


DECENTRALIZATION AND PUBLIC ADMINISTRATION REFORM



Miroslav Beblavý

Management of Civil Service Reform in Central Europe

MASTERING DECENTRALIZATION
AND PUBLIC ADMINISTRATION REFORMS
IN CENTRAL AND EASTERN EUROPE

Management of Civil Service Reform in Central Europe

Miroslav Beblavý

INTRODUCTION

This paper deals with experiences from management of civil service reforms in countries of Central Europe (primarily Czech Republic, Hungary, Slovakia, but also Slovenia).¹ Therefore, it is not primarily focused on the substance of the civil service reform in these countries, but on how the challenge was managed. To understand the management of a reform, however, one frequently needs to allude to the substance as well.

To analyze issues in civil service reform management, several questions need to be asked: what is reform? What is a civil service reform? What does management of such reform include? Introduction provides brief and rather stylized answers to these questions for the purposes of the paper.

What is reform? To put it very simply, reform is a conscious implementation of changes. [Kolarska–Bobinska (2000), p. 7] A more sophisticated version can define reforms as a specific set of public policy measures aimed at significant and swift change of public policy in a certain area with an objective to obtain a qualitatively new state.

What is civil service? There is no single, overarching definition, which would be universally accepted except that it means a subset of public sector, which excludes certain groups of employees. In most countries, employees of organizations with corporate status are excluded. In 20 out of 34 countries surveyed by OECD, health professionals are not included and in 18 out of 34 countries, teachers are not included. [See Synnerstrom et al. (2001)]

These views are reflected in the paper, which does not focus on teachers and health professionals or employees of public corporations. It does however include both central and local public administration employees. This is due to focus of the book as well as OECD findings that in the sample of 34 countries, 18 countries include sub-national civil servants in the general scheme, while 11 others have a separate civil service scheme for them.

What is civil service reform in transition?

As analyzed more closely in the next section [see also Beblavý (2002), Hójnacki (1996), and Vanagunas (2002)], transition countries inherited a public administration, which was problematic in several aspects:

- its employees were responsive to political pressure and vulnerable as individuals;
- the bureaucracy as a whole had very little political accountability toward the people or the party/ies;
- public administration as a whole lacked skills and information needed to participate in policy-making in a new world of market democracy;
- due to state control of all organizations, there was a lack of public service ethos as the distinction between “civil service” and other government employees (including enterprises) was blurred.

To gradually remedy this situation, all civil service reforms in Central Europe, in some way, pursue some of the following essential components:

- to replace some of the public administration employees with new employees with a different set of skills and preferences;
- to give the remaining and incoming public administration employees incentives to mould their behavior in a desirable manner;
- to equip public administration employees with skills that enable them to respond to incentives in a desirable manner.

Management of civil service reform, in this context, means *inter alia*:

- primary and secondary legislation concerning civil service—preparation, interpretation, monitoring of implementation and amendments thereof;
- Management of transition of the existing public administration employees into the new system (exams, oaths, lay-offs etc.);
- organization of training for existing and new civil servants;

- setting up institutional solutions for recruitment, dismissal, evaluation and remuneration systems of civil servants (which usually require complex institutional underpinnings).

In all these aspects, reform management involves issues such as how much change? How fast? What sequencing of individual steps? How to combine top-down and bottom-up approaches?

In all of these countries, because of their legalistic culture and other factors, a new civil service law became a focal point of civil service reform and its management, around which all these issues gathered. However, as the enumeration above shows, it would be a mistake to confuse passage of legislation with a reform. Nonetheless, because of its focal nature, the civil service legislation and management of its preparation and implementation is going to play a prominent role.

The rest of the paper is organized in the following manner: first of all, some key factors impinging on civil service reform and its management are introduced. Then, choice of institution responsible for civil service reform is analyzed both from the positive and normative point of view. Look at various stakeholders and their role follows. The paper concludes with a discussion of timing issues in the reform.

KEY FACTORS INFLUENCING CIVIL SERVICE REFORM AND ITS MANAGEMENT

This section introduces and details some of the key influences on civil service reform and its management. Starting generally with how heritage of communism influenced civil service reform, it then goes on to look specifically on governance and public administration reform as well as labor code reforms.

Heritage of Communism

Since communism meant a totalitarian system based on collective ownership of all means of production and repressive and intrusive political system, both outsiders and insiders often tend to see it as an environment with very low level of autonomy for individual actors in any area. Such a view tends to perception of the whole communist society as a centralized, vertically and horizontally integrated hierarchy, where the center (e.g. central

committee of a communist party and its government apparatus) directed resources and activities of sectors, organizations and individuals. It ignores, however, several important factors

The officially tightly knit hierarchy contained thousands of organizations with legal autonomy. While the system could rely to some extent on its ability for arbitrary use of power to resolve conflicts between interests in this hierarchy, arbitrary use of power in itself was an insufficient answer to daily routines of administration in a complex society. The communist system lasted from 40 to 70 years in countries of Central and Eastern Europe as an industrialized economy where citizens were provided with a welfare-to-cradle superstate (issues in quality, responsiveness and ability to generate wealth notwithstanding). No economic, political and social system would be able to last so long in these complex conditions unless it developed a relatively predictable system for conflict resolution between both individual and organizational interests. [See Beblavý (2002)]

As several authors, including Mlčoch (2000), argue, the hierarchy was largely an illusion: “In a closed system of hierarchical management, the planning was a widespread social game based on a all-encompassing dichotomy between the real rules and the official ones. In reality, local “controlling” groups tried to maximize their share of a social pie in the inverted pyramid. Planning was an instrument and an ideological smokescreen to utilize a monopoly power over allocation of scarce resources, information and decision-making processes within the social reproduction process.” [pp. 30–31]²

