

What Kind of Civil Service?

Trends in Public Administration Reform in Eastern Baltic Sea States

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Introduction

Transition economies find themselves in the curious situation of having too much and too little bureaucracy at the same time. On one hand they have inherited the legacy of the enormous patronage-based bureaucratic apparatus of their communist past. On the other hand there is an acute shortage of bureaucracy in its original positive meaning: a modern civil service, which is professional, independent of political parties, transparent, impartial, responsible and accountable for design and implementation of state policy. Whereas governments may change frequently, career civil servants remain, accumulate experience and skills, and guarantee continuity of the state. To establish such effective and responsible civil service is one of the main tasks of public administration reform.

One of the key challenges has been to change the civil service from a purely reactive behavior and an attitude of total subordination to political direction, to proactive, creative, and politically independent behavior. This requires civil servants not only willing and able to implement policy, but also to design policy. Furthermore, this creative energy is to serve the goals and objectives of the ministry, and not the civil servants' personal agendas. And all this should be done in a non-wasteful way.

In some of the transition countries public administration reform was delayed, because it appeared of secondary importance, relative to the creation of a market economy, and it also took a back-seat relative to the creation of political institutions. However, politicians and business leaders have come to realize that an effective and professional civil service is an important precondition for a sustainable market economy and stable political institutions. Additional urgency is added by preparations to meet EU criteria for public administration capacity.

The purpose of this study¹ is to report on developments of civil service transformation in Estonia, Lithuania, Poland, and Czech Republic through the eyes of civil servants and politicians themselves, and to substantiate the following central proposition:

De-politicization of civil service is the most urgent and the most consequential reform effort, and should be step number one in the sequencing of civil service transformation. Without prior de-politicization the introduction of incentive schemes, such as performance-based pay, and other market-like structures should be avoided, as they invite re-ignition or reinforcement of patronage systems. Such (feudal) patron-client relations are one of the key retarding elements of public administration reform.

Under *de-politicization* we mean the separating of civil service and politics². It removes direct political control over civil service. The goal is to populate public administration with non-partisan professionals, who guarantee the continuity of the state, while governments may change.

Methodology

The transformation of civil service in the transition economies of Central and Eastern Europe is by no means completed. This implies that the way in which civil service will organize itself is, at this point, unknown. While past performance can be assessed from historical data, particularly if quantitative in nature, judgments, aspirations, and plans for the future typically reside in peoples' heads. This pointed the way toward arranging conversations with civil servants and politicians in the target countries, Estonia, Lithuania, Poland, and Czech Republic. How do they perceive themselves as members of civil service or political institutions? What are their greatest concerns?

Fifty-six conversations took place during 2001, each conversation lasting between one and two hours. The protocol called for a standardized structured interview (each interviewee was presented the same list of questions), and a subsequent unstructured conversation. Responses from the structured interview were entered into a database. Responses from the unstructured conversations were collected and recorded in a subsidiary, linked, database. This allows for the computation of relative frequencies of responses with regard to quantitative and qualitative issues.

61% of interviewees agreed to a meeting upon first contact. To win the remaining 39% for the project required several iterations of follow-up mail and telephone calls. This mix of people with initial high, and initial low enthusiasm mitigates the self-selection bias.

Interviewees were taken from selected levels of the ministerial hierarchy in the following proportions:

- Vice-Minister, Secretary of State, Secretary General, Deputy Secretary General, and Director General: 28%
- Directors of departments: 42%
- Heads of subdivisions of departments: 15%
- Officials, Analysts, and Advisors of Civil Service Offices and other supra-ministerial units directing and monitoring civil service reform: 15%.

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

In general minister and vice minister, secretary of state and undersecretary of state are political people. Secretary general, deputy secretary general, director general, directors of departments and division heads typically are civil servants. Incumbents of political posts are subject to replacement after a formation of a new government, although there are a significant number of instances where political people stayed on after a change in government. Incumbents of civil service posts, on the other hand, are not to be replaced as a consequence of a change in government. This is in accordance with the respective countries civil service laws or decrees³. However, it was reported that in practice civil servants often are replaced after changes in government.

There are two main reasons for including politicians in the interviews. First, a number of interesting developments are evolving at the dividing line between civil service and politics. Second, it is of interest to learn how politicians perceive civil service, and compare it to civil servants' own perception.

