	formal programmes, company specific,	on the job, sometimes ad-hoc

Source: Baruch 2004, 13

3. Case study: Job satisfaction from the career satisfaction point of view

This part of the paper is focused on a study about career satisfaction policy and tools developed in the Romanian Ministry of Foreign Affairs with the help of a questionnaire and some interviews. The research is based on a survey that was completed between October and December 2010, on the basis of a quantitative methodology.

Careers have been characterised by a person's upward occupational movement via a series of positions that require greater mastery and responsibility (for a com-

prehensive discussion of recent career concepts, see Inkson 2004; Perlmutter and Hall 1992). Career success, then, can be defined as the real or perceived achievements accumulated by individuals as a result of their work experiences (Judge, Higgins, Thoresen and Barrick 1999). Career success has been actively investigated for years and found to be determined by not only many traditional factors, including job-related skills and performance record, but also by networking, politics, and social effectiveness competencies (for a recent review, see Ng et al. 2005).

3.1 Research objectives

The main research objective was to identify diplomats' satisfaction regarding career management policy. The secondary objective was to identify what diplomats' main reasons are for taking up a career in diplomacy and what the correlations are between the reasons and the level of satisfaction.

3.2 Methodology

Plan of the research

The target group was contacted and invited to participate in our study with the help of online survey software. Each of the 500 possible respondents received a link where they were invited to complete a questionnaire after the presentation of the research and some instructions for completing the survey. They were promised that they would receive the research results if they so desired. Answers were anonymous and no other incentives were used.

For the quantitative analysis the SPSS statistics programme was used together with a simple regression model for the correlation part.

Sample

In total, 500 invitations to participate in the survey were distributed to 500 diplomats working in the Headquarters and in the Foreign Service. Of the 293 surveys returned, 255 were complete enough for use, resulting in a usable response rate of 72 % and 38 surveys were partially completed. The sample is representative because the total number of diplomats is 800 in the Romanian Ministry of Foreign Affairs.

To make meaningful comparisons, the respondents' replies were analysed by demographic variables such as employee age, gender and job tenure. These types of analyses are useful because they highlight that not all employees have the same preferences with respect to job satisfaction. HR professionals who are aware of the needs of different groups by age, gender and job tenure may be able to develop programmes that appeal to certain groups more than others. For example, if an organisation has a high turnover of employees aged 35 years and under, it would be useful to know what factors affect their satisfaction the most and how the organisation can

offer programmes that appeal to this segment of its workforce. This is also the case of the results of this study where the average age was 36.8.

Data were collected on respondent gender, age and education level. Age was structured into four categories: (under 26 years of age, 26–30, 31–45 and over 45 years of age). Education was grouped into less than a college education, some college, a bachelor's degree, and graduate degree. We tried to make the sample as representative as possible by keeping a balance between genders, age and seniority (Table 2).

Table 2

Demographic characteristics of the sample

Classification	Variable	N	%
Gender	Female	132	51.7
	Male	123	48.3
Age (year)	25–30 years old	70	27.5
	30–35 years old	76	29.8
	34–40 years old	50	19.6
	40–45 years old	34	13.3
	45–50 years old	9	3.5
	50–65 years old	16	6.3
Education	Bachelors	21	8.2
	Master's degree	175	68.6
	Ph.D.	59	23.2
Position held	Management	58	22.7
	Executives	197	77.3
Place of work	Headquarters	149	58.4
	Abroad	106	41.6
Statistics			
Total Responses	255		
Average Age	36.8		
StdDev	7.42		

Measures

The survey consisted of measures designed to capture the various facets of the two concepts being investigated in this research – career management and job satisfaction. All of the items in the questionnaire employed a five-point Likert scale format (1= strongly disagree, 5 = strongly agree, unless otherwise indicated). Diplomats were asked to rate the importance of different career management tools.