By 1970s and 1980s, the public administration was penetrated individually (by compulsory party membership on many levels), but it was nearly invulnerable collectively [see Sootla (2002)]. As Hojnacki (1996) writes: “There can be little doubt that during the last several years of the communist rule, the major force in both policy-making and policy implementation... was the communist-led bureaucracy that was almost immune to political pressure from any source.” [Hojnacki (1996), p. 147]

Since the hierarchy involved not only public sector as understood in the OECD countries, but also the whole corporate sector (enterprises), the well-known problems of information flows and information asymmetries were even more acute than in public sectors of OECD countries due to span-of-control problems and lack of accountability systems. Managers of organizations were the real masters of the system because of their unique position in the

information flows and decision-making. In other words, the real rulers of communist countries were, to quote Burnham (1972): “the men who are running the factories and mines and railroads, the directing members of the commissariats and sub-commissariats of heavy and light industry and transportation and communications, the heads of the large collective farms, the expert manipulators of the propaganda mediums... the managers in short.” [Burnham (1972), pp. 221–22]

Since the “public” and “corporate” sectors were treated equally under the communist system—both were controlled by sectoral ministries and were subject to similar regulatory environment—this blurring not only led to enterprises behaving like “civil service,” but also to “civil servants” behaving like corporate managers. In other words, the two groups were part of a unified system and a continuum, where there was neither a sharp distinction between the two in the eyes of actors themselves nor much difference in systems and incentives regulating their behavior.

Governmental organizations during the communist period generally had no accountability systems. On the other hand, they had a number of legal relationships with other elements of the government. Since the “public sector” organizations themselves and their ministries saw them on par with “corporations” (as it was unclear anyway what belongs where) and as the regulatory framework was similar, this led to high level of both de iure and de facto autonomy.

All of this led to a situation where the real heritage of communism is not a hierarchical, disciplined public sector with a distinctive culture and ethos, but a chaotic free-for-all, where organizations often had legally defined autonomy, rights and responsibilities, their staff and particularly managers remained responsive to political pressure individually, but acquired very little accountability, felt certain informal ownership rights and the distinction between public- and private-sector mentality remained blurred or non-existent in eyes of most actors. Public administration employees also on the whole lacked skills and information needed to participate in policy-making in a New World of market democracy.

Governance and Public Administration Reform

A key influence on civil service reform has been the overall governance reforms in transition countries. Not only did the level of government involvement in the economy and

in the society decrease by any fiscal or financial measure, the role of state was redefined “down,” sometimes repeatedly.

Partially as a consequence of this redefinition, but also due to economic challenges of transition, the public sector in transition countries has experienced a long-lasting and profound decline in funding, prestige and stability. It was clear in early transition everywhere and it is still true for most transition countries that the extent of government involvement in society both in fiscal and other terms and the size of the public sector were incompatible with a market democracy and the actual wealth of these countries. To remedy this, *public sector employment* and government involvement in the civil society have been repeatedly and relentlessly cut during the transition, but these cuts were smaller than the actual decrease in financial resources available to governments. As a consequence, not only is the public sector doing much less in transition countries than it used to do, it is doing with smaller funding and resources than would be proportional to its reduced size. This, together with a very high level of uncertainty and decreasing prestige of the public sector due to new employment alternatives for the best staff, led to the already mentioned long-lasting decline in funding, prestige and stability.

On the other hand, within more narrow confines of public *administration*, there has often been simultaneously a growth in number of employees due to pressures of devolution and de-concentration as well as additions of new functions not to mention establishment of new countries (e.g. Slovakia and Slovenia).

The overall role of public sector in service delivery has consequently been diminishing, while regulatory and policy-making responsibilities of public administration mushroomed, putting a particular strain on ministries and other policy-making bodies. These reforms, however, were rarely if ever pursued within a systemic conceptual and legal framework, which would set out in advance the goals, the instruments, their relationships and the timetable across the board. Due to low quality and capacity overload in public administration as well as among the political classes, these changes usually occurred as a quick sectoral fix.

Another key influence is the decentralization momentum and its influence on civil service reforms. All countries in Central Europe gradually loosened the hierarchic structure of their public administration and granted substantial autonomy to local governments, usually moving up from municipalities to regional structures. This has had, of course, a profound influence on the civil service reform. The

interplay, especially, concerning the issue of timing, is analyzed in more detail in part E.

Labor Code Reforms

Nearly all transition countries emerged from the communist period with a general labor code applicable to all employees.³ The code has been subject to several reform steps, ranging from initial adjustment to new realities of a market democracy and existence of a private sector to pre-accession adjustments to EU requirements, with many possible changes occurring in between aimed particularly at labor market flexibility or increased protection of employees.

Public sector employees have gradually been partially or completely separated from this general framework by a passage of separate legislation. A complete separation occurs rarely because it is more practical to use relevant provisions of labor codes for general issues such as occupational safety etc.⁴

Labor code reforms therefore are interdependent, to some degree, with civil service reforms. In some instances, they can be used as proxies for more complex civil service reforms (e.g. provisions included into the Labor Code in the Czech and Slovak republics in the early 1990s aimed specifically at regulation of public sector employee behavior). In other cases, a civil service reform can be understood as a part of a complete overhaul of a labor legislation (Slovakia in 2000 and 2001) and thus directly tied to labor code reforms.

Most frequently though the interdependence is only limited to a relationship of a tree and an imputed bough. Civil service laws and regulations then build on general provisions of a labor code, amending and complementing the general set of rules as necessary. Labor market reform and civil service reform is thus decoupled both politically and temporally. Such was the case particularly in Hungary in 1992 and in Poland in 1998.

INSTITUTIONS RESPONSIBLE FOR CIVIL SERVICE REFORM MANAGEMENT AND EFFECTS OF THE CHOICE

This section analyses potential choices of institutions responsible for the management of civil service reform. The management task, as indicated in the introduction, involves primarily administration of components of the

reform and/or their co-ordination (see introduction for the list of components).

