Europeanisation in Public Administration Reforms

Edited by:
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Selected Revised Papers
from the 23rd
NISPAcee Annual Conference
May 21–23, 2015,
Tbilisi, Georgia

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NISPAcee

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

Europeanisation in Public Administration Reforms

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Introduction

Juraj Nemec[1]

This book is a result of the Europeanisation of Public Administration Reforms' (EPAR) project, funded by Erasmus+ Jean Monnet programme.

During the 23rd NISPAcee Annual Conference in Tbilisi (Georgia), "Europeanisation Panels" were interposed into the 11 Conference Working Groups' programme. The core objectives of the project are to increase awareness, understanding and knowledge about EU public policies amongst researchers in the NISPAcee region and turn their attention to the EU integration processes and their reflection under different areas, investigated by different NISPAcee research working groups, to stimulate the debate and research on the importance of European integration for states' public administrations and public policy development and to provide a platform for the engagement of researchers and policy makers.

The NISPAcee region geographically covers members who are already EU members (Czech Republic, Bulgaria, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia), countries which plan to join the EU (many of them already progressed in the accession process), but also countries which are not expected to be part of the EU. Despite such a heterogeneous structure, the project is expected to deliver major benefits to each of them, not only to academic scholars involved in the field of EU and public administration and public policy studies, but also to academic degree-granting institutions, agencies of government, corporations, foundations, professional associations, academic institutions offering diplomas or certificates, independent research or training organisations, and other non-academic organisations and international organisations.

The book includes six focused chapters based on papers delivered at the Tbilisi NISPAcee Conference. The first one, not only alphabetically, but also contents-wise, is the chapter by T. Bovaird. This chapter explores a number of themes in relation to European integration which are becoming increasingly important as austerity throughout Europe puts a strain on the existing EU systems and certain future aspirations. Specifically, it offers the analysis of some of the benefits which the in-

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tegration of administrative systems may be able to achieve, but also some of the limitations and unintended consequences which can flow from the 'dark side' of integration, and the risks that integration might pose in terms of potential damage to public administration systems. On this basis, a conceptual framework, which balances these pros and cons to enable an overall understanding of the extent to which Europeanisation offers potential for improving public services and achieving higher public outcomes is proposed. Some tentative conclusions emerge from this conceptual framework.

First, there is no obvious logic in separating the civil service, local government and other public sector bodies in applying principles of good governance. Consequently, the search for 'Europeanisation' should apply to all of these sub-sectors, not just to national civil services. Second, a key driver of higher standards in public administration would be a greater mobility of public sector staff between member states, allowing economies of scale, scope and learning in public administration and public services – the Europeanisation of civil servants, if not civil services. The greater mobility in the private sector labour markets in Europe may eventually be paralleled in some of the public sector labour markets. Third, the need for 'appropriate differentiation' in line with the diversity of cultures, values and legal frameworks imposes barriers to mobility – but surmounting these should be possible for a number of jobs as they are not immutable. Fourth, the ubiquitous need for independent and innovative thinking in policy development and policy evaluation suggests a requirement for an 'appropriate external challenge' as part of the integration of EU administrative systems. This role of 'critical friends' may be one of the easiest and most fruitful ways of ensuring the spread of good practice in European administrative systems. Fifth, on the 'dark side' of integration, public sector policy change is often 'mimetic', simply aping change in other organisations. Consequently, an administrative system can gain from maintaining some level of diversity, so that the 'outliers' can act as learning mechanisms in over-standardised systems. Integration is not 'convergence' – it involves different degrees of learning along the continuum of ideas, decisions, processes and outcomes (Radaelli, 2004). This implies that the maintenance of the continuum of practice will always have a rationale, even although some elements of it may be viewed, with understandable frustration, as 'irrational' or inefficient.

The chapter by N. Groenendijk deals with the need for efficient and effective cross-border cooperation. Increasingly, regional local and local authorities in Europe have become involved in cross-border cooperation schemes. Apart from political advantages, the main rationale for such cooperation is better policy delivery. However, the more diverse regions and their policies are, the more challenging it is to establish adequate governance systems across borders that ensure this outcome. The chapter puts forward a typology of governance models for cross-border cooperation, largely based on multi-level governance literature and applies this typology to central and eastern European conditions.

According to this chapter, cross-border cooperation at the eastern external border of the EU is (and probably should be) mostly functional. Here we have a need for mutual learning, for flexibility, and for taking on one issue at a time (and then slowly starting with coordination across policy sectors). In EU-CEE cross-border cooperation (i.e. cross-border cooperation within the EU between the CEE-8 that acceded in 2004 or 2007) has some elements of functional governance, but much of this cross-border cooperation is not (yet) territorial. The main problems these schemes face is that some of the essential elements that are needed for proper territorial governance (and to take on proper policy delivery) are missing or not fully used, such as a legal institutional basis in public law and a role for regional authorities that is acknowledged by the internal administrative set-up of the Member States involved.

Also, the third chapter, written by A. Jaansoo, focuses very much on the issue of cross-border cooperation issues. It concentrates on the influence of Europeanisation on public administration reform in CEE countries, the main emphasis of which will be on the incentives for inter-local cooperation in CEE countries as provided by the Europeanisation process.

Many CEE countries have chosen the traditional route for public administration reform, i.e. restructuring sub-national governments through amalgamation. On the other hand, the EU sees inter-local cooperation as being more beneficial than amalgamation as the importance of cooperation in public service provision can be seen in various EU policy documents. To enforce more inter-local cooperation, especially cross-border cooperation, the EU has created some incentives for CEE countries such as financial support through various programmes, providing know-how (e.g. booklets, learning from best practices (town-twinning), training etc) and creating legal frameworks. Because of this, the EU has a major impact on what a sub-national government will choose – amalgamation or cooperation.

The chapter by V. Junjan deals with the academic research of public administration reforms in the CEE region. It explores the manner in which scientific literature (on the one hand) and policy papers of international organisations (on the other) have addressed the issue of reform in public administration through conducting a meta-literature review. A second goal of the paper is to detect whether and to what extent, the pattern of reforms registered in the CEE represents a blueprint for the countries included in the European Neighbourhood Policy (ENP) and in Central Asia.

The internet search on "Reform" AND "Public Sector" AND "Central and Eastern Europe" shows 219 000 results. The search on "Reform" AND "Public Administration" AND "Central and Eastern Europe" shows 146 000 hits. These search results suggest that interest in the reforms in the public sector remains very broad. The chapter attempts to respond to the question of how academic discourse on public administration reform has evolved over the last twenty years, and more specifi-

cally, which theoretical approaches on the discourse and analysis of public administration reform (PAR) on Central and Eastern Europe (CEE) have developed in the aftermath of the changes in 1989.

The chapter by S. Kapanadze evaluates the impact of the use of socialisation and/ or conditionality-based instruments by the EU towards its Eastern neighbours on the formation and transformation of European integration coordination structures. National policy coordination is a crucial element in the process of Europeanisation and prospective integration of aspiring non-members in the European Union. It is necessary to avoid policy inconsistencies and overlaps, minimise conflicts, and develop a common vision of a government instead of pursuing narrow bureaucratic interests. Therefore, European integration coordination institutions within national bureaucracies in the EU candidate countries or close partners striving for EU membership are focal entities in the process of Europeanisation.

This comparative case study examines how the EU's use of conditionality and socialisation instruments generates different responses with regard to the formation and transformation of European integration coordination structures in those CEE countries that joined the EU in the first and second waves (Hungary, Bulgaria, Romania, Poland, Czech Republic, Slovenia, Estonia, Latvia, Lithuania and Slovakia) and on this basis argues that conditionality stimulates the formation and transformation of coordinating structures in eastern neighbours, whilst socialisation-based instruments do not prompt such a response.

The chapter by Christoph Reichard identifies outsourcing as a major option of institutional variants of public service provision (the term "outsourcing" covers the variants of contracting-out, contractual PPP and privatisation) and draws a picture of the diffusion of outsourcing in Europe and discusses the aims and motives of such forms of externalisation. Inspired by the NPM-doctrine, the issue of outsourcing spilled over into the public sector. Together with similar concepts and tools of managed competition, it was part of "marketisation", one of the basic conceptual elements of NPM. Although many reform apostles consider outsourcing to be highly fashionable, its "real" success is somewhat ambiguous and debatable.

To assess the effects of the different forms of outsourcing, the chapter presents empirical evidence about the implementation and use of outsourcing in several EU countries with regard to selected areas of public services (e.g. utility services), with specific emphasis on the local level. The chapter's main message is that outsourcing is not generally the most preferable institutional solution (this is particularly true for transitional states in CEE) but rather one possible option after a careful assessment of its pros and cons – that the neoliberal assumption that private corporations and "the market" are generally predominant in public administrations is not at all valid.

The chapter also lists some evidence concerning the number of preconditions for successful outsourcing – that private and public partners should collaborate and

that there should be sufficient trust on both sides; the whole process of outsourcing should be well prepared and properly managed, in particular, the steering and control system of the public contractor should adequately work. The ability and capability of the public contractor for contract management is essential and often new competences have to be acquired. The level of existing incentives is also relevant: if incentives are clearly structured and high-powered, a private solution may be appropriate. If this is not the case, public solutions are preferable. Based on this, the decision on outsourcing should be built on the following criteria – the strategic relevance of the respective service, the specificity of the employed resources and efficiency (including indirect costs and transaction costs).

The final chapter by K. Staronova, G. Gajduschek and A. Uudelepp explores the establishment and institutionalisation of the senior civil service (SCS) in three CEE countries – Estonia, Hungary and Slovakia – from a wider context of more developed countries. A growing number of countries are introducing a distinct narrow group of civil service with specific processes for recruitment, management, remuneration and accountability that differ from those applied for the general civil service. This core civil service is usually called "senior civil service".

The formation, the systemic arrangement (merit vs. position), coordination mechanisms, selection and recruitment, as well as the remuneration system of senior civil servants are analysed, looking for similarities and differences between these countries and the potential explanation for these in the concluding section. As diverse solutions exist around the world, the three countries analysed do not seem to have very specific characteristics, except perhaps that SCS was established relatively late in these countries.

SCS was formally introduced in all three countries. In Hungary and Slovakia, this was roughly at the same time, i.e. a few years prior to EU accession, whereas it occurred much later in Estonia. The SCS was introduced by a legal Act in Hungary and Slovakia, without much previous study, preparation or any kind of pilot activity, from one day to the next. Most of these institutions failed and ceased to exist shortly after their introduction. In Estonia, on the contrary, it took almost a decade of relatively systematic work and preparation until, actually on the basis of an already existing system, the SCS became a legal institution. It is perhaps thanks to this that Estonia seems to be a real success story as the SCS exists there and carries out its expected function: to provide a professional elite for PA, a coherent group of highly competent, devoted and reliable civil servants who contribute together to the strategic goals of the government. The system allows for finding strong candidates and retaining them, even after election campaigns.

The importance of this book, connected to the issue of "Europeanisation" with regard to the preparation and implementation of public administration reforms in the central and eastern European (CEE) region is obvious – public administration reforms everywhere in our region must pay a high level of attention to EU policies

and EU integration and their impact on the governance in EU countries and the target countries.

In the NISPAcee region, after 1990, there was a basic need to have access to western social science and practical experiences and NISPAcee established east-west personal contacts, and organised meetings, workshops and conferences. After more than 20 years' existence NISPAcee became a well-known, appreciated actor in east-west cooperation in the CEE region in the field of public administration, public policy, education and active citizenship. EU integration and the related studies have become an important integral part of NISPAcee's efforts from the first EU enlargement in 2004. NISPAcee has become a facilitator in the preparation for EU membership, regional cooperation and promotion of EU values. They have a supporting role in developing new public-administration, public-policy or public-management programmes at universities, based on various models in western institutions; making available and accessible to eastern partners, western public administration literature, including research methods, ranging from highly theoretical to highly applied, creating curricula and teaching materials to provide the content for programmes based on European models; publication of textbooks and academic journals; fostering cooperative research programmes, including joint conference papers, articles, edited volumes and research grants; organising and sponsoring domestic and overseas internship programmes; developing educational resources and technologies, particularly in libraries and computers; faculty development activities including language skills, research methods, course development and research activities, and finally, faculty and student exchanges between eastern and western partners. NISPAcee has become an active forum for the exchange of knowledge and experience with all similar Western European institutions.

Thanks to their multi-dimensional character, NISPAcee activities have been amongst the essential contributions to the transition process by developing modern educational and training programmes in the field of public administration and public policy and also creating research networks focusing on the core issues of the central and eastern European region within the context of the European Union.

This book adds one more product to the NISPAcee output portfolio, especially with regard to the knowledge and experiences of PA reforms under the EU integration processes. Not only that, but the expected outcomes from it are connected to the need to support the creation of a more efficient, more transparent and customer oriented, more flexible, and more performance-focused public administration and policy in the various countries of the NISPAcee region.

Researching Europeanisation of Public Administration and Policy: Conceptual Issues in Integration and Differentiation

Tony Bovaird[1]

Introduction

This chapter will explore a number of themes in relation to European integration which are becoming increasingly important, as austerity throughout Europe places strains on existing EU systems and some future aspirations. Specifically, it offers:

- Analysis of some of the limitations and unintended consequences which can flow from the 'dark side' of integration, and the risks which integration might pose in terms of potential damage to public administration systems.

- On the other side, analysis of some of the benefits which integration of administrative systems may be able to achieve.

- A conceptual framework, which balances these pros and cons to enable an overall understanding of the extent to which Europeanisation offers potential for improving public services and achieving higher public outcomes.

Why do we have separate administrative systems in the first place?

In order to understand the potential of integration, we need to be clear about why we have separate administrative systems in the first place. We should not assume that the fragmented nature of administrative systems in Europe is purely accidental or irrational – it seems likely that it corresponds to some system needs, at least some time in the past. With this understanding, we can then examine which of these sys-

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tem needs are no longer relevant or need to be traded off against current systems needs which now assume a higher priority than in the past.

It is important to stress that our interest here is with separate administrative systems, not separate political decision-making systems. Of course, we are accustomed to seeing them come together in a tight package. However, this need not be the case. At local authority level and health care organisation level, we have examples (particularly in the UK) of the same administration servicing separate political entities. This is unlikely to apply to national political entities, so we shall not explicitly refer to it again, but we should be aware that the possibility remains open.

Here, our starting point is that in any geographical area (e.g. across the nations of Europe, or across the nations of Western Europe, or even across the regions in one country of Europe, or across the local authorities of one region), an overall administrative system may gain from *appropriate diversity* amongst its constituent administrative systems. This diversity may correspond to differences in:

- Culture – e.g. in terms of stories, rituals and routines, symbols, power, organisation, control (Johnson et al. 2013).

- Values – e.g. in terms of the trade-off between average economic wellbeing and inequality and the strength of values.

- Policies – e.g. in terms of high spending and tax regimes in some countries, and low tax spend regimes in other countries.

- Objectives and desired outcomes – e.g. in terms of the trade-off between economic, social and environmental objectives.

- Systems and processes – e.g. in terms of high levels of standardised e-government and on-line services in some countries, but high levels of personalised one-to-one services in other countries.

These differences can arise for many reasons – not all of them good. Indeed, we may suspect that many of them consist of largely 'accidents of history', arising from sensitive dependence on initial conditions and not at all in line with what would have been planned in a 'rational' system (Bovaird, 2008). Moreover, they can easily be exaggerated – 'insiders' often overstate the role of culture (there are usually many 'cultures' in any organisation) and the strength of values (often these values are only paid lip service to in practice), while policies, objectives, systems and processes can be quickly learned by 'outsiders', in which case they would not give a sustainable advantage of a system with diverse sub-systems.

It is interesting to note that the SIGMA assessment of the alignment of public administration in EU candidate countries of CEE to general EU standards (Cardona and Freibert, 2007), focussed on horizontal systems of governance, namely:

- policy-making and coordination

- civil service and administrative law
- public expenditure management
- internal financial control systems
- public procurement
- external audit
- public integrity systems

Clearly, these criteria had rather more to do with systems and processes than values and cultures. Cardona and Freibert (2007: 58) conclude that "Given this common administrative law tradition, one could assume that these countries would be able to quickly adapt to the common principles of the [European Administrative Space]. However, it seems that this is not necessarily the case, as administrations and governments often show little willingness to accept the need for real reform and actively promote it." This weaker focus on values and cultures meant that these EU criteria were unlikely to identify all of the more intrinsic characteristics of national administrative systems which would make integration difficult and, possibly, less valuable.

However, we can identify several major advantages in any system which has – and maintains – a diversity of approaches.

First, diversity in an overall system provides opportunities for learning. Of course, the logic of this is that those administrative systems which prove themselves to be more successful should spread, while those which turn out to be least successful should disappear over time – twin processes which would eventually result in convergence to a single system or at least a small number of systems. However, since circumstances change over time, the characteristics needed in a successful system are likely to change as well, so that continued diversity is likely to be valuable. Consequently, over-rapid convergence towards one or two systems, which at any given time may appear 'optimal', is actually likely to damage the learning potential of the overall system and hence the longer-term outcomes which it can achieve.

Second, resilience in the face of shocks is likely to be higher if vulnerable mechanisms in the overall system are diverse in their design and their operation. Here, disruptive shocks may knock out or very severely disable some sub-systems (e.g. the economies of Greece, Ireland, Italy and Spain in the wake of the international financial crisis of 2008) but the overall system may be kept stable by the fact that other sub-systems are very different and are not so vulnerable to the shocks experienced (e.g. Germany after the 2008 financial crisis). Of course, in the absence of reliable knowledge about the type and severity of forthcoming shocks, it is not ever possible to be confident that the overall system diversity is sufficient to assure such system resilience.

Third, the possibility of catering for different tastes in the overall population, if people can gravitate towards systems they prefer, without any untoward

side-effects on the systems from which they emigrate. (Such movement of peoples towards administrative systems they prefer has only recently become available in Europe, mainly after the Maastricht Treaty, and is likely, in any case, to be relatively unimportant as a motivation for emigration between countries, compared to economic migration by the economic disadvantaged or the desire of minorities to escape from discrimination or harassment. It may, however, be a much more telling factor in the migration of capital between countries (Globerman and Shapiro, 2002). For the moment, we will assume that this factor is relatively unimportant and will not consider it further.

Clearly, where there is evidence that these arguments apply, then integration of administrative systems could undermine the advantages which diversity could bring to the overall system.

Recognising the weaknesses of diversity in administrative systems

In the previous section, I outlined some of the key arguments in favour of maintaining diversity of sub-systems within an overall administrative system. However, strong counter-arguments can be developed on the other side.

First of all, learning from different systems is not easy and may even not be possible in some circumstances, e.g. where the rate of change in administrative systems is very fast. Until recently, fast change was not a great danger in the European administrative space but experience in the last twenty years suggests that the pace of change may indeed have increased, with consequent problems of drawing the lessons in time to influence future phases of reform. Moreover, learning from a range of highly diverse administrative systems may be conceptually very difficult – their heterogeneity may make it extremely difficult to draw out lessons from their differing experiences. Where this is true, more integrated systems may be a much more efficient learning mechanism. It is also possible that these separate, diverse systems may themselves be slow to learn, because they are too small or too cut off from best practice elsewhere, so that the potential learning advantages of diversity are not reaped.

Second, resilience can be construed in a variety of ways – many current interpretations see resilience, not as the return to the status quo before a shock to the system, but rather as the process of recovering to move to an even more favourable developmental path than before the shock (Bovaird and Quick, 2013). This makes resilience a change management strategy (since it opens up the potential for making such favourable pathway changes **before**, not just after, a system shock). When we consider the need for system resilience in harness with the need for an overall resilient system, it is clear that it is the links between the different sub-systems which make the overall system resilient, not simply the inherent resilience of every coun-

try's own administrative system. Thus, in the financial crisis example given earlier, the European financial crisis in 2008 (and specifically the crises in Greece, Ireland, Spain and Italy) was not simply surmounted by the fact that Germany had a more resilient financial system but rather because there were adequate links within the overall European financial system to allow Germany to both bail out and to influence those countries which were in most trouble. Learning needs dissemination mechanisms, and the strength of each of the links in the resilience chain, determine the strength of the overall system. Hence, having some strong sub-systems will not compensate for having some weak sub-systems if there is not sufficient integration to allow transfer (both knowledge transfer and, sometimes, direct financial transfer) to take place efficiently and effectively.

Potential benefits of integration of administrative systems

From economics we can identify three potential kinds of benefit from integration of any systems – economies of scale, scope and learning (for a recent review of these concepts, see Bovaird, 2014):

- *Economies of scale* – in integrated administrative systems this means that there are far more specialists available for each role than in non-integrated systems (e.g. more accountants, more risk assessors, more anti-corruption experts).
- *Economies of scope* – in integrated administrative systems this means that there are far more types of specialist available than would be possible in non-integrated systems (e.g. different types of anti-corruption accountants and lawyers).
- *Economies of learning* – in integrated administrative systems this means that there are far more opportunities for comparison ('benchmarking'), undertaking experiments ('prototyping'), and challenging ('adopting alternative frames of reference') than in non-integrated systems.

'Scale' economies in administrative systems at a time of austerity

Since economies of scale mean that an increase in inputs brings a larger-than-proportionate increase in returns, we have the paradox that the current phase of austerity throughout most EU countries since 2008 is likely to be giving rise to diseconomies of scale, i.e. *higher unit costs* – another downside of the current austerity.

We also need to issue a warning here – many empirical studies of public services suggest constant returns to scale, or even diseconomies – but so far there have been **few studies of scale economies** in civil service systems – more research is needed here and it would be unwise to make assumptions which lack appropriate evidence.

Furthermore, there is a key conceptual question in relation to *which* inputs are counted when economies or diseconomies of scale are being calculated. Up until

now, there has been a tendency to pay attention only to inputs made by or paid for by public agencies. However, this is misleading … in a proper cost-benefit analysis we also need to measure user, community and business inputs to obtain an accurate picture of the different cost-benefit ratios achieved by different administrative systems. When account is taken of these 'hidden' inputs, not recognised by government but very relevant to the welfare of citizens and businesses interacting with government, the relative cost-benefit ratios of different administrative systems are likely to alter.

Economies of scope in administrative systems

Economies of scope are reaped when the output of an organisation goes up more than proportionately and when there is an increase in the range of activities it undertakes. It entails making more use of the entire range of abilities of the staff, the organisation and the system. It therefore allows 'hidden' or underused skills and abilities to be put to use by the organisation or the system. It also allows staff to engage in multi-tasking, making better use of their time.

Economies of scope are potentially important in administrative systems because a key element of most professional training and experience is that it equips professionals to undertake a wide range of tasks, only some of which they actually exercise at any given time. They are likely to be maximised in systems which experience integration or collaboration. However, they are still underplayed in studies of civil service effectiveness and are probably not fully reaped because they are also unrecognised by top civil service managers.