The survey is structured into five sections with items which aimed to identify the overall job satisfaction from the career management perspective:

1. *Overall career satisfaction.* A five-point Likert scale was used, from 1 – very dissatisfied to 5 – very satisfied.

2. *Career planning satisfaction.* This scale included 13 items career planning tools, considering individual and institutional support. A five-point Likert scale was used, from 1 – strongly agree to 5 – strongly disagree.

3. *Career development satisfaction.* This scale contains 18 items divided into 3 parts: career counselling, training and development and Appraisal and promotions. A five-point Likert scale was used, from 1 – strongly agree to 5 – strongly disagree.

4. *Work-life balance.* This scale included 6 items that aimed to evaluate the diplomat's perception regarding the balance between personal/social life and professional activity; a five-point Likert scale was used, from 1 – strongly agree to 5 – strongly disagree.

5. *2 open questions* about the main strengths and the main weaknesses of the career management policy.

3.3 Results

Overall, career satisfaction was analysed by asking respondents how satisfied they were with their career on a 5-point scale where 1 was very dissatisfied to 5 which was very satisfied. Half of the respondents were in the middle of the scale and this result is difficult to use for a positive conclusion regarding the level of satisfaction. 90 % of respondents were satisfied with their career and only 5 % were very satisfied.

The results showed that women have a higher level of satisfaction than men and diplomats from the Headquarters were more satisfied with the evolution of their career than diplomats working abroad. This could be explained by the fact that the proximity to the decision-makers from Headquarters helps them to develop their career. The proximity to Headquarters increases diplomats' opportunities for a successful career and visibility (Groeneveld 2008). This hypothesis was also proved by the survey results: the average level of satisfaction of diplomats from Headquarters was higher than the level of satisfaction abroad. The average satisfaction was 3.4 and the standard deviation was 0.69, which means the results are significant. The results showed that 40 % of respondents are satisfied with their careers, 5 % are very satisfied and 4 % are dissatisfied (Figure 1).

Figure 1
Overall career satisfaction
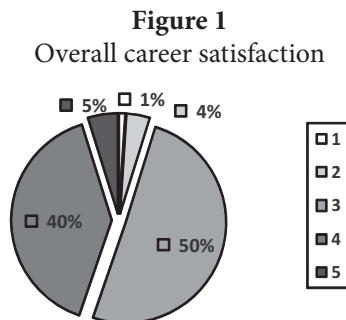
Statistics	
Total Responses	255
Average	3.4
StdDev	0.69

The reform developed in the last 8 years has had a strong positive impact on career management policy. Law no. 269/2003 regulating the Status of the Romanian Diplomatic and Consular Corps or the Law No. 495/2004 on salaries and other monetary rights are the main legislative initiatives which contributed to the reform of the career management policy. An increase in the popularity of HRM practices is especially related to the higher satisfaction with management of the organisation and with career support. Law no. 269, regulating the Status of the Romanian Diplomatic and Consular Corps, was adopted and published in 2003 and represented a major step forward for the Romanian Ministry of Foreign Affairs (Androniceanu and Sora, 2009). This Statute stipulates privileges, immunities, rights and obligations of the Diplomatic and Consular Corps of Romania and aspects of admission in the ministry, career pathways, training and development, financial aspects, medical assistance on mission abroad or the possibility to take a second job. Table 3 presents the main strengths and weaknesses of the career management policy, comparing the results from 2003 survey (Androniceanu and Sora 2011) with the results of the 2010 survey, which are presented in this paper. Career management strengths and weakness, compared with the 2003 survey, showed that many of the negative aspects became strengths in 2010 (salary, training policy, diplomatic statute, etc.), but some aspects such as management culture and other negative aspects have been mentioned in 2010.