There are several likely players in the area of civil service reform, based on their responsibilities either inherited from the *ancien regime* or assigned by a new, democratic one. In this section, they are going to be introduced and the role of three key institutions is going to be analyzed in more detail. The key determinant of institutional responsibility for civil service reform management is, unsurprisingly, whether the country has an integrated civil service with a single legal, institutional and financial frame-work or a fragmented civil service. In addition to sectoral civil service systems, non-core public employees often have a different status than the core public administration.

One institution, which always plays an important role, is a ministry of interior in a given country. Ministries of interior are usually responsible for a combination of local “state” administration (i.e. de-concentrated administrative bodies), law enforcement and general issues in public administration, with the mix varying in each country. In Hungary and Slovenia, this has been the ministry generally responsible for the civil service reform. Therefore, they will be one of key drivers analyzed more closely in this section. The ministry can also have a sectoral role if there is separate civil service legislation for policemen and if it is responsible for the law enforcement, which is the case in most transition countries.

Ministries of labor are usually closely involved in the civil service reform due to their responsibility for working issues and labor market. These ministries have been responsible both for general labor legislation and specifically civil service regulations. They have played a key role in the Czech Republic and Slovakia by preparing (repeatedly, as it turned out) a legal framework and remaining, in the Czech case, to be responsible for it.

In several countries, a separate agency⁵ is responsible for some or all components of a civil service reform. It is usually created as a consequence of a new legal framework for the civil service to implement and oversee the reform and functioning of the civil service. In Poland and Slovakia, such an agency is officially a separate quasi-ministry with an independent director. In the Czech Republic, a separate bureau, which is part of the Government Office, is envisaged, with its director being a political appointee. Once created, such an agency usually becomes a focal point for further civil service reform.

From the point of view of civil service management, ministries of finance in Central Europe are in a peculiar position. Even though they hold enormous influence over the reform via purse strings, they are rarely a key driver or a key actor in the process. This is in stark contrast to situations in some other small European countries (e.g. Finland), where the Ministry of Finance is the key actor on civil service legislation, financing and reform. Ministries of finance generally seem to prefer a more arms-length approach, which allows them to veto or downsize financing requirements for the reform should that prove necessary. The only exception exists if there is separate civil service legislation for customs or tax officials, who usually are part of the superstructure of the ministry of finance.

Countries with a cabinet system of government generally have an institution at the center of government responsible for co-ordination as well support for the cabinet as a whole. Again, various names are attached to it in various countries, but Government/ Cabinet/Prime Ministers Office is the most frequent ones. Even though its central location would make it suitable for co-ordination of such a multi-sectoral exercise as a civil service reform, this has not really happened to any significant degree. Even in countries such as Slovakia, where Government Office and a Deputy Prime Minister were responsible for the overall public administration reform, the civil service reform remained in the hands of individual ministries or specific agencies.

Ministries of defense, justice (and finance in the already mentioned case of tax and customs officials) act as sectoral ministries for their own mini-systems of civil service should those exist. In such cases, those ministries like to wrestle as much control over all aspects of their employee status and career as possible.

Three key institutions—interior ministries, labor ministries and single-purpose agencies—are now going to be analyzed in more detail due to their importance.

Interior Ministries

Ministries of interior are one of default choices for an institution responsible for a civil service reform. Its strongest points are usually administrative continuity, an extensive pool of employees with wide administrative experience and close relationship with local governments.

In most countries, the necessity of smooth functioning as well as their existence under the previous regime precluded

major and abrupt changes in their staff after the fall of communism.⁶ This personal and institutional continuity also means however that ministries of interior tend to be conservative in their approach and usually focus on incremental change or stability. On the other hand, their direct relationship with local governments and various branches of administration means that the “ivory tower” problem should not arise and ministry should have a holistic view of general public administration rather than create the reform based on a narrow range of central government experiences. This integrated approach also makes it easier to carry out pilot projects on various levels. However, this vertical advantage is not always accompanied by a broad horizontal knowledge, especially in cases of a fragmented public sector, where large parts might formally not be a part of the executive branch of government. Ministries of interior also usually offer administrative advantages in organization of training as they usually inherited institutions relevant to this area and also again based on their ties too much of public administration.

Hungary and Slovenia chose this approach, among others. In Hungary, this was accompanied by a decentralized civil service system, so the role of the interior ministry focused primarily on legislation and regulation. In Slovenia, the role of the interior ministry is again limited primarily to legislation and regulation, with more specific tasks now handed over to personnel service and personnel commission. This points to self-acknowledged limitations of the pivotal role an interior ministry can play in the reforms.

Labor Ministries

Labor ministries are not a frequent choice for co-ordination of civil service reform, but the Czech Republic and Slovakia chose this route. In Slovakia, this approach is based on identifying civil service reform with civil service legislation and identifying civil service legislation with labor law reforms. As already noted, this approach was taken to its extreme in Slovakia, where the two laws covering public sector workers (State Service Act and Public Service Act) were passed together with a new Labor Code in 2001, with an emphasis placed on interdependency of these laws.

Based on the Czech and Slovak experiences, it is easy to understand why the choice is rare. Both ministries placed an almost exclusive emphasis on labor and social aspects of a civil service reform, particularly on employee protection, at the expense of the rest of the civil service reform. Apart

from the advantage gained by the fact that the legislation was drafted by individuals well versed in the overall framework for the labor market, this offers mainly problems.

Labor ministry also has much less contact with the lower tiers of the public administration than an interior ministry. On the other hand, by its involvement in labor issues everywhere, it is better placed to co-ordinate civil service reform for non-core parts of the public sector if the civil service reform is pursued as a “government-as-whole” reform.