Economies of learning in administrative systems

For economies of learning to be reaped in practice, the potential of learning-oriented activities such as benchmarking, experiments, performance review, scrutiny and challenge need to be harnessed. Yet the research evidence suggests that such a learning-oriented approach is still relatively underdeveloped in many (if not most) civil service systems (Globerman and Shapiro, 2002). However, the barriers to learning between one administrative system and another do appear substantially greater than the barriers to learning within an administrative system, so that learning may be disseminated rather more quickly within integrated administrative systems.

Balancing the pros and cons of Europeanisation to improve public services and outcomes

The decision on whether or not to integrate – or, more realistically, on how far to integrate and which elements of the administrative system to integrate – needs to judge the balance of evidence in relation to the factors discussed above. The economic arguments on both sides are sufficiently strong, both theoretically and em-

pirically, that the overall answer is likely to be: 'it depends'. In other words, context dictates whether greater integration makes sense or not.

Of course, the context must be expected to change over time, so that the balance of arguments for and against integration is likely to alter. Since it is not easy to unpick a system once it has been integrated, there are good reasons to delay such a decision until there is a clear picture that it is sustainable, that is that its net benefits are not likely to unravel in the future. On the other hand, delay does mean that the potential advantages of integration are being lost.

The decision to integrate has something of the nature of a one-way gate. Although there is always the possibility than an integrated administrative system may at some future point revert to a devolved system – and devolution of decision-making power to lower levels within countries is, indeed, a very live issue within the EU – there is no guarantee that such newly devolved systems will follow the pattern of past systems. In that sense, integration is a once-and-for-all choice to give up the old administrative systems. It is no wonder that such a decision is highly charged with emotion.

However, the emotional arguments need to be kept in check by an examination of the underlying arguments. As we have argued above, the evidence in the literature on European administrative systems does not make a convincing case for the presence of either economies of scale or economies of scope in a more integrated European administrative system – they might well be important ... but perhaps not. There are also unclear messages from the analysis of the advantages of diversity – some of them may exaggerate the potential gains likely to be achieved in practice. The one clear message is in terms of economies of learning – it seems likely these could be significantly increased by greater integration, which would be likely to allow faster dissemination of good practice.

Consequently, analysis has to focus on the contexts in which integration might take place. Clearly, integration and differentiation are likely to affect different elements of the policy system differently.

Policy development: This can occur through learning, where integration is likely to be most beneficial or through experimentation with 'good practice', which is likely to be most successful where there is system differentiation. (Of course, some policy development comes simply through political decisions, without any direct learning, but it is not clear whether this is likely to be more or less of a problem in integrated systems).

Policy implementation: This is likely to be favoured by system differentiation, to allow 'requisite variety'.

Policy monitoring and assessment: This is important for both control and learning and it seems likely that it will be most effective in integrated systems, where more independence can be exerted by arms-length scrutiny bodies and processes.

Learning mechanisms in EU public administration

In the conceptual framework presented here, the effectiveness of learning mechanisms has been given a prominent role in determining the case for integration of administrative systems. What are the learning mechanisms by means of which civil servants can actually come to understand the potential for system improvement?

Over the past fifty years, a steadily growing number of civil servants in European Union member states have had opportunities to learn about the EU administrative system, through such activities as playing an advisory role in the policy process at supranational level, being involved in the implementation of EU legislation and taking part in programmes sponsored by the EU.

In consequence, there has been a growing range and frequency of contacts between officials across Europe, not just bilateral contacts between national administrations and the EU's administration. This increased level of interaction and exposure to each other's administrative thinking and solutions is expected to contribute to administrative convergence (Steen and Schaap, 2004).

Indeed, EU member states already look more and more at each other and find a source of inspiration for reform in the successes and failures of their neighbours (Ziller, 1998) – for example, through informal cooperation among member-states, meetings of public service DGs, meetings of ministers, etc. (Bossaert et al., 2001).

However, these mechanisms are still not strong, so there is a need for further mechanisms for learning through integration. These might include:

- 'open recruitment' for professions in the public sector;
- 'open' recruitment for most civil service positions, with the implication of a much more restricted role for 'career' civil services, which in turn would require that the independence of civil servants would need to be protected by means other than a career-for-life mechanism;
- compulsory or strongly promoted international internships or secondments for early career civil servants;
- European register of public sector officials with qualifications, international experience and language skills.

None of these learning mechanisms would be easy to implement or be certain in their effects. However, learning is the key to dynamic change in administrative systems, so it is worth the struggle. Some insights might be gleaned by research into how other administrative systems seek to extend their international influence – it is not just the EU which wishes to encourage standardisation around good practice, which is congenial to its administrators – the same is true, to a greater or lesser extent, of the civil services of the US, China and other power blocs. It could be instruc-

tive to see what influence mechanisms they adopt to encourage change in the public administration systems of countries within their sphere of influence.

Finally, on the 'dark side' of integration, we must remember that public sector policy change is not always 'rational', in the sense of being based on plausible evidence. Too often, it is normative, coercive or 'mimetic'. This will often lead to policy and administrative changes which are highly disappointing in their outcomes. Consequently, keeping a high level of differentiation in the system may promote learning in the longer term, even though it appears to hold it back in the shorter term.

Five conclusions

Some tentative conclusions emerge from this conceptual framework.

First, there is no obvious logic in separating civil service, local government and other public sector bodies in applying principles of good governance. Consequently, the search for 'Europeanisation' should apply to all of these sub-sectors, not just to national civil services.

Second, the key driver of higher standards in public administration would be greater mobility of public sector staff between member states, allowing economies of scale, scope and learning in public administration and public services – the Europeanisation of civil servants, if not civil services. The greater mobility in the private sector labour markets in Europe may eventually be paralleled in some of the public sector labour markets.

Third, the need for 'appropriate differentiation' in line with diversity of cultures, values and legal frameworks imposes barriers to mobility – but surmounting these should be possible for a number of jobs; they are not immutable.

Fourth, the ubiquitous need for independent and innovative thinking in policy development and policy evaluation suggests a requirement for 'appropriate external challenge' as part of integration of EU administrative systems. This role of 'critical friends' may be one of the easiest and most fruitful ways of ensuring the spread of good practice in European administrative systems.

Fifth, on the 'dark side' of integration, public sector policy change is often 'mimetic', simply aping change in other organisations. Consequently, an administrative system can gain from maintaining some level of diversity, so that the 'outliers' can act as learning mechanisms in over-standardised systems. Integration is not 'convergence' – it involves different degrees of learning along the continuum of ideas, decisions, processes and outcomes (Radaelli, 2004). This implies that the maintenance of the continuum of practice will always have a rationale, even though some elements of it may be viewed, with understandable frustration, as 'irrational' or inefficient.

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Governance Across Regional Borders: Which Models are Best Suited to Central and Eastern Europe?

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Abstract

The need for efficient and effective cross-border cooperation is apparent in many policy fields. Increasingly, regional local and local authorities in Europe have become involved in cross-border cooperation schemes. Apart from political advantages, the main rationale for such cooperation is better policy delivery. However, the more diverse regions and their policies are, the more challenging it is to establish adequate governance systems across borders that ensure this outcome. This paper puts forward a typology of governance models for cross-border cooperation, largely based on multi-level governance literature. This typology is tentatively applied to Central and Eastern Europe.

Keywords: Cross-border cooperation, CEE, governance, Cohesion policy, EU, multi-level governance

1. Introduction

Globalisation and (economic) integration have created an increasing need for effective governance across regional borders. Such a need is present in many policy fields, ranging from the provision of basic public services (SGEI, services of general economic interest), especially in so-called inner areas, to security issues, from environmental policies to education, and from spatial planning to health services. The more diverse regions and their policies are, the more challenging it is, to establish adequate governance across borders. This paper addresses various models for governance-across-regional-borders (hereafter: GORB) and their potential suitability for regions in Central and Eastern Europe.

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Although the paper does not specifically (i.e. by means of case studies) deal with certain CEE regions, it will explicitly focus on the potential use of various models of GORB in the CEE region at large. In terms of *methodology*, the paper uses a literature review and policy document analysis as its main methods.

The paper is structured as follows.

Section 2 discusses some literature and policy documents on cross-border cooperation. In this section the rise of regionalism is addressed in connection to cross-border cooperation, and the role of EU (regional) policy is looked at. The main reasons for cross-border cooperation are outlined, as well as the sometimes confusing terminology used to denote cross-border regions in Europe. Finally, various characteristics and types of cross-border cooperation are briefly discussed.

Subsequently, in section 3, the focus is on governance aspects of cross-border cooperation, especially on the difference between cross-border cooperation as territorial governance and cross-border cooperation as functional governance. Section 5 discusses the need for GORB in the CEE region at large (within the EU, outside of the EU, and between EU and non-EU regions) and concludes.

This paper focuses on governance models for cross-border cooperation. No attention is paid to success and failure factors for cross-border cooperation, or to the incentives and obstacles to engage in such cooperation (for that, see Svensson & Medve-Bálint, 2010; De Sousa, 2013; TERCO/ESPON, 2013, and Jaansoo & Groenendijk, 2014).

2. Literature and policy review

This section briefly discusses some relevant literature and policy documents on cross-border cooperation. In this section we will make a difference between two types of cross-border cooperation:

- General cross-border cooperation as cooperation between regional and local authorities across their own administrative-territorial borders. In this paper, when the term cross-border cooperation is used, it refers to general cross-border cooperation;

- International cross-border cooperation, in which such cooperation goes across nation-state borders (and which may also involve central government actors).

2.1 Cross-border cooperation and the rise of regionalism in Europe

The increasing importance of cross-border cooperation should first be put into the context of the rise of regionalism in Europe, since – say – the mid-1980s. Prior to that, European integration was driven by and mainly concerned nation states; regional and local authorities were not really in the picture and the administrative set-up used within nation states (federal/unitary, centralised/decentralised) was not

influenced at all by European integration. This has changed significantly over the last 30 years, for two main reasons.

First, both the European Union (EU) and the Council of Europe (CoE) have enlarged considerably, especially after the dissolution of the Soviet Union, which also has had an impact on the nature of their policies. In the case of the EU, the southern and northern enlargements in the 1980s and 1990s, but especially the eastern enlargements in 2004 and 2007, have led to a vast expansion of the EU Cohesion Policy in which regions and cities play a crucial part. Within the context of the EU Cohesion Policy, supranational institutions such as the European Commission have deliberately developed close cooperation with regional and local actors, and with their associations, to some extent "by-passing the nation state". EU Cohesion Policy and its implementation through this strong cooperation between the supranational and regional/local level have in some way, Europeanized the administrative set-up of member States.

Secondly, the kind of problems European cooperation addresses, and thereby the nature of European integration, has changed a lot over the last 25–30 years. With the "completion" of the Single European Market (SEM) and the establishment of the Economic Monetary Union (EMU), the need for European cooperation has spilled over to a large variety of policy areas in which all kinds of interdependencies between Member States occur. These increased internal interdependencies (within a large and increasingly heterogeneous group of nation states) are complemented by huge changes in the external environment, such as increased economic competition on the global level and numerous armed conflicts on Europe's doorstep. The policy agenda of the EU has subsequently changed and with that the role of regional and local authorities:

- Within the EU's Europe 2020 Strategy (which succeeded the 2000 Lisbon Agenda) the regional dimension is considered to be crucial, as smart, inclusive and sustainable growth are primarily regional/local issues. Economic activity is not congruent with nation states' territories, but follows its own "local" logic; or as argued earlier by Castells and Hall (1994): cities and regions are the "new economic actors".

- In terms of external policies, the European Neighbourhood Policy (ENP) and within that the Eastern Partnership initiative (EaP, from 2009), increasingly involve cooperation between regional and local authorities in international cross-border cooperation.

In other words, up until the 1990s, European integration has primarily been a process that took place between nation states. This is true, regardless of whether the process is seen from the (liberal) inter-governmentalist perspective (European integration as inter-state bargaining, the results of which are enforced by international organisations/agents) or the neo-functionalist perspective (where actors engaged

in transnational activities put pressure for integration on nation-states and collude with supranational institutions). This basically vertical relationship between Member States and the EU institutions (primarily the European Commission), has – especially over the last decades – been complemented by:

- Direct vertical relationships between regional and local authorities within Member States and the EU institutions.

- General and international cross-border horizontal relationships (i.e. cooperation networks) between regional and local authorities within Member States (within or across national borders). International cross-border cooperation has been present in Europe from the start of European integration (with the first Euroregion in the EEC context, the EUREGIO, being established in 1958 between The Netherlands and Germany), but it has increased over the last decades. While cross-border cooperation was first considered to be an oddity, going against the conventional role of the nation-state (Christiansen & Jørgensen, 2000), it has become a part of mainstream European integration.

2.2 EU Cohesion Policy and (international) cross-border cooperation

In addition, it is important to point out that the European project was, for a long time, aimed at functional/sectoral integration, not at territorial integration (Christiansen & Jørgensen, 2000). By introducing the goal of territorial cohesion, the Treaty of Lisbon reinforced the territorial dimension of the EU Cohesion policy, and of European integration at large. Under the umbrella of the territorial cohesion objective, European Territorial Cooperation (ETC) has remained one of the pillars of EU Cohesion Policy for the programming period 2014–2020, by including European Territorial Cooperation (ETC) as the second goal next to the support of investment for growth and jobs. (See also Jaschitz, 2013 for an overview of the development of the principle of territorial cohesion in EU Cohesion Policy; see Christiansen & Jørgensen, 2000 for an overview of the role of cross-border cooperation in the larger framework of integration; see Hörnström & Tepecik Diş. 2013 and Sarmiento-Mirwaldt & Roman-Kamphaus, 2013 for an overview of cross-border cooperation as an instrument of EU Cohesion Policy)

European territorial cooperation (ETC) comes in various types, which are linked to different funding mechanisms, mainly within the various strands of the 2014–2020 INTERREG V programme:

- *Cross-border cooperation* deals with cross-border projects that have to be developed in partnership in the programme's territory by at least two project partners from two different Member States.

- *Transnational cooperation* involves regions from several countries forming larger areas such as the Baltic Sea, and the Alpine and Mediterranean regions. It

aims to promote better integration and regional development within the Union by a joint approach to tackle common issues.

- *Interregional cooperation* aims to improve the effectiveness of regional development policies and instruments by encouraging the development of networks between European regional bodies and exchanging good practice on thematic objectives. This is financially the smallest strand of the three, but the programmes cover all 28 EU Member States and non-EU Member States.

- *Regional development cooperation programmes outside the EU*. In addition, INTERREG V contributes to cooperation with accession and neighbouring countries, in conjunction with the Instrument for Pre-Accession Assistance (IPA) and the European Neighbourhood Instrument (ENI).

Interestingly, although such a distinction is made within the INTERREG terminology, in principle there is no real difference between cross-border cooperation and transnational cooperation. They both involve common challenges to neighbouring jurisdictions, but the scale of the challenge is different (relatively small for cross-border cooperation and relatively large for transnational cooperation). Interregional cooperation is different in the sense that it does not require geographical proximity (i.e. bordering) of the involved jurisdictions. However, increasingly, we can witness interregional cooperation schemes that go beyond policy learning and the exchange of best practices, and resemble strategic alliances aimed at increasing economic competitiveness between regions that are geographically apart, but still have strong economic ties.

The INTERREG community initiatives have played a crucial role in establishing cross-border cooperation. The first cross-border cooperation schemes (from the 1960s and 1970s) can be regarded as loose, bottom-up arrangements dealing with the *problem* of borders. Cross-border cooperation was mainly meant to provide a forum for social learning about the differences (administrative, fiscal, and cultural) between both sides of the border. The first cross-border cooperation schemes can be regarded as sensors for the difficulties of (functional) integration in general (Christiansen & Jørgensen, 2000) and the incompleteness of the internal market. These earlier schemes have provided essential experience in the field, which was then supplemented in financial terms, in terms of assistance and in terms of further (soft) institution-building by the European Commission, by means of the INTERREG initiatives. Borders now present *opportunities* rather than problems. Instead of defining exclusion they now define inclusion (Christiansen & Jørgensen, 2000) and a space for cooperation. O'Dowd (2002) describes this development in similar terms: borders have evolved from barriers into bridges and resources. Jauhiainen (2002) speaks of the shift from *frontiere coupure* to *frontiere couture*.

Of course, with cross-border cooperation, new borders are established with insiders and outsiders; borders are being reproduced and geared to the opportuni-

ties at hand. Cross-border cooperation does not challenge territoriality, it merely changes territories.

2.3 The main rationale for cross-border cooperation in Europe

Cross-border cooperation has a number of potential *political advantages* which can outweigh the obvious main drawback: coordination costs (see also Church & Reid, 1996). Some of these advantages are:

- Cross-border cooperation can enhance the autonomy of regional and local authorities vis-à-vis central government. This is especially appealing in those countries where regional and local authorities are relatively weak, such as the UK. More generally, it is appealing to regions in any Member State that are peripheral, not only in a geographical sense, but also in terms of political influence. On an even more general level, one could argue that cross-border cooperation is a form of bottom-up cooperation which – from the perspective of regional and local autonomy – is to be preferred to top-down approaches aimed at forced consolidation (amalgamation, mergers) of regional and local authorities.

- Cross-border cooperation can strengthen ties between EU institutions and the regional and local level, including increased access to channels to relevant EU funding. This is partly an argument regarding (financial) resources, but it is also a power argument: as already stated above, by collusion between EU institutions and regional and local authorities, they can "by-pass" (and thereby challenge) the nation state.

These political advantages are important but cross-border cooperation is obviously always driven by content, by *policy advantages*. Cross-border cooperation can bring about more efficient and effective policy delivery, in the following (interlinked) ways:

- Sharing information, knowledge, and best practices, as input for – still – fragmented but to some extent (and increasingly), mutually adapted and synchronised policies.

- Integration of policies, in terms of tackling externalities/spill-over effects and/or resulting from better use of economies of scale and of agglomeration effects. In other words, finding the appropriate space to deal in an integrated way (i.e. identically at both sides of the border), with the opportunities at hand.

2.4 Types of cross-border cooperation

Perkmann (2003) defines cross-border cooperation by means of four conditions or characteristics:

1) The main protagonists of cross-border cooperation are always public authorities and CBC must be located in the realm of public agency.

2) Cross-border cooperation refers to collaboration between sub-national authorities in different countries, whereby these actors are normally not legal subjects according to international law. They are, therefore, not allowed to conclude international treaties with foreign authorities, and, consequently, cross-border cooperation involves so-called "low politics". This is why cross-border cooperation is often based on informal or "quasi-juridical" arrangements among the participating authorities.

3) In substantive terms, cross-border cooperation is first and foremost concerned with practical problem solving in a broad range of fields of everyday administrative life.

4) Cross-border cooperation involves a certain stabilisation of cross-border contacts, i.e. institution-building, over time.

Table 1
Dimensions of cross-border cooperation

Dimension	Elements
Policy issue/matter	• Nature of the policy problem at hand, involved policy issues; • Single-issue or multiple-issue cooperation.
Importance/ relevance	• The magnitude of the barrier effect of borders, or degree of openness of borders; • Strategic importance of the cooperation; • Territorial articulation, shared identity and history;
Scale	• Scale or geographical scope (small/large; micro/meso/macro);
Time factor and development stages	• (Development over) time (old/new; new/consolidated/embedded; initial/intermediary/mature); • Permanent/long-term or project-based/short-term; • Stage of development, linked to type of activities (contacts/interaction/implementation of projects/network transborder cooperation); • Stages of cross-border cooperation (no relations/info exchange/consultation/cooperation/harmonisation/integration).
Cooperation practice	• Type of cooperation practice (awareness raising cooperation/mutual aid cooperation/functional cooperation/common management of public resources/services): • Intensity of cooperation (low, high).
Actors, institutions & resources	• Type of actors involved (local, regional and/or national; bilateral or multilateral partnership; public only or public-private); • Soft or hard institutions (separate/autonomous decision-making procedures, resources); • Resulting from EU support or not; • Resource/subsidy oriented or not (EU funded or not; output-oriented versus "subsidy-cross-border-cooperation" or topocratic cross-border cooperation).

This definition is largely based on the definition of cross-border cooperation given in the 1980 Madrid Convention of the Council of Europe. The Convention (article 2) specifies that so-called "trans-frontier cooperation shall mean any concerted action designed to reinforce and foster neighbourly relations between territorial communities and authorities within the jurisdiction of other contracting parties and the conclusion of any agreement and arrangement necessary for this purpose". While this definition may have been adequate for the type of cross-border cooperation schemes that emerged in the 1980s, it is not very relevant today, as cross-border cooperation has become a much more diverse phenomenon.

This complexity explains the various attempts that have been made to give a typology of cross-border cooperation, but often these attempts are not sufficiently logical, from a conceptual perspective, as they conflate various dimensions of cross-border cooperation. Based on various authors (amongst others: Jauhiainen, 2002; Perkmann, 2003; Perkmann, 2005; Federov & Korneevets, 2009; Knippschild, 2009; Medeiros, 2011; TERCO/ESPON, 2013; De Sousa, 2013) it is possible to list and cluster a very large number of such elements (or parameters or dimensions) of cross-border cooperation schemes (table 1).

3. A typology of models for governance-across-borders

What is striking about the literature on cross-border cooperation is that it is largely descriptive and that it hardly links up with the literature on multi-level governance. The typology put forward here deliberately neglects most of the dimensions listed in Table 1. It builds on the basic difference made in the multi-level governance literature between Type I and Type II governance, as put forward by Hooghe & Marks (2003).

Type I multi-level governance is *territorial* in nature and organised around encompassed communities. It forms a nested ("Russian-doll") model of general multi-purpose jurisdictions (at a limited number of levels), where memberships are non-intersecting. The architecture of Type I governance is system wide and durable.

Type II multi-level governance is *functional* in nature and organised around particular policy challenges. It forms a non-nested system of task-specific jurisdictions, the number of which is potentially large. The architecture of Type II governance is flexible and lean.

This basic model has been used by a few authors to make sense of different cross-border cooperation schemes.

Blatter (2004) has labelled Type I territorial governance (of spaces of place), and Type II functional governance (of spaces of flows). He then combined these two types with a second dimension of cross-border cooperation, the nature of the institutions involved: instrumental (i.e. as mechanisms of control) or identity-pro-

viding/idealistic. As a result, he puts forward a typology of four types of cross-border cooperation: commission (instrumental/territorial), connection (instrumental/function), consociation (identity-providing/territorial) and coalition (identity-providing/functional). Table 2 below shows Blatter's typology.