The following institutions were visited:

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

The selection includes some “old” ministries, which already existed under the previous regime, such as Ministry of Agriculture, as well as “new” ministries, which were newly formed after the previous regime dissolved, such as the Ministry of Environment. It should, however, be noted that some of the “new” ministries were, in part, staffed by employees of dissolved “old” ministries, so that “new ministry” does not necessarily imply “new staff”. In addition the selection includes supra-ministerial institutions, such as the Office of Public Administration (typically part of the Chancellery), as well as institutions created for the purpose of guiding and monitoring EU pre-accession activities.

In accordance with the interview protocol, no tape-recorders were used. To preserve confidentiality of sources this report avoids any links between statements and the individuals issuing the statements.

The respective countries’ civil service laws served as an additional, and corroborating, source of information. With the exception of Czech Republic, the visited countries have enacted comprehensive civil service laws.

The emphasis of this paper is on features that are common to the four target countries, with minor attention given to the differences in the respective trajectories of public administration reform.

De-politicization

Redesigning public administration has not been easy. The high degree of politicization under the former regimes had put civil service in a strongly subservient position relative to politicians (Verheijen 1998, pp.207-219, Hesse 1993, pp.65-74). In this entrenched “feudal” culture of patronage-based relations loyalty to the patron tended to be the most important prerequisite for a successful civil service career. Given these initial conditions, it requires a big step to transform civil servants into creative policy makers, who dare to speak their mind.

The importance of the politicization issue is clearly reflected in the interviews. 100% of interviewees expressed an opinion on this issue. The opinion was unanimous: Civil Service career positions should be kept out of the direct influence of politicians. When asked, whether civil service and politics were currently kept separate in their country, the response, again, was a unanimous “NO”. These two questions were the only ones in the entire list of questions, which received unanimous responses.

High Turnover Rate of Civil Servants

When asked, more specifically, whether it occurred that employees in civil service positions were replaced after new formation of a government, 94% answered in the affirmative. The level to which the allegedly political replacements occur varies from ministry to ministry. Sometimes replacements go down to the level of department directors.

It should be noted that also the political people interviewed preferred a civil service that is separate from politics. Two explanations were offered. Although politicians in general like to maximize influence, they value a stable and professional civil service, because without it policy implementation does not function well. The other explanation is of the cynical kind: After politicians of the governing party or coalition have filled key civil service positions with people loyal to their cause, of course they are for stability and continuity of civil service, so that their people stay in place, even if the opposition wins the next elections.

Moreover, in all four of the covered countries, it was frequently remarked that civil service personnel turnover (allegedly politically motivated) would be even higher, if it was not for a shortage of candidates, who were both loyal to the new government and professionally qualified. Two factors are hiding behind this statement: First: There is a shortage of effective civil service education. Second: The population of some of the target countries is small. Estonia, for example, has a population of 1.4 million in 1999 (World Bank Development Indicators 2001). Small countries typically require a larger percentage of the population employed in public administration than large ones, due to economies of scale enjoyed by larger countries.

Adverse Consequences of Politicization

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

This state of affairs is worsened by the general shortage of qualified applicants for civil service positions. 69% of respondents reported that it is difficult to find qualified staff. Vacant positions were reported to persist over significant periods of time. Of the 31% who reported no problems in recruiting staff, the majority came from the Ministry of Foreign Affairs. In all of the target countries the Ministry of Foreign Affairs appears to be in a class by itself. The opportunity of foreign assignments, the status that this ministry enjoys, and the cultivation of a certain esprit de corps, together, form a strong attractor. The remaining “no problem” reports came from the Ministry of Culture. In this case shortages of private sector employment opportunities for arts graduates are responsible for a large number of applicants for every job opening.

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

The negative impact of policy discontinuities is twofold. First there is the encumbered policy process itself, and the danger of serious mistakes. Second the perception of the public deserves attention. Most central and east European countries reportedly suffer from a lack of

constructive dialogue between the public sector and the citizenry. Or, put in a different way, there generally is very little communication between policy makers and those who are affected by the policy, before a policy is implemented⁴. 72% of respondents listed the lack of dialog as a serious concern. If policy makers are perceived to be erratic, unpredictable and willful, this will promote neither dialogue nor trust. Needless to say, an erratic policy behavior is a serious obstacle to the creation of a professional administrative culture.

So we see that the politicization of the civil service has a number of serious direct, as well as indirect consequences.

Another outgrowth of politicization together with remnants of the “feudal” culture is, reportedly, a certain unreliability of staff reports. This is not due to scarcity of information. Rather, it is caused by a deep desire on the part of authors of staff reports, insecure about their career prospects, to guess what the superior wants to hear. At best, this leads to a rewriting of the report – at worst it leads to a flawed policy. Concern about this problem was voiced particularly in Poland and Lithuania.