Single-purpose Agencies

In Poland and Slovakia, single-purpose agencies⁷ were created as a part of a civil service reform to take over functions related to civil service reform management. In the Czech case, a separate bureau within the Government Office is envisaged in the law under debate. Such single-purpose agencies offer several crucial advantages, but also run several major risks.

First of all, the issue is whether a civil service agency should or should not be an executive agency? Executive agencies are not responsible for policies, but for an implementation of policy determined by ministries.

If the agency is supposed to execute policies decided elsewhere, several problems emerge. Agencies generally have more information and expertise than ministries on policy issues related to their work. The cause is often the policy weakness of ministries rather than particular strength of agencies. Larger agencies also have more resources for public relations, work with media and stakeholders. As a result, the presumed split of policy/execution tasks between ministries and agencies does not de facto apply as agencies are very often informally responsible for preparation of policy and legal changes in their area that are officially submitted by the ministry in question. Agencies can also usually block changes they dislike using their relationships with stakeholders as well as the media.

Problems go beyond the issue of who is really going to determine policy. Executive agencies create fragmentation of responsibility for a civil service reform, thus adding to an already existing fragmented system of civil service reform management. If it is not on par with other ministries in its position, it will also have a very hard time co-ordination their work on civil service reform, as its authority will probably be insufficient.

On the other hand, if the agency is granted a quasi-ministerial status (defined primarily by responsibility for all relevant policy and legal affairs in a given area), political and accountability problems emerge.

In countries with a strong tradition of an overly politicized civil service, there is a natural tendency to reinforce independent and apolitical nature of the head of the civil service agency transcending government terms of office (e.g. Poland, Slovakia, to some extent the Czech Republic). However, such a status raises significant political accountability issues, if it is fused with an overall responsibility for civil service policy. The government then has only a limited ability to influence civil service policy while being responsible for it as well as for its outcomes.

Looking beyond the policy/execution split, single-purpose agencies have several attractive features. They can easily provide a good focal point for civil service reform, which can otherwise be lacking, as civil service reform is not a key issue for either of the ministries named above or the ministry of finance. They can thus become a driver for further reform, active in public advocacy for the civil service reform. Such an agency is also ideally suited to understand and weigh interests of various elements of the civil service and understand complexity of the civil service reform.

On the other hand, major risks apply as well. Especially if it is not granted a quasi-ministerial status, the agency can be too weak. In addition to loss of power over policy and legislation, it is subject to budgetary problems. It is easy for a part of the public sector to get lost in the enormous fiscal pressures transition countries have been facing. If an agency does not have a quasi-ministerial status or other source of power in budget negotiations, the likelihood that it will be ignored or that the reconciliation of pressures will be done at its expense is significant. This is particularly relevant because new public institutions always face a financing squeeze in the budgeting process.

Another issue is that if precautions are not taken, the agency can be easily captured by the relevant interest group—civil servants. This is true for ministries as well, but in a single-purpose agency, the risks are higher for two reasons. One is that due to its isolation from the political process, there is less accountability and consequently more tendency to become an agency for the benefit of civil servants. The other is that the agency is subject to more intense lobbying by civil servants as it centralizes many of the sensitive and important issues. On the other hand, if there is sufficient political will at the outset to prevent

these issues (e.g. by appointing a reform-minded management, which does not come directly from the civil service or has a wide experience outside of the civil service), the opposite can happen—see, for example, the Polish experience.

OTHER ACTORS —INCENTIVES AND ROLES

This section focuses on other actors interested in civil service reform and their influence on its outcomes. Such a view is important for management of the reform because it can offer suggestions of potential pitfalls as well as ways of avoiding them or minimizing them. The section deals primarily with civil servants, the European Union, the media and the public as well as political parties and trade unions.

Civil Servants

Civil service reform is one of the few reforms where civil servants as a group have direct pecuniary and non-pecuniary interests. To distinguish them conceptually from civil service trade unions, one needs to focus on civil servants as individuals present at policy-making, their influence and interest.

In our stylized approach, civil servants present at policy-making defend interests of current senior civil servants as they see them. The reason is that influential civil servants tend to be senior current civil servants themselves. Let us return to three aims of the civil service reform as defined above:

- to replace some of the public administration employees with new employees with a different set of skills and preferences;
- to give the remaining and incoming public administration employees incentives to mould their behavior in a desirable manner;
- to equip public administration employees with skills that enable them to respond to incentives in a desirable manner.

The influential civil servants rarely have any interest in the first aim, slightly more in the second and most in the third. They have an additional interest in maximizing utilities for individuals like themselves. This tends to skew their aims for the civil service reform towards training, tenure and privileges that are attractive for insiders, but

not for outsiders and would not induce reduction in the number of civil servants. [Beblavý and Sičáková (2001)]

For example, in considering pay raises and other measures that increase attractiveness of the civil service for outsiders, civil servants have to weigh these increased benefits for themselves with risks of increased competition. An ingenious compromise is related to preference for seniority-based pay increases. In general, a more civil-servant-driven reform, one can see these effects (they are least dominant in Poland, most in the Czech Republic and in the original draft of civil service law in Slovakia).

Civil servants have their greatest influence during preparatory stages of civil service reform within the executive and then, of course, in its implementation. In between, their power is very limited.

Foreign Partners—EU and Others

Foreign partners in civil service reforms include both individual states and multilateral organizations. Foreign assistance and involvement in the issue of civil service reform in Central Europe has been dominated by the European Union to such a degree though this section will deal almost exclusively with its role.

In his paper on institutional change in advanced transition countries, Jackoby (2001) speaks about “tutors” and “pupils”—invoking not only the learning process, but also certain powers a tutor has over students. In his analysis, he recognizes “thresholds”—a qualitative and individual view of what minimum standards the new formal structure must fulfil to allow a membership in a certain organization [p. 181], in this case the EU. Since reform of the civil service certainly was an element of the EU threshold, the EU involvement in such reforms concerning both their design and evaluation is understandable. However, to understand the EU incentives, a more detailed analysis is needed.