Table 2

Blatter's (2004) typology of cross-border cooperation (partly paraphrased)

	Territorial governance (space as places)	Functional governance (space as flows)
Instrumental (control)	COMMISSION (Consent of) national government actors, Treaty-based; Large scale, determined by national boundaries. Broad scope, multiple tasks; Objective interdependencies, spillovers; Experts: lawyers and engineers.	CONNECTION Actors from various sectors and levels; Multiple, functional scales; Narrow scope, single-purpose; Subjective synergies; Brokers: planners, developers.
Identity-providing (orientation)	CONSOCIATION Regional (public) actors; Cascading scales (federal set-up); Broad-scope, all/multi-purpose; Shared identities, emotional ties; Integrators: charismatic leaders.	COALITION Actors from various sectors and levels; Fuzzy scale; Narrow scope, policy-field specific; Shared beliefs and values; Mobilisers: parties and interest groups.

Gualini (2006) has used both types of governance to understand "rescaling" of territories as a response to misfits between administratively defined territorial units (type I) and the need for more flexible task-specific scales (as covered by Type II), but without explicitly referring to cross-border cooperation as an example of such re-scaling.

Fricke (2014) put forward a typology of cross-border cooperation as either territorial or functional governance that is, to some extent, more comprehensive than the one given by Blatter, as she has tried to incorporate some of the features that are also part of Table 1. Her typology is given in Table 3.

Table 3
Fricke's (2014) typology of cross-border cooperation
(partly reduced and paraphrased)

Property	Territorial governance	Functional governance
Actors/membership	Mainly public authorities	Public & private actors
Legal basis for cooperation	Institution of public law	Organisation of private law
Structure	Complex	Elementary, simple
Decision-making	Consensus	Simple majorities
Membership	Closed	Flexible, open
Thematic scope	Broad, multi-sectorial	Limited to specific sectors
Geographic scope	Bundled territories	Multiple/fuzzy scales
Relationships	Complementarity	Concurrence
Tradition	Stability, continuity	Flexibility

4. Governance-across-borders in CEE countries: discussion and conclusions

This section addresses the need for GORB in the CEE region at large (within the EU, and between EU and non-EU regions). In this section, the various models are tentatively applied to the CEE region and some (evenly) tentative conclusions will be drawn.

It should first be pointed out that (international) cross-border cooperation in Europe takes place in different contexts. Bufon & Markelj (2010) distinguish three basic groups of border regions and cross-border cooperation. According to them, first of all, there is the Western European group, where cross-border cooperation involves old national borders and is predominantly a matter between regions on both sides of the border, creating a (border) *region of regions*. Second, there is the Central European group, where national borders have been far from constant and often have split regions with strong internal ties. These partition processes have created sub-regions on both sides of the border: *regions within (larger) regions*. Finally, there is the Eastern European group with a combination of old and new borders in spaces that have traditionally been less developed (deliberately so by the communist regimes after WWII) and sparsely populated (partly as a result of forced migration). These 'iron-curtain areas' are now *regions under reconstruction*.

The pattern identified by Bufon & Markelj should, however, also be put in the context of time. Immediately after WWII the "old" Member States faced challenges and borders that are similar to those that became relevant after the Iron Curtain was lifted and were relevant in the relationship between the old EU-15 and the new CEE-8 shortly after enlargement. They are similar to the challenges that are now faced at the external Eastern borders of the EU.

Yoder (2003) identifies three main contributions that cross-border cooperation can make: to reconciliation, to regional development and to European integration. While these factors can be put forward as objectives of cross-border cooperation in Eastern Europe (as Yoder does), they also point to three specific characteristics of the context in which cross-border cooperation takes place within Eastern Europe, especially at the external border of the EU (and earlier, of the former Iron Curtain):

- The reconciliation aspects point to the nature of the border: is the border a remnant of an artificial partition of a region with a common culture and identity or does the border separate two culturally different regions? The first case is the case of the 50s and 60s in Western Europe, the case of borders between the "old" and the "new" EU Member States in the run-up to and shortly after enlargement, and the current case of the EU's external borders. The second case is particularly relevant to the CEE-8 in their bilateral cross-border cooperation. As Sarmiento-Mirwaldt & Roman-Kamphaus (2013) have shown, cross-border cooperation between Poland and Slovakia has been much more effective (in terms of policy definition and implementation) than cross-border cooperation between Poland and Germany, for reasons of shared culture and history, resulting in close-knit networks across the Polish-Slovak border;

- Regional development can point to economic differentials across borders (mainly relevant for cross-border cooperation between "old" and "new" and on the external borders), but it can also point to peripheral border regions that start to cooperate across borders to overcome their geographical disadvantages (this is relevant throughout the EU);

- European integration, as explained by Yoder, is about EU multi-level governance and the place of regional and local authorities in that set-up. As explained above, cross-border cooperation (and more generally, being part of EU policies) can enhance the autonomy of regional and local authorities. In some countries, regions and municipalities are relatively strong (as with most federal EU Member States), in other countries there is a low level of autonomy. Generally speaking, this is true for most ENP/EaP countries, given their history with centralised rule. It is still true for most "new" EU Member States, but also for some "old" EU Member States.

Another way to look at cross-border cooperation in Central and Eastern Europe is to look at the policy issues involved. As Berg & Ehin (2006) have argued, the enlargement of the EU has led to an (external) border regime which is the product of composite policy. It involves elements of cohesion, security and expansion, and is linked to various EU policies (regional policy, Justice and Home Affairs, enlargement and the ENP). However, these domains have different policy paradigms which go with different modes of governance-across-borders (and underlying that, different degrees of preferred openness of the borders involved). According to Berg &

Ehin (2006) the external border regime of the EU is therefore both vertically and horizontally fragmented, resulting in a differentiated and uneven border strategy marked by diverse patterns of inclusion and exclusion.

What does this discussion tell us about the choice between territorial governance on the one hand and functional governance on the other (Fricke), and about the four types of cross-border cooperation (Blatter)?

Cross-border cooperation at the eastern external border of the EU is (and probably should be) mostly functional. Here we have a need for mutual learning, for flexibility, and for taking on one issue at a time (and then slowly starting with coordination across policy sectors).

In EU-CEE cross-border cooperation (i.e. cross-border cooperation within the EU between the CEE-8 that acceded in 2004 or 2007) has some elements of functional governance (as it is often based on long-standing, often private networks across-borders), but the regions as such are, by definition, closed and constitute stable bundled territories across culturally artificial national borders. Much of this cross-border cooperation is not (yet) territorial. The main problems these schemes face are that some essential elements are required for proper territorial governance (and to take on proper policy delivery) are missing or not fully used, such as a legal institutional basis in public law (such as the EU-EGTC and the CoE ECG), and a role for regional authorities that is acknowledged by the internal administrative set-up of the Member States involved. The situation here could be one of "being stuck" in schemes which resemble Coalition and Connection, while policy delivery needs a call for Commission.

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Public Administration Reform, Cross-border Cooperation and Europeanisation in CEE Countries

Annika Jaansoo[1]

Abstract

The EU influences governance decisions including decisions about implementing public administration reform in CEE countries. The European Union's influence on CEE countries has been discussed in various academic articles, but somehow the discussions have been focused on institution building and administrative re-organisation. This paper focuses on the influence of Europeanisation on public administration reform in CEE countries. The main emphasis will be on the incentives for inter-local cooperation in CEE countries as provided by the Europeanisation process.

Keywords: Public administration reform, cross-border cooperation, Europeanisation, CEE countries

Introduction

For many years, nation-states have used various strategies to deal with the pressures on subnational governments resulting from the growing scale of social and economic processes and pressures from the global economy. Strategies such as amalgamation of subnational governments into bigger administrative units, redistribution of responsibilities between various levels of government and involvement of the private sector in the provision of public tasks through contracting out or privatisation, have been practised for decades. The oldest one amongst them is structural reform, i.e. the amalgamation of sub-national governments into bigger units, which has been the primary policy instrument for enhancing operational efficiency. However, these arrangements are hard or even impossible to reverse once they have been implemented. The cooperation of subnational governments, on the other hand, is a strategy that is reversible, effective and easy to apply.

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The rising importance of cooperation, especially cross-border cooperation (from here on: CBC) in public service provision, can also be seen in the European Union (from here on: EU) policy documents, as access to high quality public services and development of common services for the local population are some of the many goals of the EU Cohesion Policy. Altogether, CBC as an expression of European Territorial Cooperation (from here on: ETC), is considered in 60 out of 297 Cohesion Policy Operational Programs that have been put down for the period of the Cohesion Policy.

The geographical spread of the EU tools – financing schemes and institutionalising instruments – that are worked out to increase CBC cannot be limited only with the borders of the EU itself. For example, the beneficiaries of various financing schemes of CBC that are worked out by the EU are also supporting CBC between EU Members States and non-member states, for example, CBC between Romania and Moldova or between Hungary and Serbia. However, the countries situated next to the EU external border are not the only EU-external beneficiaries. Countries further afield, such as Georgia, Kazakhstan and Mongolia, are benefiting from the EU CBC policy instruments.

This article concentrates on the influence of EU policies on CEE countries. The EU influences several aspects of the development of governance (including, *inter alia*, public policymaking processes and intra-governmental relations) in CEE countries through its accession process – through accession negotiations and the conditions set for enlargement, through various financial programmes and also through building up legislative frameworks. Based on Grabbe (2001), the influence of the EU in CEE countries goes well beyond its official competences in the current member states. The EU's influence on CEE countries has been discussed in various academic articles, but somehow the discussions have focused on institution building and administrative reorganisation. This paper focuses on the influence of Europeanisation on public administration reform in CEE countries; the main emphasis will be on the incentives for inter-local cooperation in CEE countries as provided by the Europeanisation process.

1. Europeanisation and CEE countries

During the 1990s, the growing influence of the EU on CEE countries in the framework of its enlargement policy led Europeanisation scholars to widen their field of research.

1.1 Europeanisation in academic literature

The academic literature on Europeanisation is increasingly growing. The first flow of articles has predominantly focused on existing EU members and how they have been transformed by EU membership (see Papadimitriou and Phinnemore 2004 for

an overview). In other words, actors, policies and institutions at the international level were considered the independent variable and the domestic outcomes were treated as having resulted, at least in part, from international pressures. In those articles, Member States have the role of both contributors and products of European integration (Rometsch and Wessels 1996, Cowles et al 2001), and Europeanisation is seen as both an uploading and downloading process.

EU enlargement brought about a shift in Europeanisation literature with articles examining how Europeanisation is experienced in EU candidate countries and in new EU Member States (see Grabbe 2001, 2003). As the literature focuses almost entirely on CEE countries, the new strand of literature has been labelled 'Europeanisation East' (see Dyson 2007). Those articles differ from the aforementioned as the candidate countries and new Member States did not actually have any opportunity to shape EU development as they are mostly recipients of pre-decided rules and regulations.

Scholars examining the impact of the EU have used the term 'Europeanisation' in a number of ways to describe the phenomena (see for further explanation Olsen 2002). By reviewing the definitions offered in the relevant literature, it becomes evident that Europeanisation can actually be a two-way process, both at a horizontal and a vertical level, affecting, to a great extent, the politics, economics and society of EU Member States. Interestingly, no shared definition has emerged as offered definitions have remained working definitions for a specific article or book chapter. In this article we use the definition of Europeanisation put forward by Radaelli (2003: 30) who defines Europeanisation as follows:

> *'Processes of (a) construction, (b) diffusion and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things' and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures and public policies'.*

The definition offered by Radaelli is considered an encompassing one, since it incorporates both 'hard institutional changes' (referring to the different stages and forms of the policy process: policy formulation and putting policy into practice, while allowing for a less structural manner) and a 'cognitive dimension' (with reference made to less-tangible aspects) (Bulmer and Burch 2005).

The above definition offers a starting point for understanding the complex nature of the term Europeanisation and also highlights the weight the term carries. To see how Europeanisation works and how it brings about changes at the national level, we look at the modes of integration brought out by Knill and Lehmkuhl (1999, 2000). They focus on a top-down perspective on Europeanisation pressures and distinguish between three modes of integration: positive, negative and framing integration.

The first mode was positive integration. This is integration where EU obligations prescribe an institutional model to which domestic arrangements have to be adjusted, with limited national discretion. This is the case when a specific institutional model/policy template, decided at the European level, needs to be adopted at the domestic level. Examples of policies which fall under this category are, for example, environmental policies.

Negative integration is integration where EU legislation alters the domestic rules of the game. In this case, European legislation does not directly affect domestic arrangements by prescribing directly distinctive institutional models. Thus, European influence is confined to altering domestic opportunity structures and hence the distribution of power and resources between domestic actors. Existing domestic equilibriums are challenged, although it is not prescribed how the balance of power between domestic actors will change. Examples of Europeanisation by changing domestic opportunity structures can be found, in particular, in many market-making policies for utilities sectors such as transport and telecommunications.

Framing integration is integration where European policy alters the beliefs and expectations of actors, which may in turn involve a change of preferences and strategies, as well as institutional adaptation. It could be considered to be the weakest of the three in bringing about domestic change, as it seeks to trigger domestic adjustments to EU regulatory objectives in an indirect way, by altering the beliefs and expectations of domestic actors. The strategies and consequences of domestic actors are firstly affected by the potential of this leading to the corresponding institutional adaptation. Cognitive logic is targeted first in cases where European policies are designed to change the domestic political climate by stimulating and strengthening the support for broader European reform objectives. The emergence of such policies of framing integration is particularly likely when the European decision-making context allows for the adoption of only vague and more or less symbolic policies, given the underlying conflicts of interests between the member states.

1.2 The ways in which the EU affects CEE countries

As previously mentioned, the 2004 enlargement has changed Europeanisation literature considerably, as the enlargements have necessitated the expansion of Europeanisation research in candidate countries and newly acceded member states. The relevant findings and the various theoretical approaches stemming from the pre-2004 Europeanisation-related literature have been used as a stepping stone for academics to advance and adapt Europeanisation studies to CEE countries.

CEE countries, especially (the former) EU candidate countries, are or were influenced by the EU predominantly through accession negotiations and conditionality. The latter enhances the reach of EU influence much more than it did in previous Member States as there are no possibilities for opt-outs for candidate countries (Grabbe 2003). Because of its importance, conditionality has been the main

focus for scholars studying the impact of the Europeanisation in CEE countries (see Schimmelfenning and Sedelmeier 2008).

Conditionality means that the EU sets its rules and conditions and candidate countries have to fulfil them in order to become an EU Member State. Schimmelfenning and Sedelmeier (2008) proved in their article that the dominant logic that enforces EU conditionality is the incentives (mainly financial) for a candidate country to comply with EU conditions. However, these external incentives may be superseded by other mechanisms which can also lead to EU membership.

In her works, Grabbe (2003) has highlighted five mechanisms of Europeanisation which are instrumentally used by the EU and which can affect domestic changes in CEE countries:

- Models
- Money
- Benchmarking and monitoring
- Advice and twinning
- Gate keeping.

Models

As the legal transposition of the acquis and harmonisation with EU laws are the central focus of the accession process and preparations by the candidates, the EU provides candidate countries with legislative and institutional templates. These countries, in the pre-accession process, are exclusively affected by a top-down process as they are strictly obliged to download policies and institutional templates that are included in the acquis communautaire. The possibility for up-loading any of their preferences prior to accession is, in effect, non-existent for candidate states. Gabbe (2003) explains this as follows: the EU has all the benefits to offer, while candidate countries, given their tiny economic size, have little to give in return. In addition, the asymmetrical interdependence is due to the weak bargaining position of candidate states, since the desire of their political elites to join is much greater than that of the member states to let them in.

Money

The EU is the largest external source of financial aid and technical assistance for CEE countries, providing funds administered by the European Commission and also bilateral programmes for individual member states.

Benchmarking and monitoring

Benchmarking and monitoring, but especially the latter (through regular reports), are key mechanisms in the conditionality of membership.

Advice and twinning

Civil servants from EU Member States are coming to work in candidate countries' ministries or other organisations of public administration.

Gate keeping

The EU's most powerful tool is considered to be the access to negotiations and further stages in the accession process towards membership. The movement of a candidate country towards a closer relationship with the EU enables the EU to reinforce other mechanisms of Europeanisation to the candidate country, such as transfer of models and benchmarking, since the EU can attach specific conditions to particular stages in the accession process.

2. Influence of Europeanisation on public administration reform in CEE countries

2.1 Public administration reform versus inter-local cooperation

Sub-national governments situated near to each other almost inevitably share similar problems emanating from a common territorial source. These problems can be infrastructure-based – e.g. reliance on common roads or water and sewerage management systems – or social – such as providing social services to people operating in overlapping labour markets – or any other kind of problems arising from sharing a common territory. On some of the pre-mentioned matters it is easy to cooperate with each other, but for solving certain problems, the sub-national governments involved may be in conflict. Based on Sancton et al (2000) either outcome could lead to calls for municipal amalgamation. This means that in the case of cooperation, money can be saved by eliminating duplicated overheads and in case of conflict, the argument will be that amalgamation will prevent delays and extra expense caused by inter-municipal bickering. At the same time, literature has indicated that there is no compelling evidence for amalgamation and has highlighted several shortcomings relating to it:

- Most consolidation attempts have not resulted in consolidation.
- The results of those that have resulted in consolidation are not consistently beneficial in terms of long-term financial and political considerations.
- The financial costs of consolidation include costs of transition, of salary and service harmonisation, and of additional facilities, equipment and infrastructure (both physical and administrative) resulting from the merger.
- The financial benefits of consolidation typically result from a reduction in the work force or a reduction in facilities or equipment, and include costs avoided.

- Politics is a major obstacle to consolidation, but it should be perceived in the broadest terms to include the interests of elected officials, employees, and the public, who values local control.

Like any potential restructuring, the costs and benefits of amalgamation will be specific to the conditions and issues of the governments that are included.

On the other hand, inter-municipal cooperation has some clear advantages over amalgamation. At first, territorial reorganisations imply more or less radical changes in the administrative organisation of the government, usually requiring formal legislation. The costs of decision-making to reorganise the system, setting up a new administrative organisation, building up new capacities and routines for policy-making – not forgetting what is lost in the reorganisation – precludes changing the scale of local government.

Inter-municipal cooperation, on the other hand, is much easier to adapt to new circumstances and developments. It is relatively easy to involve a larger number of municipalities in the cooperative arrangement and the costs to add new items to the existing agendas to coordinate policy are relatively low. Based on this, it can be said that inter-municipal cooperation may well prove to be more capable of dealing with today's rapidly changing environment than other traditional forms of government (Hulst & Montfort 2007).

At the same time, the opponents of inter-local cooperation say that the assumption that inter-municipal cooperation results in efficient and modern public service delivery that adequately copes with the social, economic and spatial issues at hand may not always be true. Based on theory, one would expect decision-making costs for coordination and service delivery to be higher than in a standing organisation because it involves more decision-makers. Hulst and Montfort (2007) argue that many decision-makers may end up compromising on the quality of both decisions and services as the compromise will sometimes gain the upper hand over best technical or political value.

The other argument of the opponents is that while local self-government evidently profits from inter-municipal cooperation when compared to centralisation, it is not clear beforehand that the same goes for local democracy. The question is if and how joint decision-making by the municipalities is subject to democratic control, meaning that local councils may not always be informed about what goes on in consultations between municipalities. Hulst and Montfort (2007) argue that although in theory, proper procedures and institutions can be arranged to safeguard the accountability of the executives involved, the fact that decision-making takes place through interaction with other local government executives complicates the issue.

Another major benefit of inter-municipal cooperation is the advantage of flexibility, i.e. scope and scale adjust, with relative ease, to new circumstances. On the

other hand, cooperation is not an effective means to coordinate local policies, whether it takes place in loosely coupled networks or through integrated joint authorities.

Finally, it must be said that amalgamation is a measure that is hard or even impossible to reverse after it has been implemented. The cooperation of subnational governments, on the other hand, is reversible, effective and easy to apply.

Even though literature suggests that without a clear understanding of what is meant to be achieved, it is not possible to assess the relative merits of amalgamation and cooperation.

The EU has shown its preference for cooperation in various policy documents. This applies especially to the importance of cooperation in public service provision that can be seen in various EU policy documents, as access to high-quality public services and development of common services for the local population, are some of the many goals of the EU Cohesion Policy. Through the Europeanisation process, the geographical spread of EU cooperation policy instruments – financing schemes and institutionalising instruments – is affecting CEE countries.

2.2 Cross-border cooperation and public administration reform in CEE countries

Some border regions in the EU are seen as being handicapped by their peripheral location (Anderson et al 2003; Bufon 2003). Those territorial disparities (at regional and sub-regional levels), though not remarkable in comparison to other member states, are entrenched and growing, and they threaten the marginalisation of some of the poorest regions in the EU. Smetkowski noted that countries experiencing rapid structural change (catching-up) often face tensions between national and regional development, as new higher value-added activities tend to concentrate initially in particular regions, so that regional disparities increase along with national growth.

Ferry and McMaster (2013) highlight the fact that economic, social and environmental territorial disparities are among the more pronounced outcomes of accelerated growth in CEE countries. The benefits of transformation in these countries have, initially at least, been unequally distributed amongst particular social groups and territories—with the emergence of highly educated and internationally successful professionals and entrepreneurs on the one hand, but structural unemployment, persistent poverty and social exclusion on the other. Furthermore, regional imbalances are often characterised by a process of metropolitanisation that has privileged a handful of dynamic urban centres whilst exacerbating the structural problems of old industrial regions, vast rural areas and regions located on borders, especially the EU's eastern borders (Ferry & McMaster 2013).

In this context, cross-border cooperation (hereafter: CBC) is seen as the only way to overcome this situation, i.e. mobilising local potential for regional development. In coordinating policy and jointly exploiting common development poten-

tials, CBC can help to create synergies, provide networking opportunities and give development impulses. This is why such cooperation is widely recognised and plays such an important role in regional development policy, including cohesion policy. In CEE, the benefits of cooperation, but also the constraints, are most evident in border regions that are handicapped by their peripheral location and by historical factors (Ferry & McMaster 2013).

CBC, in this article, is defined as institutionalised collaboration between sub-national authorities such as regions or municipalities that adjoin each other across international borders (Mirwaldt 2013).

As previously mentioned, the EU sees CBC as an important aspect of regional development, but especially an important aspect of EU cohesion policy. To enforce more CBC the EU has developed several incentives:

- Financial support (through various financial programmes).
- Know-how (such as booklets, learning from best practices, town-twinning, training etc).
- Legal framework for CBC (Madrid Convention, bilateral treaties, EGTC instrument etc).

Financial support. As previously mentioned, the EU is the largest external source of financial aid and technical assistance for CEE countries, providing funds administered by the European Commission and also bilateral programmes for individual member states.