Even in Estonia, known for its radical uprooting of old structures in the early phase of the civil service reform process, de-politicization of civil service is high on the wish list. Here, however, it is often not the existence of old structures that raises concern. Rather it is the rapid turnover of civil servants, allegedly driven by the rapid changes in governments. This prevents civil servants from gaining the necessary professional experience, and is reported to be a major obstacle to stability and professionalism. (100% of interviewees expressed a desire for separating career civil service positions from politics). However, the record varies from ministry to ministry, as individual ministers, in practice, exercise much discretion. There are examples where key civil servants “survived” several government changes.

At the other extreme, a number of respondents reported incidences where at the Ministry of Agriculture civil servants have been replaced down to the level of department directors. It is not easy to pass judgment on the political nature of these changes without careful analysis of personnel records, assuming that they exist. Such analysis lies outside the scope of this paper. But this brings us to the next issue: Personnel policy – in particular incentive mechanism for employees.

The catalogue of complaints about direct political interference in civil service prompts one to exclaim: There ought to be a law against it! Actually - there is.

Civil Service Laws

Among the countries under consideration civil service laws are in place in Poland, Lithuania and Estonia, while in the Czech Republic comprehensive civil service legislation still awaits parliamentary approval. These laws typically explain the rights and duties of civil servants. They also draw the line between civil service positions and political positions, and usually state that the incumbents of civil service positions should not be replaced due to political reasons.

Two comments are in order. There is a notable discrepancy between what the civil service laws prescribe, and what is practiced – the typical implementation problem. Furthermore, civil service laws have taken on an unfortunate “proprietary” character in the following sense: A particular civil service law is “our” civil service law, or “their” civil service law, depending on whether we take the perspective of the current government or its political opposition. Particularly in Poland and Lithuania, it is reported that an incoming government will want to quickly rid itself

of “their” law, and put in its place the “own” law. In this way civil service laws are used as political tools, to facilitate the placement of party-loyal staff into key positions, whenever there is a new edition of civil service law.

This is a sign of immaturity of the political and administrative processes. In particular, it points to a serious weakness in current coalition politics. The idea that a parliamentary majority should share governance with the parliamentary minority is ill understood. Consequently, the opinions of the opposition parties, with regard to appointments to key civil service positions, are typically ignored. So, the opposition parties, while enduring a sense of powerlessness, just sit and wait for a change in government. Then it is their turn to ignore the opinions of the parliamentary minority.

Poland, for example, was governed until 1996 by the State Officials Act of 1982. Fundamental changes in all aspects of life, starting around 1989, called for changes in the system of state administration. In 1996 a new Civil Service Act was adopted. Implementation of the law was delayed due to political bargaining within the ruling coalition of that time. One of the contentious issues was the political bargaining over the staffing of key civil service positions – the very positions, which, by law, were supposed to be politically neutral. Politically motivated appointments and other perceived irregularities prompted the drafting of a new Civil Service Act. It was passed by parliament at the end of 1998, and entered into force on July 1, 1999 (“Civil Service in Poland”2000, pp.6-13).

In Lithuania the first civil service law obtained parliamentary approval in 1995. In 1996 parts of the law were revised. Rather than completing the modification process, a new civil service law was adopted in 1999. This new law prescribes a career civil service system. Soon thereafter the first amendments appeared, which reduced the academic prerequisites for advisors to members of parliament. A working group was formed to discuss the option of eliminating the career system of civil service in favor of a post system (position system) or a mixture of career and post system. One of the issues in this discussion is job security of civil servants versus employer flexibility in hiring and firing.

At the time of the interviews, civil service legislation was a much debated issue in the Czech Republic. As mentioned above, the Czech Republic was the only one of the surveyed countries without a comprehensive civil service law in place. A draft text of a civil service law has been bouncing around between various branches of government and parliament for some time. There is pressure from the European Union in favor of a Civil Service Law. It is a criterion for measuring readiness for entry into the EU - so it is a forgone conclusion that there will be a Civil Service Law. So what is the issue of disagreement?

The issue is one of timing: one group wants a civil service law now, and the other wants it later. The reasons for wanting the law now are the desirability of stability and professionalism that the legislation will promote, as well as the pressure exerted from the European Union. The group advocating delay is concerned about the danger of cementing inefficient structures, which will be difficult to get rid of, once the law is enacted. Again, there exists a cynical view: the people advocating delay may turn into ardent supporters of immediate enactment of the civil service law, once their favored parties have a seat on the government table.