Movements from strengths to weaknesses and vice versa, in Table, 3 resulted from an extensive reform which is still ongoing today. Introducing an evaluation performance system with 23 evaluation criteria and clear objectives for evaluation is a strength in 2010 after being a weakness until 2003. Changing written reports with clear evaluations' criteria was a big step for HR policy and had significant influence on career and job satisfaction. Another important initiative was passing from the old written exam (used until 2005) to the promotion evaluation, based on merits which include 4 different parts of evaluation: professional experience abroad, training and development, managerial experience and performance evaluation made by an internal evaluation board. This is a transparent and competitive system because all results are made public, the rejected candidates are counselled to improve their performance and they receive recommendations for future training and development.

Table 3

Strengths and weaknesses of job satisfaction correlated with career management

STRENGTHS		WEAKNESS	
2003	**2010**	**2010**	**2003**
Clear image about ministry strategy	Wage increase	Career predictability	Salary
Institution image, Prestige	Diplomatic statute	Transparency and Subjectivity	Lack of a Statute for the diplomatic and consular body
International career opportunities	Internal promotion procedure	Internal procedures	Lack of benefits in the headquarters but also abroad
Team work	Training policy	HR department Communication	Insufficient specialised training programmes
Work autonomy	EU opportunities	Correlation between salary and performance	Correlation between salary and performance
Stimulated tasks	Selection procedure for working Abroad	Selection procedure for working Abroad	Lack of transparency in the mobility policy (working abroad)
Work itself	HR experts	Managerial culture	Responsibility (job description – lack of responsibilities)
Interpersonal relationships (with co-workers and clients)	Flexibility	Long-term development programmes	Work environment, work conditions
Relationship with direct management	IT technologies	Time management	IT technologies
Multicultural work environment	Appraisal exercise	Feedback	Performance evaluation system
	Transparency	Individual career planning	Career planning and development

Redesigning the training system by correlating it with the performance evaluation system and promotion procedure is another important pillar of the reform. Considering the performance results, at the beginning of next year, the HR department is carrying out a complex evaluation of the training needs called Identification and Analyses of the Training Needs. At that time, managers, as well as other employees, can suggest new types of training programmes. As the results of the survey confirmed, development opportunities are very important for diplomats and are one of the main reasons for choosing a diplomatic career. The Romanian MFA understood and developed a new training and development philosophy, passing from traditional courses to tailor-made courses.

Setting up in 2007 a specialised department, in charge of career and development activities was another pillar reform much appreciated by the employees and the results of the survey confirm this. Diplomats appreciate that in the HR Department there are now HR specialists who offer career guidance and support to employees. This initiative led to a more efficient communication process regarding career management tools and procedures. All activities of training and development, and internal promotions etc. in the interest of diplomats are being posted on an internal platform where the target group can find information about the HR specialist in charge of every activity and they can address questions and request counselling.

But not everything is rosy. The survey revealed that some problems are not yet resolved. One of the most important is the managerial culture, lack of leadership skills and feedback. All these elements are strongly correlated with the level of career satisfaction and with job satisfaction. Transparency is still cited by respondents as a weakness, together with predictability and long-term perspectives.

3.4 Correlations and prognosis

The next part of the paper focuses on a correlation analysis and a simple regression model that could be used to make some prognosis about the level of career satisfaction (dependent variable) and some reasons for choosing a diplomatic career (independent variable). The respondents were asked to state which of the following possible reasons they have in mind when they decide "to embrace" a diplomatic career. The main reasons selected, by percentage, are: Work itself and career development opportunities (91.3 %), prestige (78.8 %), desire to work for my country and for Romanian citizens abroad (78.8 %), and travelling (56.7 %). As can be seen in Table 4, it is also interesting to see that 84.6 % of respondents did not choose a career in diplomacy for financial reasons. That means the institution needs to focus more on other aspects regarding satisfaction with tasks, training, communication, etc.