Ferry and McMaster (2013) argue that cohesion policy can promote domestic policy change by providing an additional source of funding for regional development, accompanied by a mandatory framework which regulates policy content, management and implementation. Setting a mechanism for the implementation of EU-funded regional development programmes has played a significant part in changing perceptions of the aims and content of domestic regional development interventions. It has also been argued that the process of implementing Structural Fund (SF) programmes can introduce a new range of actors to the regional development field, particularly at sub-national levels, and within private and voluntary spheres (Roberts & Hart 1996).

Based on Grabbe (2001), EU aid – both current receipts and the prospect of future transfers – has a direct impact in creating new governance structures because of the EU's insistence that particular administrative units and procedures be created to receive transfers.

Ferry and McMaster (2013) agree with Grabbe (2001) as they note that financial support from the EU brings with it opportunities to expand the scope and impact of regional development interventions. However, it also puts pressure on regional policy systems in these countries to develop structures and processes to

absorb the funds, to ensure that they contribute to strategic economic growth, and to maintain a clear vision for domestic regional development.

Looking to the future, regional development is likely to remain a prominent theme on the policy agendas of CEE countries, at least over the next decade, and CEE countries will remain the largest beneficiaries of EU funding.

There are many different forms of cooperation across borders, but EU-funded cross-border cooperation is particularly intensive and has become prevalent since 1990 (Mirwaldt 2013). The importance of grants from EU for the growth of CBCs is highlighted by many academics (see Scott 1999; Perkmann 2002; Clarke 2002; Johnson 2009; Medve-Bàlint 2013). For example, Medve-Bàlint (2013) compared the allocation of European funds for CBC in four countries (Poland, Czech Republic, Slovakia and Hungary) and found notable and statistically significant correlation between the number of local governments engaged in CBC and the size of funding for the respective border area.

Know-how. The EU provides its applicant countries with know-how through various sources, such as booklets, learning from best practices (town-twinning), training, advice etc. The mechanism of learning can make domestic actors change their policy orientations through participating in various EU programmes (Verschraegen et al 2011).

In addition, the EU provides candidate countries with legislative and institutional templates. As CEE countries are in the process of systematic political and economic transformation, they might consider EU rules to be effective solutions to domestic policy challenges and thus adopt these rules. In the case where this is not so, the EU provides incentives – finance, persuasion and learning – for the adoption of its rules.

Financial incentives were discussed above. Persuasion and learning are also mechanisms through which the EU supports CEE countries to adopt its rules. Through persuasion and learning the actors of CEE countries are socialised rather than coerced into adopting those rules, meaning that civil servants from EU Member States are coming to work in CEE countries' ministries or other organisations of public administration.

Legal framework for CBC. An important issue in CBC is the institutional set-up that is used by the cooperation scheme. The EU provides a variety of different institutional forms that can be used for CBC, for example Euroregion, Eurodistrict, Working Community, Town-twinning, European Grouping of Territorial Cooperation (EGTC), European Economic Interest Grouping (EEIG), European Company (SE) or European Cooperative Society (SEC).

Euroregion, Eurodistrict, Working Community and Town-Twinning are nonjuridical forms of institutionalising CBC. This means that they are based mainly

on private law regulations and are often organised as 'twin associations', i.e. entities on each side of the border form an association, which is subsequently joined by a cross-border agreement.

Under private law regulations they form either non-profit associations or funds that are set up on both sides of the national borders, in compliance with the respective national regulations. Only a few Euroregions have a public-law status.

EEIG, SE and SEC are legal juridical forms of institutionalising CBC based on private law, and partners are limited to private organisations.

The most important legal-institutional instrument from the sub-national governments' point of view is the EGTC instrument that was introduced in 2006 (Regulation (EC) 1082/2006 of the European Parliament and of the Council adopted on 5th July 2006, under the co-decision procedure) and, at the moment, there are 44 registered cooperations.

The EGTC instrument was designed to promote and facilitate territorial cooperation (i.e. cross-border, transnational and interregional cooperation), mainly within the framework of Cohesion Policy. It was introduced to enable the public authorities of various Member States to team up and deliver joint services without requiring prior international agreement to be ratified by national parliaments. In that respect, EGTCs can be used for programme management (joint Managing Authorities) and/or the management of specific cross-border projects. EGTCs can also be used for the management of other EU-funded cross-border projects, outside of the framework of the Cohesion policy, or for the management of any other territorial cooperation scheme without any EU funding being involved. However, they are not allowed in areas such as the police, justice and foreign affairs. (Jaansoo & Groenendijk 2014)

Up until now, the challenge of assimilating EU programming models, absorbing the funding and building administrative capacity and experience, has been all-consuming, perhaps to the detriment of more strategic thinking concerning the objectives of domestic regional development. Moreover, politicians in the new member states of Eastern Europe have more leverage in deciding which EU projects to support, due to the universal territorial applicability of most EU funds and the financial dependence of local governments. (Ferry & McMaster 2013)

However, with the onset of the global financial crisis and increasing fiscal constraints, it is deemed important to establish the strategic objectives of domestic regional policy in CEE and design instruments that can respond to these challenges appropriately. As a result, regional policy debates in CEE have become more forward-looking and introspective, aimed at developing a robust domestic regional development model. (Ferry & McMaster 2013)

In addition to the aforementioned, the following incentives for CBC occur together with negotiations:

- Advocacy work of transnational organisations (AEBR, CoR, EC-DG Region).
- Embedded role ("implementation units") in multi-level EU Cohesion Policy (vertical network).

Conclusion

As can be seen from the article, the EU has enormous potential in influencing CEE countries' political choices through specific means and incentives.

CEE countries have chosen the traditional way for public administration reform, i.e. restructuring sub-national governments through amalgamation. On the other hand, the EU sees inter-local cooperation as being more beneficial than amalgamation as the importance of cooperation in public service provision can be seen in various EU policy documents. Access to high-quality public services and the development of common services for the local population are some of the many goals of the EU Cohesion Policy.

To enforce more inter-local cooperation, especially cross-border cooperation, the EU has created some incentives for CEE (candidate) countries such as financial support through various programmes, providing know-how (such as booklets, learning from best practices (town-twinning), training etc) and creating a legal framework for CBC (Madrid convention, bilateral treaties, and EGTC instrument).

Looking to the future, regional development is likely to remain a prominent theme on the policy agendas of CEE countries over the next decade as the CEE countries will remain the largest beneficiaries of EU funding. This article showed that the EU has a large impact on what a sub-national government will choose – amalgamation or cooperation.

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PAR in Academic and Professional Literature: A Comparison of the Recent EU Accession Waves

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Abstract

The last twenty years have brought about rather tumultuous changes in terms of the way PAR is being defined, conducted, imitated and, why not, simulated. This paper aims to explore the way scientific literature has addressed the issue of reform in public administration through conducting a meta-literature review. The starting point of the enquiry is the geographical area of CEE. The second goal of the paper is to detect whether and to what extent the pattern of reforms registered in the CEE represents a blueprint for the countries included in the European Neighbourhood Policy (ENP) and in Central Asia.

Introduction

Public administration reform (PAR) in Central and Eastern Europe has seen, during the post 1989 period, an unexpected escalation from Cinderella to the Princess, who ultimately focuses the attention of all the participants on the Grand Ball (that is, the European Union). In the specific case of Romania, the accession process turned out to be more painful than was expected, both by Romanian society and EU institutions (Hintea et al., in Dimitrova 2004:145–162). This complex evolution has led to mixed feelings on the eve of accession, characterised by credibility questions, of which the most frequently asked was "Will the reforms continue after 2007?" These questions were also asked in light of the evolution of the New Member States after the previous extension in 2004, where the rhythm of reforms slowed down after accession (Meyer Sahling 2009). Issues, such as limited trust in policy implementation, questions concerning the diffusion of reforms at local level, warnings of continued monitoring, and threats of repressive measures from Brussels shadowed the rather euphoric atmosphere, both inside and outside the country.

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If we carry out a search on the term "Reform", Google shows (as of 2015) roughly 175.000.000 results. Combining the search for the terms "Reform" and "Public" we find around 180.000.000 results. A "Reform" and "Public Sector" search reduced the number of results to "only" 71.800.000, whereas a search on the term "Public Administration Reform" produced 210.000 results. If we reduce the search even further to "Reform" AND "Public Sector" AND "Central and Eastern Europe" we obtain 219.000 results. A further search on "Reform" AND "Public Administration" AND "Central and Eastern Europe", gave 146.000 hits. These search results suggest that interest in reforms in the public sector remains broad at the public level; a topic that remains current, regardless of international evolution, one could argue. Politicians, policy makers and citizens talk constantly about reforms.

But what happened in academia? How did the academic discourse on public administration reform evolve between 1990 and 2012? More specifically, which theoretical approaches on the discourse and analysis of public administration reform (PAR) in Central and Eastern Europe (CEE) have developed in the aftermath of the changes in 1989? This article aims to identify the major characteristics of the theoretical approaches which were developed after 1989 in addressing the topic of public administration reform in CEE. The second goal is to investigate to what extent the theoretical developments and lessons learned from the theory development in CEE are transferred over and tested in PAR efforts in the CEE region. The theoretical ground of the enquiry is described after the introduction and focuses on the expectations. The methodological considerations and limits are then briefly described. The results summarised in the subsequent section present an overview of the literature as available in 2012. In the conclusion, we attempt to reflect on the extent to which the expectations match the results.

Theoretical background

The reform of the public sector was extensively discussed in the literature (Osborne and Gaebler 1992, Hood and Peters (2004), Esping-Andersen (1996), Pollitt and Bouckaert (2011), Pierson (2000). Three theoretical approaches concerning reform are considered here for further discussion, namely modernisation (Goetz, 2001), Europeanisation (Grabbe 2001) and policy transfer (Radaelli 2000). The process of reform represented a unique challenge, both for west European and central and eastern European countries. As opposed to the previous waves of enlargement (primarily with respect to Southern Europe: Greece, Spain and Portugal), in the Eastern Enlargement, both democratic political institutions and a market economy had to be built. Given the pre-89 institutional settings of CEE countries (to a large extent state property, state centralisation of the economy, and the politicisation of the public service, amongst others) the states had to fulfil a double and contradictory challenge, namely to a) conduct the process of its own withdrawal from the economy and, b) to reorganise itself on democratic bases. Consequently, the reform efforts

were initially focused on (political) institutions (multi-party system, free elections, and Constitution). Particularly relevant to the purpose of our discussion is the observation that the neo-institutional approach was the primary approach used in designing and conducting reform. This focus resulted in emphasising privatisation and marketisation of services and tasks previously provided by the State. Moreover, less, if any, attention was dedicated to the classical institutional approach oriented towards the idea of "fit" between the old and new institutions and towards the influence of path dependencies in introducing social change (Ibrahim and Galt, 2002).

The other interesting aspect of the challenge is the assumption that the change will (automatically) transfer top-down. This assumption is based on the traditional method of organising public administration around legislation and legislation implementation. Exclusive reliance on legislation as a policy instrument easily lends itself to implementation problems. This happens particularly when little, if any, attention is being paid to ensuring the coordination and coherence between the content and requirements of different pieces of legislation. Eventually, this leads to confusion amongst the executing authorities, making the implementation process and performance management extremely difficult. Moreover, exclusive actions directed towards conducting change at a central level lead to the forming of "pockets of excellence" which, without sufficient support, become isolated within the general body of the civil servants involved in conducting the reform (Ibrahim and Galt 2002, Junjan and Nastase 2009). Two main consequences resulted from these assumptions: on the one hand, the reform efforts were focused primarily on the central government level, and on the other, that only quite late in the accession process was the decision-making attention dedicated to the reform of public administration.

The main schools of thought, which addressed the issue of reform, were transition studies, conditionality, and policy transfer. Public administration reform (or administrative change) unfolded under the double tasks of "modernisation" on the one side and "Europeanisation" on the other (Goetz 2001). The first school of thought focused on political institutions (Constitution, political parties, and free elections), whereas the second concentrated on the adoption of the *acquis communautaire*, operationalised in developing administrative systems able to function within the framework of the EU. That adaptation process turned out to be a course of action oriented towards the structural reform of public administration. A caveat is required here. In terms of public administration, the lack of a specifically defined *acquis communautaire* and, more generally, the mix-and-match approach have made the construction of a yardstick to measure the progress of reform more difficult, than for instance, fiscal policy. The flexibility of the mix-and-match approach, originally meant to allow for the space required by the national administrative institutions, has added an extra layer of difficulty when only the administrative institutions had to be rebuilt. The third school – policy transfer – looked at the way information and know-how about political and administrative arrangements were transferred from one socio-institutional context to another (Dolowitz and Marsh, 2002; Radaelli

2000, Boulineau and Suciu, 2008). Published research registered an expected back-slide in reforms after accession. Mixed research results could be seen in the areas of democracy and governance (Levitz and Pop-Eleches, 2010) and Pridham (2007, 2008), Treib, (2008), Sedelmeier (2008), Vachudova (2008). Civil service reforms (Meyer-Sahling 2009) were particularly investigated after EU accession in 2004.

We therefore expect:

a) That the published scientific articles focus first on political reforms (throughout the '90s).

b) There is more attention paid to policy fields with more easily measurable *acquis communautaire* than to policy fields with less easily measurable *acquis*.

Method

A step-by-step approach was followed in order to identify the articles to be included in this study. First, the database Scopus was consulted using a combination of search phrases "public administration reform", "public sector reform" filtered on "Central and Eastern Europe". The selection focused on articles in peer-reviewed journals listed under the categories "public administration" and "political science". Articles in all languages were included in the analysis, and only abstracts (available in English) were coded.

The search resulted in 81 articles published until 2012. Thirteen articles were excluded for not complying with the geographic criterion and abstracts of 68 articles were included in the analysis.

Results

The large majority of articles were published in English. This was an expected result, given the current international academic practice.

An increased rhythm in publications could be seen between 1996 and 2012, with a peak registered in 2005. This is also rather an expected result, given both the relationship with the different phases of the EU accession process, such as timing of the signing of the accession treaty (2002) as well as the joining of ten candidate countries (eight of which were located in the CEE area) in 2004. One can see that the rhythm remains relatively high between 2005 and 2008 and combines with another peak in activity in 2011, four years after the enlargement wave of 2007 and seven years after the 2004 wave. The timing of the articles also suggests associations with the different "anniversaries" as well as delays in the publishing cycle.

Table 1

Distribution of languages

Language	Nr Articles
English	58
French	4
Polish	2
German	1
Japanese	1
Lithuanian	1
Slovak	1
Total	68

Chart 1

Evolution in publications number

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Number articles	1	1	4	3	4	4	4	3	2	9	7	7	5	4	2	6	2
Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
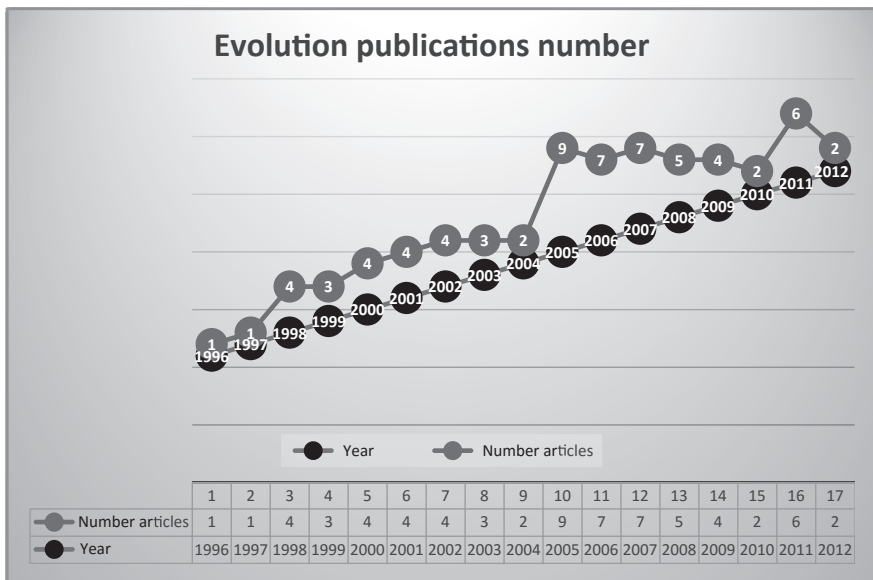
The focus of the articles, according to the content, was analysed based on the open coding of the keywords, either presented by the authors themselves, or derived through open coding of the abstracts. This approach has both advantages and disadvantages. On the one hand, it is a rather subjective approach, dependent on the judgment of the researcher who conducts the analysis. Conducting a recoding can be carried out in order to address this issue, but, ultimately, it is still an issue

of individual judgment and interpretation. On the other hand, using open coding provides the advantage of capturing the depth of variation of the themes emerging in the abstracts, as well as allowing the use of the keywords proposed by the authors themselves (where available). The advantage of using abstracts for this phase of the analysis allows for both access in terms of language, as well as giving a compact view of the content of the article as defined by the author.

The following results were observed:

Table 2
Distribution of article topics

Topic	Number articles
Theory	11
Civil service	5
Administrative capacity	24
Europeanisation/EU conditionality	6
Policy areas	22
Total	68

The consistent presence of articles addressing theoretical developments indicates the perceived need to develop and formulate theoretical propositions regarding the conceptualisation of reforms. The distribution presented above suggests, additionally, particular interest in the area of administrative capacity on the one hand, and investigations concerning reforms in different policy areas on the other. Attention focused on administrative capacity is expected, given that the period prior to EU accession focused on restructuring and organising the functioning of public organisations (Junjan and Iancu, 2011). It is interesting that, according to the current coding, the political reforms have not been included in the analysis. This would suggest that with future continuation of the study, the selection of the articles to be included in the analysis should be made differently, by adjusting the criteria used.

Whereas a significant presence of the policy areas is not unexpected, a high level of attention on the areas of education, health and finance is not expected. With the exception of finance (as part of the general economic policy, where the indicators and the *acquis* are more clearly indicated), health and education are policy areas that fall under the responsibility of the Member States. There are, one can argue, policies towards harmonisation such as in the area of higher education, also known as the Bologna Process, or in the area of health (as in the case of the cross-border health care Directive 2011/24/EU). However, these are policy areas where the level of the EU *acquis* is relatively low. It is interesting, therefore, that a large portion of the research attention on the reforms has been oriented towards topics pertaining to these policy areas. In this sense, the second expectation formulated at the begin-

ning of this paper is only partially confirmed, in regard to the financial and economic policy. A possible explanation for the attention conferred on the education and health areas is that the articles published concerning these topics are part of the broader literature developed in these policy areas.

Conclusion

The starting point of the reform process in the '90s was marked by an apparent institutional implosion. The urgent need to reconstruct institutions led to conducting inventories of the communist legacy and to attempts to recover the pre-WWII governing traditions. The popular perception was that there was a blank slate on which all democratic institutions could be written, but time and efforts later showed that the modernisation of public administration was more difficult to achieve than expected. At the beginning of this analysis we aimed to identify the major characteristics of the theoretical approaches which have been developed after 1989 in addressing the topic of public administration reform in CEE. The second goal of this paper was to investigate to what extent the theoretical developments and lessons learned from the theory development in CEE are transferred over and tested in the PAR efforts in the CEE region. Two expectations were formulated in order to structure this inquiry: a) that the published scientific articles focus first on the political reforms (throughout the '90s), and b) that there is more attention paid to policy fields with a more easily measurable *acquis communautaire* than to policy fields with a less easily measurable *acquis*.

The results obtained so far refute the former and partially confirm the latter. Additionally, we could note that during the 1990s and the first part of the 2000s, the theoretical framing of the enquiries was developed along the lines of the New Public Management and Neo Weberian State Paradigms (Pollitt and Bouckaert, 2011), and only after the mid-2000s was the theoretical framework more oriented towards the New Public Governance approach. CEE countries in transition have provided interesting test areas for the theories developed in developed countries. Based on the results so far, the second goal of the paper – concerning the transfer of lessons learned towards the ENP area – could not be investigated.

These results should be interpreted with caution. They are results based on the analysis of a set of abstracts of articles selected in: search strategy, the object of selection and the coding needed to be refined for further steps. However, a more strict approach in terms of the selection and coding would not have allowed capturing the variation of the topic. This remains to be achieved in the next step of taking stock of the theoretical developments in the area of public administration reforms in a transition context.

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The Effects of Conditionality and Socialisation on the Formation and Transformation of European Integration Coordination Structures in the EU's Eastern Neighbours in the Process of Europeanisation

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Abstract

The role of socialisation and conditionality instruments in the process of Europeanisation and the EU's use of these instruments in its enlargement policy towards Eastern neighbours have been widely discussed in European integration literature. However, few studies have dealt with the differentiated impact of these two instruments on the internal European integration coordination structures in Eastern neighbours. The proposed paper aims to evaluate the impact of the use of socialisation and/or conditionality-based instruments by the EU towards its Eastern neighbours on the formation and transformation of European integration coordination structures. The paper looks at European integration coordination structures of CEEC countries in a comparative case study, to examine how the EU's use of conditionality and socialisation instruments generates different responses with regard to the formation and transformation of European integration coordination structures. We argue that conditionality stimulates the formation and transformation of coordinating structures in Eastern neighbours, while socialisation-based instruments do not prompt such a response.

Key Words: Europeanisation, socialisation, conditionality, national policy coordination

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Introduction

National policy coordination is a crucial element in the process of Europeanisation and the prospective integration of aspiring non-members in the European Union. It is necessary to avoid policy inconsistencies and overlaps, minimise conflicts, and develop a common vision of a government instead of pursuing narrow bureaucratic interests (Boston, 1992). Therefore, European integration coordination institutions within national bureaucracies in EU candidate countries or close partners striving for EU membership are focal entities in the process of Europeanisation. Accession is a long and difficult process for EU partners. Policy coordination is a necessary prerequisite for the effective management of relations with complex EU bureaucracy, for the transposition and harmonisation of national legislation and regulatory frameworks in accordance with the EU acquis (Kassim et al., 2001). Surprisingly, European integration coordination institutions have been somewhat neglected in Europeanisation and European integration research. Not many studies have been devoted to the national coordination structures in the EU candidate or neighbouring countries and even fewer to the effects of the Europeanisation process on national coordination institutions. Therefore, the ensuing paper is a modest attempt to fill this gap in the literature and examine the impact of the two major instruments of Europeanisation – socialisation and conditionality – on the formation and transformation of European integration coordination structures in central and eastern European Countries (CEEC) and the EU's three Eastern neighbours aspiring to EU membership. The study also covers policy relevance. Our findings can be helpful for EU bureaucracy when choosing its strategy regarding partners, as well as civil servants engaged in the coordination of the European integration process in the EU partner countries.