There is widespread recognition within civil service circles that civil service laws are used as political tools to place people loyal to the government into key positions. In addition civil service laws typically provide sizeable loopholes, and leave many conditions open for wide interpretation.

This shows another negative consequence of politicization: The creation of a widely accepted legal basis for public administration reform is undermined by partisan politics. This is often accepted as normal by a population accustomed to political dominance over public administration.

To take the example of Poland, remuneration guidelines list the kinds of extra payments (beyond the base salary) that people in certain posts may receive, but the law fails to provide ceilings of the sums that may be disbursed. The law also does not set clear criteria according to which a bonus should be awarded. Significant amounts of non-dedicated EU funds are reportedly disbursed in this ill-defined way.

This brings us to the next issue: Personnel Policy.

Personnel Departments

Given the reported difficulty in recruiting qualified staff, one might expect that personnel departments of ministries are major players. However, in general this is not the case. Personnel departments tend to be weak, inadequately staffed and underutilized.

This is, reportedly, in part due to the legacy of associating these ministries with the home of KGB officers filling files with information on employees. It was pointed out repeatedly, particularly in Lithuania, that the term “personnel department” raises such unpleasant associations that employees would shy away from career counseling services even if they existed. These are the consequences of past high intensity politicization.

An interesting issue is the procedure for filling top civil service posts. Here again allegations of politically motivated appointments, despite legal prescriptions to the contrary, cannot be ignored. It was repeatedly reported, particularly (but not exclusively) in Poland, that some key recruitment decisions for top civil service positions are politically motivated.

A related issue is the procedure for making appointments to lucrative committees. For example, it was indicated that members of such committees, for example the civil service examination committee in Poland, can earn amounts of 3-4 times their base salary in the form of commissions and bonuses.⁵

So we have weak (and partly distrusted) personnel departments, frequently changing civil service laws, which are used as political tools, ill-defined criteria and lack of ceilings for bonus payments and other “extra” rewards.

Does this lead to rewarding the wrong people for the wrong reasons? What incentives are at work here?

Incentive Mechanisms

The question of how to motivate public sector employees to work hard and to work smart has been with us for a long time. Economists, in particular, have never tired of pointing to the virtues of self-interest as a powerful motivator. This has led adherents of some schools of thought, for example “New Public Management” to devise remuneration schemes, consisting of a base salary plus certain extras, such as bonus and commission for work above and beyond the call

of duty. The general idea is to introduce “market-like” structures into the public administration environment, for reasons of performance and efficiency.

But are such “market-like” structures the right thing at this time for the transition economies of Central and Eastern Europe in general, and our four target countries in particular?

The concern is not only about waste of resources. This would be akin to saying that things go wrong by default. But, more perniciously, there are indications that some things are going wrong “by design”. Well-intentioned non-dedicated funds (some from EU sources) are apparently channeled to mechanisms and structures that are designed to retard real public administration reform in order to preserve special privileges of a selected group of people. Real public administration reform seeks to abolish the culture of special privileges and replace it by a culture of impartial professionalism. Here again, it is a lifetime of extreme politicization of civil service that has made many people accustomed to accept privilege seeking as normal. What does this imply for public administration reform strategy?

Only after the steps of de-politicization have been completed, after employees of ministries are no longer afraid to speak their mind, after the vicious circles of patron-client relations have been broken, and a sufficient level of transparency and accountability have been reached does it make sense to introduce pay for performance, bonuses, and special incentives for extra effort. The *sequencing* is very important.

Prematurely implemented market-like structures are a retarding element for public administration reform, as some countries are in the painful process of finding out. Not only do they reward the wrong people for the wrong reasons. But, more importantly, they cement old structures and patron-client thinking – exactly the features that public administration reform is designed to eliminate. They may destroy already existing accomplishments, thereby putting the reform process on reverse course. We have the sad and ironic situation, where EU money may be used to impede the progress toward EU goals.

This invites examination of existing public administration models, and their suitability for the current public administration landscape of Central and Eastern Europe.

What kind of civil service?

If we accept that de-politicization is the most important and urgent step in the current phase of public administration reform in transition countries, the question arises, which model of civil service is most conducive to free civil service from domination by politicians.