Table 4
Reasons for choosing a diplomatic career

Reasons	Yes	No
Prestige	**78.8 %**	21.2 %
Social position	47.1 %	**52.9 %**
Work itself and career development opportunities	**91.3 %**	8.7 %
Job security	38.5 %	**61.5 %**
Travelling opportunities	**56.7 %**	43.3 %
Financial benefits	15.4 %	**84.6 %**
Family tradition	6.7 %	**93.3 %**

The analysis of the correlation matrix indicates that few of the observed relationships were very strong. The strongest relationship was between prestige and the social position (r=.34) and this is explained by the fact that prestige also brings with it, social position. It is interesting to see the correlation between the career satisfaction level and the reasons for choosing a diplomatic career. The statistics below show that there is a positive correlation between diplomats who had chosen a career in diplomacy for reasons such as work itself and for development opportunities and the level of career satisfaction (r=.113). There is another positive correlation, but not as strong as the previous, between the level of career satisfaction and the reason "prestige" for choosing a diplomatic career. That means diplomats that choose diplomacy for prestige and development opportunities are more likely to have a high level of satisfaction in their career. On the other hand, the other reasons for choosing a diplomatic career have a negative influence on career satisfaction, but not to any great extent. We can also see that people who had chosen a diplomatic career for job security reasons, have the lowest level of satisfaction during their career (r=-.140). (Table 5)

Regression analysis

Regression analysis was used to investigate the influence of career satisfaction on each of the reasons which diplomats had given to choose a career in diplomacy.

It is also possible to estimate, by using a simple regression model, the influence that each reason for choosing a diplomatic career has on career satisfaction. Unfortunately, the R column indicates that in only 23.6 % cases the independent variable (reasons for choosing a career in diplomacy: prestige, social position, development opportunities, job security, financial benefits, family and desire to work for your country) is able to predict the evolution of the dependent variable (career satisfaction). To see if the model is significant, we need to analyse the significance of each independent variable of the dependent variable.

From the data, it can be seen that only two independent variables are less than .10 (development opportunities in a positive way and job security in a negative way). This result also confirms the correlations above. That means each person who chooses to develop a career in diplomacy because of the development opportunities or because of the work itself, will generate one person more satisfied with her/his career. Regarding the correlation between job security and career satisfaction, the model also confirms the negative influence. The more people who choose a diplomatic career for job safety reasons will become the most dissatisfied people that the institution will have.

Table 5

The main correlations between the variable considered

		CAREER	PRESTIGE	SOCIAL	DEVELOP	SECURITY	BENEFITS	FAMILY	COUNTRY
Pearson Correlation	CAREER	1.000	.035	-.069	.113	-.140*	-.030	-.038	-.071
	PRESTIGE	.035	1.000	.341**	.057	.148*	.131*	-.016	.006
	SOCIAL	-.069	.341**	1.000	-.022	-.010	.180**	-.021	-.052
	DEVELOP	.113	.057	-.022	1.000	.120	-.019	-.042	.187**
	SECURITY	-.140	.148*	-.010	.120	1.000	.161*	.005	.096
	BENEFITS	-.030	.131*	.180**	-.019	.161*	1.000	-0.36	.052
	FAMILY	-.038	-.016	-.021	-.042	.005	-.036	1.000	.049
	COUNTRY	-.071	.006	-.052	.187**	.096	.052	.049	1.000
Sig. (2-tailed)	CAREER	.	.579	.272	.071	.026	.631	.541	.260
	PRESTIGE	.579	.	.000	.369	.018	.037	.803	.925
	SOCIAL	.272	.000	.	.724	.873	.004	.737	.404
	DEVELOP	.071	.369	.724	.	.056	.761	.506	.003
	SECURITY	.026	.018	.873	.056	.	.010	.941	.125
	BENEFITS	.631	.037	.004	.761	.010	.	.562	.407
	FAMILY	.541	.803	.737	.506	.941	.562	.	.435
	COUNTRY	.260	.925	.404	.003	.125	.407	.435	.
N	CAREER	255	255	255	255	255	255	255	255
	PRESTIGE	255	255	255	255	255	255	255	255
	SOCIAL	255	255	255	255	255	255	255	255
	DEVELOP	255	255	255	255	255	255	255	255
	SECURITY	255	255	255	255	255	255	255	255
	BENEFITS	255	255	255	255	255	255	255	255
	FAMILY	255	255	255	255	255	255	255	255
	COUNTRY	255	255	255	255	255	255	255	255