Civil service legislation as such is not part of the *acquis communautaire* that each member country must formally incorporate into its legal framework to allow EU membership. However, a functioning administrative system including the civil service is a necessary precondition for full membership in the Union. Awareness of this has been growing gradually and, consequently, the EU bodies have paid increasing attention to the topic, particularly by the European Commission. [See Verheijen (1999) for a discussion.]

The European Union was a pivotal player in two specific developments relevant to a civil service reform and its management—the civil service law and the decentralization.

The legalistic nature of the *acquis* has focused the accession process on changes in the legal framework in transition countries and this has spilled over into the civil service reform as well. Therefore, from the EU perspective, the civil service reform was often reduced to a passage of an appropriate civil service legislation that would contain mechanisms aimed at achieving a professional civil service. Consequently, in countries where sufficient civil service legislation had not been passed prior to relevant accession negotiations (the Czech Republic, Slovakia, and Slovenia), the act usually became a focal point of negotiations with regard to public administration.

Existence of regions with self-governments compatible roughly in size and functions with regional policies of the EU is a precondition for successful membership in these schemes. Therefore, again, in countries where a minimum extent of decentralization had not been implemented prior to the start of relevant accession negotiations, need to do so became the second focal point of negotiations with regard to public administration.

Governments often use foreign partners, including international investor and financial markets as a ‘sacrificial lamb,’ to push through otherwise unpopular reforms. [Beblavý and Sičáková (2001)] In case of civil service reforms, a better expression would be a “battering ram,” because in the case of the Czech and Slovak republics, civil service legislation was subject to a domestic political deadlock within the government or between the government and key stakeholders. Without the EU pressure, it is unclear whether any relevant reform would be passed in either of the two countries. The ‘battering ram’ function allowed to create credible exogenous pressure on individual politicians, political parties, government employees and stakeholders and break through a very complex web of interests, which would otherwise almost certainly veto the change.

Concerning tools of intervention by the EU, the dominant one has been PHARE. PHARE started operating in 1990, but initially only limited attention was devoted to public administration development. This has gradually developed towards becoming one of the key PHARE areas. There are two essential components [Verheijen (2002), pp. 252–3]:

- national projects, where the dominant horizontal projects followed relatively similar formats, focusing on support for the development of the new legislative

framework for the operation of the administration, improvement of decision making structures, general capacity building through training and the development of training institutions and the provision of equipment;

- Multi-country programs, where PHARE recipient states have facilities available, of which SIGMA and TAIEX deserve a mention.

With regard to civil service reform and its management, PHARE has tended to bring financial support, but also to complicate the management issues because of lack of coordination in project design, lack of coordination with bilateral and other donors and slow and inefficient programming and contracting procedures. Experts often ‘tried to export their national systems without taking into account the conditions they were exporting them to... because of the multi-national composition of the consortia, recipient countries were often given contradictory advice within one project.’ [ibid. p. 254]. Since 1997, twinning has been the dominant form of assistance in public administration reform in PHARE. The efficiency and effectiveness of these projects varies.

On the multi-country front, SIGMA played an important role in developing civil service legislation in latecomers (particularly in Slovakia). It was pivotal in knowledge diffusion and network building both within the region and between region and EU countries. It also contained an expert body for the European Commission itself during the accession negotiation concerning public administration reform.

Generally, it needs to be noted that while the EU was very successful in pushing through major formal institutional instruments it focused on (creation of regions, civil service act), it was much less successful in influencing the actual content of the change. Civil service reform is too close and too important for both politicians and civil servants to allow themselves to be dominated by EU experts. Therefore, even in countries where EU pressure and assistance has been pivotal in the overall reform (the Czech Republic, Slovakia, and to some extent in Poland), its role in implementation is much weaker and less focused. [See Beblavý and Sičáková (2001), Verheijen (2002)].

The Media and the Public

Even though the quality of the civil service and the public administration in general has gradually been recognized

in transition countries as a key factor in achieving major policy objectives, it is not an issue about which the electorate cares very much *per se*. It is also an issue where the relationships between reform steps taken and outcomes experienced by citizens are tenuous at best and where reforms take a long time to feed through into the quality of the civil service.

Therefore, it is not surprising that public and media interest in the issue is rather volatile and difficult to mobilize. It usually tends to be seen as a technocratic “technical” issue (technical in the sense that, if successful, it contributes to politically relevant successes in other policy areas).

As a consequence, the media and the public play a more significant role in the civil service reform process if there is a visible disagreement/conflict within the government or between key stakeholders (e.g. in Slovakia and the Czech Republic). Only in that case can the battle for public opinion have significant consequences for the reform itself. In such cases, the conflict tends to be phrased in ways that fit the political divisions in other areas (e.g. communists vs. reformers, more money for bureaucrats, politicization of public life).

The public and the media, unsurprisingly, tend to react favorably to reforms, which market themselves as:

- decreasing the size of the civil service;
- removing politicization of the civil service;
- decreasing corruption in the civil service;
- modernizing the civil service.

One of the other key elements used is also the need to approve the legislation within the process of EU accession (see above).

Political Parties

In their approach to the civil service reform, political parties are subject to two contradictory incentives.

On one hand, in competitive democracies, parties in power feel a need to deliver on their election promises to increase the likelihood of re-election. A need to deliver pushes parties to favor civil service reform. Parties in the post-communist countries generally lack the capacity for policy design and rely on civil servants for assistance even more than in most industrialized democracies. Quality of civil servants in ministries is, therefore, even more important in these countries than elsewhere. As Sootla (2002) writes about the situation in Estonia: ‘Political leaders... soon

became aware that popular, but very volatile support at the elections alone is not a sufficient tool for efficient policy-making. Also, the organizational capacity of their parties was weak.’ [Sootla (2002), p. 34] On another level, quality of the civil service influences implementation of policies, particularly of service delivery, pushing for a wider civil service reform. Both of these observations were confirmed in Hungary, for instance [see Gyorgy (1999)].