The research aims to answer why and when European integration coordination structures form and transform in the EU's partner countries in the process of Europeanisation.

We examined 12 cases of CEEC countries that joined the EU in 2004. The timeframe runs from the early 1990s, which marks the beginning of the European integration process in these countries, up until their accession year (2004). We obtained data from a detailed analysis of statutes and organigrams of national coordination structures of each country, face-to-face in-depth interviews with civil servants in the observed countries, as well as official reports, opinions and assessment papers of the European Union institutions.

Existing Literature

Although there is a growing body of literature on Europeanisation and its impact on non-member countries, on the one hand, and an ample academic research on

institutional change and adaptation on the other, the link between Europeanisation instruments and European integration coordination institutions in EU membership candidate or potential candidate countries has not yet been explored. Before our modest attempt at examining this link, a brief discussion of Europeanisation instruments and a review of general arguments on institutional adaptation are due.

Europeanisation is a contested concept with multiple meanings. At present, the term "Europeanisation" is most widely used to denote the process of institutional adaptation at the domestic level in response to pressures from the European Union or other institutional entities. Hence, Europeanisation encompasses the modification of national administrative and bureaucratic institutions (Featherstone and Radaelli, 2003, Wessels, 1998; Agh, 1999b; Bulmer and Burch, 1998). Europeanisation is a two-way process: The EU promotes its model of regionalism, rules, norms and values beyond its borders as it prefers to have an international environment that mirrors the principles and procedures of the EU (Peters and Wagner, 2005; Bicchi 2006, Manners 2002). Europeanisation consists of "the external projection of internal solutions" (Lavenex, 2004: 695). EU neighbours adapt and comply with EU rules and principles to be able to participate in the EU market and avoid net costs (Bauer, Knill and Pitschel, 2007; Lavanex, 2004), or because they regard EU rules and principles as appropriate solutions to their own problems. This adds external legitimacy to their political agenda (Schimmelfenning and Sedelmeier, 2005; Diez, Stetter, and Albert, 2006). Thus, Europeanisation can be either EU-driven or externally-aspired. It can follow either the institutional "logic of consequences" or the "logic of appropriateness" (March and Olsen, 1989).

The EU's use of different instruments to promote Europeanisation in its partner countries follows either one or the other of these two institutional logics. Although the EU's arsenal is quite wide, the use of socialisation and conditionality-based instruments towards non-members stand out as widely studied and compared in existing literature (Schimmelfenning, 2009; Coppieters et al., 2004; Kelley, 2004).

According to the logic of consequences, Europeanisation can be driven by the EU through sanctions and rewards which alter the cost-benefit calculations of partners. In such a conditionality-based framework of relations, the EU provides non-members with financial aid, market access or institutional ties, on the condition that they follow the EU's demands (Engert et al., 2001). The impact of external incentives increases with the size of net benefits and the clarity and credibility of EU conditionality. Thus, conditionality is based on the direct sanctioning impact of the EU on its partners and entails external incentives and subsequent compliance with legally binding rules, principles and norms of the EU. The EU employs both "stick" and "carrot" approaches. However, some scholars argue that the EU most often prefers the incentive-based "carrot" approach (Schimmelfennig, 2002).

According to the logic of appropriateness, Europeanisation may be induced by social learning. Socialisation can take place either through intergovernmental

interactions or through transnational processes via societal actors, whereas the EU induces non-members to adopt and follow its rules, norms, and ideas (Schimmelfennig and Sedelmeier, 2005).

Socialisation is a process that leads EU partners into internalising values, modes of governance, and institutional models based on voluntary self-imposition, power of attraction, silent disciplining, imitation and indirect influences (Coppieters et al., 2004; Bjorkdahl, 2005; Hooghe, 2002). Thus, internalisation of EU norms takes place via imitation rather than coercion. When the EU bases its relationship with a partner on socialisation mechanisms, the rhetoric falls on norms and values, "common ownership" of rules and institutions (Kavalski, 2003). In other words, the EU defines collective rules of appropriate behaviour for non-members (Schimmelfennig et al., 2006; Featherstone and Radaelli, 2003). Socialisation instruments are not based on conditional demands from the EU. The EU's socialisation mechanisms focus more on 'naming and shaming,' communication and persuasion strategy and an expectation that partners will adapt their behaviour and follow appropriate practices (Risse, 2000).

Scholars are still debating the impact and effectiveness of these two major mechanisms in the process of Europeanisation. Some authors argue that external incentives of accession conditionality works much better than social learning and imitation (Schimmelfennig and Sedelmeier, 2005; Papadimitriou, 2004). Bauer, Knill and Pitschel (2007) expect the EU's potential impact at the domestic level to be higher in partners with strong prospects of membership than in those who are unlikely to become members. Others believe that the incentives-based form of conditionality is more legitimate and more effective than the use of "sticks" (Youngs, 2001).

On the other hand, some scholars believe that in light of the limits to positive and negative material measures, EU strategy to develop deeply institutionalised patterns of dialogue and co-operation as a means of socialising political elites into a positive and consensual adherence to democratic norms is more effective (Youngs, 2001). According to Youngs, the socialisation approach is designed to create opportunities for an "imitation," introduction of the vocabulary of democracy into domestic discourse and inducing elites to publicly support democracy (Youngs, 2001).

There is a vast amount of literature on when and why institutions change. According to Bulmer and Burch (2001), institutions can follow various paths of transformation: incremental, radical, revolutionary, or incremental-transformational. During the incremental change, institutions evolve around already existing models as exogenous pressures are not strong enough to radically transform the institutional architecture, as opposed to radical transformation, during which institutional design undergoes substantial modifications in response to external pressures. In the incremental-transformational model, institutions transform gradually, however, the transformation is substantial and the end result institutional structure is very dif-

ferent from the initial one (Bulmer and Burch, 2001). Some scholars emphasise the importance of path-dependency in the institutional adaptation process. The proponents of historical institutionalism argue that previous decisions on institutional choice "lock-in" future development and transformation (Bulmer and Burch, 1998; Pierson, 1996). Others underline the enduring impact of choices made during critical junctures in history (Laffan, 2000; Capoccia and Kelemen, 2007, Hogan, 2006). Thus, as Heretier nicely summarises, scholars emphasise endogenous or exogenous factors to explain institutional change (Heretier, 2007).

In the context of European integration coordination institutions in EU partners, Dimitrova and Toshkov (2007) refer to changes in governing elites, interinstitutional confrontation, especially when different portfolios are controlled by different political parties, as possible explanations of institutional transformation of European integration coordination structures at the domestic level. Dolowitz and Marsh (1996) suggest that institutional adaptation is a result of so-called "learning mimicry" (Dolowitz and Marsh, 1996, see also Rose, 1991). "Learning mimicry" explanation rests on the argument that partner countries learn by looking at others' experiences and develop a particular institutional model they regard as successful. This is very closely related to the optimisation-based argument, which suggests that as a result of experience-sharing, different partners come to develop very similar coordination models (Harmsen, 1999).

Theory and argument

EU partner countries in the process of Europeanisation react to the use of conditionality-based instruments by the European Union: intensified use of conditionality instruments by the EU leads to the transformation of internal coordination structures in partner countries. When the EU introduces conditionality-based requirements in the process of Europeanisation, its partners react to the pressure by developing a coordination architecture of a certain type to manage relations with the EU, or by transforming an existing institutional model to a novel one. There is a direct link between the introduction of a conditionality-based framework by the EU and the transformation of coordination structures in the partner countries. European integration coordination institutions at the national level transform in response to external actors' (the EU) indirect influence. Based on the examination of sixteen cases, we propose that the formation and transformation of coordinating structures in response to the introduction and intensification of conditionality instruments by the EU follows the logic of *indirect* coercive institutional isomorphism (DiMaggio and Powell, 1983). Our hypothesis is based on DiMaggio and Powell's coercive institutional isomorphism model. According to this, institutions are formed as a result of "formal and informal pressures exerted on organisations by other organisations upon which they are dependent" (DiMaggio and Powell, 1983). Such pressure may be felt as force, persuasion, or as invitations to join in collusion.

There is a causal relationship between the norms of leading organisations (the EU in our case) and modification of institutional architecture and practices by dependent entities (EU's partner countries). This causality is what determines the coercive nature of institutional adaptation. Coercive institutional isomorphism, however, may be subtler and less explicit (DiMaggio and Powell, 1983). Pressure does not have to be direct. In the case of EU conditionality there has been an indirect pressure on partner countries to form and transform internal coordination structures in their national bureaucracies. The EU has not demanded its partners to adapt coordinating institutions. Partners themselves acknowledged a need to do so in order to better mobilise resources and coordinate efforts to satisfy other demands, such as approximation of legislation and transposition of regulatory frameworks (Kassim et al., 2000). In addition, according to DiMaggio and Powell's model, the existence of a common legal basis represents an important component for institutional isomorphism as it imposes legal obligations and subsequent sanctions to prospective violators (DiMaggio and Powell, 1983). The EU and its eastern neighbours shared a common legal space as the partners were required to harmonise their legislation with the EU acquis and would face sanctions in case of non-compliance. Thus, the introduction and intensification of the conditionality mechanism by the EU had an impact on European integration coordination institutions in the partner countries, albeit an indirect one (see also Dimitrova, 2002).

When conditionality is absent, or when the EU bases its relations with partners on the socialisation framework, institutional transformation does not take place. Socialisation does not stimulate such a response.

Socialisation and the absence of coordination systems

At the beginning of the 1990s, prior to the CEEC signing the Europe Agreements, none of them had any coordination structures. No country was ready for the European integration process and they all needed to transform their economies and democratic practices (Lippert et al, 2001: 983). At this stage, the first elements of conditionality already emerged; however, this was a very weak conditionality. Therefore, most relations fell within the scope of socialisation and the social learning of liberal democratic principles and market economy rules by these states. As Grabbe notes, the main modus operandi of relations during this period was "trade and aid", so the main conditions were attached to these fields. However, no conditionality was employed at this time (Grabbe 2006:8).

In 1988–1990 the European Union concluded trade and economic agreements with the CEEC. With these agreements, the European Union attempted to introduce the first components of a liberal market economy in the socialist economic systems of the CEEC. This was a classic case of socialisation, where the EU created the conditions for "learning" for the CEEC. This was also important for the

Country	Coordination Structures at the Socialisation stage (1989–1993) • Phare	Coordination Structures at the Conditionality Stage (1994–1996) • Association agreements • White book on Common Market and Copenhagen Criteria • Progress Reports	Change	Coordination Structure at the Intensified conditionality stage (1997–2003) • Opinion of EU Commission on readiness • Membership Partnership Programmes • Opening of Accession negotiations	Transformation
Hungary	European Integration Bureau at Ministry of Industry and Trade	Coordination functions transferred to State Secretariat on European integration in MFA	Y	State Secretariat on European integration in MFA	Y
Bulgaria	None	Directorate for European Affairs Within MFA	Y	New Directorate for EU Affairs and Financial Aid in the Council of Ministers and Minister on European Integration	Y
Romania	None	EU integration Department under Minister of European Integration Inter-ministerial Commission on European Integration	Y	Ministry of European Integration	Y
Poland	European Integration Bureau under the office of special governmental representative	Committee on EU Integration under State Secretary	Y	National Council on European Integration added to Committee on EU Integration under State Secretary	Y
Czech Republic	None	European Integration Committee	Y	Governmental Council on European Integration	Y
Slovenia	None	Office for EU integration within MFA	Y	Governmental Office for European integration under the Minister of European Integration	Y
Estonia	Ministerial Committee	EU Integration office under the PM	Y	EU Integration office under the PM	N
Latvia	None	EU Affairs Bureau under the PM	Y	EU Affairs Bureau under the PM + the Secretariat of Delegation for EU Accession Negotiation – SDAN	Y
Lithuania	None	MFA +Ministry for EU Integration	Y	Committee on European Integration Under the PM	Y
Slovakia	EU Department within MFA	Office of the Government on European Integration Coordination	Y	Section on European Affairs	Y

CEEC in terms of demonstrating that they were "returning to the European family" and that they were "true Europeans" (Dinan 2005:143).

This stage in the relations can easily be described as a pre-phase of Europeanisation (Lippert et al., 2001: 985). According to Lippert, the true Europeanisation only began after 1993, while the period prior to this was characterised by EU attempts to simply institutionalise relations with the CEEC (Lippert et al., 2001:985). Many scholars confirm that the reforms undertaken during this period were not prompted by the EU, but were rather a goodwill gesture from the side of the CEEC. In the best case scenario, the EU was only using "passive leverage" (Vachudova, 2005: 81). Any financial assistance during this time was not conditional on the performance of the CEEC (Avice, 1989).

The main agencies in charge of coordinating European policies during this period were the Ministries of Foreign Affairs. Relations with the EU were viewed as the business of the MFA while the process was intergovernmental in essence (Lippert et al., 2001: 987–988).

Introduction of conditionality and the creation of coordination structures

We have observed that the emergence of coordination institutions in 1994–1996 coincides with the introduction of a conditionality-based approach by the EU towards the CEEC. Three main factors have determined the emergence of coordination systems as a result of the conditionality-driven approach from Brussels. The first factor was the entry into force of the Association Agreements in 1994–1996 for almost all of the CEEC. The second factor was the issuance of the "White Paper on the Single Market" by the European Commission in 1995. The third factor was the questionnaire that the Commission sent out in 1996 to all of the CEEC with the aim of beginning the assessment of the readiness of the potential candidates.

In 1994, the Essen European Council confirmed the membership perspective for the CEEC (Essen European Council, 1994: 12–13). This could easily be viewed as the start of the conditionality-driven approach towards the CEEC. The first conditionality elements also appeared in the Europe Agreements. As Heather Grabbe notes, the implementation of these agreements was linked to five factors – maintaining the rule of law, protection of human rights, creation of the multiparty political systems, conducting free and fair elections and introducing a market economy (Grabbe, 2006: 9). Nonetheless, conditionality was still weak. If a state decided to breach the Association agreement, there was no mechanism to compel that state to implement it. The only mechanism was a temporary suspension of the treaty, which obviously was too drastic a measure to be employed.

A significant increase in conditionality came about after the elaboration of the Copenhagen criteria in 1993 and then the development of the pre-accession

strategy at the Essen European Council (Ott et al., 2002: 103). The pre-accession strategy was a compilation of both the earlier obligations and commitments, including those deriving from the PHARE programme and Europe Agreements. In addition, new conditions were also included. These new conditions were gathered together in a White Paper on the Single Market and structural dialogue (European Commission, White Paper, 1995). CEEC viewed the White Paper as an "instruction", containing more detailed guidelines on the required reforms and steps to be taken (Lippert et al., 2001:988). The White Paper also identified the most important areas in the legislation of concrete policy; it provided the sequence of actions in various sectors and even specified which administrative bodies and organisation structures were to be in charge of implementing the required reforms (Sedelmeier and Wallace, 2000:444).

In 1996, the European Commission sent out an extensive questionnaire to the CEEC in order to understand to what extent they were ready for integration into the EU Single market and whether they possessed the expertise and readiness of administration of the reforms in question. Questions provided in the questionnaire covered 23 spheres of public, political, social and economic policy. In order to provide persuasive answers to these questionnaires, CEEC began designing institutional architectures, which would have coordinated the preparation of the responses to the questions posed (Lippert et al., 2001: 989). According to Moia, in the case of Romania this questionnaire was one of the reasons why the Government accelerated the creation of the European Integration Department in the Government and the Governmental Commission on the European Integration issues (Moia, 2005a, 44).

Our research showed that precisely during this period (1994–1996) most of the CEEC established and empowered the coordination institutions. In 1996, Hungary tasked the Ministry of Foreign Affairs to coordinate the preparation process, which was largely believed to be prompted by the Questionnaire received from the European Commission. MFA was chosen as the institution with the most experience and expertise (Vida, 2002:59). In Bulgaria, the first coordination mechanism – the coordination directorate in the Prime Minister's Office – was created upon the entry into force of the Association Agreement. According to the web site of the Directorate for Coordination of EU Affairs of Bulgaria, by entry into force of the Agreement in 1995, the necessity of establishing a mechanism of organisation and coordination at national level appeared (Directorate for Coordination of EU Affairs, Council of Ministers of Bulgaria official web site).

In Lithuania, according to Maniokas, the government only realised that the EU accession process was beyond the competence of the MFA when the Association Agreement entered into force (Maniokas, 2005: 45). Therefore, in Lithuania, the creation of the coordination mechanisms began in 1995, with the creation of the European Integration Commission in the government. In response to the Questionnaire from the European Commission, Lithuania created the Ministry

of European Affairs in 1996 (Maniokas, 2005: 45). The same occurred in Poland, where the Bureau of European Integration (which had existed since 1991) was re-branded as the European Integration Committee in response to the White Paper (Nowak-Far, 2005: 8).

A similar trend was observed in Slovakia, where the coordination council was created upon the signature of the Association Agreement, mainly tasked to ensure a "systemic approach" towards the implementation of the Association Agreement (Denca, 2009:10), (OECD, 1996: 95). In Slovenia, the creation of the European Affairs office within the Ministry of Foreign Affairs coincided with the entry into force of the Association Agreement, as the main task of the office was to oversee the implementation of the Association Agreement and elaborate the overall strategy of Slovenia-EU relations (OECD, 1996: 95). In 1995, once the Europe Agreement entered into force, Romania created the inter-ministerial European Integration Commission and established European Integration departments in every ministry. Moreover, the Parliament of Romania also created the European Integration Committee in 1995 (Moia, 2005a: 44).

A similar process can be seen in the Czech Republic and Hungary. The Czech Government created the Europe Agreement Implementation Committee and European Integration Committee. The Hungarian MFA created the State Secretariat for European Integration the same year (Lippert et al., 2001: 989–990).

Our research also found that once the conditionality was stepped up in 1997 and the CEEC became the subject of increased EU scrutiny, the CEEC decided to transform the coordination institutions and to centralise them.

Enhanced Conditionality and Transformation of the Coordination Institutions

In 1998–2004, the European Union used the so-called enhanced conditionality approach towards the CEEC (Grabbe, 2006: 14). Three factors that best reflect the enhanced conditionality of this period, are: (1) Opinion of the Commission issued in 1997 on the readiness of the CEEC; (2) Accession partnership programmes elaborated by the EU in 1998 to prepare the CEEC for accession negotiations and (3) launch of the accession negotiations in 1998–1999.

In July 1997, the European Commission issued the so-called "opinions" on the state of readiness of the CEEC for membership. These opinions, for the first time, attempted to deconstruct vague Copenhagen criteria and to apply them to the CEEC in an individual manner. As Grabbe argues, the European Commission specified the Copenhagen criteria, packaged them in concrete accession programmes and linked financial aid and membership perspectives with them (Grabbe, 2006:13–14).

In 1998, the European Commission presented to the partner states the first "Accession Partnership" programmes. These were renewed in 1999 and 2002. The Accession Partnerships specified the EU requirements for membership in a variety of fields, whereas assistance to the EU partners was directly linked with performance (Grabbe, 2006:15). Moreover, National Programmes for the Adoption of the Acquis (NPAA) became an integral part of the accession partnerships. Implementation of the NPAAs, which required a consolidated effort from the side of governments, was mandatory for the partner states, so the need arose to further strengthen the coordination instruments (Nugent, 2006:46).

The EU launched accession negotiations with all 12 partner states after the 1997 Luxembourg European Council and 1999 Helsinki European Council, (Nugent 2006: 36). The launch of the negotiations, together with the accession partnerships and opinions, increased the pressure on the partner states to deliver and swiftly undertake the reforms necessary for membership. In order to do this, the need to transform the coordination institutions arose once more. According to Dimitrova and Toshkov, the CEEC simultaneously became engaged in the negotiation process, the transposition of the acquis into the national legislations, communication with EU institutions, organising the management of the assistance programme and undertaking large-scale institution building related reforms (Dimitrova and Toshkov, 2007:969).

A number of CEEC's began to centralise their coordination systems. In 1999, Bulgaria modified its institutional architecture by creating the Directorate for European Integration and Relations with the International Financial Instruments within the Ministerial Council (Directorate of EU Affairs of Bulgaria, official web site – www.euaffairs.government.bg). Lithuania also centralised its coordination model by putting the European Committee under the Prime Minister (Dimitrova and Maniokas, 2004). The Romanian system of coordination was also transformed in 2000 as a result of the enhanced conditionality. In 2000, Romania created a separate Ministry of European Integration, which was tasked with implementing the pre-accession strategy, managing the financial assistance of the EC and leading the accession negotiations (European Commission, Romania Progress Report, 2001: 17). Slovenia transformed its coordination system in 1997 after the Luxembourg European Council by creating a Government office on European Integration, which was headed by the European Affairs Minister without portfolio. The department in charge of leading the negotiations with the EU was created within this office (Dimitrova and Toshkov, 2007:974).

Conclusion

An examination of national coordination structures of all CEEC cases has shown that the introduction of conditionality by the EU in the mid-1990s, in relation to

CEEC countries, led to the establishment or change of coordination structures. The arrival of the Association Agreements, the so-called 'Copenhagen Membership Criteria' and the subsequent monitoring mechanism, marked the end of the socialisation stage, which was based more on norm diffusion through financial aid not tied to clear and specific EU conditions. Later, through the Membership Partnership Programmes and the opening of accession negotiations in 1997, the EU intensified its conditionality framework. Once again, this prompted the CEEC to transform their European coordination institutions. All the cases examined strongly support our argument that conditionality stimulates the formation and transformation of coordinating structures in eastern neighbours, whilst the socialisation-based instruments do not prompt such a response.

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Trends and Assessment of Outsourcing in Europe

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Abstract

The paper identifies outsourcing as a major option of institutional variants of public service provision. In this paper the term "outsourcing" covers the variants of contracting out, contractual PPP and privatisation. The paper draws a picture of the diffusion of outsourcing in Europe and discusses the aims and motives of these forms of externalisation. Further, it provides an assessment of the effects of the different forms of outsourcing and discusses their strengths and weaknesses in a comparative view. The trajectories of outsourcing in various European countries are reflected from different theoretical perspectives. Finally, the paper draws some conclusions and undertakes a view towards future developments. The main message of the paper is that outsourcing is not generally the most preferable institutional solution, but rather one possible option after a careful assessment of its pros and cons.