* Correlation is significant at the 0.05 level (2-tailed)

** Correlation is significant at the 0.01 level (2-tailed)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,236ª	,056	,029	,7042

a. Predictors: (Constant), COUNTRY, PRESTIGE, FAMILY, BENEFITS, DEVELOP, SECURITY, SOCIAL

ANOVAᵇ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7,242	7	1,035	2,086	,046ª
	Residual	122,499	247	,496		
	Total	129,741	254			

a. Predictors: (Constant), COUNTRY, PRESTIGE, FAMILY, BENEFITS, DEVELOP, SECURITY, SOCIAL

b. Dependent Variable: CAREER

Coefficientsª

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,868	,453		8,544	,000
	PRESTIGE	,145	,114	,085	1,275	,203
	SOCIAL	-,148	,095	-,103	-1,546	,123
	DEVELOP	,327	,147	,141	2,219	,027
	SECURITY	-,239	,093	-,163	-2,554	,011
	BENEFITS	1,728E-02	,114	,010	,151	,880
	FAMILY	-7,45E-02	,165	-,028	-,453	,651
	COUNTRY	-,149	,109	-,086	-1,364	,174

a. Dependent Variable: CAREER

4. Limitations and future research

Our study suggests that career satisfaction is a viable subset of practices that should be considered by managers seeking to build a committed workforce and improve employees' overall job satisfaction. It may be particularly useful in that many commitment enhancing strategies have been directed toward newcomers, rather than longer term employees. Career satisfaction may be a very viable way for managers to maintain or perhaps re-establish organisational commitment after difficult periods in an organisation's history (e.g., layoffs, restructuring). Because career satisfaction is linked to a manager's attitude and organisational career policy, managers would be advised to consider employee career goals during the recruitment, selection and

placement processes. Doing so would enable them to place a candidate in a position that best fits his/her career goals and increase the level of satisfaction with their career. Moreover, developing employee professional skills and abilities is vital, not simply to promote affective commitment, but to meeting the needs of the employee and organisation alike. This study also suggests that employers who back up their HR practices with a reward system that recognises the worth and contribution of employees to the organisation, build additional commitment from their employees. Employees who are reinforced through promotions and pay raises identify more with their employers' goals, find it harder to leave their organisations and develop a moral bond with their employers.

In conclusion, management is often defined as the utilisation of organisational resources in order to accomplish organisational goals efficiently and effectively. This study reinforces the idea that if individuals can achieve their own personal goals and are recognised by the organisation for doing so, they will be more committed to accomplishing the goals of the organisation to which they belong.

As is common in survey research, data are cross-sectional and self-reporting. A common method bias can work in either direction, however. An additional limitation involves the nature of the sample. These data come solely from one national system, so there is no guarantee that these results can be extended to other systems. Future research should focus on the further articulation of this concept and its measurement.

With so little research on the relationship between career satisfaction and job satisfaction, this area is ripe for future research. Among potential topics is the notion of how career satisfaction interacts with other determinants of career management, such as career development, career guidance, person–job fit, job design, leadership, mobility, etc., and the role played by individual differences in the organisational career – individual career perspectives. Moreover, of interest, is whether career satisfaction predicts other outcomes directly, such as organisational citizenship behaviours, turnover intentions, and performance.

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About the Authors

Armenia Androniceanu is a full Professor of Public Management at the Bucharest Academy of Economic Studies and the Editor in Chief of the Administration and Public Management Review. She is the Director of the International Centre for Public Management.