Parties also generally tend to be responsive to public desire for a civil service reform, but strength of this pressure is rather low (see above).

On the other hand, potential for patronage and need for direct control create strong pressure on parties to resist civil service reform. Ability to influence appointment is attractive both in cases of top appointments, but also in cases of lower-level appointments if local unemployment is high and/or civil service wages are attractive. Even more importantly, since civil service reform usually means removal of political influence over most appointments and dismissals, it significantly weakens direct control of politicians and parties over civil servants and their actions. In environments where parties are under pressure to deliver on their pledges, which can often be at odds with desires and aims of civil servants, their ability to personally penetrate the civil service is important for their ability to deliver. Again, the Estonian case can be used to illustrate: “The need for direct control over the administration and ad hoc interventions became more and more necessary to ensure that ambitious reform policies would be carried out without any impediments.” [Sootla (2002), p. 37]

That does not mean that the conflict is absolutely inherent. A key issue is how to win the trust of parties in both neutrality of the reformed civil service, and its responsiveness to their concerns. One of the practical solutions is the advisory council to the Head of the Civil Service in Poland, where parliamentarians from all parties are involved in addition to experts. Many other versions of this approach can be used, but the rule is: if parties cannot be persuaded that civil service protected from politicians will not ‘stab them in the back’ when they are in power, the likelihood of reform failure is very high.

Trade Unions and Other Interest Groups

Trade unions are, understandably, an important actor in the civil service reform and its management. They tend

to be conservative and risk-averse, reflecting both a general political economy of unions as well as tumultuous nature of transition. In civil service reform, they tend to place emphasis on job/tenure guarantees, prevention of lay-off, minimization of individual and political influences over the civil service and additional enticements for civil servants (additional salaries, longer vacation, shorter working time etc.)

Their role in the civil service reform and its management itself is manifold. They usually play a role in preparation and approval of key policy and legal documents relating to the reform. (In most Central European countries, they are formally entitled to this position based on some sort of tripartite arrangement, where the government, employers and trade unions negotiate concerning their key interests).

They often have the very rare expertise in labor and legal issues and extreme interest in the civil service reform. The reform can therefore be easily captured by trade unions, especially if there is weak or uncertain political leadership on the issue. Trade unions are also in a unique position to mobilize support among civil servants for their proposals, as public administration employees tend to trust them on social issues.

On the other hand, it is interesting to contrast the Czech and the Slovak experience, where the Slovak trade unions as a whole defended the position of civil service trade unions, on all issues, whereas in the Czech Republic the trade unions split on the issue, with Czech union leaders protesting what they saw as unfair privileges for a small part of the overall employed.

The other social partners - employers - are usually quite indifferent to the reform though in some countries they tended to resist what they as precedents for other groups of employees (vacations, additional salaries etc.)

TIMING IN REFORM MANAGEMENT

Timing of Civil Service Reform —When to Start Reform

Timing and sequencing of a major civil service reform are primarily determined by the fact that a government needs to work every day. Policy documents and laws must be prepared and public services delivered. Therefore, in a way, no time is 'right' for a civil service reform because

many other pressing 'real' issues always present themselves. As one can see from Table 1, countries in Central Europe are extremely varied in timing of civil service reform.

Table 1
**Passage of Civil Service Legislation
in Countries of Central Europe**

Country	Passage of Civil Service Legislation
Slovenia	1990 but continuing major changes
Hungary	1992
Poland	1996, 1998 (a completely new law)
Bulgaria	1999
Slovakia	2001
Czech Republic	2002 (expected to pass)

SOURCE: OECD SIGMA, laws of respective countries, country report on Bulgaria in this volume.

However, several factors influence, to some extent, the optimal timing of civil service reforms.

Civil service reform is usually ranked among the so-called 'second generation' reforms in transition. The first generation usually involves [see e.g. Zemanovičová (2000), Beblavý and Sičáková (2001)] implementation of "simple" speedy systemic changes (privatization, liberalization of prices and trade, macroeconomic stabilization). The second generation, on the other hand, involves 'messy' and 'wicked' complex issues such as education, health care, social security and public administration. These involve sectors, where there are no clear-cut best practices, no universally accepted model, and a high number of individual stakeholders with difficult monitoring of their efforts and a complex political economy.

Such a reform is both more meaningful and more urgent when the early transition measures have already been taken and there is at least a fragile consensus on the size and function of the state. At least a rough consensus is also needed within the society and the political elites that civil service should be at least partially set aside from political struggle and that reform will serve interests of all. Therefore, even in two countries where the civil service reform was already started in early transition (Hungary, Slovenia), either major changes were later implemented as transition progressed or the civil service reform was of a much 'looser' nature.

Sequencing of Components of Civil Service Reform

As already emphasized, the decentralization process⁸ is the other key pillar of public administration reform in Central Europe. Their mutual sequencing presents the challenge in timing of civil service reform.

If decentralization takes place before civil service reform (as it did in Hungary), the number of relevant stakeholders will increase so significantly that any agreement on comprehensive civil service reform will become extremely difficult. One option is to separate civil service legislation for central and local government. Another issue is that, with their very limited administrative capacity, local authorities might not be interested and/or equipped for the implementation of civil service reform, particularly training and internal regulations.

Simultaneous decentralization and civil service reform strain the capacity of public administration to its utmost (Slovakia being the most relevant example). The strain shows not only in terms of policy capacity for reform preparation or in overload issues during implementation, but also in unexpected consequences of mutual interplay of the two reforms. Both decentralization and civil service reforms are, by their very nature, iterative processes requiring frequent adjustments, particularly early on. If started simultaneously, both original designs and subsequent adjustments are likely to have unexpected effects on the other reform, even if conscious efforts were taken to think the issues through.