Introduction

Outsourcing was and still is, one of the major trends of public service reforms around the world. It is not only a major issue in the public sector, but also an important innovation in the private industry sector. The reduction of in-house production depth and the restructuring of supply chains was a kind of industrial revolution in the late 1990s and early 2000s, e.g. in the automotive industry. Inspired by the NPM-doctrine the issue of outsourcing spilled over to the public sector. Together with similar concepts and tools of managed competition, it was part of "marketisation", one of the basic conceptual elements of NPM. Although many reform apostles consider outsourcing as highly fashionable, its "real" success is somewhat ambiguous and debatable. In this paper we discuss the issue of outsourcing in a quite broad perspective; we perceive it here as the equivalent of "externalisation" of public services covering contracting out, contractual public-private-partnerships (PPP) and variants of privatisation. Generally, with outsourcing we mean the transfer of a

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(public) service or part of it on a contractual basis from the so far producing public entity to a private business corporation or to a private Non-Profit-Organisation. The aim of this paper is to draw an empirical picture of the diffusion and relevance of outsourcing in various countries of Europe, to analyse the motives for opting for outsourcing in government, to describe and assess the experience with outsourcing, to understand the reasons why governments opted for this institutional variant and, finally, to summarise some of the lessons learned and to reflect on future trends.

After an overview of variants of service delivery, the paper will present empirical evidence about the implementation and use of outsourcing in several EU countries with regard to selected areas of public services (e.g. utility services), with specific emphasis on the local level. The scope and intensity of outsourcing and the underlying aims and motives will be displayed. Furthermore, we will discuss the relevant criteria for the assessment of outsourcing activities and results of empirical studies on the effects of outsourcing, also covering unintended and indirect effects. Finally, we will draw conclusions for future strategy development in the public sector. The paper is based on desk research (secondary data from various sources) but also on previous work of the author (Grossi et al., 2010) and on actual data from an ongoing research programme on local public services.

Alternative solutions of service delivery

The starting point of any analysis of the different variants of public service provision is the normative concept of the ensuring state (Reichard 2005). This concept is primarily an issue in German-speaking countries (e.g. Mastronardi/Schedler 2004), although there are also some notions in the Anglo-Saxon world. The paradigm of the ensuring state can be seen as an alternative to the neoliberal perception of the minimum state on the one side and to the traditional welfare state on the other, which is no longer affordable.

The paradigm of the ensuring state has organisational consequences (Reichard, 2006). We have to distinguish between two different roles of the public sphere: the *contractor role* on the one side (government as guarantor and buyer of a certain service) and the *provider role* (production and delivery of services either by a public entity or by private for-profit or not-for-profit organisations, depending on the costs and quality of the offers). This *contractor-provider-split* is well-known from experiences with NPM reforms (government as a "smart buyer"). Several countries have introduced this and have replaced traditional hierarchical modes of steering with contract-based modes. The contractual logic is relevant, not only for transactions between a public sector organisation and a private provider, but also for the intra-organisational relations between buyers and suppliers of internal services (internal markets with service level agreements and internal pricing). As a result, we are seeing new modes of governance in the public sector and within public-private

networks, which are more and more based on contractual agreements, competitive mechanisms and partnership relations.

Consequently, government has different roles and functions with regard to service provision. As a guarantor of public services it is responsible for political and strategic planning of policies and services, for priority setting, for the selection of an appropriate delivery mode and for the coordination, steering and control of service delivery. In the case of in-house production of services, government is also responsible for the production and delivery of high-quality services to its customers or clients. If government has decided to use a state-owned enterprise for service provision, it also has a responsibility as the owner of the enterprise (e.g. for the survival of the corporation in the market). And, in a more general sense, government has regulatory competences to coordinate and limit markets, e.g. in case of privatisation. To some extent, these different functions and responsibilities are new and uncommon for public bodies.

In principle, the government, as the ensuring body, can opt for the following institutional variants of service delivery (Reichard 2006, Grossi/Reichard 2008, 600). A public service can be provided by:

- A department of the government itself (core government), which is probably the most traditional and, to some extent, bureaucratic solution, but allows the government to exert considerable influence on task fulfilment.

- An autonomous entity – often an agency or a corporation – which is fully or predominantly owned by government, but which enjoys some freedom of management.

- A group or network of public sector organisations (e.g. smaller municipalities) which collaborate with each other to produce and to distribute the service jointly.

- A consortium of public and private actors who collaborate in a contract-based public-private partnership (PPP). In such a contractual PPP, the government commissions a private investor to finance an infrastructure project and in many cases, also to build and operate it.

- An organisational PPP, i.e. a corporation in mixed ownership of public and private shareholders.

- A private business firm or a private non-profit organisation on the basis of a contract with the respective government, which still keeps the entire responsibility (contracting out).

- "The market", i.e. by private business firms offering such services in competition. The government transfers the whole task with all responsibilities to the private sector (privatisation).

The academic debate on different institutional variants of public service delivery is not new. Discussions on public enterprises or on privatisation took place over the last decades, often with some normative notion (e.g. in the context of public choice theory or NPM). Also, the "Make-or-Buy" decision is well-known and has been, for a long time, in business management. In more recent years, however, research on organisational patterns, motives and effects of different institutional variants has been intensified, particularly with regard to agencification/corporatisation, PPP and privatisation (Torres/Pina 2002; Wettenhall/Thynne 2011). In particular, the governance of such institutional arrangements by the responsible actors (e.g. politicians) became an important issue of research. The corporate governance of municipal corporations is an example of such governance issues (Grossi/Reichard 2008).

The variants of outsourcing

In this paper, we concentrate on three, rather narrowly related, institutional variants (contracting out, contractual PPP and material privatisation) which we summarise under the term "outsourcing", perceived as synonymous to externalisation (Argento et al., 2010). The terminology applied in literature is not always consistent: Sometimes the term "outsourcing" is used for the externalisation of internal support services, while contracting out is used for the externalisation of public core services (e.g. Nemec et al., 2012, 56). However, we prefer to use "outsourcing" as a more general term, covering the above mentioned three institutional variants.

With *contracting out* we mean the transfer of one or several elements of the total value-chain of a public service to a private provider (e.g. the collection of waste in a municipality as an element of the entire chain of waste disposal; Proeller 2002). Usually this will be a business company, but in some cases – e.g. in social or health services – it may also be a private non-profit organisation. The task transfer is based on a contract with a limited duration of the contracting period. The ensuring responsibility for the respective service remains with the public body. Contracting out is also called *functional privatisation*, in contrast to material privatisation where the residual responsibility of government for the respective task is terminated (see below). Sectors with a high level of contracting out are usually blue collar support services (office cleaning, facility management etc.), ancillary support services (IT-services, personnel administration etc.) but also core government functions such as health care, education, social care, prison services or various utility services (e.g. water, energy, waste, transport; OECD 2005, 134–135).

Contractual PPPs are one major variant of PPPs; the other well-known alternative is organisational PPPs. While the latter case is a corporation with both public and private owners (mixed enterprise), the first is a more specific kind of contract-based public-private collaboration. The organisational PPP is a hybrid organisation

where public and private owners manage the corporation; thus, it is not a case of outsourcing in the narrow sense but can be seen as a form of partial privatisation. In a contractual PPP, the public partner transfers a task (or parts of it) to a private corporation which is responsible for the whole life-cycle of a public task, from planning to operation. The ensuring responsibility remains with the public partner. The most common form of applying contractual PPPs is in the context of public infrastructure, e.g. to invest in new facilities (e.g. roads, bridges, airports, transport, school buildings, hospitals, etc). The basic idea is to transfer the entire project of an infrastructure investment – from design, construction planning and construction to operation and maintenance – to a private corporation and also to finance such a project by private means (OECD 2008). Private financing in many cases is the main-spring of a PPP because access to conventional forms of public financing became more and more difficult. The practice knows several variants of contractual PPPs, e.g. leasing, Build-Operate-Transfer [BOT] variants or concessions.

"Privatisation" is a term which is used in quite different variations. We concentrate on the following on material privatisation, i.e. the total and unlimited transfer of a public task and of all related responsibilities to the private sector. Privatisation, in this sense, is one of the most ideologically loaded terms where normative positions are in the foreground and where empirical evidence is often largely disregarded.

All variants of outsourcing are heavily based on *contracts*. The contractual agreement between the purchaser on the one side and the supplier or provider on the other, is core for the whole issue of outsourcing. Important elements of a contract in the context of outsourcing are for example:

- description of the service and tasks of the vendor
- measurement of the produced service (performance indicators etc)
- vendor qualifications
- contract duration
- vendor compensation (incl. payment schemes)
- incentives and sanctions
- renewal provisions
- reporting requirements

Typically, in the public sector "complete" end-based contracts with hard measures – where all relevant goals are measurable – are exceptional. The reality is incomplete "relational" contracts with rather soft measures, based on mutual trust and compliance (Brown et al., 2007). Thus, trust plays an important role in public sector contracts and should be facilitated by an appropriate control system (see evidence in Longo/Barbieri 2013).

Theoretical perspectives on outsourcing

The decision in public sector organisations to opt for outsourcing or for another institutional variant is, to a large extent, an economical issue. Similar to the private sector, it is basically a question of "Make or Buy". Thus, the costs of the institutional variants and some other aspects are to be compared. From a more general view, this decision is also an issue of different modes of governance, while service provision by (core) government is a matter of steering via hierarchy, the provision by private firms is a matter of markets (see generally Williamson 1996). The issue of institutional choice has been studied intensively by the different variants of *New Institutional Economics*. The principal-agent theory, for example, deals with roles and behaviour of the actors in contractual relations such as outsourcing. The transaction cost theory concentrates on those costs of, for example, outsourcing which is related to the preparation, management and controlling of contracts, more generally on the costs of the transaction processes related to the provision of services (e.g. Brown/Potoski 2005). The property rights theory analyses the effects of different kinds of ownership relations on the efficiency of service provision. And the contract theory finally discusses the opportunities of composing complete contracts and the effects of incomplete contracts (e.g. Brown et al., 2007). In close relation to this bundle of theoretical interpretations, is the *public choice theory* as a normatively biased concept developed over time (see for example the well-known assumptions of Niskanen (1971) about the budget maximising behaviour of bureaucrats or the normative claims of Savas (1987) with regard to privatisation).

Based on New Institutional Economics, three basic criteria are often proposed for the assessment of the outsourcing decision: strategic relevance of the respective service, specificity of the employed resources and efficiency of the institutional alternatives (Reichard 2006). As additional aspects, the following criteria are often discussed: quality and reliability of services, various external effects and opportunities to fill-in in case of the insolvency of the private provider.

Apart from economic approaches, the institutional variants and, particularly, the steering and controlling of service delivery can also be analysed from political science-based standpoints. Various *concepts of governance* may, for example, be applied to understand the underlying steering mechanisms (Bevir 2013). Other theoretical approaches may be useful to understand why governments have decided on certain institutional solutions. Variants of *new sociological institutionalism,* for instance, help us to explore the preferences of governments to opt for outsourcing (generally, for example, Scott 2001). One of the plausible institutionalist assumptions in this context is isomorphism. Decision-makers opt for outsourcing by following the fashion of spreading outsourcing trends and also accepting the underlying neoliberal doctrine of the predominance of markets. External pressure – e.g. from the EU or the IMF – can be seen as another driver for opting for outsourcing.

Some empirical evidence about the diffusion of outsourcing

From a statistical perspective, government outsourcing can be measured in two ways: as input, i.e. as the purchase of goods and services from private suppliers ("intermediate consumption" as, for instance, back-office services), and as funding of private firms for the delivery of public services directly to citizens and customers (OECD 2013, 82). Among OECD countries, the share of government outsourcing in 2011 was – after an increase over the last years – around 10 % of GDP on average (ibid.). The shares, however, fluctuate from 5 % in Switzerland to 19 % in The Netherlands. Some other countries such as Germany, the UK or France are slightly above average and again, some others such as Italy, Spain or Poland are below 10 %. These statistical figures are, however, highly abstract and they do not tell us anything about the different variants of outsourcing. Therefore, we provide some additional data on the diffusion of the three variants of outsourcing in some European countries.

Contractual PPPs: The United Kingdom was and is by far the strongest PPP-implementer in Europe (OECD 2008, 29). With the Private Finance Initiative (PFI) of the mid-90s, the UK government invested quite substantially in public infrastructure, hospitals, schools etc. This resulted in a 10 % ratio of PPPs in relation to all public investments (Bovaird 2004). Other countries with stronger PPP shares in Europe are Italy, Spain and Portugal (OECD 2008, 29). Not surprisingly, with their still dominant focus on the welfare state model, the Nordic states were more modest in their PPP activities. In the German-speaking countries the PPP issue was more visible at the rhetorical level than in practice, where PPPs were rather modestly implemented (Reichard 2012). The picture of the CEE countries is quite mixed; Poland seems to be more active in this respect than other countries (Hammerschmid/Ysa 2010). The financial crisis of the last years resulted in a decline of PPP investments (not least because of more difficult refinancing of such projects), but recently there seems to be a recovery (EPEC 2014). If we take a specific look at the local level of selected European countries, we find that PPPs are usually only modestly used for financing. The German ratio of 5 % of total municipal investments seems to be comparable with other countries (except again the UK).

Contracting out is widely used by most European governments. It is particularly well-known in support services (e.g. IT services and office cleaning), but also in public core services. A special variant in Germany and several other countries is the contracting out of social and care services to private non-profit organisations, particularly to welfare associations such as the Red Cross or religious organisations. They run kindergartens, elderly care homes and hospitals and receive most of their funding from the government. At local level, the level of contracting out is quite substantial in some countries (CEEP 2010): in Italy, for example, around 10–30 % of total municipal expenditures and in Austria, 18 % of all utility services. A special case is France: large parts of its local services are externalised to private corporations, usually to large multinational firms (gestion déléguée); 79 % of water

provision; 65 % of waste disposal and 85 % of public transport are thus subject to contracting out (Kuhlmann 2008, Grossi et al., 2010).

Contracting out in CEE countries is a particular case, because during the transition stage from socialist institutions to a market economy, a large proportion of public services has been externalised to private providers (for general trends: Bouckaert 2009; for detailed research results from the Czech and Slovak Republic: Nemec/Merickova 2005, Nemec et al., 2012). In the two aforementioned CEE countries, the degree of contracting out is extremely high, e.g. 70–80 % in waste disposal (Nemec et al., 2012, 62).

Privatisation in its "material" version was and is a serious issue in various European countries. Often it was accompanied by market liberalisation, i.e. the opening of formerly restricted markets for general competition and the reduction of regulatory limitations (e.g. in the energy or postal markets). It had a considerable impact in the UK during the Conservative regimes in the 1970s and 1980s (even nowadays, the UK is one of the strongest privatisers in Europe). And, of course, privatisation was a special case in the post-socialist transitional states where a large portion of formerly state-owned enterprises and properties was sold to private owners. However, the bulk of privatisation over the last decades took place with regard to government assets, e.g. industrial properties. In continental Europe, the privatisation movement was more limited and concentrated on public infrastructures (e.g. railways) and network industries such as telecommunication. In the Nordic and the German speaking countries, the degree of material privatisation was quite moderate (with some recent exceptions for Sweden). The general picture is also mirrored at the local level.

Aims of and motives for outsourcing

In the following, we concentrate on the goals and motives of governments to opt for outsourcing. The motives of private suppliers or investors are quite obvious: they want to enter new markets, enlarge their market shares and lastly, make sufficient profits. The main motive of the public side is, in most cases, the reduction of financial burdens and to cut costs. In the case of contractual PPPs it is a major interest of the public contractor to gain access to "fresh money" in situations where all debt limits have already been reached and where additional borrowing is prohibited. In such situations, PPP opens up the opportunity to circumvent existing borrowing limits by paying annual operation fees to a private provider over the next decades instead of borrowing the investment sum from the bank. Additionally, governments expect efficiency effects from private operators because of their better know-how in project management (Bovaird 2004).

In the cases of contracting out and privatisation, the motives and expectations of the public side are similar. According to the general logic of the make-or-buy-

decision, the public contractor expects a positive efficiency effect from contracting out. Economies of scale and innovative solutions may be more important arguments (Greve 2008, 6–10). Concerning privatisation, the proponents expect, for example, a considerable reduction in fiscal burdens, better services and more choice for customers (in the case of former public monopolies). More generally, ideological beliefs (e.g. neoliberal values) play an important role (Bel/Fageda 2007).

Experiences with outsourcing – some empirical evidence

National statistics show us that outsourcing has increased in most European countries since the mid-1990s (Alonso et al., 2015, OECD 2013). However, at a macro level the outsourcing activities did not have a significant effect on government spending or on a reduction in the public workforce (Alonso et al., 2015). This is an interesting result which contradicts the usual expectations of the proponents of externalisation. It does not, however, exclude the well-designed outsourcing measures which take into account the relevant preconditions and may have a positive outcome.

As contractual PPPs are usually very long-term oriented projects, often 25 years and more, so far there is not much empirical evidence concerning the final results of such projects. In long investment periods, the conditions may change and various risks can occur. Furthermore, in contrast to the cosy term "partnership" the interests of the public and the private side in a PPP are often conflicting and asymmetric. Based on experiences with the British PFI, the following effects can be expected as results of PPPs (Ball et al., 2007, Bovaird 2004):

- short-term reduction of fiscal stress is possible, but in many cases at the expense of increased long-term fiscal burden;
- efficiency gains may occur (UK government assumed a 17 % reduction effect of PPPs; Ball et al., 2007), due to proper project management, economies of scope or increased competition;
- costs of refinancing are mostly higher as with traditional variants of public financing; the private lender does not receive the same conditions from financing institutions as the government;
- the entire transaction costs of PPPs (e.g. preparation, tendering, negotiation and monitoring of the mostly highly complex contracts) may result in 10–20 % of the total investment sum;
- fair risk distribution among both partners often does not work;
- effects on quality are very mixed, partly because there is evidence regarding the positive quality effects, but there is also contrasting evidence (Ball et al., 2007).

The experiences with *contracting out* and *material privatisation* are, to some extent, similar. The success of these variants depends firstly on the type and relevance of the respective task of service. Simple support services such as office cleaning can be easier when externalised (and success can be more easily measured) as complex and strategically sensitive tasks e.g. in the security sector. More generally, the design and management of the underlying contract are most important for the success of a contracting out activity. Furthermore, various contextual factors matter, e.g. the existence of functioning markets, the regulation of markets and of competition. Contracting out is, for instance, particularly difficult in CEE countries because of the major deficits in contract management, but also because of the impact of severe corruption (e.g. in tendering decisions) and of a lack of political oversight (Nemec et al., 2012). The costs of contracted services are often remarkably higher compared to in-house provision (e.g. almost twice as high in the case of waste disposal, according to assessments in Slovakia; see again Nemec et al., 2012, 63).

There is a lot of evidence about the effects of material privatisation (e.g. Hodge 2000, PIQUE 2009, Prizzia 2003, Villalonga 2000, Weizsäcker et al., 2005). Here are some of the often reported effects of privatisation measures:

- quality may decrease (e.g. water provision);
- prices for services may increase (hold-up);
- various external effects, e.g. concerning ecological risks;
- exclusion of marginal groups from service consumption;
- loss of democratic control and decreasing accountability of government;
- selective attitudes of private providers ("raisin picking").

To assess the results of outsourcing, a look at the private sector may be interesting, where similar outsourcing trends occurred in the last two decades (e.g. Ernst&Young 2013). In particular, manufacturing firms externalised a large portion of their production to external suppliers. Interestingly, the pendulum seems to have swung back in recent years: automotive firms, for example, reduce their level of outsourcing and turn to "In-Sourcing". A major argument behind this trend reversal is the lack of influence on outsourced service delivery and the high level of transaction costs. In the public sector – at least at local level – we observe a somewhat similar tendency: The pendulum between private and public provision of local services is currently swinging back again. Germany, as in other parts of Europe (such as France), began a lively debate about *remunicipalisation* of formerly privatised services (Wollmann/Marcou 2010). Apart from citizens' dissatisfaction with privatised services and from profit-making aims of state-owned enterprises, there is an open "window of opportunity": expiring concessions, primarily in the electricity and gas market, present an excellent opportunity for municipalities to consider buying back their local energy production and/or distribution. It is, however, too early to assess the stability of this trend – so far it seems to be more talk than action.

Conclusions

Decisions on outsourcing should not be primarily driven by ideological positions, but by concrete and verifiable criteria and facts. The neoliberal assumption that private corporations and "the market" are generally predominant in public administrations is not at all valid. The effectiveness of an institutional solution (e.g. PPP) depends not so much on certain ownership characteristics (e.g. public ownership) but on a variety of other factors (e.g. Nemec et al., 2012, 57). One dominant issue – particularly in large privatisation programmes – is the existence of a well-functioning market. An effective and regulated market and the corresponding competition are fundamental prerequisites for service provision by private firms. Public corporations can be appropriate competitors in such markets; they are not generally inferior to private firms.

There is a fair amount of evidence concerning the number of preconditions for successful outsourcing (Fernandez 2007, Barbieri/Salvatore 2010, Longo/Barbieri 2013): private and public partners should collaborate and there should be sufficient trust on both sides. The whole process of outsourcing should be well prepared and properly managed, in particular the steering and control system of the public contractor should work adequately. The ability and capability of the public contractor for contract management is essential and often new competences have to be acquired (Greve 2008, 55, Nemec et al., 2012). The level of existing incentives is also relevant: if incentives are clearly structured and high-powered, a private solution may be appropriate. If this is not the case, public solutions are preferable (Barbieri/Salvatore 2010).

As a general rule, the decision on outsourcing should be based on the following criteria (Reichard 2006):

- the strategic relevance of the respective service;
- the specificity of the employed resources (e.g. specific knowledge of personnel);
- the efficiency (including indirect costs and transaction costs).

If the relevance of a certain service is high (e.g. security issues), if the specificity of resources is also high (e.g. highly qualified personnel) and if the efficiency of the public sector variant is higher than the outsourcing option, then the service should be delivered "in-house". If these criteria lean towards the opposite direction, outsourcing may be the preferable option. The capability of the public guarantor and contractor to plan, steer and control the whole process of service provision and to influence eventual private providers is the most important essential aspect of the entire outsourcing issue. However, the opportunities for government to influence are no doubt much better in the case of in-house provision than in the case of outsourcing. In particular, in the case of material privatisation, the influence of government on service provision is extremely low and is almost limited to regulatory interventions.

The empirical results of the effects of outsourcing are in sharp contrast to the quite rampant normative assumption regarding the general predominance of outsourcing of public services. This is particularly true for transitional states in CEE (Nemec et al., 2012). The discrepancy between normative beliefs and the reality can be explained by different theoretical perspectives (see above). At first, the ongoing pressure of the EC to foster market liberalisation and to reduce "unfair" subsidies of governments to their own enterprises forced contracting out and privatisation activities. Secondly, the long-lasting fiscal stress in several European countries – particularly at local level – has been influential. In the situation where governments have to operate under severe financial cut-backs and debt burdens, they find the option of transferring public services and of selling public enterprises to the private sector quite attractive. And thirdly, the NPM movement, with its neoliberal doctrine, intensified the pressure on national and subnational governments to opt for outsourcing and resulted in an increase of outsourcing (Alonso et al., 2015). In this context, the "outsourcing fashion" – intensively propagated by international organisations such as the IMF and World Bank and by the consultancy industry – had an additional impact on government decisions by stimulating mimetic behaviour.