Michaela Bátorová is a PhD candidate of Local Government Studies at the department of Regional Studies, University of Tampere, Finland. After graduation in the field of management of enterprises, Michaela turned her focus to local governance, local leadership, politico-administrative relations, and decision-making powers of local leaders. Her interest also covers topics related to the implementation of politico-administrative reforms from the cross-cultural comparative perspective.

Răzvan-Andrei Corboş is Vice-Dean of the Management Faculty at Bucharest Academy of Economic Studies and a lecturer specialised in organisation competitiveness and the analysis of the competitive environment. He is also a postdoctoral researcher and Associated Editor of the Business Excellence and Management Review.

Mariana Dimitrova is Assistant Professor in Human Resources Management at the New Bulgarian University, Centre for Public Administration. Her research interests are the Performance Appraisal System in Public Administration, Flexible Employment Forms, Ageing, and Public Policy for HR Development.

György Hajnal is Associate Professor at the Corvinus University of Budapest, and Senior Researcher at the Hungarian Academy of Sciences, Centre for Social Research, Institute for Political Science. Prior to his present positions he worked for more than a decade at the former Hungarian Institute of Public Administration. He has published in journals such as the Public Management Review, the Journal of Public Affairs Education, and the Transylvanian Review of Administrative Sciences. Recently, he studied administrative culture, comparative public administration reform, and the structural dynamics of central government. He holds a PhD from the Corvinus University of Budapest.

Arto Haveri is professor of Local Government Studies at the School of Management, University of Tampere, Finland. Questions associated with municipal management, local administration, network governance, reforms and their evaluation have featured centrally in his research. Reform of local government both in Finland and internationally have been the main focus of activity in recent times. In NIS-PAcee Arto Haveri is the Chair of the permanent Working Group of Local Government, together with Gabor Soos.

Lesya Ilchneko-Syuyva (Ph.D.) holds the position of an Associate Professor, Economic Policy Department at the National Academy of Public Administration, Office of the President of Ukraine. She worked as an adviser in policy analysis and financial policy for various technical assistance projects provided by USAID, CIDA, UNPD etc. in CEE and Balkan countries, has wide experience in designing and delivering training courses for multi-ethnic groups. She has more than 80 publications that include monographs, articles, research and policy papers.

Mari-Liis Jakobson is a lecturer in Political Science and a PhD candidate at Tallinn University, Estonia. In 2009–2011, she was a research fellow in the EC Research DG 7th framework programme project "TRANS-NET: Transnationalisation, Migration and Transformation: Multi-Level Analysis of Migrant Transnationalism". Her recent publications include chapters in compilations *Migration and Transformation* (2012; ed. Pirkko Pitkänen et al), *Consolidation of Democracy in Multicultural Society* (2012; ed. Raivo Vetik), and *Democracy in Transition: Political Participation in the European Union* (forthcoming, ed. Kyriakos Demetriou). E-mail mljakobson@gmail.com.

Veronica Junjan is assistant professor in Sociology of Governance with the University of Twente, The Netherlands, Department of Public Administration and Institute of Innovation and Governance Studies. Her current research focuses on investigating mechanisms of the dynamic of public sector reform in Central and Eastern Europe within the EU governance processes, decision-making in local government, and on governance of new social risks, particularly on consequences of circulatory migration on the provision of social services.

Leif Kalev is a Professor of State and Citizenship Theory at Tallinn University and deputy secretary general for law enforcement and migration policy in the Estonian Ministry of the Interior. His research interests include state as a political community, citizenship and the globalisation impacts on politics and governance. His publications include several articles on citizenship (see Leif Kalev, *Multiple and European Union citizenship as challenges to Estonian citizenship policies*, 2006) and on transformations of statehood (*Transnationalisation and Institutional Transformations*, 2010, ed. Thomas Faist et al; *Eesti Vabariik 20: poliitika ja valitsemine taasiseseisvusajal*, 2012, ed. Raivo Vetik). E-mail leif@tlu.ee.