Decentralization after civil service reform probably presents the least problems unless it creates problems for restructuring of public administration because of tenure and other considerations. Such sequencing is difficult to find though primarily because most transition countries can sooner find a political will to decentralize than to comprehensively reform their civil service.

The second key issue in sequencing of the civil service reform understands the political economy of reform in balancing contemporaneous benefits and costs. Even though it might sometimes be awkward for other reasons, it is essential that costs and benefits for actors in the process (politicians and parties, civil servants, media and public) are part of the same package and, if possible, their implementation is simultaneous. The tumultuous nature of transition required frequent changes and turnaround both in terms of policy and public finance, thus reducing credibility of future commitments.

Another factor to take into account in sequencing components of the civil service reform, is the fact that a new legal framework for civil service is usually both a focal point and a necessary precondition for further action. Much of the action therefore has to be structured around it (see also part A. for discussion).

This section has so far dealt mainly with various components of a comprehensive civil service reform. However, civil service reform can also be structured as a series of sectoral civil service reforms, which happened, to some extent, in nearly all the countries mentioned, usually with special laws and systems of civil service for policemen or tax and customs officials. Another option is to create a core civil service with different rules and regulations and then gradually expands it.

While the latter can be recommended under certain circumstances, the former should be avoided. It is not a good way to pilot civil service reform, because such sectoral reforms usually mirror sectoral interests and political power in winning special privileges. Resulting patchwork of civil service systems is then impossible to change or integrate into a single framework, inducing permanent tensions between sectors as well as privilege-creep and hampering mobility within the civil service as a whole. On the other hand, a core civil service at all levels and organizations make it possible to 'allow a space for the gradual dissemination of principles for a modernized civil service.' [Sootla (2002). p. 40]

A key issue in the implementation of civil service reforms is transition mechanisms for existing public administration employees. From the management point of view, two lessons should be noted. First of all, reformers should insist on more-than-automatic transition mechanism, even if the new system does not guarantee tenure. Such transition is a politically and managerially and opportune time for weeding out the weakest links in the civil service. It should not be confused though with a possibility to radically improve the quality of the civil service. Unless recruitment, evaluation and salary systems change radically at the same time, transition is an opportunity for marginal, not wholesale improvement. Another lesson is that transition should be accomplished within one electoral cycle if possible. Otherwise, political considerations and intrigue enter the picture, greatly complicating any transition mechanism.

A specific issue in management of the reform is the organization of training. The principal choices are between creation/preservation of special institutions directly reporting to a

ministry or the government or involvement in building/enhancing capacity in universities. This is not an issue of sequencing as such, but there is an element of timing involved. Institutions directly subordinated to a ministry can be usually set up faster and, when existing, can be made responsive to governmental needs more easily by command-and-control systems. However, as time goes on, they very often raise issues of quality and mobility. On the other investment into creation, extension or improvement of capacity in a regular university system takes longer and usually requires more sophisticated managerial systems (in terms of getting universities to do what customers want through effective use of financial resources), but the integration in the regular system brings benefits over time. Nearly the same choices are faced in terms of centralization and decentralization of training.

Recommendation can involve use/creation of centralized/ministry-controlled institutions in the beginning and gradual introduction of competition, decentralization and integration into the university system (e.g. by fusing the ministerial institution with a university) as the system evolves. However, if there is a well-developed university or even private capacity responsive to governmental needs, then the situation is quite different. Also, since in most countries civil service reform occurs quite late in transition, there is a likelihood that universities or the private sector will be developed enough to accommodate governmental needs (see particularly the Slovenia and the Czech experiences, but also the Hungarian and the Slovak one).

The last issue worth mentioning in terms of civil service reform management is whether there should be a conscious “big bang” moment in the reform. A “big bang” moment can be defined as a focal point for civil servants, politicians and the public, which should mean a moment of significant change in the behavior of the civil service. This concerns, of course, mainly management of expectations. On one hand, civil service reform is, by its very nature, a long-term incremental affair and if one raises expectations of sudden improvement, the inevitable disappointment can create a dangerous backlash and cynicism. On the other hand, the performance of civil service is, to a large extent, based on expectations of civil servants and the environment that surrounds them. It can be said that the civil service exists in the state of “multiple equilibrium”, where the same set of formal rules is compatible with several actual outcomes due to informal norms, which govern human behaviors. As such, an awareness of a real change of the ‘rules of the game’ can substantially strengthen effectiveness of any civil service reform. Therefore, such

instruments should be used even with the risk of backlash, but on a well-thought, limited and persuasive basis (e.g. a new civil service act together with a new civil service authority chairman can be used as a powerful signal for change in recruitment and evaluation procedures, but a new law should not be used as a promissory note to the public for a swift improvement in quality every-day local administration).

Is There an End to Civil Service Reform?

The obvious answer is that there is no end to civil service reform. As amply demonstrated in all OECD countries, the push for reform in public administration in general and in civil service in particular, is never-ending.

Nonetheless, in the case of transition countries, one can make a conceptual distinction between two phases of civil service reform.

The first one involves the creation of a new system of a civil service in all the aspects mentioned above. It can take anywhere from four to eight years if one includes preparation of legislation, but excludes political discussion before the start of serious work on reform. As already stressed, this is always an iterative process. The phase can be said to be over when the new system is up and running in the following sense:

- all crucial legal components are in place, including secondary legislation and internal regulations;
- all employees passed through the system of transition;
- all new institutional underpinnings for the career progress of civil servants are in place and functioning;
- training institutions and systems are functioning.