The future development of outsourcing in the public sector is uncertain. On the one hand there are indications of a back-swing of the "privatisation-pendulum" because of critical experiences with often disappointing results. Also, the sometimes observed reversal of outsourcing towards "in-sourcing" is an interesting tendency. On the other hand, a certain degree of outsourced services can be expected for the future, because of possible efficiency advantages and of limited capabilities of public providers to produce such services. Continuing fiscal pressure and EU legislation will contribute to this development. Generally, the relevance of outsourcing will also vary across Europe in the future. The different values, legacies and traditions in Europe will continue to influence the future of the institutional landscape. Etatist cultures and values in some continental European countries will limit outsourcing trends, while, for example, the UK will be culturally more open to the externalisation of public services. In CEE countries, the future development of the outsourcing issue is much more ambiguous and uncertain: on the one hand, a decrease may be likely because of some excesses in the past two decades and on the other hand, the learning effects, the expanded steering capabilities of governments and the ongoing fiscal pressure may result in a continuous high level of outsourcing.

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Senior Civil Service in Central and Eastern Europe: case study of Estonia, Hungary and Slovakia

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Abstract

A growing number of countries are introducing a distinct, narrow type of civil service with specific processes for recruitment, management, remuneration and accountability, which differs from that applied to the general civil service. This core civil service is usually called the senior civil service. This paper explores the establishment and institutionalisation of a Senior Civil Service in three CEE countries: Estonia, Hungary and Slovakia. We analyse the formation, the systemic arrangement (merit vs. position), coordination mechanisms, selection and recruitment, as well as the remuneration system of senior civil servants, looking for similarities and differences between these countries and the potential explanation for these in the concluding section.

Key Words: senior civil service, coordination, Central and Eastern Europe

1. Introduction

After the fall of communism, most countries in the central and eastern European (CEE) region faced a similar problem regarding the personnel of their public administrations (PA), namely the lack of a professional, depoliticised civil service (CS). Much has been written about the efforts to depoliticise the civil service (e.g. Nunberg 1999, Meyer-Sahling 2009, Demmke & Moilanen 2010) and initially, the introduction of the Civil Service Law seemed to be the answer. The structure and staffing of central government differs from country to country. In some countries, all employees of central government are civil servants; in others the administrative

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and support staff are public employees and only those tackling operational tasks are civil servants. However, in other countries, the same organisation can have civil, public servants as well as employees with a Labour Law contract. Some governments appoint a very small group of civil servants to a senior civil service (SCS). This elite group is considered to be the core of the civil service, located very closely to the executive, forming a layer between politicians and the civil service at large.

Thus, the introduction of a senior civil service (SCS) system appeared about a decade after transition began in CEE countries, as can be seen from Scheme 1. The reasons why and especially how, the SCS was introduced are the focus of this paper.

Scheme 1
Introduction of a Senior Civil Service
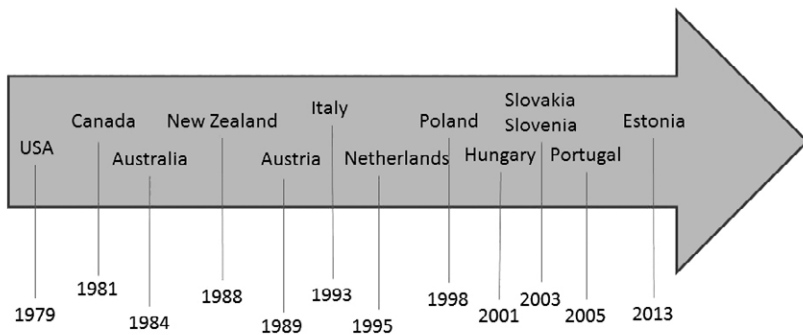
Source: Staroňová (2015).

1.1 Defining a Senior Civil Service

The term "senior civil service" has different meanings amongst scholars. Most of academia use the senior civil service for determining the highest hierarchical level; for some, these also include politicians (e.g. Hood and Peters 1994, 2003 use the term *high public officials* for "politicians, judges and senior bureaucrats" p. 1), whilst others include only top ministerial bureaucracy (e.g. Meyer-Sahling 2008, Meyer-Sahling and Veen 2012), though admittedly politicised in most CEE countries. For others, the term determines the managerial position of chief executives of agencies or ministries (e.g. Beblavý 2001). Another interpretation is that SCS covers only the elite core group of civil service (e.g. Halligan 2012, Kim 2007, Dror 1997), formally or informally distinctive from the ordinary civil service (Kuperus, Rode 2008) and which is very small in size: 0,2 – 3 % of the overall civil service (Halligan 2012). Thus, different terms can create confusion about what SCS means, since "seniority" can mean age, years of service or simply the level of experience. Similarly, "top" can refer to the highest hierarchical level or to the managerial position. Moreover, in some

countries, senior civil servants may imply employees with tenure rights, whereas in others they may be employed on a contractual basis. In this paper, we will refer to the senior civil service (both formally and informally recognised in national civil service laws) as a group of top level civil servants who are professionals and not formal political appointees, who possess high level competencies relevant in the field, as they are supposed to be involved in crucial, complex government decisions (most typically, though not solely in policy-making). Thus, the SCSs usually include (administrative) Heads of ministries, departments, bureaus and agencies within the core civil service and other senior officials as designated within the central government of each country (Halligan 2012).

1.2 Formal recognition of SCS

According to the OECD (2008), from 2007, 25 countries formally recognised SCS systems, such as the US, Australia, United Kingdom, Canada and The Netherlands, but not all of them have succeeded (for example, Slovakia terminated its official SCS in 2009). There are various other official terms for SCS in formal documents and legislation, such as senior executive service (USA), "hoch" high civil service (German), highest civil service (Slovenia), top executives in the civil service (Estonia), high-ranking corps (France, Romania), nominated civil service (Poland, Slovakia), main (Hungarian) or "glavnyj" civil service (Russia). In other countries SCS appears in civil service laws to a much smaller extent or is completely absent, although they may still have special conditions for a certain group of the civil service, such as France, Spain or Sweden. Estonia, for example, for more than 6 years had a special unit for SCS development in the Government office, providing trainings and other development activities and it was only in 2012 (in force since April 2013) that SCS was recognised by law (Randma-Liiv et al 2015). In fact, Kuperus and Rode (2008) argue that it is sufficient to utilise only one of the special conditions in any of the HR functions, which differs from the regular civil service, such as recruitment, entry exam or education, employment system, length of contract, support or remuneration and although SCS is not formally recognised in law, it still qualifies as SCS.

2. Analytical framework and the method of analysis

Empirical studies on the senior civil service and its formal anchoring are scarce. In this paper we will analyse institutions regarding SCS in three CEE countries: Estonia, Hungary and Slovakia. The latter two, very early on, formally recognised senior civil service systems in their respective civil service laws, notably the higher civil service in Hungary as of 2001 and the nominated civil service in Slovakia as of 2003. Both were terminated after some time. Estonia, on the other hand had not formally recognised the top civil service until 2013, although it had several informal institutions in place that later were successfully formally institutionalised. Slovakia, also, had a formally unrecognised SCS in the form of posts of superior importance,

which have been in place until now, but with mixed effectiveness. Thus, these three cases (or four if we count the two different types of SCS in Slovakia) represent different approaches towards SCS, where institutions play an important role and have a profound effect on institutionalisation. Our study draws on instrumental case studies based on qualitative inductive techniques. Multiple case studies of Slovakia, Hungary and Estonia have been chosen due to of the ambiguous role of SCS institutionalisation.

We will systematically address five major questions. First, is there a clear reference to "senior civil servants" as such in civil service laws? Second, is there a special central structure for coordination, management and control of this distinctive group?[4] Third, are there specific HR procedures, such as recruitment and selection, devoted to this group, which are different from the regular civil service? If yes, what kind of specific procedures are in place? Fourth, is there and if yes, what kind of specific remuneration system is there to assure that these positions are attractive enough to obtain and to retain the best possible employees on the job market where CS must compete with business? (We note here that besides salary, other, non-pecuniary advantages, such as prestige, job-security, job-content, etc. may also count). Finally, what type of HR development and career practices are applied for SCS?

The topic of central coordinating structures for the civil service was highlighted in the late 90's by the EU and SIGMA OECD. Such a centralised office for SCS makes it possible to pay special attention to SCS as a group, to establish cooperation and with that an "esprit de corps" and to institutionalise a comprehensive SCS development system. Nevertheless, only a limited number of countries have, in fact, created a special centralised unit for the management of SCS (UK, The Netherlands and Estonia). Meritocratic recruitment and selection is a precondition for creating the best pool of candidates for SCS. There are many questions relating to what are the best practices of selection, what qualifications and what education to ask for. There are several approaches applied to recruitment (Peters 2010, OECD 2008) such as "fast streaming" for young and especially talented civil servants, bringing innovation into the top positions (Dror 1997), or specific elite education such as the Ecole Nationale d'Administration in France which provides entry into SCS via open competition. (Staroňová 2015). Remuneration and performance evaluation for SCS are typically entirely different to that of the regular civil service. (Dror 1997) Setting up a performance evaluation linked to concrete objectives may be more typical in this segment of CS (Lafuente et al 2012, OECD 2003). There can be both career and position-oriented SCS systems. The former is typical for France, Spain, Italy and Japan; the latter in the USA, Australia, The Netherlands, Belgium and Estonia. There are also hybrid models.

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4   "Central coordinating structure" is a term used by the SIGMA/OECD think tank to cover the wide spectrum of different organisation structures which carry out tasks mainly in strategic human resource management. A framework for the analysis of these structures was suggested by Staroňová – Staňová (2013).

These elements (i.e. selection, remuneration, etc.) are basically identical to those discussed in a classic, widely used "manual" in the field (Naff et al 2013), "Elements of Human Resources Management" (Section II of the book). These issues seemed to form the core research topic of such empirical studies in the field such as the OECD 2003, or specifically in Europe, Bossaert et al., (2001); Bossaert & Demmke (2003), Demmke (2005) and Demmke & Moilanen 2010.

3. Analysis – characteristics of SCS in the three countries

3.1 Identifying the Senior Civil Service

In Slovakia, two institutes qualify as formal institutions, but only one refers directly to SCS: the ***nominated civil service*** which was formally recognised by law as SCS in 2003 and ***posts of superior importance,*** which formally recognise special conditions *vis à vis* the regular civil service in remuneration and direct reporting to the minister, but not formally recognised as SCS. Both institutes were introduced as innovative elements in 2003 by the reforming Civil Service Law (Staroňová 2013), which was abolished in 2009 and the latter which still exists, although in an altered way (by amendment in 2009). Thus, one formal legal institution – the nominated civil service – was conceived and designed to create a professional elite core SCS that would horizontally link extreme fragmentation and become a stable feature of the overly politicised system by following the Polish (and French) example of career SCS with special conditions for recruitment, entry, employment and remuneration The other formal legal institution – *the posts of superior importance* – on the other hand, had a different ambition: to attract professionals from the private sector (particularly to conduct reforms in selected areas) and/or where good salaries should serve as a prime anti-corruption measure.

In Hungary, the term ***senior civil service/servant*** appeared in the 2001 major amendment of the Hungarian CS Code (Gajduschek-Linder 2014). The Law set up a maximum number of 350 SCS, about 0.3 % of the total, and roughly 110 000 civil servants at the time. On average, about 300 positions were filled during the existence of this position, until its termination in 2007. Technically, the law regulated this position by defining the differences from the "normal CS position". Most of these differences are reviewed below.

The law has not identified the major function(s) of or reason(s) for this new formal arrangement (e.g. what the role of SCSs is within the CS system). Although the law addressed this issue, somewhat confusingly, in two separate paragraphs, the statements were so vague and the lists so long that it was impossible to identify the real goal of the newly established institution. The law referred to EU accession, coordination, change and innovation management in the civil service, and providing high level assistance in government decisions, etc. In brief, every potential reason

for the setting up of SCS was mentioned. An educated guess by analysts is that it has been greatly influenced by "institutional isomorphism" (Powell & DiMaggio 2012), which is simply adopting a form, an "institution" for its symbolic and not real value (i.e. "such institutions exist in most Western CS systems, so we should have the same"). Neither the selection criteria for appointment, nor their roughly five-year existence provides us with more information about the function of this institution.

High-level job security and tenure were assured for people in this position, as the law provided additional legal guarantees in addition to the guarantees that "normal SCs" enjoyed. Referring to the fact that SCSs were appointed just a few months before the new Cabinet came into power, some conclude that this institution may also have served as a purely political move for the ruling party to place its allies in a publicly financed tenure position. Despite the legal guarantees, the turnover ratio was very high amongst SCSs; in fact higher than amongst normal CSs, which was not very low either. We found that there were 73 new appointments in 2003, 42 in 2004 and 26 in 2005. Meanwhile, lay-offs numbered 37, 23 and 25 (around 10 %) for the same years. Most of the lay-offs (58 %) were initiated by the government, presumably due to the mistrust of SCSs. In all these cases, the redundant SCSs must have been compensated by an exceptionally high level of severance pay, although no data were collected in this regard.

In Estonia, there are approximately **95 positions** which currently fall into the category "top executives in civil service". In 2014, these positions included, the Secretary of State (1), Secretaries-General of the ministries (11), Directors in the Government Office (3) Deputy Secretaries-General of the ministries (ca 50), and Directors-General of the executive agencies (various boards and inspectorates exercising executive functions) (ca 30). These 95 senior civil servants make up 0.4 per cent of the total 22,286 (as of 2011) civil servants in Estonia. In addition, there are some additional senior civil service positions covered by the secondary legislation of the Civil Service Act which sets out detailed regulations for recruitment, selection, development and appraisal for "top executives in the civil service". They are the State Archivist, Commander of the Defence Forces and Director of the Rescue Service.

The first Public Service Act (in force from 1996 to 2013) did not clearly distinguish the senior civil service or make provisions for a central development system of SCSs, although some regulation was in place for top executives. The only central tool at that time was the Selection and Evaluation Committee of Senior Civil Servants at the Government Office. The committee had an advisory role in screening and shortlisting candidates for certain SCS positions (such as those of Deputy Secretaries-General of ministries and Directors-General of executive agencies). However, the final decision-making power over the selection of the corresponding SCSs was left to the relevant minister. Training and the development of SCSs were handled in a highly decentralised manner by each public sector organisation until 2004.

At the end of 2003, the Government Office, led by the apolitical Secretary of State, began to work informally on the development of top civil-service competencies leading to the adoption of a top civil service competency model by 2005. Based on this model, a variety of development activities has been launched for the target group (e.g. specially designed training and development programmes, individual coaching and mentoring, and the development of future leaders). Since 2005, the top civil servants' competency model has been used as the basis for the assessment of top civil servants, both in the selection and the development processes. The aim of these activities has been declared as supporting the development of competent top civil-service executives who contribute to achieving the strategic goals of the state and who are critical in fostering the whole-of-government approach. The Estonian Parliament *Riigikogu* passed the new Public Service Act in June 2012 (in force since April 2013), which formed the legal basis for "top civil servants" by clearly distinguishing top civil servants from the remainder of the civil service as far as their recruitment, selection, assessment and development are concerned. Consequently, the establishment of an SCS development system has been a dynamic process from informal institution to formal institutionalisation covering the period 2003 to 2013.

3.2 Central coordination and oversight

Slovakia

The Slovak central coordination structure and oversight of civil service during the period 2002–2014 is ineffective in several ways i.e. the weak central coordination structure during its existence from 2003–2006 and the overall fragmentation of line ministries thereafter. Several authors have pointed out the weakness and lack of authority of the Civil Service Office (SCO) when still in existence during 2002–2006 (e.g. Staroňová – Brown 2006, Meyer-Sahling 2009, Staňová 2014). The CSO had practically no control over the line ministries in HR functions. The line ministries did not want to lose control over HR functions and preferred flexibility in management. Already, in the 2003 reform, the CSO had lost many of its decision-making competences due to pressure from the Ministry of Finance on its supposed inefficiency. Thus, in reality, the CSO never had a crucial word to say in the recruitment or examination of the civil service since only a year after its creation (2003), this task was delegated to line ministries. Finally, in 2006 it was abolished and although its competences were formally handed over to the Ministry of Social Affairs and the government office, neither of them carried them out. After the abolition of the CSO, the fragmentation increased (Staroňová – Láštic 2011). Now, in 2015, there is neither a comprehensive civil service strategy nor a single institution at the level of central government. Each ministry and executive agency is responsible for the recruitment, training, performance appraisal and pay of its officials. The nominated civil service was designed as a system based on having tenure. Line ministries, on the other hand, preferred flexibility and were directly encouraged by the Ministry

of Finance which had initiated in the early 2000s a Functional Audit of the Central Offices to restructure the ministries, cut back the number of personnel and utilise managerial tools of performance management in line with New Public Management doctrine. There was a clear clash amongst the actors and, as might be expected, the will of the stronger prevailed.

On the other hand, posts of superior importance (as well as the size of remuneration), were designed by line ministries, and although the position had to be approved by the Cabinet, all HR functions could be conducted by the line ministry. The primary goal of all actors involved was, in accordance with the vision of EU entry, to have the means to attract and retain qualified people, which was difficult due to the law on general CS salaries. Thus, the changes in the civil service law – posts of superior importance with a special allowance – were made in order to attract such people, especially by creating separate salary components. These posts were identified by individual ministries and approved by the Ministry of Finance without any hesitation and a list was provided to the Government for final approval. Today, most of these posts are financed via structural funds. Reports of the Civil Service Office 2003–2006 show that these posts were utilised primarily for a) financial posts – 12 %, b) strategic decision making posts – 58 % and c) EU experts – 30 %.

Hungary

Since 1992, the adoption of the first comprehensive Civil Service Code in Hungary, a central civil service unit, has existed. However, this unit played an insignificant role, largely of running the civil service database (never used for the purpose of centralised, coordinated HR management, neither on operational nor strategic issues) and taking part in drafting CS-related laws. Most importantly, this unit existed within a ministry (the Ministry of Interior) as a division (third level below the minister) or a deputy state secretariat (second level below the minister). This position indicates a low relevance and also insufficient power to coordinate HR activities within the administration (i.e. to influence HR activities at other ministries). For a short period, similar to Slovakia, though for different reasons, a stronger unit, an independent State Secretariat (responsible directly to the Prime Minister) existed, aiming to create across-ministerial coordination and a unified HR management for the whole public administration. However, this unit was terminated after three years of existence and all its achievements (legal and organisational) were completely abolished by the new Cabinet in 2010.

Administrative tasks of data collection and statistics (listed in an excel file) regarding specifically SCSs, and solely this function, were carried out by two people working in the Prime Minister's Office, independently from the above mentioned central CS unit. We could not identify any other unit that would assist the Prime

Minister in his task of exercising the "employer's rights" over SCSs, delegated to him by the law. [5]

Estonia

Since the adoption of the first Civil Service Act in Estonia in 1995, there was no central unit for SCS coordination, although the Government Office performed more or less technical tasks required by the law regarding recruitment for different SCS positions (whereby exceptions were allowed and widely used by the ministries in order not to launch an open recruitment process). The system was rigid, too bureaucratic and considered in practice to be irrelevant by the ministries since the 2000s, partly because of the high level of decentralisation and ministerial autonomy, but partly also because of ongoing preparations and discussions about the new CS Act (the adoption of which failed several times politically since the early 2000s). However, these discussions around the preparation of new bills evoked new ideas and one of them was to launch the professional central development of Estonian senior civil servants.

In 2004, the Government Office convened a special task force which prepared a competency model for the SCS and its implementation plan by 2005. The aim of the competency model was to serve as a support for the self-development of individual SCSs, and for the selection of new SCSs. The role of the Government Office was envisaged as that of a strategic partner for SCSs, to coordinate the development system and to offer support and advice, whereas responsibility for achieving development goals remained with individual SCSs and their immediate supervisors. These included specially designed training and development programmes, individual coaching and mentoring, and future leaders' development courses – all in an informal way and on a voluntary basis. This stage focused on the individual development of SCSs and did not seek to develop SCSs collectively as a coherent group. The main actors behind this initiative were non-political officials of the Government Office, led by the Secretary of State. Initially, an important role was also played by the task force, which was presided over by an external consultant and included 15 representatives of the target group and a few experts from academia. The task force relied strongly on shared values and consensus building. The important role played by the task force was crucial to instilling a sense of ownership and acceptance in SCSs.

The most important structural change during this stage was the establishment of a special unit for the development of SCSs at the Government Office in 2010 under the direct supervision of the Secretary of State — the Top Civil Service Excellence Centre (TCSEC). The TCSEC became an independent and non-political unit at the centre of government, unaffiliated to any particular ministry. The TCSEC was allocated the following tasks: providing support for the selection of SCSs, ad-

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5   All data regarding Hungarian SCSs reviewed here are from the statistics of this unit.

ministering their development, and cooperating with the relevant institutions and networks locally as well as internationally. The TCSEC was formed on the basis of a small team in the Government Office which had been leading the development of SCSs since 2004. At various times, the team had three to five members. The Secretary of State remained one of the key actors through his personal commitment and efforts to advance SCS development. The establishment of the TCSEC was part of a larger structural change whose aim was to shift the main responsibility for shaping civil service policy to the Ministry of Finance. As a result, a dual system was set up in the central administration of the civil service – the general steering of the entire civil service is in the hands of the Ministry of Finance, whilst the development of SCSs is administered by the TCSEC at the Government Office.

After the adoption of the new Civil Service Act in 2012, the TCSEC finally obtained the proper legal grounds to be able to function, as in the Act and its secondary legislation the TCSEC's role is clearly outlined.

3.3 Recruitment and entry into SCS

Slovakia

The nominated civil service was foreseen as a completely apolitical cadre, selected by an apolitical Civil Service Office with typical closed career-type SCS. Only a top qualified candidate from within the permanent civil service (at least two years), fluent in English, French or German and with top personal assessments qualified for specific exams (nominated exams organised by the Civil Service Office) into the nominated civil service. In assessing the exceptional personal qualities, the nomination exam committee (consisting of five members from CSO) cooperated with HR experts and psychologists. It was expected that approximately 1000 civil servants would be part of the 'nominated service' with tenure (Explanatory Memorandum to Law Amendment). However, only 5 candidates passed the exams (out of 367 applicants) in the first round in 2004 and in 2005 none of the 177 applicants passed (Staroňová 2013). In addition, the successful candidates, despite this more rigorous testing, were unable to achieve a better position in the ministries as the CS Law did not incorporate a career system. The line ministries were reluctant to employ the successful applicants because they had their own criteria for employment. Thus, becoming a nominated civil servant did not fulfil the original expectation. No other exams were organised since the termination of the Civil Service Office in 2006 until the institution was abolished in 2009. Following the abolition of the CSO in 2006 the organisation of exams for the nominated civil service was handed over to the Head of the Government Office (a political nominee) who did not organise any exams until 2009 when the nominated civil service was abolished.