This is not to say that East European countries are adopting canned models. On the contrary, I gained the impression that designers of public administration systems are very pragmatic and eclectic in their approach. They are selecting pieces of existing western models, and then adapting them to fit their specific circumstances. Frequent references to their own previous naivety point to a painful learning process. It brought them to realize the dangers of importing “as is” models from the West. Nevertheless, there can be strong leanings towards existing models of public administration.

The comparison of public administration models is a big and contentious topic (Verheijen & Coombes 1998, pp.8-36, pp.39-56). Here it must suffice to rely on the most rudimentary characteristics of competing models.

Models of the “New Public Management (NPM)” genre have attracted attention in western countries through its emphasis on economic efficiency, and “market-like” structures. Examples are given by England, New Zealand, and Australia. In general, the NPM school of thought assumes that private management is superior to public management. From this follows the recommendation to import private sector management techniques into the public sector.

However, this model is also known for re-establishing political control over civil service, which is exactly the opposite of what 100% of interviewees of this study considered desirable for their countries. So, in at least one very important aspect, i.e. the relations between civil service and government, the NPM approach appears to be highly unsuitable, given the current needs.

The so-called classical model of public administration is characterized by self-management of public administration, clear separation between civil service and politics, strict rules of non-interference by politicians in civil service matters, high job security for civil servants, and a career system in which promotion relies on merit and seniority. France, probably, embodies this system in purest form, although Germany also displays many of the important features of this system.

As the interviews of this research confirm, priorities in the current stage of civil service reform are

- shielding civil service from direct political interference (98% of interviewees considered it very important)
- establishing a culture of civil service professionalism (95% of interviewees considered it very important)
- achieving administrative stability (91% of interviewees considered it very important)

This points to the classical model as a suitable point of departure for the design of administrative systems in the countries under investigation, as these three features are among its main characteristics.

Public administration systems will continue evolving, because societies are continuously changing. Market-like incentive structures may make sense in the future, after stabilization of a professional civil service has been achieved. But at the moment, given the currently weak accountability systems in East European countries, their introduction must be considered counterproductive and even dangerous. The perceived inefficiencies of the classical system are a small price to pay, if in return we obtain a professional civil service with a clear understanding of whom they are to serve.

Summary and Conclusion

The record of public administration reform in the countries of Central and Eastern Europe is uneven. There have been successes as well as failures. This paper reports on conversations with civil servants and politicians in four countries and uncovers some of the reasons behind the difficulties of the reform process.

Of the many challenges facing civil service reform in transition economies the reduction of politicization together with raising the level of administrative capacity appears to be the key. It is unlikely that without it other tasks, such as stabilization of civil service, strengthening personnel departments, incentive schemes, coordination, and gaining public trust will be successful. The sequencing of reform steps is crucial. Market-like incentive schemes for civil servants should not be installed before civil service has been sufficiently de-politicized, and before a credible accountability system is in place. Failing to do so will not only invite rewarding the “wrong” people for the “wrong” reasons. More importantly it will cement the patronage structures that are one of the main retarding elements of public administration reform.

The presence of many remaining shortcomings in public administration reform should not come as a surprise. The task of *simultaneously* building markets, political institutions, and civil service structure with their requisite – and sometimes contradictory- attitudes and cultures is a formidable task indeed. How long did it take West European countries to build their civil service systems and administrative cultures? And is not the process continuing?

It is particularly encouraging to see that progressive elements in the surveyed countries are approaching public administration reform in a pragmatic and eclectic way, focusing on “what works” in light of the country’s priorities and goals rather than adhering to a particular ideology – albeit sometimes only after suffering the setbacks of misguided adherence to ideologies cherished by Western advisors.

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Notes

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² Of course there always remains a connection between civil service and politics, as civil servants administer processes that serve political goals.

³ Among the surveyed countries Estonia, Lithuania, and Poland have enacted comprehensive Civil Service Laws, but not Czech Republic.

⁴ The Ministries of Agricultural are reported to be a notable exception. In particular, the Ministry of Agriculture in Lithuania may reportedly have gone almost too far in this direction, and may run the risk of being “captured” by special interests. Of course the ministry of agriculture, in many countries, is cast into the dual role of cheerleader for the industry, while at the same time performing the role of policeman through its various quality control programs.

⁵ It is far beyond the scope of this paper to research the validity of allegations of politically motivated appointments and non-salary payments. This would require an examination of personnel records, a comparison of CVs of appointees with CVs of candidates that were not appointed, money disbursement records, and records of sources and uses of funds. Given the important role that de-politicization issues play in public administration reform, this may be a worthwhile exercise.