When all of this is fulfilled, the second phase of consolidation can begin. Even if there was an underlying philosophy for the whole reform, it can never be entirely translated into real life. It is likely that at least some components of the reform were put in place by different institutions with insufficient communication or shared vision. Numerous pressures from interest groups and budget realities also intervene. Therefore, the final architecture of the system is probably not only far from the original vision, it can also have serious internal inconsistencies or omissions. While the former is not a problem *per se*, the latter deserves much more attention. It can therefore be recommended, when all the components are in place, to undertake a review of the civil service system to uncover these inconsistencies and remedy at least the most important ones.

On the other hand, one could argue that the whole linear view could be misleading. [John (2000)] Public policy in any given area does not progress through such neat stages and civil service reform can be seen as a continuous stream of changes, which add or subtract to the overall architecture, and where a one-time review is nothing more than a singular and ultimately ineffective tool. While the continuity argument is undoubtedly true, there is still reason to believe that such an analytical framework as well as tools such as the review can serve a useful practical purpose. However, it needs to take into account the ecology of the civil service and work with it rather than against it.

REFERENCES

- M. Beblavý (2002): Understanding the Waves of Agencification and The Governance Problems they have raised in central and Eastern European Countries, *OECD Journal on Budgeting*, forthcoming.
- M. Beblavý and E. Sičáková (2001): Ekonomické a sociálne reformy na Slovensku: Niektoré aspekty tvorby verejnej politiky a presadzovania záujmov, INEKO and SGI, Bratislava.
- J. Burnham (1972): *The Managerial Revolution*. Westport, Connecticut: Greenwood Press.
- I. Gyorgy (1999): The Civil Service System of Hungary. In T. Verheijen (ed.): *Civil Service Systems in Central and Eastern Europe*. Edward Elgar, Cheltenham.
- W. Hojnacki (1996): Politicization as a Civil Service Dilemma. In H. Bekke, J. Perry and T. Toonen (eds.): *Civil Service Systems in Comparative Perspectives*, Indiana University Press, and Bloomington.
- W. Jacoby (2001): Tutors and Pupils: International Organizations, Central European Elites and Western Models, *Governance: An International Journal of Policy and Administration*, Vol. 14, No. 2.
- P. John (2000): *Analyzing Public Policy*, Continuum International Publishing Group, and London
- L. Kolarska–Bobinska (2000): *The Second Wave of Polish Reforms*, Institute of Public Affairs, Warszawa.
- L. Mlčoch. (2000): Restrukturalizace vlastnických vztahů—institucionální pohled. In Mlčoch, L., Machonin, P. and M. Sojka: *Ekonomické a společenské zmeny v české společnosti po roce 1989 (alternativní pohled)*, Karolinum, Prague.
- G. Sootla (2002): Creating New Civil Service on the Ruins of the Soviet Bureaucracy: When Ideologies Meet Realities. In R. Baker (ed.): *Transitions from Authoritarianism—The Role of the Bureaucracy*, Praeger, and Westport.
- S. Synnerstrom, K. Lalazarian, N. Manning. (2001): The Scope of the Civil Service in OECD and Select CEE Countries, World Bank, http://www1.worldbank.org/publicsector/civilservice/cs_law_OECD.htm
- S. Vanagunas (2002): Predestining Ineffectuality: Administrative Theory of the Early Soviet State. In R. Baker (ed.): *Transitions from Authoritarianism—The Role of the Bureaucracy*, Praeger, and Westport.
- T. Verheijen (1999): Civil Service Systems in EU Candidate States. In T. Verheijen (ed.): *Civil Service Systems in Central and Eastern Europe*. Edward Elgar, Cheltenham.
- T. Verheijen (2002): The European Union and Public Administration Development in Central and Eastern Europe. In R. Baker (ed.): *Transitions from Authoritarianism—The Role of the Bureaucracy*, Praeger, and Westport.
- D. Zemanovičová (2000): Ekonomická transformácia v Slovenskej republike po 10 rokoch. *Finance a úvěr*, No. 10.
- Additionally, the following sources were used for information:
- 1999 SIGMA Civil Service and State Administration Country Reports on: Czech Republic, Hungary, Slovakia and Slovenia;
 - laws or draft laws of civil/state/public service acts from Czech Republic, Hungary, Poland, Slovakia and Slovenia

NOTES

- ¹ This paper is based on the actual situation in Hungary, Poland, Slovenia and Slovakia, including the Slovak Acts on Civil Service and Public Service, which are fully operational only since April 1, 2002. In the Czech Republic, it also takes into account the civil service act currently being debated by the Lower House of the Parliament, assuming that it is going to be approved based roughly on the same principles as the Government draft submitted to the Parliament. In Slovenia, a new law on public servants is being debated, but there is an existing legislation from 1990 that was amended several times.
- ² This analysis is based on the situation in the Czech Republic, but is generally applicable to nearly all transition countries. The only difference is that some countries such as Hungary abandoned these games faster or allowed parts of their society to opt out of it already during 1980s.
- ³ In the Polish case supplemented by a rare exception—1982 law on state servants.
- ⁴ A complete separation was attempted in Slovakia in 2000 and 2001 by drafting a civil service act that was completely autonomous from a labor code drafted simultaneously. This approach was abandoned only at the insistence of Sigma experts.
- ⁵ with names such as office of civil/state service or a directorate-general for civil service.
- ⁶ This concerns primarily the “civilian” part of interior ministries. The law enforcement element, where it exists, was usually subject to radical changes.
- ⁷ Agency, as used here, means an institution whose sole responsibility is the management of civil service and its reform. Such an agency can range from a bureau defined in law, but existing within a larger ministry (Czech Republic), to an independent organization with quasiministerial position, i.e. not only policy execution, but also policy responsibility (Slovak Republic). The key point is its legally defined focus on civil service.
- ⁸ the term decentralization is not used in this context with regard to creation of self-governing municipalities, which were created in Central European countries shortly after 1989, but with regard to creation of self-governing regions and transfer of substantial powers to the regions.