The **posts of superior importance**, on the other hand, were typical positions based on SCS. Both types of posts of superior importance were open for external recruitment with no specific additional examination, but with required specific skills

and knowledge. Recruitment was delegated to line ministries with no additional coordination. Thus, it was sufficient for the candidates to pass the selection procedure – they did not have to be the highest ranked candidates. Posts of superior importance were directly managed by the minister who defined these posts in the internal regulations of the ministry and were issued by the minister himself. The post and related remuneration (a different feature from the regular civil service) needed to be approved by the Government, unless the line ministry had its own resources to meet the costs. This was made possible for posts with special allowance through an informal institution endorsed by the Ministry of Finance where the variable segment (special allowance) could be acquired by each ministry when cutting back its staff or by not filling vacancies planned in that particular year. In this way, no additional finances are needed and ministries are motivated to slim down their offices to have the finances for allowances. As a consequence, the ministries deliberately overestimate the number of posts needed in annual budget discussions with the Ministry of Finance in order to keep the unspent finances for allowances and bonuses in general. A survey of the Government Office (2014) shows that the line ministries fulfilled approximately 70 % of their planned estimates. However, there are ministries with even lower numbers. This informal institution enabled the minister to define who would be in the post of superior importance and, on this basis, intervene in their selection procedure. These employees would be appointed after a proposal by the minister who could choose from the list of successful candidates. It was therefore down to the ministries and their internal regulations how deep politicisation could potentially go. Both special salaries and special allowances linked to the post were already informally negotiated for the contract during the recruitment process.

In addition, there were posts of superior significance with a **permanent special salary** (market-based salary). These posts were designated by ministers and heads of office in the appropriate Ministry and approved together with the proposed salary by the government in order to oversee the process. Under Dzurinda's government in 2002–2006 this was used for the following five posts quite successfully: Head of the State Treasury, Head of the Debt Management Agency, Chief Economist at the Ministry of Finance, Head of the Anti-corruption Unit at the Government Office, and Head of Programming of Structural Funds at the Ministry of Construction and Regional Development. Some of these posts were contractual with a clear mandate until the task was completed.

This, however, was changed with the 2009 amendment: the post of superior importance with special allowance was abolished, the post of superior importance with special salary was renamed as a post of superior importance with a superior salary (approved by the government) and a new possibility of remuneration i.e. a "personal salary" with no link to any specific position was introduced (approved by line ministries only).

Hungary

The law has not defined any clear selection criteria (over and above the requirement to hold at least a BA degree), or any specific selection procedure to find the best candidates for this post. The law names the Prime Minister, whose prerogative it is to officially appoint (consequently also to select) SCSs, thus providing an almost unlimited discretionary power to someone who is admittedly the top political (not professional) figure in the government.

Not surprisingly, one can hardly find any systematic logic in the selection. In terms of age and presumed job experience we find that 27 people out of the 295 appointed during the first round (early 2002), were below the age of 31 (one person had just finished university), whereas 46 were over the age of 55. Less than half of the appointed SCSs (138) hold a high-level language exam, indicating that one is able to take part in discussions and negotiations in a foreign language, whereas 43 people had no official proof of speaking foreign languages.[6] Only 57 people hold more than one diploma; PhD degrees are not even recorded. 61 people were State Secretaries or deputy State Secretaries, indicating that more than half, but not all of those filling these positions were appointed as SCSs. An additional 147 people filled in other, lower level managerial positions within the administration but there were some others who did not hold any managerial position in the administration. Most people were appointed from central government, but at least 26 worked in the territorial units. In other words, it is impossible to detect any clear tendency in the selection process and no explanation was ever given to the public. It is unknown, even for the professional public, how the effective search, recruitment and selection of candidates took place.

Two clear tendencies, however, can be identified, reflecting the general, though not necessarily admirable features of the Hungarian civil service. First, the proportion of women is very low, 27 %, as opposed to the general presence of women in the CS, which was 73 % in 2005 (62 % in mid-, and 55 % in higher managerial levels) (Gajduschek 2008: 133–134). Second, the high proportion (57 %) of lawyers indicate a strong and increasing preference for a legalistic approach, whereas social science degrees do not even appear in the statistics. Diplomas such as political science, sociology, social work, etc. are included in the "Arts" (history, philosophy, languages, etc.) category, with a total presence of 15 %.

Estonia

In Estonia, the central unit TCSEC is officially responsible for the organisation of the recruitment and selection process for approximately 95 top executive positions in the civil service. There is a specially appointed Top Executives Selection Committee, whose work is organised by the TCSEC. The non-political Committee carries

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6 A college degree from abroad, or a language exam at Universites is also considered as an official language exam.

out the selection process and suggests a final choice of from one to three candidates. The final choice is usually de facto made by the relevant minister, but the minister cannot skip the recruitment and selection process organised by the Committee.

As the Civil Service Act notes, the relevant Government Regulation also needs to establish the requirements for the top executive in civil service. Although the draft version of the regulation included specific requirements for education (at least an MA degree), management experience (at least 5 years) and a proficiency in two foreign languages (one high-level, one medium level), the adopted version turned out to be very vague and non-demanding in this regard. Now, there is only one sentence saying "*the top executive in civil service has to have sufficient managerial experience, education and a proficiency in foreign languages for fulfilling his/her tasks*". Also, a concrete reference is made to the existing SCS competency model in the regulation.

3.4 Performance Evaluation and Remuneration

Slovakia

There were two types of posts of superior importance approved by the collective body of the Cabinet: one *with a permanent special allowance* (in addition to basic pay) and one with a *permanent special salary* (pay outside the tables stipulated by law). The new law on the Civil Service in 2009 abolished the special allowance and replaced it with a *post of superior importance with a superior salary* and a new institution of *personal salary* (both salaries are outside the salary tables stipulated by law).

Thus, as of today, there are 2 simultaneous institutions: *posts of superior importance with a superior salary* and *personal salary*. Both offer salaries based on market, rather than grades for "strategic" positions and tasks of importance to the government. The only difference is that whilst the former is approved by a collective body of the Government (both position and salary), the latter is approved solely by a minister.

Table 1 shows the utilisation of the individual SCS in time: posts of superior importance with a special allowance were utilised in large numbers during the time it was in practice (approximately 300 posts or 0.6 % of the civil service), particularly around the accession period during the second Dzurindas government. The second most utilised SCS is personal salary – in 139 cases, as opposed to one case of a post of superior importance.

Each ministry decides internally on the amount and mechanism of the payment of allowances and bonuses for its SCS since the abolition of the Civil Service Office in 2006. Whereas flexible payment of bonuses helps to overcome the problems of the highly formalised and grade-based basic pay system, the lack of clearly defined criteria for the allocation of allowances and bonuses, as well as the

Table 1
Senior Civil Service in Slovakia

		Approved by	2002	2003	2004	2005	2006	2014
Nominated civil service (2003–2009)		Civil service office	–	–	5	5	5	–
Strategic Posts (2002–2003)	**Special allowance**	Service office of the Ministry (list to be approved by government)	281	–	–	–	–	–
	Special salary		1	–	–	–	–	–
Posts of superior importance (2003–2009)	**Special allowance**	Cabinet (if costs covered by the ministry, then ministry only)	–	207	230	342	353	–
	Special salary	Cabinet	–	1	2	4	2	–
Posts of superior importance with superior salary (since 2009)		Cabinet	–	–	–	–	–	1
Personal salary (since 2009)		Service offices of the line ministries	–	–	–	–	–	139

Source: Staroňová (2015).

Note: Systemisation was abolished by 2006 and no data exist between 2007 and 2014. Data from 2014 are based on a questionnaire sent to service offices of line ministries by the Government Office.

ad hoc nature of the system, based as it is on artificially construed salary budgets, make it vulnerable to politicisation and risks creating salary budget levels that have little to do with the real needs of the administration. The creation of a special salary not linked to SCS and without any collective supervision makes the issue of politicisation even more profound. The reform of 2003 provided both types of SCS with permanent special bonuses (Staroňová – Láštic 2012) – see Table 2. Nominated civil servants automatically received a 50 % increase in their basic pay (tariff salary) through this component. Posts of superior importance have a permanent special allowance of 50–100 % of their basic pay. The other type of posts of superior importance had a permanent *personal salary.* The personal salary was approved by the government in 2003 and was abolished in 2009. The permanent *personal and superior salary* is calculated on the basis of a comparison with the private sector. In addition, both types of SCS (nominated and posts of superior importance) could also receive the *personal allowance* which could be as high as 100 % of the basic pay. These institutions are summarised in Table 2.

In practice, this means that the salary of a civil servant in the 10th tariff salary (the most utilised tariff in the civil service salary) is 812 EUR, of the nominated civil service 1.389 EUR and of civil servants with a personal salary, the average is 2.320 EUR (Strategy of the Civil Service Management, 2015). All salaries can be increased by various supplements as shown above.

Hungary

Senior civil servants were rewarded with a salary comparable to similar positions in the business sector, which was exceptionally high within the civil service. This salary may have been higher than that of the minister, a surprising situation at the time.

The Civil Service Code, however, has been offering several other ways to provide certain people with an exceptionally high salary. The so-called personal salary (salary set up by the head of the unit, with no salary ceiling) was abolished in central government in 2001, with the same amendment that introduced SCS. (In the previous six-eight years, the proportion of those who received a personal salary had almost tripled (Gajduschek 2008: 126). Other potential ways to increase one's salary is to appoint a person to a managerial position (without subordinates if necessary). The lowest managerial salary is significantly higher than the highest subordinate salary, and that may be increased by an additional 20–50 %, so-called "performance salary supplement" by basically discretionary decisions of the Head of the unit. It is the Head of the unit whose prerogative it is to appoint practically anyone to this position who has at least a BA degree. There are several titular and advisory positions that are rewarded with well over the normal salary, typically also without much or any selection criteria defined by law. This arrangement is similar to Slovakia, although the legal institutions that increase discretionary power within an allegedly merit system might be different.

Table 2

Remuneration of SCS in Slovakia

Type of Civil service	Basic Pay	Allowances		Bonus	Number of recipients
		Personal	Special		
Regular civil service (2004 – now)	*Tariff Salary*	Up to 100% of Tariff Salary	–	Individually determined based on the recommendation of the superior (no cap until 2009), 20% of functional (basic pay + allowances) salary since 2009	Cca 43.00
Nominated civil service (2004–2009)			50% of tariff salary		5
Posts of Superior Importance (2004–2009)			30–100% of tariff salary		353
Posts of Superior Importance (2004-now	*Personal Salary (superior salary* since 2009) individual, based on job market	–	–		1–5
Regular civil service – Not defined (2009 till now)	*Personal Salary* (individual, based on job market)	–	–		139

Source: Staroňová (2015)

However, the most typical way to pay someone with an exceptionally high salary is found outside CS regulation. Some employees within the civil service, doing a CS job are employed with a labour contract, thus the labour code applies, which does not set up any salary ceiling. One may be employed under an entrepreneurial or service contract. In this case, a legal entity (a company) officially provides services which are carried out by an undefined number of people (which can be by one person) but the monthly payment can be exceptionally high.

Estonia

The system for the evaluation and remuneration of the SCSs is regulated by the Civil Service Act and its secondary legislation. The main aim of the evaluation system is to serve as a basis for the development of top executives, and it is not predominantly meant for remuneration purposes. In the Civil Service Act, the principles of the salary system for the entire CS were established. All civil service salaries are public (total salary received in the last year, published once a year indicating the names of the civil servants). The salary of the SCSs, as with other CSs, can consist of the following components:

1) Base salary. For the Secretary of State and the Secretary General of the Ministry, the base salary is centrally fixed as a percentage (90 %) of the minister's salary in the Act. For the Deputy Secretaries-General, the Director-Generals and Government Office Directors, the salary is set by ministerial internal salary regulations. However, although in practice occasionally the Director-General may earn more, the centrally fixed base salary for the Secretaries-General still guides other salaries.

2) Changes in salary (it may be a performance payment, an additional salary for extra tasks, or a one-off bonus for excellent work) can be up to 20 % annually on top of the base salary. It is up to each organisation to decide whether and how to use this salary component, but in any case, the ceiling of up to 20 % applies to all civil servants, regardless of their position.

3) Special cases where additional salary is allowed, such as night work, overtime work, watch time (ready-to-act) work or for substitution of another person.

Although this salary regulation (established by the new CS Act adopted in 2012) does not leave very much room for manoeuvre and, in some cases, the total salary of the SCSs is not considered competitive, it has definitely made the salary system much more transparent, internally more fair and also understandable for the public. For instance, in 2014 the monthly salary for the Secretary-General of the Ministry was approximately 4000 Euros (gross); the Director-General of the Executive Board or Inspectorate could earn around 3000–3500 on average, whereas the highest SCS positions' salaries were from 4000 to 5000 Euros per month (few Director-Generals). This applies only to the civil service and means that the CEOs of state enterprises or private-law based public sector organisations (such as foun-

dations, social security funds etc) are not restricted by this Act. In practice it means that they might earn considerably more and this has generated quite a heavy debate about the fairness and justification of this.

3.5 Career and Development

Slovakia

The biggest difficulty lies in the hybrid position-and career-based system which exists in Slovakia and which does not allow for proper career planning and promotion. The nominated civil service was a clear career-based innovative element with strong tenure guarantees and career development. Nevertheless, the lack of real central HR coordination and extreme resortism did not allow for career planning since individual ministries were not interested in the candidates chosen by the Civil Service Office. Instead, their preference lay in the position-based choice of candidates. After the abolition of the Civil Service Office, no career planning was possible. Posts of superior importance, on the other hand are, by definition, anchored in a position-based system. This is a concrete position which looks for the most qualified candidate and which is linked to a specific salary. Thus, it is expected that these elite positions attract "ready made" experts from the private sector and no additional career is being planned.

Hungary

Senior Civil servants were provided with stronger tenure guarantees i.e. it was much more difficult to lay them off than it was in the case of ordinary civil servants. This, however, has not prevented the new Cabinet to terminate SCS positions, although they had to pay large severance payments.

Some training sessions were planned to be specifically designed for SCSs. It was also planned that HR development plans would be created for each SCS. However, as much as can be known about it and only from informal, anecdotal information, these plans were not implemented in reality, as neither the demand (i.e. the expressed need of SCSs), nor the supply (a well-organised HR activity) were in place.

Estonia

The Estonian CS system is a typical position-based system where candidates are sought for a concrete position. This also applies to the senior civil service. Nevertheless, the development of SCS resembles that of a career system. The most important structural change that brought the career element into the position system was the establishment of a special unit at the Government Office in 2010 for the development of SCSs under the direct supervision of the Secretary of State — the Centre of Excellence for Top Civil Servants (CETCS). The CETCS became an independent unit at the centre of government, unaffiliated to any particular ministry. The CETCS was allocated the following tasks: providing support for the selection of SCSs, ad-

ministering their development, and cooperating with the relevant institutions and networks locally, as well as internationally. Thus, one of the tasks of CETCS in Estonia is to develop top executives in the civil service (Randma-Liiv, Uudelepp, Sarapuu, 2015). The system is based on the central competency model, which was elaborated in 2004 and updated and revised in 2010. The main point of having the central competency model is to develop the "top layer" of CSs according to the same core values, ethical principles and competencies. Thus, the competency model and the development system should work as a "joining-up" tool to create a common understanding and value system amongst the group of SCSs with clear career features.

Discussion:
Characteristics of Senior Civil Service in CEE countries

We have analysed the senior civil service arrangement and the trajectory of building an SCS system in three central and eastern European countries. Although the scope of our work allows us to compare three CEE countries, we have attempted to put forward the practices of Hungary, Slovakia and Estonia into a wider context of developed countries in Table 3. As diverse solutions exist around the world, the three countries analysed do not seem to have very specific characteristics, except perhaps that SCS was established relatively late in these countries. A closer look, however, may tell us more.

SCS was formally introduced in all three countries; in Hungary and Slovakia, roughly at the same time, a few years before EU accession of these countries, whereas this occurred much later in Estonia. It seems that Hungary and Slovakia are also similar in several other aspects of their SCS development but Estonia presents a largely different trajectory. The first two countries are characterised by a merit system, at least in terms of their legal institutions. The merit system normally requires a relatively high level of unity and consequent coordination in CS practices. This feature is in sharp contrast to the ministries' endeavours to achieve autonomy and flexibility in CS decisions. It seems that in both countries the ministerial will has succeeded. This appears especially clearly in the case of Slovakia, where the nominated CS, following a merit-system logic based on central selection and envisaged coordinated activities, failed and was soon abolished. The other arrangement offering high salaries for presumably high quality jobs survived as the appointment and remuneration decisions were left to the Heads of ministries. In Hungary, the SCS system that assured high salaries with especially high guarantees for tenure (although selected by the Prime Minister), was abolished after only six years.

In Estonia, apparently these tensions did not occur. Why? First, the Estonian system is admittedly a position system, where civil servants are appointed to a certain position. Though this theoretically may allow higher discretion, a more systematic, one may say, merit-based selection procedure is applied generally and

Table 3

Distinguishing Features of senior civil service

Characteristics	OECD countries (30 + 3)*	United Kingdom	USA	France	Poland	Hungary	Estonia	Slovakia	
								Nominated civil service	Posts of superior importance
Officially recognised system	25 countries yes, 8 no	Yes	Yes	Yes	yes	Yes	No, Yes, since 2013	yes	no
Year of recognition (in law)	End of 80s	1996 (reform)	1979	2002 (reform)	1998	2001–2007	2013	2003–2009	2002
Specific procedures	Majority yes	Yes	Yes	Yes	yes	Yes	yes	yes	yes
Size % from civil service	0,1–3 %	3.200 (2,5 %)	7.000	5.360	1.500 (0,13 %)	350 0,3 %	96 (0,4 %)	Plan app. 1.000 (2,3 %) reality 5 persons	Apr. 300 (0,6 %)
Apolitical positions	Yes (small part reserved for political)	Yes	Yes, but 10 % are political nominees	Yes, top positions are political	yes	No, PM appoints	Yes	yes	Yes, approved by Cabinet
Career or position system	Various approaches	Career	Position	Career, introducing position	career	Career	position	career	position

Central structures	Various approaches	centralized: Cabinet Office	Decentralised (head of agencies), under auspices Office of Personnel Management	Decentralised: Civil Service Department	Centralised	Decentralised	Centralised: Top Civil Service Unit at Government Office	Centralised: Civil Service Office, later Government Office	decentralised
Recruitment and selection	Merit	Merit + fast track (generic education)	Merit + specific education	Merit + ENA (early on)	Merit + NSPA	n/a	Merit + talent stream	Merit	Merit
Service contract	Tenure OR contracts	contracts	Contracts	"loyalty contract" for 5 years, introducing contracts	Tenure, "loyalty contract" for 5 years	strong tenure	5-year appointment	tenure	Regular civil service employment
Remuneration	Trend: Performance related	Performance related	Performance related	Performance related	Performance related	Standard, Set up by law	Partially set up by law, 20% performance related pay allowed	Automatic 50% in addition to tariff salary (set up by law)	Automatic 30–100% in addition to tariff salary (set in law) OR specific salary (market based, discretion of minister)
Specific accountability measures	n/a	Yes	Yes	n/a	n/a	n/a	n/a	yes	Yes (until 2009)

Source: authors

Note: * survey also included Russia, Ukraine and Brazil

coordinated via soft mechanisms and for SCS especially, as could be identified in the other two allegedly merit-system countries.

The SCS was introduced by a legal act in Hungary and Slovakia, without much previous study, preparation or any type of pilot activities, from one day to the next. In a very short time most of these institutions failed and ceased to exist shortly after their introduction. In Estonia, on the other hand, it took almost a decade of relatively systematic work and preparation until, actually on the basis of an already existing system, the SCS became a legal institution.

Estonia seems to be a success story as the SCS exists there and carries out its expected function: to provide a professional elite for PA, and a coherent group of highly competent, devoted and reliable civil servants who contribute together to the strategic goals of the government. The system allows for finding strong candidates and retaining them even after election campaigns.

In Slovakia and Hungary the goal of SCS has never been clearly defined. In Slovakia, the need for special skills which are rare and difficult to find on the labour market is admittedly behind the two arrangements that may be identified as SCS, especially during negotiations with the EU. Some signs indicate that this could also be the case in Hungary, at least partially. However, it has never been clarified what type of competencies are required exactly; how these may be obtained and retained for the government and what exactly has to be done in order to achieve these goals. The "post of superior importance" that is reminiscent of SCS and which prevailed, means that the Head of the ministry decides what kind of competencies are required and who exactly might fit these needs, appoints this person (all this being carried out in a discretionary manner) and provides her/him with an exceptionally high salary. In Hungary, the appointments were made by the Prime Minister. Neither substantive expectations, nor procedural rules were set up in this regard. It does therefore, in both cases, raise suspicions of favouritism and patronage, instead of a rational HR decision.

On the other hand, in Estonia, the process began by addressing the question of what kind of competencies are required in SCS, in what posts and then how these competencies may be assured. Most of the resources were utilised to answer these questions before putting a certain formal arrangement into place. Meanwhile training and development remained a crucial activity of the unit responsible for running the SCS system and is coordinated at the central level.

Hopefully we have identified at least some crucial differences between the countries analysed and in doing so, we may have been able to pinpoint potential reasons for both failure and success in this regard.

Acknowledgements

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This book is a result of the Europeanisation of Public Administration Reforms' (EPAR) project, funded by the Erasmus+ Jean Monnet programme. During the 23rd NISPAcee Annual Conference in Tbilisi (Georgia), "Europeanisation Panels" were interposed into the 11 Conference Working Groups' programme. The core objectives of the project are to increase awareness, understanding and knowledge about EU public policies amongst researchers in the NISPAcee region and turn their attention to the EU integration processes and their reflection under different areas, investigated by different NISPAcee research working groups, to stimulate the debate and research on the importance of European integration for states' public administrations and public policy development and to provide a platform for the engagement of researchers and policy makers. The importance of this book, connected to the issue of "Europeanisation" with regard to the preparation and implementation of public administration reforms in the central and eastern European (CEE) region is obvious – public administration reforms everywhere in our region must pay a high level of attention to EU policies and EU integration and their impact on the governance in EU countries and the target countries.

Selected revised papers from the 23rd Annual Conference, Tbilisi 2015