Sulev Lääne is a Lecturer at Tallinn University (sulev.laane@gmail.com) and simultaneously Executive Director (Chancellor) of the Estonian Chamber of Bailiffs and Trustees in Bankruptcy. He was one of the leaders of local government reform in Estonia in the early 1990s and top government official in coordinating the reform implementation.

Oksana Mejere is an MA in Law and Management, PhD student in Sociology at Vytautas Magnus University and Lecturer at the Department of Public Administration in Siauliai University. Her areas of interests include public policy making, state feminism and women's representation in multilevel governance. Her publications include "Feministic political debates on gender equality visions and strategies" in the Journal of Young Scientists 2010, 1 (26) (in Lithuanian); "Possibilities of political representation's development? Analysis of Lithuanian parliament members' attitudes toward women's quotas" in Parliament Studies 2011, 10 (with Irmina Matonyte, in Lithuanian). Her current research focus examines the institutional mechanisms and social practices of gender equality policy in Lithuania.

Juraj Nemec is Professor of Public Finance and Public Management at the Faculty of Economics, Matej Bel University in Banska Bystrica, Slovakia, and at the Masaryk University Brno, Czech Republic. He is regional vice-president of IRSPM and a member of the IASIA Board of Management, editor in chief of the NISPAcee Journal in Public Administration and Public Policy, member of editorial boards of several other professional journals. He has published, as author, co-author or editor, more than 350 books and professional articles in different languages. His recent books are *Public Finance* (2011), *Public Sector Control and Audit* (2010) and *Contracting out in the Public Sector* (2010).

Katarzyna Radzik-Maruszak – Assistant Professor at the Department of Local Government and Politics, Faculty of Political Science, Maria Curie-Skłodowska University in Lublin, Poland. She has conducted comparative research into local governance and participatory policy making in European countries. Her latest research deals with developing the role of local councillors and mayors. She is an author of one monograph and more than thirty other book chapters and articles. E-mail: katarzyna.radzik@poczta.umcs.lublin.pl

Marija Risteska holds a PhD in political science. She is the founder and works as Senior Analyst at the Centre for Research and Policy Making. Her research work is in the area of public administration reform, public management, good governance, policy transfer and European integration. She teaches public policy, comparative public administration and public management at the NY College in Skopje. She has contributed to four specific public sector reforms in Macedonia on public policy development, strategic planning, and better regulation. Marija Risteska has 10 years of consulting experience with the EU and all UN agencies. Risteska has

written numerous policy studies on European Integration of Macedonia, good governance in health, education, gender, and migration, Marija has edited the book "Mapping the leaders in Macedonia and Albania: can elites promote positive social change?"(2010) and co-edited the books "The Macedonian Question: 20 Years of Political Struggle into European Integration Structures"(2012) and "Ten years after the Ohrid Framework Agreement: Lessons (to be) learned" (2011).

Marcin Sakowicz is Assistant Professor in the Department of Public Administration, Warsaw School of Economics and Head of Continuing Education, National School of Public Administration. He is the author of Local government modernisation in the Polish – European Union integration process (2007) and published several other articles in Poland and abroad. His current research interests include public institution's effectiveness and efficiency, e-governance and policy-making analysis. He holds a PhD from Warsaw School of Economics.

Nikoloz Shekiladze is a recently graduated Master in public administration and now continuing studies in international law. His main occupation is practising civil and administrative law in Georgia and works as a corporate lawyer at one of the leading petroleum companies in the country. At the same time, he is interested in public sector management and administration issues and is doing active research in this area. The research paper presented in this book is one of his studies where the author focuses on the pros and cons of power delegation in public management.

Monika B. Sidor is a Lecturer and Researcher at the Department of Local Government and Politics, Faculty of Political Science, Marie Curie – Skłodowska University. Her interest is focused on self-government and civil society.

Georg Sootla is Professor of Public Policy at Tallinn University (sootla.georg@gmail.com), he has published on comparative local government institutions, local democracy, local government reform and currently focusing on research of local government autonomy and capacity (amalgamations). He has been the editor of two NISPAcee books on politico-administrative relations.

Simona Steluța Sora is a PhD candidate in Management at the Bucharest Academy of Economic Studies and a professional in the field of human resourses management in the diplomatic field. She is also an Associate Lecturer at the Romanian Diplomatic Institute.

Nana Sumbadze is a Co-director of the Institute for Policy Studies, Associate Professor of Tbilisi State University. Work experience: Guest researcher at Leiden University, short-term consultant for UNDP, WB, UNICEF, Oxfam-Novib projects and is the author of 62 publications. Research has been mainly carried out in Georgia concerning public policy issues. Two studies have been carried out on Gender and

Society in Georgia, Gender Mainstreaming Trainings. Holds a Diploma in Psychology of Tbilisi State University and a PH.D. in Social Sciences of Leiden University.

Patrycja Joanna Suwaj, is professor and director of the Institute of Administrative Sciences (INA) at Bialystok School of Public Administration in Poland, judge of Administrative Court in Warsaw.

She serves as a member of the Steering Committee of NISPAcee, member of the Accreditation Committee of European Association of Public Administration Accreditation (EAPAA) and Director General of the Polish Association for Public Administration Education (SEAP). She is the author of several articles and books on Public Administration, administrative law and conflict of interest.

Rita Toleikiene is an MA in Management and Business Administration, PhD student in Management and Administration, Lecturer at the Department of Public Administration in Siauliai University. Her areas of interests include ethics and communication of civil servants and theories of organisations. Her most recent publications include "The development of an organisation's ethic policy in the public sector" in Interdisciplinary discourse in social sciences, 2009 (with Andzelika Serikova, Rigita Tijunaitiene, in Lithuanian); "A Connection Between Corruption and Unethical Behaviour of Public Officials" in Social Sciences, 2007, 2 (10) (with Gintare Satienė). Her current work focuses on the audit of ethics in civil service and public sector institutions.

Jolanta Urbanovič. Work experience: from 2005, Lecturer (from 2011 Associate Professor) at Mykolas Romeris University, Faculty of Public Administration, Department of Public Administration. Courses delivered at the university: Administration of Education Institutions, Educational Policy, Public Administration Theory Primer. She has authored/co-authored many referred articles on public administration, education policy and management.

Michiel S. de Vries is Full Professor and Chair in Public Administration at the Radboud University of Nijmegen, professor at the Masaryk University Brno, Czech Republic, and honorary professor at the University of Aruba. He is President of IASIA, member of the editorial board of I.R.A.S and other journals on Public Administration. His latest books are *Improving Local Government* (Palgrave, 2008), *The Importance of Neglect in Policy Making* (Palgrave, 2010), *The Story behind Western Advice to Central Europe during its Transition* (NISPAcee Press, 2010) and *Value and Virtue in Public Administration* (Palgrave, 2011).

This book contains critical essays and studies presented at the 18th NISPAcee conference in Warsaw, Poland in May 2010, and the 19th NISPAcee conference in Varna, Bulgaria in May 2011. The papers argue that during the last twenty years contrary trends in public sector reform are visible in the CEE region. This is especially the case for intergovernmental relations. From the NPM idea that decentralisation of tasks and authority is optimal, one would expect a general trend towards decentralisation in which more autonomy, responsibilities and authority is transferred to local governments.

As the contents of this book show, this is not the case. One of the main reasons is that the context in which the transformations took place in the CEE region was characterised by huge dynamics and uncertainty. This asked for flexibility in responses. The book argues further that when there is a tradition of centralised state control, trends towards decentralization are not self-evident. The case studies show that the transfer of power from national to local government is often temporary, and is sometimes reversed in the opposite direction.